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ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS

RESUMED FORTY-THIRD SESSION

1, 13 and 14 November and 18 December 1967

UNITED NATIONS



E/SR.1508-1515

Prefatory fascicle



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1, 13 and 14 November and 18 December 1967

UNITED NATIONS
New York, 1968



INTRODUCTORY NOTE

The *Official Records of the Economic and Social Council* contain the summary records of plenary meetings (incorporating the corrections requested by delegations and other editorial modifications which were considered necessary), together with the annexes and supplements.

A check list of documents relating to the agenda will be found on page viii.

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Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

Abbreviations

FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
IBRD, the Bank	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IMF, the Fund	International Monetary Fund
OECD	Organization for Economic Co-operation and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization



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LIST OF DELEGATIONS

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Members of the Council

BELGIUM

Representative

Mr. Constant Schuurmans, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations

Alternate Representatives

Mr. M. Dewulf, Member of the House of Representatives
Mr. Edouard Decastiaux, Minister Plenipotentiary, Permanent Mission
Mr. Jules Woulbroun, Economic Counsellor, Permanent Mission

CAMEROON

Representative

Mr. Michel Njiné, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations

Alternate Representative

Mr. E. D. Quan, Counsellor, Permanent Mission

Adviser

Mr. E. B. Chamfor, Commercial Attaché, Permanent Mission

CANADA

Representative

Mr. Bruce Rankin, Ambassador to Venezuela

Alternate Representative

Mr. R. W. MacLaren, First Secretary, Permanent Mission

Advisers

Mr. Raymond Lucas, Second Secretary, Permanent Mission
Mr. William Dymond, Department of External Affairs

INDIA

Representative

Mr. Gopaldaswami Parthasarathi, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations

Alternate Representative

Mr. M. G. Kaul, Minister (Economic), Embassy, Washington

Advisers

Mr. A. S. Gonsalves, First Secretary, Permanent Mission
Mr. I. S. Ch [redacted], First Secretary, Permanent Mission
Mr. N. N. Jna, First Secretary, Permanent Mission

MEXICO

Representative

Mr. Juan Gallardo Moreno, Ambassador

Alternate Representative

Mr. Luis G. Zorrilla, Minister, Alternate Representative to the United Nations

Advisers

Mr. Julio Zamora
Mr. Marcial Plehn Mejía

PHILIPPINES

Representative

Mr. Salvador P. López, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations

Alternate Representative

Mr. Narciso G. Reyes, Ambassador Extraordinary and Plenipotentiary to the United Kingdom of Great Britain and Northern Ireland

Advisers

Mr. Virgilio C. Nañagas, First Secretary, Permanent Mission
Mr. Leandro I. Verceles, Second Secretary, Permanent Mission
Mr. Antonio J. Uy, Attaché, Permanent Mission
Mrs. Ernestina E. Kodikara, Attaché, Permanent Mission
Mr. Francisco M. Rodríguez, Attaché, Permanent Mission
Miss Nona A. Zaldivar, Attaché, Permanent Mission

SWEDEN

Representative

Mr. Sverker Åström, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations

Alternate Representatives

Mr. Börje Billner, Minister Plenipotentiary, Deputy Permanent Representative to the United Nations
Mr. Per Olof Forshell, First Secretary of Embassy, Permanent Mission

Advisers

Mr. Mats Bergquist, Second Secretary of Embassy, Permanent Mission
Mr. Lars Wettergren, Adviser, Economic Affairs, Permanent Mission

TURKEY

Representative

Mr. Nazif Cuhruk, Minister Plenipotentiary, Deputy
Permanent Representative to the United Nations

Advisers

Mr. Mustafa Aksin, Counsellor, Permanent Mission
Mrs. Filiz Dinçmen, First Secretary of Embassy,
Permanent Mission
Mr. Turhan Firat, First Secretary, Permanent
Mission

VENEZUELA

Alternate Representative

Dr. John Raphael, Director of Consulates, Ministry
of External Relations

Adviser

Mr. Freddy Christians, Second Secretary, Perma-
nent Mission

Members of the United Nations represented by observers

BULGARIA

Mr. Christo Vladov, Counsellor, Permanent Mission

CHINA

Mr. P. Y. Tsao, Adviser, Permanent Mission
Mr. David T. Fu, Second Secretary, Permanent Mission

CUBA

Dr. Enrique Camejo Argudín, Ambassador
Mr. Jesús Jiménez Escobar, First Secretary

GREECE

Dr. Costa P. Caranicas, Minister Plenipotentiary
(Economic Affairs), Embassy, Washington

UKRAINIAN SOVIET SOCIALIST REPUBLIC

Mr. A. A. Boiko, Envoy Extraordinary and Minister
Plenipotentiary, Head of Department of International
Economic Organizations, Ministry of Foreign Affairs
Mr. Y. N. Kochubei, First Secretary, Permanent
Mission

Non-members of the United Nations represented by observers

SWITZERLAND

Mr. Max Dahinden, Second Secretary, Office of the Permanent Observer to the
United Nations

Specialized agencies

INTERNATIONAL LABOUR ORGANISATION

Mr. A. A. Shaheed, Director, Liaison Office with the United Nations
Mr. R. Jonker, Deputy Director, Liaison Office with the United Nations
Mrs. M. E. Tanco de López, Liaison Office, with the United Nations



AGENDA

of the resumed forty-third session

1. Report of the Trade and Development Board [6].*
2. External financing of economic development of the developing countries: promotion of private foreign investment in developing countries [5(b)].*
3. Survey programme for the development of natural resources.
4. General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system [18].*
5. Proposal for a review of agencies and programmes within the United Nations family [17(d)].*
6. Reports of the World Bank Group and of the International Monetary Fund [24].*
7. Elections [25].*
8. Confirmation of members of functional commissions of the Council [26].*
9. Basic programme of work of the Council in 1968 and consideration of the provisional agenda for the forty-fourth session [27].*
10. Calendar of conferences and meetings for 1968.
11. Language services for the United Nations Conference on Road Traffic.**
12. Expansion by one of the African membership of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees.***
13. Replacement of a Vice-President of the Council.***

*The number in brackets indicates the item on the agenda of the forty-third session of the Council; the consideration of this item had been postponed to the resumed session.

**At its 1512th meeting, on 14 December 1967, the Council decided to include this additional item in its agenda.

***At its 1514th meeting, on 18th December 1967, the Council decided to include this additional item in its agenda.



CHECK LIST OF DOCUMENTS

Note. Listed below are the documents referred to during the resumed forty-third session. The relevant agenda item is given for each document. An asterisk after the agenda item indicates that the document is published in the corresponding fascicle of the *Official Records of the Economic and Social Council, Resumed Forty-third Session, Annexes.*

Document No.	Title or description	Agenda item	Observations and references
E/4293 and Corr.1	Summary and conclusions of the study on the promotion of private foreign investment in developing countries	2	Mimeographed. The study will be issued later
E/4293/Add.1	Financial implications of the proposals contained in the study: note by the Secretary-General	2	Mimeographed
E/4293/Add.2	Note by the Secretary-General	2	Ditto
E/4431	Note by the Secretary-General transmitting to the Council the annual report of the International Bank for Reconstruction and Development and the International Development Association for 1966-1967	6	Mimeographed. For the report, see International Bank for Reconstruction and Development, International Development Association, <u>Annual Report, 1966-1967</u> (Washington, D.C.)
E/4431/Add.1- E/4432/Add.1	Note by the Secretary-General transmitting to the Council a summary of the annual reports of the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation for 1966-1967 and supplementary information on developments in the World Bank Group between 1 July and 23 September 1967	6	Mimeographed
E/4432	Note by the Secretary-General transmitting to the Council the annual report of the International Finance Corporation for 1966-1967	6	Mimeographed. For the report, see International Finance Corporation, <u>Annual Report, 1966-1967</u> (Washington, D.C.)
E/4433	Note by the Secretary-General transmitting to the Council the report of the International Monetary Fund for the fiscal year ended 30 April 1967	6	Mimeographed. For the report, see International Monetary Fund, <u>Annual Report of the Executive Directors for the Fiscal Year ended April 30, 1967</u> (Washington, D.C.)
E/4434	Note by the Secretary-General transmitting to the Council the annual report of the Trade and Development Board	1	Mimeographed. For the report, see <u>Official Records of the General Assembly, Twenty-second Session, Supplement No. 14</u>
E/4435	Report of the Enlarged Committee for Programme and Co-ordination on its first session	4, 5	<u>Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 10</u>
E/4436	Calendar of Conferences and meetings in 1968: note by the Secretary-General	10	Mimeographed
E/4437/Rev.1	Proposed UNCTAD/GATT International Trade Centre: report of the Secretary-General (A/6879)	1	Mimeographed. For the report, see <u>Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 38</u>
E/4439	Note by the Secretary-General	11	Mimeographed

Document No.	Title or description	Agenda item	Observations and references
E/4439/Add.1	Financial implications of the proposal contained in document E/4439: note by the Secretary-General	11	Ditto
E/4441	Note by the Secretary-General	13	Ditto
E/4442 and Add.1-3	Note by the Secretary-General	8	Ditto
E/4443	First report of the <u>Ad Hoc</u> Committee on the Survey Programme for the Development of Natural Resources	3*	
E/4445	Request from the representative of the United Republic of Tanzania for the inclusion of an additional item in the agenda: note by the Secretary-General	12	Ditto
E/AC.6/L.369	Dahomey: draft resolution	2	Replaced by E/L.1193
E/AC.6/L.369/Add.1	Financial implications of draft resolution E/AC.6/L.369: note by the Secretary-General	2	Mimeographed
E/L.1191 and Add.1 and Add.1/Rev.1	Agenda and arrangements for the resumed forty-third session of the Council: note by the Secretary-General		Ditto
E/L.1192	Statement made by the Secretary-General of the United Nations Conference on Trade and Development at the 1508th meeting	1	Ditto. For summary, see E/SR.1508, paras. 5-16
E/L.1193	Dahomey: revised version of draft resolution E/AC.6/L.369	2	Adopted as amended: see E/SR.1513 and resolution 1286 (XLIII)
E/L.1194 and Add.1 and 2	Basic programme of work of the Council in 1968: draft programme prepared by the Secretary-General	9	Mimeographed
E/L.1195 and Add.1	Disposal of items arising out of the twenty-second session of the General Assembly: note by the Secretary-General	9	Ditto
E/L.1196	Election of four members of the United Nations/FAO Intergovernmental Committee of the World Food Programme: note by the Secretary-General	7	Mimeographed. For the list of members, see <u>Official Records of the Economic and Social Council, Resumed Forty-third Session, Supplement No. 1A, "Other decisions taken by the Council during its resumed forty-third session"</u>
E/L.1197	United Republic of Tanzania: draft resolution	12	Adopted without change. See resolution 1288 (XLIII)
E/RES/1282 (XLIII)-1288 (XLIII)	Resolutions adopted by the Council at its resumed forty-third session		<u>Official Records of the Economic and Social Council, Resumed Forty-third Session, Supplement No. 1A, resolutions 1282 (XLIII)-1288 (XLIII)</u>





ECONOMIC AND SOCIAL COUNCIL

Wednesday, 1 November 1967,
at 10.55 a.m.

Resumed Forty-third Session

OFFICIAL RECORDS

NEW YORK

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Agenda item 1:	
Report of the Trade and Development Board	1*

President: Mr. Milan KLUSÁK
(Czechoslovakia).

Present:

Representatives of the following States, members of the Council: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Guatemala, India, Iran, Kuwait, Libya, Mexico, Pakistan, Panama, Peru, Philippines, Romania, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Afghanistan, Algeria, Austria, Bolivia, Brazil, Bulgaria, Chile, China, Congo (Democratic Republic of), Cuba, Denmark, Finland, Greece, Ireland, Israel, Italy, Japan, Saudi Arabia, Syria, Ukrainian Soviet Socialist Republic, Yugoslavia.

Observer for the following non-member State: Switzerland.

Representatives of the following specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; International Bank for Reconstruction and Development.

Adoption of the agenda (E/L.1191)

1. The PRESIDENT drew the Council's attention to the note by the Secretary-General (E/L.1191), part I of which contained ten items proposed for inclusion in the Council's agenda. In the absence of any objection, he would assume that the Council wished to adopt the agenda as set out in that document.

It was so agreed.

Organization of work

2. The PRESIDENT noted that part II of document E/L.1191 contained suggestions regarding the order in which the Council should consider the items on its agenda. Since the Ad Hoc Committee on the Survey Programme for the Development of Natural Resources had not yet completed its work, the consideration of item 3 would have to be postponed until the report of that Committee was available. In other respects, the Council might wish to follow the proposals contained in part II of document E/L.1191.

3. In the absence of any objection, he would assume that the time-table he had suggested was acceptable to the Council.

It was so agreed.

AGENDA ITEM 1

Report of the Trade and Development Board (E/4434, E/4437/Rev.1)

4. The PRESIDENT welcomed the Secretary-General of UNCTAD on behalf of the Council, and invited him to make a statement.

5. Mr. PREBISCH (Secretary-General of the United Nations Conference on Trade and Development), introducing the report of the Trade and Development Board transmitted to the Council by note of the Secretary-General (E/4434), said that it was one of the most constructive documents the Board had produced. At its fifth session, the Board had adopted a provisional agenda for the second session of the Conference. What was perhaps even more important, a consensus had been reached on what the President of the Board, in his summing-up, had described in paragraph 31 of the Board's report as the "points of crystallization" on which the second session of UNCTAD should concentrate, so that efforts would not be dispersed over too wide a field.

6. The first point related to commodity problems, which had not been dealt with in depth during the Kennedy Round of negotiations. The second session of UNCTAD should tackle those problems in a realistic way, and seek solutions that would give commodities exported by developing countries a larger share of the growing markets in developed countries. That goal could be achieved, *inter alia*, by the elimination of tariff and non-tariff barriers.

7. The second point related to exports of manufactures and semi-manufactures from developing to developed countries. The Board had been encouraged by the fact that the members of OECD had made considerable progress in their discussions on preferences, and it was hoped that the second session of UNCTAD would be able to approve a set of basic principles regarding a non-discriminatory, non-reciprocal preference system to be extended to all developing countries. The Board had recognized, however, that even if the developed countries adopted a very liberal policy in that connexion, the developing countries would still have to take systematic action to promote their exports.

8. With regard to the next point, financing related to trade, the Board had paid special attention to such matters as the transfers of financial resources to the developing countries, the terms and conditions of those transfers, the debt-servicing burden, and the financing of buffer stocks. The question of supplementary financing was now being further studied by the UNCTAD

Intergovernmental group on Supplementary Financing. Many delegations had expressed the hope that, on the basis of the study by the staff of IBRD^{1/} and of the deliberations of the group, the second session of UNCTAD would be able to reach at least an agreement in principle on the establishment of a supplementary financing scheme and on the funds needed for that purpose. Work on the scheme should not, however, deflect attention from the urgent need to replenish the resources of IDA.

9. Another "point of crystallization" related to the measures that could be taken to expand trade among developing countries, including regional and sub-regional economic integration agreements between developing countries. The secretariat had prepared a report on that subject, and it was hoped that the second session of the Conference would take positive decisions regarding ways of furthering the efforts now being made by the developing countries.

10. Within the context of its discussion of trade relations between countries with different economic and social systems, it was felt that the full potential of trade relations between the developing and the socialist countries would be achieved only if the picture were rounded out by more active relations between the socialist countries and the market-economy developed countries.

11. After much discussion, the Board had decided to include the world food problem in the provisional agenda for the second session of UNCTAD, despite the reservations expressed by some developing countries concerning the limited measures adopted in that regard. That problem must clearly be considered in the wider context of trade and development in general, for the technological revolution that would be needed to increase food production in the developing countries would eventually displace agricultural workers, thus aggravating the unemployment problem that was already being compounded by the population explosion. Unemployment could be remedied only by speeding up the industrialization of the developing countries and increasing their exports of manufactures to the developed countries.

12. The last "point of crystallization" concerned the special problems of the least advanced among the developing countries. In the Board's view, the second session of UNCTAD should take specific steps to help those countries achieve a more rapid rate of economic growth.

13. The failure to achieve the modest targets set for the United Nations Development Decade should spur the international community to redouble its efforts for the solution of pressing development problems. What was needed was a global strategy for development at the international level, involving concerted action by all three groups of countries—the developed countries with market economies, the developed countries with centrally-planned economies and the developing countries—with a rational distribution of responsibilities. It was to be hoped that the second

session of UNCTAD would make significant progress towards that goal.

14. Turning to the report of the Secretary-General on the proposed UNCTAD/GATT International Trade Centre (see E/4437/Rev.1), he recalled that at the meeting of the executive secretaries of regional economic commissions in January 1967, which had been attended by the Executive Director of UNIDO and himself, it had been agreed that the Department of Economic and Social Affairs, the regional economic commissions, including the United Nations Economic and Social Office in Beirut, UNCTAD, UNIDO and UNDP should co-ordinate their activities and resources under a joint United Nations programme to promote exports from developing countries. In order to avoid overlapping between the United Nations programme and the work of the International Trade Centre of GATT, established in 1964, it was now proposed to set up a joint UNCTAD/GATT International Trade Centre, which would ensure that available resources were used to the best advantage and the developing countries provided with the most effective and comprehensive service possible. The Board had welcomed the proposal and generally endorsed it in principle, and he hoped that it would be received favourably by the General Assembly.

15. It was useful for UNCTAD to be represented at international meetings dealing with trade and development, and he had therefore accepted invitations to attend the ministerial meeting of the group of seventy-seven developing countries held at Algiers in October 1967 and the forthcoming ministerial meeting of OECD in Paris. The Algiers meeting had made constructive preparations for the second session of UNCTAD, for the developing countries, avoiding political issues, had defined the common denominators of their respective positions, so that they would be able to take a common stand at New Delhi. The first session of UNCTAD had almost inevitably been marked by a sense of confrontation between developed and developing countries, but the Algiers meeting had shown that the latter countries were taking a positive approach to the second session and would submit a series of specific proposals to the developed countries, with a view to facilitating a dialogue that would lead to constructive decisions.

16. He hoped that the second session of UNCTAD would be characterized by negotiations, in the widest sense of the term, and by action. It could, indeed, provide a forum for policy negotiations that could contribute to the formulation of a global strategy for development at the international level.

17. Mr. DEWULF (Belgium) said that the members of the Council were aware of the active interest his country had taken in UNCTAD ever since its establishment and of its sincere desire for positive measures to achieve the aims of the Conference. Its preparations for the second session of UNCTAD were animated by the same spirit and by the conviction that a world approach to current economic problems was an urgent necessity, and it had every hope that practical and realistic solutions could be achieved at New Delhi.

18. In his delegation's opinion, realism demanded that a spirit of willingness to engage in dialogue and

^{1/} Supplementary Financial Measures—a study requested by the United Nations Conference on Trade and Development, 1964 (International Bank for Reconstruction and Development, Washington, D.C., December, 1965).

negotiation should prevail at the second session of UNCTAD: no confrontation of blocs, pressure of majority votes or list of demands, however just, would bring solutions any closer. As the Under-Secretary for Economic and Social Affairs had pointed out recently in the Second Committee in referring to the rejection of a system of weighted voting by the first session of UNCTAD:

"That had been in conformity with the very mission of the United Nations and meant that its power was to remain one of influence. It did not mean that information and debate were the only tools it could use. On the contrary, its basic instrument was negotiation and UNCTAD even had a conciliation machinery, the establishment of which was a decisive factor in the success of the first session of the Conference."^{2/}

19. At the fifth session of the Board, his delegation had accepted the compromise agreement on the provisional agenda for the second session of UNCTAD, despite its doubts about overloading what was already an ambitious programme, because it had recognized that recent significant developments, such as the agreements arrived at in the Kennedy Round of negotiations and the world food problem, should be reflected in the agenda. His delegation believed that, in the event, the main work of the second session would be devoted to five subjects which offered good prospects for successful negotiations. Those subjects were: stabilization of commodity markets; preferences for manufactures; trade and regional co-operation among developing countries; promotion of the developing countries' exports; and supplementary financing. Even if the Conference failed to produce definitive solutions to each of those problems, at least policies for action could be worked out, agreements negotiated and suitable machinery set in motion.

20. If all participants in the second session of UNCTAD willingly accepted such an approach, avoiding doctrinaire arguments and seeking practicable solutions to specific problems, it would certainly make a major advance towards the establishment of a world authority for co-operation and development.

21. Mr. KAUL (India) said the fact that the Trade and Development Board had found it possible at its fifth session to reach agreement on the provisional agenda and on all the preparatory work for the second session of UNCTAD augured well for the future. It was his delegation's earnest hope that the same spirit would prevail at New Delhi and that negotiations there would lead to practical solutions to the developing countries' mounting problems.

22. The substantive issues on which the developing countries hoped most progress would be made at the second session of UNCTAD were listed in a document drawn up during the recent ministerial meeting of the group of seventy-seven developing countries in Algiers. The document was to be submitted to the General Assembly^{3/} and was expected to be discussed

in the Second Committee in the near future when his delegation would have an opportunity to express its views.

23. He suggested that the Council should take note with satisfaction of the report of the Trade and Development Board and transmit it to the General Assembly.

24. Mr. BILLNER (Sweden) observed that, even if the work within the framework of UNCTAD had still not achieved very many concrete results, it did not mean that no progress had been made. The discussions and work of those years had led to a deeper understanding of the basic underlying causes of trade and development problems and possible solutions had been discerned. That had become evident at the fifth session of the Trade and Development Board, the report of which was now before the Council (see E/4434).

25. The predominant feeling at the fifth session of the Board had been expressed by the Secretary-General of UNCTAD when he had said that the deep-seated problems of development necessitated the creation of a global strategy for development, involving concerted action by industrialized and developing countries. The Board had agreed that the best way in which UNCTAD could contribute to such a strategy was by concentrating at its second session on issues on which agreement was possible or probable, or which was so important as to merit urgent consideration. The specific issues which met those criteria had been summarized by the President of the Board towards the end of the session and were listed in his statement, which was reproduced in paragraph 31 of the Board's report.

26. The Nordic countries, which were making combined preparations for the second session of UNCTAD, endorsed that approach; in fact, the specific issues on which attention would be concentrated were, in many cases, those which they considered as deserving priority. The results of the fifth session of the Board would therefore be most helpful to them in their effort to make a genuinely constructive contribution to the Conference.

27. The Nordic countries had from the start supported the proposal for a joint UNCTAD/GATT International Trade Centre and they were accordingly gratified that a detailed report of the Secretary General on the proposed centre was about to be considered by the General Assembly (see E/4435/Rev.1).

28. Mr. VIAUD (France) said that the references by earlier speakers to the recent ministerial meeting at Algiers and the forthcoming ministerial meeting of OECD were an indication of the active preparations all participants were making for the second session of UNCTAD. The fifth session of the Trade and Development Board, too, had achieved positive results in that respect. The very length of the provisional agenda, to which some members had objected, might be a virtue inasmuch as it would force the participants to eliminate certain items and thus focus attention on the problems which were really urgent or to which immediate solutions were most likely to emerge. Moreover, the Board was to be commended on the practical measures it had planned to allow the Conference to begin its

^{2/} See Official Records of the General Assembly, Twenty-second Session, Second Committee, 1109th meeting, para. 9.

^{3/} Ibid., Twenty-second Session, Annexes, agenda item 38, document A/C.2/237.

work as quickly as possible, without wasting time on discussions of procedure and organization.

29. The common fund of ideas and experience acquired during five sessions of the Board would, as the President had said at the 151st meeting, assist its members to get down to work rapidly and to adopt a realistic approach to the work of the Conference. His delegation endorsed the summary of the three basic objectives of the second session of UNCTAD as set out in paragraph 8 of the President's statement, which was reproduced in paragraph 31 of the report of the Trade and Development Board on its fifth session (see E/4434). It believed, however, that the means employed to achieve those objectives were of the greatest importance; the experience of recent years had shown that it was not sufficient merely to define principles and concepts. Only a determination to establish a genuine dialogue among divergent interests and among all participating countries could produce the kind of negotiated agreements that would lead to a change in economic and trade policies. No other international institutional was so universal in its composition as UNCTAD and accordingly no other institution offered so good an opportunity for reconciliation of the divergent interests of all those countries which had something of value to contribute to the economic development of the poorer nations.

30. Mr. RANKIN (Canada) proposed that the important statement made by the Secretary-General of UNCTAD should be circulated as an official document of the Council.

31. The Canadian delegation had expressed its views on matters of trade and development at the fifth session of the Trade and Development Board and would have a further opportunity, in the General Assembly, of restating its views on the approach that UNCTAD should take during the time remaining before the opening of its second session.

32. In addition to discussing the preparations for that session, the Board had touched on two questions of particular interest to the Council with respect to co-ordination and co-operation between UNCTAD and various international agencies and organizations concerned with international trade. Those questions related to co-operation with other international bodies in convening meetings to discuss trading problems of specific commodities, and to co-operation between GATT and UNCTAD in the establishment of a joint export promotion centre. In both commodity trade and export promotion, many more benefits would accrue to the developing countries if account were taken of the valuable contribution which other organizations, particularly the regional economic commissions, could make in co-operation with UNCTAD. Various commodity councils and other organizations could play important parts in the common search for stable and remunerative commodity prices. For those reasons, the Canadian delegation had supported resolution 36 (V) of the Trade and Development Board.

33. The International Trade Centre of GATT would provide an admirable basis for an expanded and joint effort by GATT and UNCTAD in the extremely important field of export promotion. Like other delegations in the Board, Canada welcomed the proposal to establish a joint international trade centre and looked

forward to early decisions by the appropriate bodies concerning the implementation of that proposal. The Canadian Government hoped that early consideration would be given to the detailed proposals for the administration and financing of the joint centre to be submitted by the secretariats of GATT and UNCTAD. It was to be hoped that when the second session of UNCTAD opened in February 1968, the joint centre would be well on the way to becoming an established body capable of playing a central role in expanded efforts by the United Nations in the field of export promotion.

34. The PRESIDENT said that, in the absence of any objection, he assumed that the Council wished to adopt the Canadian representative's proposal that the statement made by the Secretary-General of UNCTAD should be circulated as an official document of the Council.

It was so agreed.^{4/}

35. Mr. HOVEYDA (Iran) said that his delegation had expressed its views at the fifth session of the Trade and Development Board and would have an opportunity of participating in the forthcoming discussion in the Second Committee of the General Assembly. Iran fully shared the views expressed by the representatives of Belgium and France regarding the provisional agenda of the second session of UNCTAD, and endorsed the remarks of the representative of Sweden concerning the need to concentrate on important problems. He wished to draw the Council's attention to paragraph 14 of the Trade and Development Board's report of its fifth session (see E/4434), in which the importance of publicizing the forthcoming Conference was stressed. That was a matter which should be taken up by the Council in view of its vital significance to the success of the Conference. His delegation hoped that the Conference would serve as the forum for a genuine dialogue between the various groups represented, and would lead to the adoption of specific measures in the field of world trade and development.

36. Mr. ATTIGA (Libya) agreed with the Secretary-General of UNCTAD that the first session of the Conference had, perhaps inevitably, witnessed a confrontation between the industrialized and the developing countries. That confrontation had taken place partly because the two groups had come together to debate vital and complex issues of trade and development for the first time, and partly because of the relative dearth of information regarding those issues and regarding the positions taken on them by different countries. Far more information was now available than in 1964, and developing and industrialized countries could therefore engage in a dialogue, rather than a confrontation, at the second session of the Conference. However, the Conference should achieve more than a mere prolongation of a theoretical dialogue, no matter how fruitful, between developed and developing countries; it should lead to specific action or at least prepare the way for such action.

37. The report of the Trade and Development Board on its fifth session (see E/4434) represented a solid basis for preparations for the second session of

^{4/} The complete text of the statement made by the Secretary-General of UNCTAD was circulated as document E/L.1192.

UNCTAD, and it was gratifying that the misgivings expressed at the forty-third session of the Council regarding the Board's ability to reach a consensus of opinion on the points to be discussed at the Conference had not proved justified.

38. Mr. LAVALLE (Guatemala) said that the second session of UNCTAD would serve to focus attention on the developing countries' aspirations for economic and social advancement. The questions to be discussed at the Conference were causing serious concern, both because of their immense complexity and because of the great difficulty, and increasing urgency, of implementing solutions to them. In considering the attitude that developed countries should take in helping poorer countries to develop their economies, it must be remembered that the peoples of developing countries were not in the position of beggars. The extent of the efforts made by those countries had been mentioned by the President of IBRD, who had stated that four-fifths of investment in the developing countries was derived from internal resources, and that those countries' export revenues were four times greater than the total amount of official development financing and foreign private investment. Because of the interdependency of the world economy, it must be recognized that external assistance to the developing countries would also benefit the economically advanced countries, even though the sacrifice of certain interests might be involved. A global strategy for development was urgently needed in a world where millions were still living in appalling poverty, although the technological progress made in a single year was greater than the advances which used to be achieved over a century. The role of UNCTAD should be basically to ensure that the global strategy for development was evolved.

39. The fifth session of the Trade and Development Board had not been entirely successful in defining

and limiting the areas which were ripe for concrete action and should be given special attention at the second session of UNCTAD, but there had been progress towards a consensus on some of those areas. One was the granting of general preferences to exports of manufactures and semi-manufactures from developing countries. His delegation believed that a system of general preferences for the exports of developing countries should include commodity exports. He also thought, however, that for the time being, action should be taken on each commodity individually.

40. His delegation noted with satisfaction that those areas seemed to include, the main elements of commodity policy, including international commodity arrangements and other techniques of commodity market stabilization, as well as a programme for the liberalization and expansion of trade in commodities of interest to developing countries.

41. It was gratifying that a consensus regarding export promotion for the developing world had been reached at the fifth session of the Board, and his delegation welcomed the initiative taken by GATT and UNCTAD to establish a joint international trade centre. With regard to external financing, Guatemala looked forward to the establishment of a system for supplementary financing, particularly since its economy had suffered greatly from export price fluctuations. However, the first priority was to replenish the resources of IDA, which was a vital channel for the transfer of resources to the developing countries.

42. His delegation was prepared to co-operate actively in the preparations for the second session of UNCTAD, at which it hoped that the first outlines of a global strategy for development could be drawn up.

The meeting rose at 12.45 p.m.





ECONOMIC AND SOCIAL COUNCIL

Wednesday, 1 November 1967,
at 3.25 p.m.

Resumed Forty-third Session
OFFICIAL RECORDS

NEW YORK

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President: Mr. Milan KLUSÁK
(Czechoslovakia).

Present:

Representatives of the following States, members of the Council: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Gabon, India, Iran, Kuwait, Libya, Mexico, Pakistan, Panama, Peru, Philippines, Romania, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela.

Observers for the following Member States: Algeria, Austria, Barbados, Brazil, Bulgaria, China, Cuba, Denmark, Greece, Hungary, Ireland, Israel, Italy, Japan, Saudi Arabia, Spain, Trinidad and Tobago, Ukrainian Soviet Socialist Republic, Yugoslavia.

Observer for the following non-member State: Switzerland.

Representatives of the following specialized agencies: International Labour Organisation; United Nations Educational, Scientific and Cultural Organization; World Health Organization; International Bank for Reconstruction and Development; International Monetary Fund.

AGENDA ITEM 1

Report of the Trade and Development Board (concluded) (E/4434, E/4437/Rev.1)

1. Sir Edward WARNER (United Kingdom) said that his delegation had studied with interest the report of the Trade and Development Board on its fifth session (see E/4434). It congratulated the Board on the way in which it was preparing for the second session of UNCTAD. He hoped that the Conference would be the occasion for genuine efforts on the part of both developed and developing countries to reach a common understanding of the problems which faced them all. Nothing would be gained by an unco-operative confrontation between those two groups of countries. His delegation was grateful to the Secretary-General of

UNCTAD for having drawn attention (1508th meeting) to the importance of replenishing the resources of IDA, which was the subject of resolution 37 (V) of the Trade and Development Board. The United Kingdom was fully prepared to contribute its share towards the replenishment of those resources at a substantially increased level. The Secretary-General of UNCTAD had referred to the need for agricultural modernization to be accompanied by increased industrialization to absorb agricultural labour. It should, however, be remembered that modern factories employed relatively little, and in some cases remarkably little, labour.

2. In conclusion, he said he welcomed the proposed establishment of the joint UNCTAD/GATT International Trade Centre (see E/4437/Rev.1) and the forthcoming United Nations Conference on Cocoa.

3. Mr. PEREZ GUERERRO (Venezuela) said that exceptionally extensive preparations had been made for the second session of UNCTAD. In particular, the ministerial meeting of the group of seventy-seven developing countries at Algiers had made it possible for the countries of the under-developed world to concert the stand they would take at the New Delhi Conference, to which they would not come as beggars. The success of the second session of UNCTAD, which would have to make a completely objective study of results of the United Nations Development Decade and adopt specific steps in preparation for the future, depended on a willingness to regard development as a joint venture. To that end, it was essential to draw up a development strategy to provide a frame of reference for future activities. Planning—a field in which the socialist countries had led the way—should be carried out, not only at the national level but also at the sub-regional, regional and at the world level, in the form of flexible schemes for certain sectors. After expressing his satisfaction at the establishment of the joint UNCTAD/GATT International Trade Centre, he pointed out that vocational training, to which all agencies in the United Nations family, both old and new, should be able to contribute, was as important a problem as the financing of development. He was convinced that the necessary resources existed for the latter purpose. They must, however, be channelled into development work and the best possible use must be made of them.

4. Mr. SHAHI (Pakistan) thanked the Secretary-General of UNCTAD for stressing the need to work out a global strategy for co-ordinating the activities of the developed and the developing countries. His delegation was glad that the Trade and Development Board had succeeded in reaching a consensus on the aims of the second session of UNCTAD. He hoped that that consensus would result in a fruitful dialogue and in the adoption of measures of immediate benefit to the developing countries. From that standpoint, the draft-


ing of the recent Charter of Algiers^{1/} and the proposed establishment of the joint UNCTAD/GATT International Trade Centre were encouraging developments.

5. Mr. CUHRUK (Turkey) said that gratifying progress had been made at the fifth session of the Trade and Development Board. Some of the problems on which a negotiated settlement was feasible were thus already known. That applied, in particular, to primary commodities, exports of manufactures and semi-manufactures from the developing countries, preferences, supplementary financing, regional co-operation and the expansion of trade between developing countries. The provisional agenda of the second session of UNCTAD might, admittedly, be criticized as being over-loaded, but it could be justified in view of the particular atmosphere and general outlook which prevailed at UNCTAD meetings.

6. Mr. ZAKHAROV (Union of Soviet Socialist Republics) said he had listened with great interest to the statement made by the Secretary-General of UNCTAD (1508th meeting), from which it appeared that the second session of UNCTAD, to be held at New Delhi, would be a forum for the discussion of outstanding issues affecting trade between the developing countries, the developed market economies and the socialist countries. That approach was more realistic than the concept of a world divided between an impoverished south and a wealthy north. It was to be hoped that, on that basis, the New Delhi Conference would achieve a wide measure of agreement on the means of overcoming the economic backwardness of the developing countries, a backwardness caused by colonialist and neo-colonialist exploitation.

7. Ever since the establishment of UNCTAD, the USSR had stressed the importance of that body being genuinely universal with respect both to its membership and the problems it considered. It must contribute to the development of trade, particularly of East/West trade, and, in that connexion, must seek to eliminate the discriminatory measures and economic boycotts which continued to hamper progress towards equal international co-operation. There was still a lot to be done in that field. The USSR delegation hoped that the second session of the Conference would make its contribution to the solution of those problems. Unfortunately, the problems of elimination of discrimination and economic boycotts had not been touched upon in the statement made by the Secretary-General of UNCTAD although they deserved the most serious attention. The USSR delegation was convinced that failure to solve those problems was impeding the economic progress of the developing countries.

8. Since the Second Committee of the General Assembly would shortly consider questions relating to UNCTAD, the Council should accept the Indian representative's proposal that it should take note of the report of the Trade and Development Board on its fifth session (see E/4434).

9. Mr.  OLDSCHMIDT (United States of America) said he had found the lucid statement made by the Secretary-General of UNCTAD (1508th meeting) of

^{1/} See Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 38, document A/C.2/237.

great interest. The general atmosphere that had characterized preparations for the New Delhi Conference, now only a few months away, was a source of satisfaction. Although the Trade and Development Board had not found it possible to limit the provisional agenda of the second session of the Conference, a wide measure of agreement had been reached on the problems that were ripe for study.

10. His delegation was grateful to the Secretary-General of UNCTAD for having drawn attention to the measures which would enable the developing countries to help themselves and was gratified by the unanimous agreement to make the Conference a dialogue rather than a confrontation. It approved in principle the proposed establishment of the joint UNCTAD/GATT International Trade Centre, which met the concern for co-ordination consistently displayed by the Council. It looked forward to examining the details on that subject in the document just distributed to the Council (see E/4437/Rev.1).

11. Substantial progress had been made in some areas since the fifth session of the Trade and Development Board, particularly with respect to consultations on cocoa. The United States had also pursued with other developed countries the idea, first put forward by President Johnson at the meeting of American chiefs of State, held at Punta del Este in April 1967, of granting temporary non-reciprocal preference to developing countries, and his delegation hoped to be able to submit the general outlines of such a scheme to the New Delhi Conference.

12. In conclusion, he supported the Indian representative's proposal that the Council should take note of the report of the Trade and Development Board.

13. The PRESIDENT proposed that the Council should adopt the following draft resolution, which was on the same lines as that adopted the previous year in similar circumstances:

"The Economic and Social Council,

"Having considered the annual report of the Trade and Development Board,

"1. Transmits that report to the General Assembly;

"2. Draws the attention of the General Assembly to the comments and observations on the subject contained in the report of the Economic and Social Council on its resumed forty-third session.^{2/}"

14. Mr. MUZIK (Czechoslovakia) proposed that the following words should be added at the end of operative paragraph 2: "and also to the statement made by the Secretary-General of the United Nations Conference on Trade and Development".

The draft resolution, as amended, was adopted.

15. The PRESIDENT proposed that the Council should authorize him, in consultation with the Vice-Presidents and the Secretariat, to draw up the report on the resumed forty-third session.

It was so decided.

^{2/} Ibid., Twenty-second Session, Supplement No. 3A (A/6703/Add.1).

AGENDA ITEM 2

External financing of economic development of the developing countries: promotion of private foreign investment in developing countries (E/4293 and Corr.1 and Add.1 and 2)

16. The PRESIDENT recalled that the Council, at its forty-third session (1506th meeting), had decided to postpone until its resumed session a decision on the draft resolution submitted by Dahomey (E/AC.6/L.369), pending receipt of additional information on the terms of reference of the panel on foreign investment mentioned in operative paragraph 2 (a) of the draft resolution. The Council now had that information before it (E/4293/Add.2) as well as a note by the Secretary-General on the financial implications of the draft resolution (E/AC.6/L.369/Add.1).

17. Mr. ZOLLNER (Dahomey), supported by Mr. VARELA (Panama) and Mr. VIAUD (France), said that, as certain delegations had interesting suggestions to make, he would like to consult them in order to produce a text which would correspond more closely to the objective sought and which would be likely to command unanimous support. He therefore proposed that the consideration of the draft resolution should be postponed until the second part of the resumed session.

18. Mr. POZHARSKY (Union of Soviet Socialist Republics) asked whether delegations at the second part of the resumed session would have before them the Secretariat's study on the promotion of private foreign investment in developing countries which for the moment existed only in summary form.

19. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that the study had not yet been published; the services responsible for it were overwhelmed with work and it was not possible for the moment to say when it would be published. He nevertheless gave the assurance that the summary and the conclusions (see E/4293 and Corr.1) contained the crux of the study.

20. Mr. ATTIGA (Libya) supported the suggestion made by the representative of Dahomey that consideration of the draft resolution should be postponed.

21. The PRESIDENT concluded from the opinions expressed by delegations that consideration of the draft resolution submitted by Dahomey should be postponed until the second part of the resumed session.

It was so decided.

AGENDA ITEM 10

Calendar of conferences and meetings for 1968 (E/4436)

22. The PRESIDENT pointed out that the Secretary-General in his note (E/4436) drew the Council's attention to a request by the Ad Hoc Working Group of Experts, which had been set up under resolution 2 (XXIII) of the Commission on Human Rights^{3/} and

^{3/} See Official Records of the Economic and Social Council, Forty-second Session, Supplement No. 6 (E/4322 and Corr.1), para. 268.

entrusted by Council resolution 1216 (XLII) with the additional task of examining allegations of infringements of trade union rights in the Republic of South Africa, for a week of additional meetings in January 1968. Those meetings would have the financial implications indicated in the note mentioned above.

23. Mr. VIAUD (France) said it was difficult for his delegation to appreciate whether the extension of the session of the experts was justified, but, in any case, it was awkward to modify a calendar which was becoming tighter and tighter. However, without approving the request submitted by the Ad Hoc Working Group of Experts, the French delegation would not object to it.

24. Mr. GOLDSCHMIDT (United States of America) said he attached to the work of the experts all the importance it deserved but nevertheless regretted the tendency of certain subsidiary bodies to request an extension of their meetings. That tendency caused extra expense and upset the calendar. The terms of the Council decision concerning the need for subsidiary organs not to exceed the time allotted to them should be applied.

25. Mr. SHAHI (Pakistan) felt that the request of the Ad Hoc Working Group of Experts was perfectly justified in view of the importance of its work and hoped that the Council would endorse it.

26. Mr. ZOLLNER (Dahomey) regretted that the request involved readjustments in the calendar but noted that it was the Council itself which had given the additional task to the Ad Hoc Working Group of Experts. The request was therefore justified and his delegation supported it.

27. Sir Edward WARNER (United Kingdom) shared the views expressed by the United States and French delegations.

28. Mr. ATTIGA (Libya) also considered that, in view of the importance of the experts' work, their request was justified. The Council should try to give them the maximum amount of time to complete their task.

29. Mr. CHADHA (India) agreed.

30. Sir Edward WARNER (United Kingdom) pointed out that no date had yet been fixed for the meetings of the Enlarged Committee for Programme and Co-ordination and would like to know what arrangements the Secretariat intended to make.

31. Mr. KASSUM (Secretary of the Council) replied that that question would be considered at the second part of the resumed session; the Secretariat would have more information at that time.

32. The PRESIDENT considered that, in view of the statements made by the various delegations, the request of the Ad Hoc Working group of Experts contained in document E/4436 could be adopted.

It was so decided.

The meeting rose at 4.45 p.m.



ECONOMIC AND SOCIAL COUNCIL

Monday, 13 November 1967,
at 10.50 a.m.

Resumed Forty-third Session
OFFICIAL RECORDS

NEW YORK

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President: Mr. Milan KLUSÁK
(Czechoslovakia).

Present:

Representatives of the following States, members of the Council: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Guatemala, India, Iran, Kuwait, Libya, Mexico, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Brazil, China, Denmark, Greece, Ireland, Italy, Japan, Nigeria, Norway, Trinidad and Tobago, Uganda, Yugoslavia.

Observer for the following non-member State: Switzerland.

Representatives of the following specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; International Bank for Reconstruction and Development.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 6

Reports of the World Bank Group and of the International Monetary Fund (E/4431 and Add.1, E/4432 and Add.1, E/4433)

1. Mr. WOODS (President of the International Bank for Reconstruction and Development) stated that during the financial year ending 30 June 1967 IBRD and the International Development Association (IDA) had committed over \$1,200 million for economic development projects in forty countries, or \$100 million more than for the preceding financial year. Disbursements had reached an all-time high, exceeding \$1,000 million. The investments of the International Finance Corporation (IFC) had totalled \$50 million. That trend was continuing during the financial year 1967-1968, since IBRD and IDA had already committed about \$450 million and IFC had made investments totalling \$27 million.

2. Although the World Bank Group was still mainly financing infra-structure projects, efforts were being concentrated on the three priority sectors of develop-

ment, agriculture, industry and education. In the case of agriculture, more than eighty projects were under study, and since 1 January 1967 about \$200 million had already been committed in that sector. Whereas, initially, most of the Bank's direct assistance took the form of loans for irrigation and flood-control works, in the past two years it has been financing more projects having an immediate impact on the farmers and the land. It was trying to take into account the varied circumstances of the countries assisted. In Uganda, for instance, the Bank was helping to finance a programme to expand tea production in smallholder areas, while it was assisting the expansion of a large-scale plantation programme in Cameroon. It was devoting special attention to providing farm credit, particularly for medium and small farms. It sought to mobilize local capital and also, where it was feasible, to draw in private banking systems. A co-operative relationship in assisting Governments in project identification and preparation had been established with FAO in 1964. As part of that co-operation, forty UNDP pre-investment studies which were being carried out by FAO had been identified for special attention to assure that they would be considered promptly for financing.

3. IFC had been giving particular attention to the possibilities of expanding chemical fertilizer production within the developing countries themselves. That increase could have far-reaching results, as the case of India illustrated. In order to feed its population in 1977, India would have to double its present grain production, which would call for a considerable increase in the production of fertilizer, involving 8 million additional tons of nitrogen, 4 million additional tons of phosphates and 2 million additional tons of potash. That operation would require investments of \$2,000 to \$3,000 million, the resultant increase in grain tonnage would have a value of approximately \$5,000 million a year, while the total value of the additional grain produced over the ten years allowing for the build up period, would be about \$30,000 million. With regard to the question whether the fertilizer plants should be in the public or private domain, he was convinced that, in view of the magnitude of the capital requirements, it was unlikely that the developing countries could approach the production targets they had set themselves without the co-operation of the major international mining, chemical and fertilizer companies.

4. During the past year the World Bank Group had committed over \$400 million for a broad range of industrial projects and for development finance companies. The Group had committed in that field about \$650 million to private development finance companies, to finance both medium and large industries.

5. Another type of co-operation had been established with UNESCO in education, a sector which was par-

ticularly important since it was the basis for improvement in productivity. In that field the Bank was concentrating its resources on the implementation of projects which would make a relatively direct impact on the economic development of a country. It was therefore concentrating on the expansion of secondary education and technical training in industry, commerce and agriculture. One of the most difficult problems related to teaching curricula. The Bank was trying to persuade the recipient countries to adopt a diversified and modernized curriculum. Greater productivity in educational systems was also needed, especially through the adoption of new teaching methods such as television.

6. The Bank was also devoting a part of its activities to technical assistance. It had already financed, or carried out for UNDP, thirty-seven feasibility studies. Those studies, which had cost some \$15 million had already led to more than \$450 million of investments. Pre-investment studies were extremely complex. Among other things, it was important to realize their institution-building potentialities. Pre-investment studies were, in fact, far more valuable where the country assisted was left with a staff trained to carry out similar pre-investment activities in the future.

7. Wide interest had been shown in the establishment of the International Centre for Settlement of Investment Disputes Under the Convention on the Settlement of Investment Disputes between States and Nations of other States^{1/} by both investors and Governments, and the Bank was now discussing a scheme of multilateral investment insurance.

8. Another of the Bank's non-financial activities was aid co-ordination. It had organized co-ordinating groups for nine developing countries, in addition to the India and Pakistan consortia. Those groups were benefiting from the participation of nineteen exporting countries and UNDP. Both groups of countries would certainly gain a greater appreciation of the problems from that type of co-operation.

9. The Economic Development Institute, which was now in its twelfth year, had already more than 700 graduates occupying responsible positions in the various Member States.

10. The Bank and the International Monetary Fund (IMF) had recently undertaken an analysis of the problem of stabilizing the prices of primary products and of the possible role the two institutions might play in finding a solution for that problem.

11. He emphasized that one of the main obstacles to the extension of the activities of the World Bank Group was political instability. The slow increase in the volume of export earnings of the developing countries was another barrier. Not only should the developed countries open their markets more liberally to imports from the developing countries but also the developing countries should adopt economic policies favouring export industry and subsequently assuring foreign markets of a continuous supply of goods of uniformly high quality. Finally, there was the basic problem of public development finance from abroad. He had recently advanced the suggestion that the leading

experts should meet to study the consequences of twenty years of aid to development and to propose measures which might be more effective for the future.

12. Regarding the Bank itself, its bond issues had been well received by investors, but bonds could be offered only with the consent of the Government in whose markets they were to be sold. During the last financial year out of \$282 million obtained through the sale of long-term IBRD bonds, only \$32 million had been raised outside the United States. It should be added, however, that in October bonds amounting to \$14.5 million had been sold on the Swedish financial market. Other bond issues would probably be offered during the coming winter and spring in several European capitals and he hoped that, if successful in Europe, the Bank would obtain permission to sell a large issue in the United States before the end of the present fiscal year.

13. With regard to IDA, the negotiations begun for the replenishment of its resources had been disappointingly slow. IDA's lack of resources was hampering the financing of many worth-while projects. He concluded by expressing the hope that an agreement to replenish IDA at a much higher level than in the past would soon be reached. The support given to IDA would be a test of the dedication of the various countries to the cause of development.

14. Mr. RANKIN (Canada) thanked the President of IBRD for his statement and said that the high level of commitments of the World Bank Group was evidence of the major contribution which it was making towards solving the problem of economic development. The Bank had had long experience of that problem and its studies and advice were extremely useful, particularly to the Canadian Government, which drew on them for its own programmes of development assistance. The Bank had concluded co-ordination arrangements with various Governments and agencies for the purpose of assisting the developing countries to determine their problems and their priorities. Those agreements, which had a considerable influence on aid programming, obviously varied from country to country, according to their special needs.

15. In the past the President of the Bank had stressed the importance of regional co-operation. The Canadian delegation also thought that that was an area full of possibilities. The Bank continued to combine the funds which it received from private sources with those provided by Governments. More and more, it was assuming the additional role of economic and technical adviser to the Governments of developed and developing countries. But if it was to continue to play an effective role it must have sufficient resources. Recently, however, it had been experiencing increasing difficulties in selling its bonds.

16. There was no doubt that the funds available to IDA would be a determining factor in the contribution which the World Bank Group would be able to make to those countries whose debt servicing burden was already very heavy. Canada was concerned about the difficulties experienced by IDA in replenishing its resources and continued to believe that they should be substantially increased. The terms of that replenishment might perhaps have to include certain safeguards

^{1/} United Nations, *Treaty Series*, vol. 575 (1966), No. 8359, p. 160.

concerning the balance of payments, although Canada had never advocated any; it would probably not oppose such safeguards, however, provided that they were based solely on a concern to maintain the stability of the balance of payments.

17. Sir Edward WARNER (United Kingdom) welcomed the annual reports of the IBRD and IDA (see E/4431 and Add.1) and of IFC (see E/4432 and Add.1). As the President of IBRD had indicated, the most urgent problem which the Group had to face during the coming months was the second replenishment of IDA's funds. The Minister for Overseas Development had recently announced that the United Kingdom Government had indicated its intention to the President of IBRD of inviting Parliament to make provision for a proportionate British contribution to the replenishment of IDA at double the present level, subject to satisfactory conditions.

18. The United Kingdom delegation noted with satisfaction the new impetus given to the expansion of IFC's activities by the extension of the IBRD line of credit. Furthermore, it welcomed the conclusion of the Convention establishing the International Centre for Settlement of Investment Disputes^{2/} which was designed to encourage the flow of private investment.

19. The United Kingdom delegation, however, noted with concern that, as the President of IBRD had said at the joint meeting of the Board of Governors of IBRD and IMF at Rio de Janeiro in September 1967, almost half the burden of debt servicing was related to suppliers' credits which very often had not yet borne fruit at the time they fell due. It was clear that, on the one hand, care must be taken not to assume an excessive debt servicing burden and, on the other, efforts must be made to provide external financing for development on realistic terms.

20. In conclusion, he noted with satisfaction the increase in the membership of IBRD and of IDA.

21. Mr. SHAHI (Pakistan) welcomed the noticeable broadening of the scope of the activities of IBRD and its affiliates. Although it continued to emphasize the development of infra-structure, the Bank was now more aware of the need to build on the existing infra-structure in order to accelerate the economic growth of the countries of the Third World. It was natural, in the circumstances, that it should attach increased importance to the key sectors, namely, agriculture, industry and education. The Pakistan delegation was grateful to the Bank for the flexibility which also characterized its activities in the field of technical assistance. The Bank's expert missions played a very useful role in helping Governments to formulate their development programmes. He especially welcomed the expansion of the Bank's activities in the field of development planning and the granting of credits by IDA for the preparation of projects. With regard to the Economic Development Institute, he thought that training in project evaluation should be intensified.

22. The efforts made by the Bank in co-ordinating development assistance had greatly helped both donors and recipients. The Pakistan delegation had also

followed with interest the experimental arrangements concluded by the Bank with a view to combining its own loans with bilateral export credits. It hoped that the report on the next financial year would contain more information on that subject and that it would be possible to determine whether such a combination had succeeded in eliminating the negative aspect of export credits.

23. The Bank should study the possibility of concluding a co-operative agreement with UNIDO similar to those concluded with FAO and UNESCO. On the subject of co-operation, he thanked the Bank for the part it had played in organizing the Pakistan Consortium as well as in executing the project for the construction of the Tarbela dam.

24. His delegation noted with concern that sales of the Bank's participations and portfolio assets had shown a further considerable decline. The report emphasized that that trend, which had been maintained for the fourth consecutive financial year, was mainly due to the high interest rates and to the placing of restraints on foreign investments by some capital-exporting countries. He expressed the hope that the developed countries concerned would take the necessary fiscal and monetary measures to correct the situation.

25. It was all the more urgent to increase the Bank's resources since the stagnation in the flow of capital to the developing countries continued, despite the fact that the latter were in a better position to absorb external resources. The report pointed out that debt servicing payments (interest and repayment of principal) had increased by 10 per cent annually during the period 1962-1966 and that certain countries were now devoting up to 20 per cent of their export earnings to it. Many countries had been obliged to reschedule their debts and he hoped that the draft resolution recently adopted by the Second Committee^{3/} on the outflow of capital from developing countries would be borne in mind in the future. The maintenance of the current terms of financial aid might create obligations which the developing countries might no longer be able to meet. The Pakistan delegation supported the proposal of the President IBRD that a group of experts should be asked to study the results of twenty years of aid to development. It hoped that the developed countries would give that suggestion all the consideration it deserved.

26. In conclusion, he appealed to all the countries concerned to reach agreement as soon as possible concerning the replenishment of the resources of IDA.

27. Mr. LAVALLE (Guatemala) asked that the text of the statement made by the President of IBRD should be circulated to the Council.

28. Guatemala welcomed the loan of \$15 million—the first since 1955—which IBRD had just granted to it for the electrification of the country. He hoped that it would be the beginning of continuing financial assistance.

29. For twenty-one years, the Bank had been endeavouring to serve the cause of development, with imagination and courage, by giving the less favoured countries

^{2/} Ibid.

^{3/} See Official Records of the General Assembly, Twenty-second Session, Second Committee, 1145th meeting.

access to the capital markets of the developed countries, by serving as a channel for the flow of capital for development, and by promoting private foreign investment. To that must be added the studies made and the information provided by IBRD, as well as its collaboration with UNDP.

30. There was no need to stress the importance of technical skills and their dissemination. In that area, the Bank was pursuing an excellent policy and had considerably increased the amount of its loans to the educational sector since 1964. Guatemala hoped that the Bank would adopt a favourable attitude to the financing of the important technical education project which it had drawn up.

31. The Guatemalan Government was deeply concerned at the increase in interest rates on loans and at the increase in the public external debt of the developing countries both of which tended to restrict their capacity to absorb the external aid necessary for development and emphasized the need for the immediate replenishment of IDA's resources.

32. In conclusion, he noted with satisfaction that the President of IBRD believed that external financing should supplement, and not replace, measures designed to increase the export capacity of the developing countries.

33. Mr. ZAMORA (Mexico) was sorry to read in the annual report of IBRD and IDA (see E/4431 and Add.1) of the slow pace of progress in all the developing countries, the stagnation of agricultural production, the political instability of developing regions and the diversion of available resources to non-productive activities. That situation no doubt had been aggravated even more because the level of external financing had hardly changed since 1961. Anti-inflationary measures supposedly meant to limit capital inflows and outflows in the industrialized countries were tightening the world capital market and lending terms had hardened. The real interest payable by the developing countries had risen to 8 per cent, a rate comparable to that of commercial loans, often considered too "hard". Moreover, through various subsidy devices, countries extended suppliers' credits at interest rates 50 per cent lower than the aforementioned rate.

34. In addition, there could be discerned a negative attitude toward comprehensive programmes; international financing was generally devoted only to programmes which did not meet the infra-structural needs of the developing countries.

35. While the Bank received increasing demands for credit, international resources were not increasing correspondingly; the Bank thus favoured investments in industry, while agriculture and the infra-structure were relegated to a secondary role despite the need for modernization in those sectors. Mexico was seeking, with some measure of success, to help other developing countries in that sphere.

36. In connexion with the Bank's research activities, it was important to note that it was co-operating with UNCTAD in the study of suppliers' credits and the establishment of a supplementary financing scheme. Co-operation between those two international institu-

tions was essential for the advancement of the developing countries and he hoped that it would continue.

37. The developing countries were concerned over the lack of IDA resources. Efforts to replenish them had thus far not elicited a favourable response from the developed countries, which maintained a negative attitude toward certain recommendations of the Final Act of the first session of UNCTAD.^{4/} It might be desirable for the Bank to try harder, in its efforts to co-ordinate foreign aid to developing countries, to enlist the help of governmental and private economic development institutions.

38. Turning to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, his delegation still believed that there was no need for international instruments to guarantee foreign investments: the recipient countries' guarantees alone should suffice, it being understood that those investments were to supplement domestic investments and were not to seek preferential treatment.

39. In extending technical and financial assistance, the Bank did not attach any conditions as to the origin of goods and services, thus avoiding the extra expense of tied aid. That factor was very important when one realized that, although the nominal interest rate on IBRD loans was 6 per cent, and in some cases would rise to 7 per cent at the end of 1967, the real rate the developing countries paid was 8 per cent and was due to rise even more by 1968.

40. In comparison with the 1965-1966 financial year, the increase in IBRD's total commitments had unfortunately been accompanied by a decrease in the average total credit granted to each project. The need to increase the volume of financial aid to developing countries and to reduce its cost was all the greater because those countries themselves financed a high proportion of the investments in their economy. In Mexico, only 10 per cent of the investments made during 1966-1967 came from abroad.

41. International co-operation in trade and financing should be intensified, broadened and diversified. To that end, IBRD should become a world development bank with the task of meeting only the needs of the poor countries. It was inadmissible that the developed countries with access to international capital markets should still obtain credit from the Bank while granting commercial loans to the developing countries. The terms and conditions of IDA loans should be extended to all international financial transactions with the Third World countries. Moreover, there should be no interruption in the aid granted by the Bank and its affiliates. His delegation endorsed the supplementary financing scheme and believed it should be implemented immediately. He recalled the terms for the participation of Latin American countries in that plan set forth in the Charter of Tequendama.

42. His delegation had studied with interest the report of IFC (see E/4432 and Add.1), an agency which played a major role in the dissemination of technical data and the industrialization of the develop-

^{4/} See Proceedings of the United Nations Conference on Trade and Development, vol. I, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

ing countries. It would be desirable to enlarge the Corporation's international advisory panel with representatives of the developing countries, as the panel at present included representatives of the private sector of the developed countries alone.

43. Mr. BERTRAND (United Nations Educational, Scientific and Cultural Organization) said that the important place IBRD's President ascribed to education—a keystone of economic and human development—showed that education was expected to meet the demands its role imposed upon it. That was a constant concern of UNESCO's Director-General. A bold outlook in that area was even more imperative since co-operation between the Bank and UNESCO demonstrated what two organizations sufficiently different to be complementary could accomplish by pooling their resources and energies.

44. Mr. VARELA (Panama) welcomed IBRD's growing involvement in the agricultural sector. That was a realistic attitude, since the population of the developing countries was predominantly rural. He was pleased to note that after helping to build up basic social capital, the Bank was now financing rural electrification and was extending credit to small and medium-sized agricultural projects. The developing countries had deceived themselves considerably as to the scope and advantages of industrialization. History had shown that industrialization had to come after agricultural development, which was essential to the establishment and expansion of the domestic market. He hoped that the Bank would continue to work along those lines in co-operation with IDA and the regional development banks.

The meeting rose at 12.40 p.m.





ECONOMIC AND SOCIAL COUNCIL

Monday, 13 November 1967,
at 3.20 p.m.

Resumed Forty-third Session
OFFICIAL RECORDS

NEW YORK

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President: Mr. Milan KLUSÁK (Czechoslovakia).

Present:

Representatives of the following States, members of the Council: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Guatemala, India, Iran, Kuwait, Libya, Mexico, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Algeria, Austria, Brazil, Chile, China, Denmark, Finland, Greece, Ireland, Italy, Japan, Malta, Netherlands, Nicaragua, Norway, Syria, Trinidad and Tobago, Ukrainian Soviet Socialist Republic.

Representatives of the following specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; International Bank for Reconstruction and Development.

The representative of the International Atomic Energy Agency.

In the absence of the President, Mr. Varela (Panama), Vice-President, took the Chair.

AGENDA ITEM 6

Reports of the World Bank Group of the International Monetary Fund (continued) (E/4431 and Add.1, E/4432 and Add.1, E/4433)

1. Mr. PARTHASARATHI (India) said that the stimulating statement made by the President of IBRD (1510th meeting) had demonstrated the Bank's

commitment to the cause of international development and its imaginative and flexible lending policies. The annual reports for 1966-1967 of IBRD and IDA (E/4431 and Add.1) and of IFC (E/4432 and Add.1) showed that the level of activity during the year had been higher than ever: the total commitments of IBRD and IDA had been over \$1,200 million, and their disbursements had exceeded \$1,000 million for the first time; the commitments of IFC had also reached a record level. The increasing emphasis on agricultural and educational projects in the World Bank Group's operations was most gratifying, as was the President's indication that the Bank was prepared to help to finance publicly owned fertilizer plants, provided they were soundly conceived and managed.

2. In that connexion, his delegation welcomed the growing readiness of the World Bank Group to lend to publicly owned enterprises and hoped that such loans would in future be extended to training and pre-investment projects. The need to expand multilateral development financing was acute, in view of the enhanced capacity of the developing countries to absorb capital effectively and the net decline in the flow of public and private capital to those countries. Moreover, the recent trend towards a hardening of the terms on which capital was supplied was likely to reduce the net flow still further. In those circumstances, it was to be hoped that the Part I members of IDA would agree in the near future to replenish its funds at a substantially higher level.

3. The developing countries recognized that expansion of their exports was essential to a solution of their development problems; for that purpose, however, they required the support of international action to stabilize the prices of primary commodities and eliminate barriers to trade in their exports. The kind of trade and aid policies which should be adopted by all countries to promote the development of the poorer nations was a subject which might usefully be studied by the expert group suggested by the President of IBRD (1510th meeting). The conclusions of such a group would provide a comprehensive picture of the experience of the previous twenty years and an outline of the aid situation in the future, and would serve as a useful basis for planning the second development decade.

4. Mr. GREGH (France) said that the summaries of the annual reports of IBRD and IDA and of IFC (E/4431/Add.1—E/4432/Add.1) indicated that IBRD and IDA had committed over \$1,200 million for development projects in forty countries during the year under review and that IFC had increased its commitments to private enterprises by over a third during the same period. That performance was a good illustration of the assistance given by the international financial institutions to Member States, particularly those in developing regions; such a rate of achievement could not,

however, be maintained unless the World Bank Group as a whole constantly adapted its approach to changing conditions in a changing world. It was therefore important to consider how the Group met that requirement in both the financial and the economic aspects of its operations.

5. The Bank was experiencing difficulties in its financial operations because of the sharp rise in interest rates on the financial markets from which it had to borrow its funds. A point had, in fact, been reached where it was difficult to see how long the Bank could continue to lend to the developing countries on terms acceptable to them. As the Bank had resources of its own, however, it was to be hoped that it would help to stabilize existing interest rates by refusing to raise its own and so maintain its position as the principal instrument for multilateral economic aid to the developing countries.

6. The position of IDA, however, had to be assessed differently. The terms on which it supplied funds were better adapted to the needs of the developing countries and it was desirable that its operations should continue. There was justified concern, however, about the methods by which its funds were to be replenished. The percentage by which the contribution of Part I members of IDA were to be raised would force some Governments, including his own, to make changes in their policies on aid to the developing countries, particularly with regard to bilateral aid. The major obstacle in the case of other States was the unduly heavy budgetary burden the new contributions would impose on them. Another difficulty was the insistence by one member state on attaching certain conditions to its contribution which were unacceptable in view of the multilateral nature of IDA's operations.

7. The economic side of the World Bank Group's work took the form of financing specific projects in member states. The new departure of financing educational and training projects was gratifying. The geographical distribution of loans was not, however, altogether satisfactory. Both the Bank and IDA, as members of the United Nations system of organizations, had a responsibility to ensure that their assistance was distributed as equitably as possible among all the less developed countries.

8. Moreover, the activities of the World Bank Group needed to be better co-ordinated with those of UNDP. Some thought should be given to ways of financing more regional and sub-regional projects involving countries linked geographically or by common economic interests. Similarly, the importance which developing countries attached to industrial development should encourage IFC to seek ways of co-ordinating its activities with those of UNIDO. A further way in which the Group could support the efforts of the United Nations family would be to help other organizations and Member States to control the serious fluctuations in the prices of primary commodities the export of which was the main source of foreign exchange for the developing countries.

9. The stabilization of commodity prices at remunerative levels was, in fact, the most urgent problem facing all international organizations. If the World Bank Group could help in that effort, could plan its

operations so as to ensure that all member countries were assisted in economically justified cases and could adapt its assistance to the degree of development of the recipient countries, it would indeed become the best instrument for multilateral development assistance.

10. Mr. PEREZ GUERRERO (Venezuela) welcomed the gratifying expansion of the Bank's activities into agriculture, industry and now into education. His country had reason to be grateful for the Bank's assistance with infra-structural projects, such as an important hydro-electric power development project. Its experiences had led it to believe that several features of the aid supplied by the Bank were not fully appreciated. The assistance which IBRD experts had given his Government, for instance, in connexion with project formulations had been of inestimable value. As a result, technical experts in his country had learned how to prepare projects better. Moreover, the experience gained, under the guidance of IBRD experts, of execution and evaluation procedures had made an extremely useful contribution to the training of Venezuelan personnel. There were increasing opportunities in the developing countries for a better utilization of financial assistance. There were three main reasons for that. The first was that projects in the national plan and programmes were better formulated, thanks largely to IBRD. The second reason was that there were now more technical cadres with sufficient experience. That was important for programme execution as well as formulation. The third reason concerned the mobilization of domestic financial resources. The developing countries could do still more to mobilize those resources.

11. Venezuela, like many other countries, was doing practically everything possible to mobilize its domestic resources for development. However, there were obvious limitations to what could be done in that respect; in periods of economic stress, it was difficult for the authorities to impose additional increases in taxation and their efforts to secure stable earnings from exports were often frustrated by trade patterns which no individual country could control. It was encouraging, therefore, that a number of the countries which were purchasers of primary commodities had indicated that they were prepared to take measures to translate their goodwill towards the developing countries into practical trade policies and it was to be hoped that their intentions would be expressed in specific commitments in the near future.

12. There was a growing awareness in the international community that bridging the gap between the rich and the poor countries would require a suitable increase in the resources of the Bank and of all aid-giving institutions. For that reason, his delegation hoped that IDA's funds would be replenished at the earliest possible date, so as to enable it to continue its assistance to those countries which were unable to take advantage of other sources of finance.

13. Mr. GOLDSCHMIDT (United States of America) said that his delegation hoped that the World Bank Group would be helped to maintain its amazing record of achievement by being given broader international access to private capital markets and through the

replenishment of IDA's resources at a substantially higher level.

14. The annual reports of IBRD and IDA (see F/4431 and Add.1), and of IFC (see E/4432 and Add.1), and the statement made by the President of the Bank (1510th meeting), indicated that the World Bank Group had continued to demonstrate the necessary flexibility to deal with the increasingly complex task of economic development. The growing diversity of IFC's operations and the higher average size of its commitments had, for instance, induced the Bank to make its first loan to that organization. Similarly, the recognition of the importance of agriculture and education was reflected in the greater emphasis on those sectors in the Group's activities. The vital need for technical assistance had continued to receive attention through the Bank's co-operative arrangements with FAO, UNESCO and UNDP. As the President of IBRD had pointed out, co-operation between the Bank and UNDP in sector and feasibility studies had led to over \$450 million of investments by the World Bank Group, apart from its contribution to the building of institutions which would become generators of economic progress in the recipient countries. His delegation hoped that the judgement and expertise of the World Bank Group on such matters as improving the climate for and flow of private capital, advisory and training work for development planning, and mechanisms to supplement and improve development finance operations would be utilized in connexion with the forthcoming second session of UNCTAD.

15. One of the Bank's outstanding contributions to the development effort had been to help co-ordinate the assistance programmes of donor countries and institutions. To that end, it had sponsored the establishment of eleven consultative groups, with nineteen member countries, in which the International Monetary Fund, UNDP, regional development banks and other international organizations participated. Co-ordination activities of that kind had focused attention on specific urgent problems, such as food needs and debt-servicing, and on new techniques, such as joint financing arrangements, and his delegation hoped that such activities would be intensified in the future.

16. The Bank's interest in meeting the challenge of the future was demonstrated by the suggestion made in the President's statement that a meeting of leading development experts should be convened to discuss the results and consequences of twenty years of development, and propose effective policies and procedures for the future. The Bank's readiness to help in establishing and financing such a meeting was aimed at a review to precede any attempt "...to round off our faltering 'Development Decade' with a genuine reformulation of policy". The United States delegation looked forward to further study of that interesting and imaginative proposal both within the Bank and in other United Nations bodies.

17. "O through enlightened co-operation can we succeed in our basic goal—the improvement of the welfare of all mankind." For twenty years that goal had remained the cornerstone of the aid policies of the United States Government and had the support of its President and people.

18. Mr. VERCELES (Philippines) said that the Bank's report was a constructive and perceptive document that looked ahead to a new and more rewarding approach to development finance. His delegation welcomed the increasing diversification of the Bank's activities. It also welcomed the emphasis on agriculture, since the modernization of agricultural systems remained the key to economic development in many developing countries, including the Philippines. Agricultural development was important not only as a means of increasing food supplies to meet the requirements of rapid population growth, but also as a means of combating the apathy and resistance to change so often encountered in rural areas.

19. The Philippine delegation was also gratified by the increasing prominence given to education in the activities of the World Bank Group. The Philippines, which had consistently devoted over 30 per cent of its national budget to education, had done much to promote the reorientation of education, but there was still a need to lay greater emphasis on science and technology in secondary and higher education.

20. The Bank's efforts to improve assistance techniques, its successful institution-building, its endeavours to achieve a multiplier effect, and its growing involvement in the stimulation of external sources of investment all gave cause for satisfaction. There had been effective co-ordination with other United Nations bodies such as FAO, UNESCO and UNDP, and it was to be hoped that similar co-operation would be established with UNIDO.

21. It was a matter of profound concern that the slow down in international assistance might jeopardize all the achievements of the Bank and its affiliates during the past twenty years, and his delegation therefore welcomed the proposal that the world's leading development experts should meet to review the problems of development assistance. It was to be hoped that such an expert review would lay the basis for a new global development strategy, would finally transform international co-operation from a client-donor relationship into a mutually beneficial economic partnership, and would lead to recognition of the connexion between more equitable trade patterns and economic development. Above all, it was to be hoped that the review would bring into being the political will for economic partnership, the absence of which was now impeding the economic development of developing countries.

22. Mr. DEWULF (Belgium) expressed his delegation's confidence in the management of the World Bank Group and its agreement with the general direction of the Group's activities.

23. Among IBRD's activities to which the Belgium delegation attached particular importance were its efforts to achieve a better co-ordination of international development aid and its co-operation with UNDP. Because of their wealth of experience, IBRD and UNDP were both particularly well qualified for realistic and effective development work, and although views on a new strategy of development assistance might differ, it must be recognized that those two organizations were the two pivots of international assistance efforts.

24. The Belgian delegation also welcomed the establishment of the International Centre for Settlement of Investment Disputes, and hoped that the study on a new system of multilateral investment insurance would lead to specific agreements on that subject. He noted with interest that the Bank had also initiated a study on the stabilization of international commodity prices, and hoped that it would be completed before the second session of UNCTAD. The views expressed by the President of the Bank regarding the promotion of exports from developing countries were in accordance with those expressed by the Belgian delegation in the Governing Council of UNDP.

25. The operational procedures used by the Bank in its field projects, and especially in placing contracts, were commendable, and Belgian engineers had been happy to co-operate in many such projects.

26. The Belgian delegation hoped that the present negotiations on the replenishment of IDA's resources would lead to agreement on the size, terms and conditions of IDA's credits.

Mr. Klusák (Czechoslovakia) took the Chair.

27. Mr. ATTIGA (Libya) said that the reports before the Council were an excellent summary of the achievements of the World Bank Group. In particular, the references to educational systems in those reports deserved the closest consideration by educational planners in developing countries.

28. The flexibility shown by the Group in the last five years was again apparent in the latest reports. For example, the areas in which the Bank could operate were no longer rigidly defined, and he particularly welcomed its growing activities in the field of education. There was also greater flexibility regarding loans to publicly owned enterprises and, especially, regarding the qualifications necessary for IFC loans. The Bank's non-financial activities were also extremely valuable, and the comprehensive report on Libya's economic prospects that it had prepared in 1958-1959 at the request of the Libyan Government had been the corner-stone of Libya's first five-year plan.

29. It was to be hoped that the Bank would continue to show flexibility in its future policies, and would take into account a number of suggestions made in recent international discussions. For example, it had been suggested that the Bank should lay far more stress on development than on reconstruction and should give priority to certain groups of countries with the greatest need for accelerated economic growth. It had also been suggested that the Bank's interest rate should not precisely reflect the rates prevailing on world capital markets, especially since the latter rates had recently risen sharply as the result of severe competition and the protection of monetary interests in certain major financial centres. It had further been suggested that there should be a wider geographical distribution of the credits granted by IDA. Finally, it was to be hoped that the Bank would show flexibility in the administration of its Economic Development Institute, since the application of too rigid standards and entry requirements would exclude many students from the countries that could

derive the greatest benefits from the courses given by the Institute.

30. Mr. HOVEYDA (Iran) expressed his delegation's appreciation of the World Bank Group's achievements during the past year and of the realistic work of its management. Iran welcomed the expansion of the Bank's activities and, in particular, its emphasis on agricultural development. The Iranian Government realized that the mechanization of agriculture was essential in order to release manpower for industrialization, and agricultural development was therefore one of the key elements in its fourth five-year plan. Iran was grateful for the Bank-financed agricultural pilot project at Ghazrin, and the progress achieved so far was very encouraging. While the Bank's achievements in industrialization were satisfactory, still greater efforts were needed in that area, since there could be no rapid rise in living standards without industrialization. An important part could be played by regional development banks in that connexion. Efforts to stimulate investment in education had been made by UNESCO for many years, and it was therefore gratifying that the Bank was now helping to finance education. Such financing would be needed not only for the reform of existing educational systems but also for the development of primary education, since the promotion of literacy was a vital element in furthering the economic and social development of developing countries.

31. His delegation welcomed the extension of the Bank's non-financial activities, which had not always received the recognition they deserved. In particular, it hoped that the study on the stabilization of commodity prices would be available for the second session of UNCTAD. Iran also fully supported the suggestion for a review of development problems by leading experts. It was to be hoped that the resources available to the World Bank Group would continue to increase, and that there would be an improvement in the environment in which the Bank and its affiliates were operating.

32. Mr. AL-RIFAE (Kuwait) said that the reports before the Council underlined the fact that although many of the developing countries had strengthened their ability to make efficient use of development capital, as a result of the inadequate volume of foreign exchange available for development and the heavy burden of debt-servicing, the export earnings of developing countries were insufficient to finance their economic development and needed to be supplemented by substantial foreign resources. The reports also condemned tied aid and the onerous terms on which it was normally granted, and his delegation supported the call for lower interest rates and longer maturity periods until official loans were gradually transformed into official grants-in-aid.

33. It was unlikely that the recent agreements reached at the Kennedy Round of Negotiations would substantially affect the trade position of developing countries, and it was therefore to be hoped that the second session of UNCTAD would succeed in drawing up a programme of action based on constructive co-operation between the developed and the developing countries.

34. The Bank should continue its useful studies on a possible multilateral investment insurance scheme

and on supplementary financial measures. Its expert knowledge and wide experience should be used in formulating specific schemes aimed at promoting economic and social development and in assessing existing schemes before final action was taken on them.

35. His delegation noted with great satisfaction the increase in IFC commitments to extend financial assistance to private business in less developed countries. It believed that IFC was doing its best to interest foreign investors in the over-all development plans of developing countries. In that connexion, there should be a proper balance between investments in natural resources and investments intended to benefit the economy as a whole. In investing for the first time in tourism, IFC had taken a major step which should be followed by other organizations concerned with increasing the foreign exchange earning capacity of developing countries.

36. Mr. WOODS (President of the International Bank for Reconstruction and Development) assured the members of the Council that their comments would be carefully considered by the Bank's Board of Governors.

37. The PRESIDENT suggested that, in accordance with its usual custom, the Council might wish to adopt a draft resolution along the following lines:

"The Economic and Social Council

"Takes note of the report of the International Bank for Reconstruction and Development and the International Development Association and of the report of the International Finance Corporation."

38. Mr. ATTIGA (Libya) proposed that the words "with appreciation" should be inserted after the words "Takes note".

39. The PRESIDENT said that, in the absence of any objection, he assumed that the Council wished to adopt the draft resolution which he had read out, together with the amendment proposed by the representative of Libya.

It was so decided.

AGENDA ITEMS 4 AND 5

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (E/4435)

Proposal for a review of agencies and programmes within the United Nations family (E/4435)

40. The PRESIDENT suggested that agenda items 4 and 5, which covered similar ground, should be considered together.

It was so decided.

41. The PRESIDENT, replying to a question put by the representative of the United Kingdom at the 1509th meeting, said that the date and place of the next session of the Enlarged Committee for Programme and Co-ordination would be fixed by the inter-sessional working group established by that Committee, which

would meet late in 1967 or early in 1968. The date of the Committee's session would depend on the availability of the voluminous documentation requested and on the possibility of providing conference services.

42. Mr. PEREZ GUERRERO (Venezuela), introducing the report of the Enlarged Committee for Programme and Co-ordination on the first session (E/4435), paid a tribute to the chairman and Vice-Chairman/Rapporteur of that body for the dexterity with which they had guided its work.

43. The Enlarged Committee's first step had been to request the documentation needed for its work, and in that connexion he wished to commend the Under-Secretary for Inter-Agency Affairs and his staff for their valuable assistance. The specialized agencies, too, had co-operated with the Committee, and he hoped that that co-operation would become even more extensive and effective in the future. The Committee's next step had been to identify the problems to be considered at future sessions, which were listed in paragraph 24 of its report. In drawing up that list, the Committee had not intended to prejudice solutions to the problems, nor did it wish to duplicate the work or challenge the competence of other organs which were dealing with some or all aspects of certain issues in the list. Consequently, it would at a later stage consider whether all those issues should be examined in detail within the Committee or in other forums.

44. The Committee realized that it was essential to establish an organizational structure ensuring that the limited resources available to the United Nations family for economic and social development were used to the best advantage. It believed that the suggestions contained in its report constituted a step towards that goal, and hoped that they would be endorsed by the Council.

45. Mr. GONSALVES (India) said that he would limit his comments to agenda item 4. In his view, the suggestions contained in the Enlarged Committee's preliminary report (E/4435) did not call for detailed comment by the Council at the present stage, but reflected the Committee's efforts to decide how it should tackle its important and difficult task during the next two years. His delegation was sure that the Committee would subsequently make useful recommendations that would lead to a clearer definition of the problems, more effective use of the limited resources available, greater co-ordination and the adoption of an integrated system of long-term planning on a programme basis. His delegation had been one of those which had proposed the establishment of the Committee's inter-sessional working group (see E/4435, para. 36), and he believed that the working group would do much to ensure the success of the Committee's future work. He shared the Venezuelan representative's hope that the Council would endorse the suggestions contained in the Committee's report.

46. Mr. AHMED (Pakistan) thanked the Under-Secretary for Inter-Agency Affairs and his staff for the valuable help they had given the Enlarged Committee. The documentation submitted to the Committee had been very useful, although more data was needed on certain items. The Committee had been particularly glad to receive the outline of the handbook of pro-

cedures and criteria for requesting assistance from members of the United Nations family. The Committee had not finalized the handbook at its first session because the procedures of the Technical Assistance component of UNDP had been under review at that time, but he hoped that it would be able to do so at its next session, for the handbook would be very useful to all Governments, especially those of developing countries.

47. Comments by delegations which were not represented in the Enlarged Committee would be particularly welcome, and would be taken into account by that body. He hoped that the Council would adopt a resolution taking note of the Committee's report and transmitting it to the General Assembly.

48. With regard to agenda item 5, he considered that General Assembly resolution 2188 (XXI) of 13 December 1966 subsumed Economic and Social Council resolution 1173 (XLI) of 5 August 1966; the Enlarged Committee would, in any case, bear the provisions of the latter resolution in mind.

49. Mr. LOBANOV (Union of Soviet Socialist Republics) paid a tribute to the Chairman and Vice-Chairman/Rapporteur of the Enlarged Committee for their valuable contribution to its work, and associated himself with the thanks expressed by previous speakers to the Under-Secretary for Inter-Agency Affairs and his staff. A spirit of mutual understanding and co-operation had prevailed during the Committee's meetings, and the constructive programme of work set forth in its preliminary report (E/4435) showed that it had adopted an efficient approach to its important and complex task.

50. The Enlarged Committee had made a good start by defining in a list of topics the issues it would consider during the next two years (see E/4435, para. 24). The issues covered by items 13 and 20 of the list were particularly significant: if they could be satisfactorily resolved, United Nations technical assistance activities, which were the focal point of the Committee's work, would be greatly improved. His delegation was prepared to take note of the Enlarged Committee's report with satisfaction, on the understanding that it would be discussed by the General Assembly.

51. Agenda item 5 was of great importance, but in view of the limited time available in the Council's resumed session and the fact that the table in annex I of the report of the Secretary-General ^{1/}, which indicated the situation with regard to the implementation of the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies was not yet complete, consideration of the item should be postponed until the Council's forty-fourth session. In that connexion, his delegation hoped that the Joint Inspection Unit, to which it attached great importance, would begin its work no later than 1 January 1968.

52. Sir Edward WARNER (United Kingdom) joined previous speakers in paying a tribute to the Chairman and Vice-Chairman/Rapporteur of the Enlarged Committee, and in thanking the Under-Secretary for Inter-

Agency Affairs and his staff for the assistance they had given that Committee. As regards item 5 of the Council's agenda, he agreed with the representative of Pakistan that Council resolution 1173 (XLI) had been subsumed in the activities of the Enlarged Committee.

53. The Enlarged Committee's preliminary report (E/4435) was a formidable document, calling for investigation into many points, which could not all be covered in three years. The Committee would therefore have to select a number of points of immediate relevance which could be dealt with in the time available, and in that connexion his delegation considered that priority should be given to some of the following: constitutional, legal and organizational issues, particularly those mentioned in item 1 in the list of topics (see E/4435, para. 24); certain topics under the heading of technical co-operation, excluding those already being considered by the Governing Council of UNDP; item 24, with particular reference to those agencies or organizations where the disparity between the number of staff serving at Headquarters and in the field appeared to be particularly marked; and the general issues covered by items 25 and 26, concerning common definitions and the review of research activities throughout the United Nations system, respectively.

54. The Enlarged Committee's review had been undertaken on the initiative of the developing countries, which were in the best position to comment on the shortcomings of United Nations programmes in the light of their practical experience. Both contributors and recipients, however, had a joint interest in seeing that those programmes were achieving their aims and were administered as efficiently as possible with proper co-ordination between the various international institutions involved, particularly in view of the fact that the recipients made a substantial contribution in the form of local costs.

55. His Government, as a major contributor, would give full consideration to all comments and suggestions for improving the functioning of the United Nations system, but it was not convinced that any fundamental constitutional changes were called for at the present stage; for the complex of interrelated organizations developed over the years corresponded as well as could be expected to the various fields of international activity. His Government was very conscious of the imperfections in that system, such as delays in project implementation, but believed they could be corrected by suitable adjustment. His Government would, of course, examine all constructive suggestions, particularly those designed to reduce overheads in order to increase the amount spent in the field and those intended to accelerate the whole multilateral aid process.

56. His delegation warmly welcomed the Secretariat's offer to help prepare the material for the "clear and comprehensive picture of the existing operational and research activities of the United Nations family of organizations" which the Committee was required to provide under operative paragraph 2 (a) of General Assembly resolution 2188 (XXI) and which would form the basis for the recommendations called for in operative paragraph 2 (b) of that resolution.

^{1/} See Official Records of the General Assembly, Twenty-second Session, Annexes agenda item 80, document A/6803.

57. The handbook of procedures and criteria for requesting technical assistance now being prepared by the Secretariat should be of great interest to both developed and developing countries.

58. Mr. HILL (Under-Secretary for Inter-Agency Affairs) thanked those speakers who had commended the Secretariat for its assistance. The Enlarged Committee had entrusted a number of fairly sub-

stantial tasks to the secretariats of the various organizations of the United Nations system. The work had already been organized, some of it being well in hand, and he hoped that the approach adopted by the Secretariat in that connexion would commend itself to the inter-sessional working group and later to the Enlarged Committee itself.

The meeting rose at 5.50 p.m.





ECONOMIC AND SOCIAL COUNCIL

Tuesday, 14 November 1967,
at 10.50 a.m.

Resumed Forty-third Session
OFFICIAL RECORDS

NEW YORK

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President: Mr. Milan KLUSÁK
(Czechoslovakia).

Present:

Representatives of the following States, members of the Council: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Guatemala, India, Iran, Libya, Mexico, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Algeria, Chile, China, Denmark, Finland, Greece, Ireland, Italy, Japan, Jordan, Lebanon, Malta, Netherlands, Nicaragua, Norway, Poland, Senegal, Syria, Thailand, Trinidad and Tobago, United Arab Republic, Yugoslavia.

Observer for the following non-member State: Switzerland.

Representatives of the following specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; International Bank for Reconstruction and Development, International Monetary Fund.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 6

Reports of the World Bank Group and of the International Monetary Fund (*continued*) (E/4431 and Add.1, E/4432 and Add.1, E/4433)

1. Mr. SCHWEITZER (Managing Director of International Monetary Fund), submitting IMF's annual report for the fiscal year ended 30 April 1967, transmitted to the Council by a note of the Secretary-General (E/4433), said that his statement could be taken as the analytical summary which the Council had requested in its recent resolutions. In July 1967 he had drawn the attention of the Council to the current wide-spread economic slow-down among the industrial countries and to its adverse effects on commodity prices and exports of the developing countries. Activity had subsequently slackened to a virtual standstill

during the first half of 1967. The total industrial production of the advanced countries and the rate of expansion of their imports had fallen during that period, and the export receipts of the primary producing countries had shown no increase. On the other hand, the resumption of economic activity which had taken place some months previously in the United States and in the Federal Republic of Germany meant that a general downward movement in the world economy had been avoided. Consequently, the restoration of satisfactory growth rates in the industrial countries—which was currently the key problem—would depend on the pursuit of mutually consistent policies by major deficit and surplus countries in the field of international payments.

2. With regard to IMF, which now had 107 members, the last fiscal year had seen an intensification of all its activities. Its resources had been further increased. Ninety-two members had taken up the quota increases proposed by the Board of Governors in March 1965, with the result that total quotas had reached \$21,000 million. The Fund's borrowings from its members totalled \$775 million, of which \$250 million stemmed from a bilateral transaction with Italy and \$525 million from operation with eight member countries under the General Arrangements to Borrow. Since the establishment of the Fund in 1947, sixty-five members had made drawings from its resources in a total amount exceeding \$13,600 million; drawings had totalled \$1,100 million in the last fiscal year and \$331 million in the first six months of the current fiscal year. With one exception, all the countries which had made drawings during those eighteen months were largely dependent on the export of primary products. The Fund's financial assistance to countries in that category had risen to \$2,007 million. Many of those drawings had been made under stand-by arrangements based on members' financial and economic programmes. Of the twenty-four stand-by arrangements at present in force, twenty were with less developed countries. The past year had also been characterized by increased resort to the compensatory financing facility. New arrangements had been adopted in September 1966, and nine countries had since availed themselves of that form of assistance, which helped to mitigate the effects of fluctuations in export earnings. It was also encouraging to note the growth in the number of currencies being drawn from the Fund and the fact that thirty-two countries had now accepted the obligations of article VIII of IMF's Articles of Agreement.

3. The influx of members in recent years had necessitated changes in the emphasis of the Fund's work, particularly in relation to the problems faced by newly independent countries. Many of those countries were short of experienced administrators and technical personnel, and their financial institutions were not

always well adapted to the requirements of a growing economy. To help them make the most effective use of their resources and, as a result, to encourage capital-exporting countries to intensify their development aid, the Fund had reorganized and enlarged its technical assistance service in 1964 by establishing a Fiscal Affairs Department and a Central Banking Service. With the establishment of the IMF Institute in 1964, its technical training programmes for officials of member countries had been greatly expanded.

4. The Fund, which was actively preparing for the second session of UNCTAD to be held at New Delhi, repeatedly had to deal with problems caused by fluctuations in members' earnings from exports of primary products. It was therefore always interested in constructive international action designed to mitigate such fluctuations. At its annual meeting, held at Rio de Janeiro in September 1967, the Board of Governors of IMF,^{1/} in joint session with the Boards of Governors of IBRD and its affiliates, had adopted a resolution asking the staff of the Fund to study, in consultation with the staff of IBRD, the problem of the stabilization of prices for primary products. The Fund would naturally make use of the results of research done by other specialized agencies, including FAO, and it expected to benefit from the discussions on those problems at the forthcoming second session of UNCTAD.

5. It was disturbing to note the increased difficulties encountered by many developing countries in seeking to increase their *per capita* real income. It was vital, in that connexion, that the industrial countries should improve access to their markets for the exports of developing countries and provide those countries with assistance in keeping with their needs. At the same time, trade between the developing countries should not be neglected and regional co-operation had proved fruitful, particularly where financial and exchange rate stability had encouraged close and enduring economic relationships.

6. Although the past decade had seen steady progress towards the liberalization of trade and payments, there had recently been a resurgence of protectionist sentiment. Governments must do their utmost to halt that trend.

7. One of the main objectives of the founders of the Fund had been to provide member countries with sufficient liquidity to enable them to adhere to the code of conduct embodied in IMF's Article of Agreement. During the last four years, there had been much discussion of the adequacy of the reserves which were available to member countries unconditionally. Negotiations between the Executive Directors of the Fund and the deputies of the ten member countries of IMF belonging to the Group of Ten had eventually led to the submission to the Board of Governors in September 1966 of an outline which the Fund would soon convert into a legal instrument by means of amendments to its Articles of Agreement. To enter into force, those amendments would need to be approved by the Board of Governors and ratified by three fifths of the member countries having between

them four-fifths of the total voting power. That would represent the most important event in the history of the Fund since the Bretton Woods Agreements. The arrangements which the Fund had been asked to elaborate were based on the principle that the evolution of reserves should reflect a collective judgement on the needs of the world economy, rather than being a by-product of the supply of and demand for gold, the decisions of particular countries concerning the composition of their reserves, and other similar factors. The aim was not to influence short-term fluctuations in business activity by such means, but to meet the long-term need for reserve growth. The new facility, which was to be part of the Fund, was to take the form of special drawing rights available to all members without any discrimination. Those rights would be allocated according to an objective criterion of economic strength. There would be no restrictive conditions attached to the use of the new liquidity; however, a participant would be expected to use its special drawing rights only if it experienced balance-of-payments difficulties or if developments in its total reserves justified such use. The operations of IMF were to be completely separate from those of the new facility, the strength and value of which would derive from the obligation of participants to provide currency in exchange for the new special drawing rights. Each participant would be bound to accept special drawing rights from other participants up to three times the amount of its allocation. Decisions to allocate special drawing rights would be made, on the proposal of the Managing Director, at fairly long intervals, probably for a period of five years at a time. Before formulating any such proposal, the Managing Director would undertake consultations to make certain that it would receive very broad support.

8. The Fund had always believed that the problem of international liquidity was of great significance for the developing countries. The new arrangement recognized that fact through its universal character. All Fund members would be able to obtain special drawing rights, whatever their economic strength. Besides facilitating the expansion of their exports, the facility, by averting pressures arising from any general insufficiency of reserves and by contributing to a more confident climate in the world monetary system, should favourably affect development aid and the flow of private capital.

9. Mr. ZAMORA (Mexico) said that his country was gratified at the reforms in the international monetary system decided on at the Fund's annual meeting held at Rio de Janeiro in September 1967, which would enable countries experiencing balance-of-payments difficulties to overcome them more easily. Since 1965 his country had, in fact, been arguing that all countries, and not just the economically developed ones, should take part in working out such reforms. It was to be hoped that the details concerning the operation of the special drawing rights for which provision had been made could be settled quickly.

10. With regard to the current decline in economic activity, his delegation believed that the crux of the problem was not the balance-of-payments deficits of certain industrialized countries but the inequitable

^{1/} See Summary Proceedings of the Twenty-second Annual Meeting of the Board of Governors (Washington D.C., 1967), resolution No. 22-9.

pattern of world economic relations, which forced the developing countries to bear too heavy a share of the responsibilities of development. It was regrettable that such deficits should result in restrictions which affected trade with the developing countries; that situation was, moreover, in direct conflict with the conclusions and recommendations of the first session of UNCTAD.

11. Furthermore, the developing countries' share of world trade had fallen steadily and the prices paid for their primary commodities represented an inadequate return on their investments in financial, natural and human resources. The result had been more extensive use by those countries of the Fund's compensatory financing facility. His country attached particular importance to the expansion of sources of compensatory financing. In that connexion, it wished to reaffirm the position it had adopted, in common with the members of the group of seventy-seven developing countries, to the effect that drawings up to the amount of 50 per cent of members' quotas should be available on demand.

12. The stability of the Mexican peso and the use made of that currency by the Fund were evidence of the progress his country had made in maintaining a sound international financial situation. The size of his country's quota put it in fourteenth place among the 107 member countries of the Fund.

13. Mr. PARTHASARATHI (India) associated himself with the hope expressed by the Managing Director of IMF that the major industrial countries would be able to pursue a consistent policy of reducing their balance-of-payments deficits. That would result in a growing volume of international trade from which the developing countries would benefit.

14. His delegation had noted with interest the information provided in the annual report of IMF (see E/4433) and was gratified that the report drew attention to the lacunae in existing financial structures, concerning which it offered constructive suggestions.

15. His country had welcomed the results achieved at the annual meeting of IMF held at Rio de Janeiro with regard to the special drawing rights. Although the new scheme lacked boldness, it was a first step in the right direction. Because of it, the developing countries would be in a better position to defend their interests. The new scheme provided a link between the creation of international liquidity and the pursuit by the richer countries of more liberal trade and aid policies. It was therefore legitimate for the developing countries to expect a great flow of multilateral aid to them.

16. Moreover, the adoption of the new scheme was a major step towards the building of a steady and prosperous international economic system in which the developing countries could play a more significant role. It was not always realized that, despite some mistakes, the developing countries had acquitted themselves admirably since the Second World War. Their economic growth had, however, slowed down in recent years. In that connexion, it was heartening that the Boards of Governors of IMF and IBRD and its affiliates had adopted in September 1967 a joint resolution calling for the preparation of a study on the stabilization of

primary commodity prices. Stabilization of those prices was one of the factors which could contribute substantially to the expansion of trade between the developed and the developing countries. When a country or group of countries which exported primary commodities faced trouble because of the instability of commodity prices, the resources of the entire community of nations should be mobilized with a view to mitigating the effects of such instability. In conclusion, he expressed his confidence that IMF and IBRD would offer constructive solutions to that complex problem.

Mr. Zollner (Dahomey), Vice-President, took the Chair.

17. Mr. CUHRUK (Turkey) said that the development of international economic relations had witnessed two major events during the previous year: the success of the Kennedy Round of negotiations and the unanimous approval by the members of IMF of the reform of the world monetary system through the creation of special drawing rights. The new system should help to remove a serious potential obstacle to the expansion of world trade: the shortage of liquidity. Any such shortage affected the trade of both the developing and the developed countries, and, while it was understandable that the latter should have a larger share of the special drawing rights, it should not be forgotten that the developing countries, modest as their share of world trade was, had liquidity problems which were at least as serious as those facing the advanced countries. Despite that fact, the new plan provided that a country's drawing rights were to be proportionate to its IMF quota. In other words, the developed countries would be the chief beneficiaries of the new system. His delegation therefore hoped that countries having small quotas would be given wider access to the special drawing rights. It also felt that uniform rules on repayment should not be applied to the developed and the developing countries. The developing countries should be granted more liberal terms so that they could benefit to a greater extent from the recent monetary reform.

18. Sir Edward WARNER (United Kingdom) said that the results attained during the preceding year showed that the international community had not yet succeeded in combining full employment and a reasonable rate of growth with the establishment of a generally satisfactory pattern of international payments.

19. One of IMF's purposes was to promote international monetary co-operation. There was therefore reason for satisfaction at the progress achieved at IMF's annual meeting in September 1967 at Rio de Janeiro in the creation of special drawing rights. The new scheme offered an opportunity to regulate the supply of world liquidity, by collective decision, in a way more closely related to the needs of the world economy. His delegation particularly welcomed the close involvement of IMF with the future administration of the new scheme, and was glad that the outline plan was based firmly on the principle of universality with all member countries free to participate on the basis of their fund quotas.

20. His delegation also noted that the level of the assistance provided by the Fund continued to be very high, with drawings amounting to \$1,100 million during

the year under review. The Fund's services were of immense value to its members in terms of both financial help and technical assistance. Moreover, since September 1966 seven countries had been allowed to make compensatory financing drawings in order to deal with the consequences of export shortfalls. The growing use of that type of financing was a good example of the way in which the Fund was able to adapt its facilities to the needs of its members.

21. In conclusion, he said that his Government intended to participate constructively in the current debate on amending the Articles of Agreement of the Fund.

22. Mr. ATTIGA (Libya) said that the statement made by the Managing Director of the Fund was a penetrating analysis of recent world economic trends and showed how, over the years, the Fund had responded to the problems which had developed. The Fund's annual reports not only provided objective analyses and projections of developments in the world economy but also set high standards in the application of statistical techniques and theoretical concepts in order to simplify highly complex economic and monetary problems.

23. The Fund had been established to help all nations prevent any recurrence of the wave of great depressions which had preceded the Second World War. In order to ensure its effectiveness, however, it needed dedicated and far-sighted leadership which would make it a flexible institution capable of anticipating major economic trends and making the necessary adjustments. Thanks to flexible management, the Fund had often demonstrated that it could adjust its policies to the changing needs of the world economy; notable examples were the two major increases in quotas which had taken place since 1956, the expanded use of stand-by arrangements and the introduction of compensatory financing of export fluctuations.

24. The Fund had shown the same flexibility with regard to the technical services it provided to its member States; it had begun by training technical personnel and now provided advice in such areas as monetary management and public finance.

25. Libya was grateful for the valuable technical assistance it had received from the Fund and hoped that the latter would continue to respond to its requests for technical assistance with the same promptness and consideration as in the past.

26. His delegation was pleased to note the admission of Gambia, Guyana and Singapore and the readmission of Indonesia, and it looked forward to the impending admission of Botswana, Lesotho and Malta. It was encouraging to note, in the Managing Director's statement, that the range of currencies available to the Fund for financing international payments was not as limited as had once been thought and that more than 70 per cent of current world trade was carried on by countries whose currencies were convertible under the terms of article VIII of the Fund's Articles of Agreement. However, the world's present economic interdependence and the wide application of currency convertibility made it essential to reconcile and harmonize jealously guarded national prerogatives affecting monetary policy with the need for sound

international monetary management. That was an essential prerequisite for world prosperity, and the Fund provided effective machinery for conducting the studies and consultations required for the achievement of an orderly world monetary system.

27. His delegation agreed that one of the most significant developments in the field of international monetary management had been the agreement reached at IMF's annual meeting in Rio de Janeiro regarding the creation of special drawing rights. It was gratifying that representatives of the developing countries had taken part in the preparatory work, and it was encouraging to note that the new system would be applicable to all members on a non-discriminatory basis. It would be advisable for the new reserve assets in the form of special drawing rights to have a guaranteed gold value. He hoped that the new system would soon be put into effect and that the developing countries would be given a full voice in evaluating its merits and defects.

28. Mr. GOLDSCHMIDT (United States of America) said that IMF's major accomplishment in 1967 had been the successful completion of substantive negotiations on the plan to create special drawing rights. Without such a scheme, the increasing inadequacy of the world's money supply would make it difficult for Governments to follow liberal trade and employment policies. The Fund called upon to play a central role in administering the new facility, and all members would be entitled to participate in the latter's benefits while sharing the related obligations. Thus, the plan embodied the principles of universality and non-discrimination.

29. The increasing use which members of the Fund had made of the compensatory financing system since its September 1966 modification showed how useful it was, particularly in a period like the recent past, when commodity prices were less buoyant than earlier.

30. Generally speaking, the Fund's activities had continued to expand, for of the \$13,200 million drawn since 1947, \$10,000 million had been drawn since 1960 and more than \$5,000 million since April 1964. In the fiscal year ending in April 1967, the United States had drawn \$490 million and twenty-four primary producing countries had drawn \$570 million.

31. The Fund was also to be commended for the continued growth of its technical assistance activities.

32. The Fund's membership had increased and, with the recent admission of Gambia, Guyana and Singapore and the welcome readmission of Indonesia, now totalled 107.

33. At the same time, the Fund's resources continued to expand. In that connexion, his delegation was pleased to note that the quotas of three primary producing countries—Korea, Peru and Viet-Nam—had been increased after the close of the fiscal year.

34. The Managing Director had rightly expressed concern at the resurgence of protectionist tendencies in a number of industrialized countries, including the United States. He himself shared that concern and wished to stress that his Government's policy was not only to consolidate the gains resulting from

the Kennedy Round of negotiations but also to build on them to a world of freer trade.

35. His delegation welcomed the study which the Fund and IBRD were to undertake on the stabilization of commodity prices and hoped that it would be carried out in close liaison with the other bodies concerned, particularly UNCTAD.

36. Mr. SHAHI (Pakistan) noted that, according to the Fund's annual report (see E/4433), the economic slow-down had been widespread and pronounced and had led to a sharp diminution in the rate of expansion of imports by the developed countries, which had had serious consequences for the developing countries. As the report stated, resumption of the economic growth of the industrial countries was therefore of great importance to the primary producing countries; in that connexion, the end of the recession in the Federal Republic of Germany and the upturn in the United States might mark the beginning of an improvement.

37. With regard to the payments difficulties faced by the developing countries in 1966, it should be noted that their total exports had increased only moderately since 1965, that there had been a slow-down in reserve accumulation by most of those countries during 1966 and that their net long-term inflows of financial resources had declined since 1965-1966. The Fund's report stressed the importance of maintaining the level of the flow of capital to the developing countries. The Managing Director had emphasized that point again when he had called upon the industrial countries to give exports from the developing countries better access to their markets and to provide those countries with an adequate flow of assistance, bearing in mind their increasing debt-servicing burden.

38. The Kennedy Round of negotiations marked an important step forward in the liberalization of trade but would probably benefit mainly the developed countries. His delegation was concerned at the resurgence of protectionist tendencies mentioned by the Managing Director of IMF who had, at the same time, emphasized that the developing countries could increase their sales on the expanding markets of the developing world and that regional co-operation could play a useful role in that connexion. Pakistan had concluded regional co-operation agreements with Iran and Turkey relating, particularly, to the expansion of trade between them.

39. It was gratifying to note the increase in the Fund's resources and the intensification of its activities. The increased recourse to its compensatory financing facility was also noteworthy, but it should be remembered that that facility was only a temporary solution which did not attack the root of the problem.

40. His delegation was gratified at the close liaison which the Fund was maintaining with other members of the United Nations system and, in particular, at the co-operative arrangements made with UNCTAD. It welcomed the joint resolution adopted at the annual meeting of the Boards of Governors of the Fund and the Bank and its affiliates under which IMF was to study, in consultation with IBRD, the problem of

stabilization of prices for primary products;^{2/} it hoped that that study would result in the emergence of a realistic action programme.

41. With regard to the question of international liquidity, his delegation regretted that the proposed scheme did not provide for a link between development finance and the creation of additional liquidity. The scheme was nevertheless a step forward, for by easing the balance-of-payments situation of the developed countries, it might facilitate the outflow of capital to developing countries and open up brighter prospects for them to export to the developed markets. Although the special drawing rights would make some additional financial resources available to the developing countries, the proposed formula would not adequately meet their needs because the limited quotas that they now had in the Fund would prevent them from deriving anything more than marginal benefits from the scheme. It would be necessary to grant them special drawing rights higher than the quotas that they presently held in the Fund and to safeguard their interests in the management of the new scheme. Furthermore, the amendment of the IMF Articles of Agreement should not result in more restrictive policies with regard to stand-by credits, compensatory financing and other normal activities of the Fund.

Mr. Klusák (Czechoslovakia) resumed the Chair.

42. Mr. HOVEYDA (Iran) expressed his satisfaction at the expansion and diversification of IMF's activities and said that he was gratified that additional drawing rights had been granted to all countries without discrimination. The Managing Director of IMF had with good reason laid stress on the importance of the forthcoming second session of UNCTAD, for the topics to be dealt with there would include the decline in the flow of capital, the discouraging instability of commodity prices and the fall in export income, all of which represented trends that were having a harmful effect on the development plans of the developing countries. In that regard, co-operation between IMF, IBRD and UNCTAD was essential. Those comments were not solely motivated by the situation in his own country, for Iran had a very stable currency and a very high growth rate not accompanied by an inflationary tendencies, and, on the regional plane, it had broadened its co-operation with neighbouring countries. His delegation nevertheless believed that the development of the less fortunate countries could only be carried out effectively in a wholesome international climate. It was in the light of those considerations that the Government of Iran had signed the Charter of Algiers.

Adoption of the agenda (continued)* (E/L.1191)

PROPOSAL FOR THE INCLUSION OF AN ADDITIONAL AGENDA ITEM (E/4439)

43. The PRESIDENT called the Council's attention to the note by the Secretary-General (E/4439), in which he transmitted a communication from the repre-

^{2/} *Ibid.*

*Resumed from the 1508th meeting.

sentative of China concerning the use of the Chinese language at the United Nations Conference on Road Traffic. The President suggested that, in accordance with the Secretary-General's suggestion, the Council should include in its agenda an additional item

entitled "Language services for the United Nations Conference on Road Traffic".

It was so decided.

The meeting rose at 12.40 p.m.





ECONOMIC AND SOCIAL COUNCIL
Resumed Forty-third Session
OFFICIAL RECORDS

Tuesday, 14 November 1967,
 at 3.40 p.m.

NEW YORK

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President: Mr. Milan KLUSÁK
 (Czechoslovakia).

Present:

Representatives of the following States, members of the Council: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Gabon, Guatemala, India, Iran, Kuwait, Libya, Mexico, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Algeria, Brazil, Bulgaria, China, Denmark, Ghana, Greece, Ireland, Italy, Malta, Nicaragua, Norway, Syria, Trinidad and Tobago, Ukrainian Soviet Socialist Republic, United Arab Republic, Upper Volta.

Observer for the following non-member State: Switzerland.

Representatives of the following specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; International Bank for Reconstruction and Development; International Monetary Fund.

In the absence of the President, Mr. Zollner (Dahomey), Vice-President, took the Chair.

Expression of condolences to Mr. Milan Klusák, President of the Council

1. The PRESIDENT requested the representative of Czechoslovakia to convey the Council's condolences to Mr. Milan Klusák upon the death of his father.
2. Mr. SVAB (Czechoslovakia) thanked the Council on behalf of Mr. Klusák.

AGENDA ITEM 6

Reports of the World Bank Group and of the International Monetary Fund (concluded) (E/4431 and Add.1, E/4432 and Add.1, E/4433)

3. Mr. RANKIN (Canada) associated himself with previous speakers who had commended the Managing Director of the International Monetary Fund (IMF) on that organization's excellent annual report, which was transmitted to the Council by note of the Secretary-General (E/4433). The past year had been one of intensive activity for IMF, particularly with regard to the increase in drawings under the compensatory financing facility and the further widening of the range of currencies used in drawings on the Fund. The major event in the international monetary sphere during that year, however, had been the agreement reached, after four years of intensive study and negotiation, on the outline of a scheme to supplement existing reserves by the creation of special drawing rights, a scheme which the Managing Director had rightly described (1512th meeting) as the most significant development in international co-operation since the Bretton Woods Agreements and a landmark in the evolution of the international monetary system. The Board of Governors of IMF has expressed their support for that outline at their annual meeting, held at Rio de Janeiro in September 1967, and Canada, which had taken an active part in the preceding negotiations, hoped that the new articles needed to implement the outline would soon be ready and would be speedily ratified by Governments.

4. There was universal agreement on the need to achieve an international payments system which would encourage the smooth growth of world trade and capital flows; to that end, countries must endeavour to ensure that imbalances in their international payments position were kept within acceptable limits by non-disruptive means. The problems involved in achieving and maintaining a reasonable balance in such payments were of course extremely complicated and difficult and countries must therefore have access to international reserves or other sources of external finance so that they had time to make orderly adjustments in their external positions. While the system must provide for an adequate growth of international

reserves, the arrangements governing the volume of those reserves and access to credit should not enable countries to postpone dealing with emerging external imbalances.

5. The total volume of international reserves in the hands of national monetary authorities had hitherto been primarily dependent on the supply of gold for reserve purposes and on the balance-of-payments positions and reserve policies of a few countries. There had been growing recognition that that system was inadequate and a number of *ad hoc* arrangements had been devised in recent years for supporting the international monetary system when it was threatened by sudden crises. Basically, however, the system must be strengthened by establishing a facility for the deliberate creation of reserves. That purpose was served by the outline of the scheme approved at the annual meeting in Rio de Janeiro, which would give IMF a new, major task, that of supplying the world with the volume of reserves deemed necessary by the international financial community. The breadth of IMF's membership ensured that the regulation of world liquidity would respond to the needs of the whole system, but the establishment of the new facility would not be a universal panacea. If countries persistently mismanaged their own economies, not even the most perfect management of the international liquidity supply could shield them or their trading partners from the consequences. The improved management of international liquidity would nevertheless contribute to the creation of an environment that would favour the appropriate adjustment of national policies.

6. It was a remarkable fact that IMF's Articles of Agreement had never been amended. The organization had been able to adapt itself to changing circumstances by interpreting those articles and adopting rules, regulations and Executive Board decisions within its constitutional framework. The special drawing rights scheme would require the addition of a new section to IMF's Articles of Agreement, and had provided an opportunity to examine other proposals for possible improvements. Those changes would require careful consideration and, although welcome, should not delay a decision regarding acceptance of the special drawing rights proposal.

7. Mr. GREGH (France) said that although the proposed improvements in the international monetary system could not in themselves solve the problems of under-development, IMF could and should make an important contribution to the international community's efforts to promote development. The proposed special drawing rights did not differ greatly in essence from the present drawing rights. Their special character stemmed from the fact that they could only be used if three conditions were met: first, the international community as a whole must decide that there was a world liquidity shortage; secondly, the existing adjustment machinery must be improved and thirdly, the present balance-of-payments deficits of the reserve currency countries must be overcome.

8. Further work on the special drawing rights scheme was proceeding simultaneously with the work relating to improvements in IMF's present rules. As the French authorities had stated on many occasions,

IMF's Articles of Agreement and, in particular, its decision-making procedure must be adapted to the monetary, financial, economic and trade developments of recent years if the reform now under way was to be successful. The envisaged improvements should constitute a rational ensemble that would benefit all members of IMF, and should avoid the serious disadvantages that would have resulted had other suggested solutions been adopted. If a paper currency had been introduced as a new means of payment, the developing countries' lot would not have improved, for as the French Minister for Economic and Financial Affairs had observed at the annual meeting of the Board of Governors of IMF, held at Rio de Janeiro in September 1967, the distribution of small quantities of currency had little effect, while the distribution of large quantities would very soon provoke unprecedented disturbances of which the developing countries would be the first victims. The price of inflation always had to be paid: at the national level it was the poorer classes who suffered, and at the international level it was the countries with the weakest economies which would be most seriously affected by the adoption of inflationary international monetary policies. Essentially, the developing countries needed transfers of real resources, derived from the developed countries' savings.

9. Despite those considerations, however, IMF could do much to help solve the developing countries' problems. The analysis of developments in primary producing countries in chapter 8 of its annual report (see E/4433) showed that in the present state of international economic relations those developments were closely dependent on developments in the industrialized countries. A slight variation in commodity prices did not seriously affect the latter countries, but made a great difference to the producing countries. Consequently, in addition to fulfilling its traditional role of helping its members to define their economic and financial policies, IMF should take concrete action specifically designed to remedy the actual or potential difficulties of the developing countries. It had, indeed, already taken some steps in that direction; the establishment of its compensatory financing facility was a good example, and his delegation welcomed the improvements in that facility introduced in September 1966, enabling it to respond to present needs. The Fund should, however, go a step further and seek to regulate the economic forces which caused fluctuations in commodity prices by participating in efforts to help stabilize those prices at a level which was sufficiently remunerative for the developing countries. A resolution unanimously adopted at the annual meeting of IMF,^{1/} held at Rio de Janeiro, had called upon IMF, IBRD and IDA to study the possibility of establishing appropriate machinery for that purpose, and he hoped that that study would be completed as soon as possible. The machinery could take various forms, but in any case the reserves which IMF had accumulated over the years should enable it to take appropriate action, in particular, by financing buffer stocks within the framework of commodity agreements, even if that called for the amendment of its Articles of Agreement. IBRD and IDA, too, would have an important

^{1/} See Summary Proceedings of the Twenty-second Meeting of the Board of Governors (Washington, D.C., 1967), resolution No. 22-9.

part to play in the conclusion and implementation of such agreements, and the two organizations should work together, in close co-operation with UNCTAD, to enable the international community to take the decisive step which was now essential.

10. Mr. PEREZ GUERRERO (Venezuela) associated himself with the previous speakers who had thanked the Managing Director of IMF for his introductory statement (1512th meeting) and praised the work of the organization as described in its annual report. Generally speaking, his delegation endorsed the contents of that document. Both IMF and IBRD were seeking to achieve economic development based on monetary stability; the Managing Director of IMF had rightly pointed out that the economic aspect of that problem was fundamental, and in that connexion had stressed the vital need to ensure adequate prices for commodity exports. A monetary approach alone would not suffice to solve the problems of development; what was needed was a reformulation of international economic policy, which would place the world economy on a more stable foundation and provide substantial advantages for the developing countries. Those countries must, of course, intensify their efforts to help themselves, but if they were not soon enabled to escape from the underprivileged and precarious situation in which most of them now existed, the success of the proposed monetary measures—which were at best a palliative, albeit a very useful one—might be seriously compromised. In recent years, per capita income had increased considerably in the developed countries, but very little in the developing countries. Consequently, good intentions must be translated into specific action if the joint effort to accelerate economic development was to succeed. The ultimate goal was not only greater international economic and financial stability but also greater social equity among the nations of the world. That aspect of international financial policy had been clearly reflected in the statement by the Managing Director, to whom his delegation wished to pay a special tribute in that connexion.

11. The IMF scheme for the creation of special drawing rights did not entirely fulfil the developing countries' hopes, but nevertheless represented an important step forward. The developed countries were the main beneficiaries of that scheme, as they had been in the case of the Kennedy Round of negotiations, although it was true that measures to avert the temporary crises suffered by those countries owing to liquidity shortages would also indirectly benefit the developing countries, whose economies were largely dependent on those of the developed nations. However, steps must also be taken to solve the chronic crises affecting developing countries.

12. His own country had achieved monetary stability and the bolivar had been accepted by IMF as an international currency. That success resulted not only from Venezuela's sound monetary policy, but also from other factors, such as its substantial natural resources.

13. Developed and developing countries alike must strive to accelerate current efforts to organize international trade on an efficient and equitable basis and to combat the resurgence of protectionist tendencies

which might seriously compromise the attainment of that goal. The Fund, together with other international bodies, could make a valuable contribution in that connexion.

14. Mr. BILLNER (Sweden) thanked the Managing Director of IMF for his lucid and very interesting statement. As always, his delegation had been impressed by the scope of IMF's work during the past year, and was convinced that it benefited all member states, both developed and developing. The most important achievement during that period had been the agreement reached on the outline of the special drawing rights scheme, which, in his delegation's view, would help to remedy the shortage of international liquidity that had threatened to constitute an obstacle to the expansion of world trade in recent years. All IMF members, irrespective of their size and economic position, would be able to use the new facilities, which would have important consequences for the developing nations.

15. The expansion of IMF's compensatory financing facility in September 1966 had helped many countries, especially since the developing nations' export earnings had declined at that time. Since IMF was constantly called upon to deal with problems relating to fluctuations in those earnings, his delegation was gratified to note that at their joint annual meeting, held at Rio de Janeiro in September 1967, the Boards of Governors of the Bank and the Fund had adopted parallel resolutions requesting the staff of the two organizations to undertake a study of the problem of stabilizing commodity prices.

16. He also wished to comment on a number of points raised by the President of IBRD in his important statement at the 1510th meeting. His delegation had noted with interest that although infra-structure projects continued to absorb most of the financial resources of the World Bank Group, the Group was devoting increasing attention to three other priority areas, namely, agriculture, industry and education. The Bank had been active in the agriculture sphere for some time, but its activities had expanded considerably in recent years. His delegation was impressed by the wide range of important projects now in hand, and hoped that IBRD's co-operation with FAO would continue to be fruitful. His delegation supported IBRD's activities relating to the fertilizer industry, which was of particular importance in increasing food production to meet the needs of an ever-expanding world population. With regard to industry, his delegation believed that IBRD had taken the right approach by concentrating on institution-building, for development finance companies were important sources of economic progress in the developing countries. He hoped that the World Bank Group would co-operate with UNIDO as it had done with FAO. As to the educational field, the Group had correctly chosen to concentrate on the middle levels of education. As the President of IBRD had pointed out, the productivity of education in the developing countries must be increased, especially since in many of those countries, expenditure on education was rising much faster than the gross national product.

17. Clearly, if IBRD was to continue expanding its activities, it would need more funds, and its bond

issues played an important role in that respect. His delegation was glad to note that an issue had recently been successfully floated in Sweden and hoped that other countries would make their capital markets available for new issues. In that connexion, his delegation was deeply concerned about the difficulties encountered by IDA in its efforts to replenish its resources. His delegation associated itself with the appeals addressed to the major donor countries to make a substantial replenishment possible without introducing restrictions or procurement rules which would impede the most rational use of the available funds. His own country was prepared to play its full part in increasing those resources and hoped that the current multilateral negotiations would soon produce an agreement.

18. During a recent visit to Sweden, the President of IBRD had made the interesting proposal that a meeting of leading experts in the field of development should be convened to review the experience gained during twenty years of development assistance. His delegation considered that such a review might well be useful, now that an effort to formulate new policies for a second development decade was being made.

19. Mr. SCHWEITZER (Managing Director of the International Monetary Fund) thanked the Council for its support. He had been particularly encouraged by the fact that many representatives of developing countries had recognized that IMF was giving their problems careful consideration. The Fund would continue to do everything in its power to solve those problems. Its work on commodity prices, the special drawing rights scheme and the related revision of its Articles of Agreement would be completed within the established time-limits. It would continue to cooperate with the Council, UNCTAD and other members of the United Nations family in efforts to achieve the common goal of promoting the economic and social development of all Member States.

20. The PRESIDENT suggested that, in accordance with its usual custom, the Council might wish to adopt a resolution along the following lines:

"The Economic and Social Council


"Takes note with appreciation of the report of the International Monetary Fund."

It was so decided.

AGENDA ITEMS 4 AND 5

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (concluded) (E/4435)

Proposal for a review of agencies and programmes within the United Nations family (concluded) (E/4435)

21. Mr.  DX (Sierra Leone) associated himself with the speakers who had commended the officers of the Enlarged Committee for Programme and Co-ordination on their valuable contribution to the Committee's work and thanked the Under-Secretary for Inter-

Agency Affairs and his staff for the assistance they had given to that body. His delegation approved the suggestion that the Committee should confine itself to precise issues and concentrate on questions of co-ordination and priorities rather than on the technical aspects of the activities of the United Nations family, for it could thus focus its attention on the most essential problems and recommend suitable improvements.

22. His delegation also welcomed the idea that the whole question of the general review should be approached primarily from the standpoint of the developing countries, for the most vital issue now facing the United Nations system was the need to narrow the vast and ever-increasing gap between these countries and the developed nations. His delegation hoped that the second session of UNCTAD would constitute a major step towards that goal, thus presaging the success of the second development decade.

23. His delegation approved of the Enlarged Committee's decisions regarding the provision of supplementary information, as set out in paragraph 16 of its preliminary report (see E/4435). It also approved of the proposed format and content of the Committee's final report, as described in paragraph 23 of the report and the list of topics for future consideration in paragraph 24.

24. Lastly, his delegation felt that the consolidated handbook of procedures and criteria for requesting assistance from members of the United Nations family, as described in paragraph 27 of its preliminary report, would constitute an essential tool for the developing countries.

Mr. Varela (Panama), Vice-President, took the Chair.

25. Mr. MURGESCU (Romania) pointed out that General Assembly resolution 2188 (XXI) had been adopted as the result of a compromise between very divergent views on the work of the Enlarged Committee for Programme and Co-ordination. It was accordingly not surprising that that Committee should have experienced some difficulty in determining how best to carry out its task. The efforts of its officers and of the Secretariat, and the spirit of co-operation among its members had, however, enabled it to draw up a rational, if somewhat ambitious, programme of work.

26. The ultimate purpose of the Enlarged Committee's work was, in his delegation's view, to ensure that actual technical assistance activities coincided as closely as possible with the priorities established by the resolutions and recommendations of the General Assembly and the Council on economic and social matters. Its labours should, moreover, lead to improved procedures for programme preparation throughout the entire United Nations system, the real object being to achieve a single integrated long-term programme, based on specific priorities, as envisaged in operative paragraph 2 of General Assembly resolution 2188 (XXI). The financial implications of the Committee's proposed programme of work would, of course, have to be considered by the Advisory Committee on Administrative and Budgetary Questions and his delegation hoped that every effort

would be made to avoid supplementary or revised budget estimates.

27. His delegation believed that the regional economic commissions could and should play a more active role in co-ordinating the activities of the specialized agencies. His delegation, as a member of the Enlarged Committee, would raise that subject and the others he had mentioned when the Committee started work on the substance of the problems before it; in that connexion, the suggestions of delegations which were reproduced in annex II of the Committee's report were extremely helpful. In conclusion, he suggested that the Council should take note with satisfaction of the Enlarged Committee's preliminary report (E/4435).

28. Mr. EHSASSI (Iran) associated himself with those who had expressed appreciation of the Enlarged Committee's dedicated efforts. The Committee had identified the problems on which it would concentrate during the forthcoming three years and the subjects it had selected for study were precisely those features of technical co-operation whose improvement would have a significant impact on the developing countries and lead to the more efficient use of resources.

29. Mr. BILLNER (Sweden) said that the Enlarged Committee and its officers were to be congratulated on the amount of work performed in the first six months of the Committee's existence. Those months had been devoted to drawing up a very ambitious programme of activities, which could take several years to complete.

30. With the exception of the purely technical aspects of assistance, the Committee's programme covered the whole of the work of the United Nations in the economic and social fields. Many of the problems it would consider involved very controversial issues; much of the controversy was due to insufficient experience of multilateral activities for the social and economic advancement of developing countries, but differences of political ideology and conflicting views about the proper role of the United Nations and its agencies in the international community also gave rise to controversies. It was difficult to judge at that stage to what extent the Committee would be able to contribute significantly to resolving such differences. It might be wise not to boost expectations.

31. His delegation hoped, however, that the Committee would be able to recommend the radical reforms in activities, procedures and administrative arrangements which were no doubt needed if the members of the United Nations family were to absorb a steadily growing volume of field operations. One of the purposes of its work was to ensure a flexible, prompt and effective response to the specific needs of individual countries and regions, as determined by them and he wished to urge the Enlarged Committee to consider whether all the topics listed in paragraph 24 of its report (see E/4435) genuinely met those criteria; some of them appeared to infringe the right of Member States to determine their own specific needs and others were unlikely to promote the desired response to those needs. He was glad to note that the Committee was going to have a fresh look at the list of topics.

32. His delegation considered that the Enlarged Committee should request information on funds-in-trust and other special extra-budgetary funds for assistance to developing countries, in addition to that to be sought on the points listed in paragraph 16 of its report (*ibid.*). Moreover, the Committee should seek such further information as was required to enable it to produce a standard definition of the term "administrative costs", so as to ensure that all agencies of the United Nations applied a uniform system of showing those costs. The Committee might then ask itself such questions as: was project planning and preparation, the preparation of final reports, co-ordination measures or evaluation exercises, to be regarded as administrative costs? And further: what was meant by total expenditures for technical assistance of which administrative costs were to be calculated as a percentage? Should supplementary assistance to UNDP projects from other sources be included? Should counterpart contributions which were sometimes administered by international personnel be counted? And how about follow-up investment?

33. In conclusion, he said that it certainly seemed that wherever the Committee turned it would get itself into very intricate problems.

34. Mr. ATTIGA (Libya) said that, although he realized that the Enlarged Committee had found it difficult, in its first year of operation, to arrange its meetings to fit with the Council's schedule, he hoped that, like other bodies concerned with co-ordination, it would in future be able to report to the Council at its summer session. It was true that the Enlarged Committee might at a later stage have to deal with specialized constitutional and legal matters which were not, at first glance, directly related to co-ordination, but the aim of that work, too, would be to prevent duplication, and it should therefore properly be dealt with at the session of the Council which considered all matters of co-ordination.

35. Mr. RANKIN (Canada) supported those observations. The Council had greatly helped delegations by its decision to consider matters relating to the United Nations itself at its spring session each year, and those concerning the United Nations family of organizations at its summer session, and his delegation urged the Enlarged Committee to endeavour to arrange its meetings to fit in with that schedule.

36. Mr. AHMED (Pakistan) said that, as a member of the Enlarged Committee, he would assure the Council that the Committee and its inter-sessional working group would give full consideration to those comments when arranging the programme of meetings for the following two years. The Committee's terms of reference, however, required it to review questions which were not exclusively concerned with co-ordination and it had an extremely heavy programme of work. It should therefore not be obliged to conform to a rigid time schedule, at least in the initial stages of its practical work.

37. Mr. CHADHA (India) said that, due to practical difficulties, it had not been possible for the Enlarged Committee to report to the Council at its summer session in the current year. However, a distinction must be made between co-ordination aspects of the

work of the Committee for Programme and Co-ordination on which a report had been submitted to the summer session of the Council,^{2/} and the special tasks entrusted to the Enlarged Committee. His delegation believed that, in view of the Committee's very wide terms of reference, the arrangements for it to report to the General Assembly, through the Council, should be as flexible as possible.

38. The PRESIDENT suggested that the Council should adopt the following draft resolution:

"The Economic Social Council,

"Taking note with satisfaction of the report of the Enlarged Committee for Programme and Co-ordination,

"1. Transmits that report to the General Assembly;

"2. Draws the attention of the General Assembly to the comments on the subject contained in the report of the Economic and Social Council on its resumed forty-third session."^{3/}

It was so decided.

39. The PRESIDENT pointed out that the Council had decided to consider agenda item 5 "Proposal for a review of agencies and programmes within the United Nations family" in conjunction with item 4 relating to the general review of the programmes and activities which was the subject of the preliminary report of the Enlarged Committee. He invited members of the Council to discuss what further action should be taken on that item.

40. Mr. LOBANOV (Union of Soviet Socialist Republics) suggested that the Council should include in its report a statement to the effect that it considered the subject matter of agenda item 5 to be very closely related to the item on the general review of programmes and activities which was already in progress and that it had therefore decided to ask the Committee for Programme and Co-ordination to consider the proposal for a review of agencies and programmes in conjunction with its work on that general review.

41. Mr. AHMED (Pakistan) said that his delegation agreed, in principle, to that procedure. It believed, however, that item 5 should be referred specifically to the Enlarged Committee, whose terms of reference were sufficiently wide to cover the kind of review envisaged in the proposal.

42. Mr. CHADHA (India) said that General Assembly resolution 2183 (XXI) empowered the Enlarged Committee to undertake a review which was virtually identical with that proposed in agenda item 5. The best way of dealing with the item might therefore be to state in the report that the Council had taken note of that fact and had adopted no decision on the item.

43. Mr. LOBANOV (Union of Soviet Socialist Republics) said that his delegation's suggestion had not been made with a view to making a distinction between two separate committees; the body undertaking the task outlined in General Assembly resolution 2188

(XXI) was, after all, the Committee for Programme and Co-ordination with some additional members appointed to help it to do certain work. As that work was, in effect, the same as that envisaged in the proposed review of agencies and programmes, it was immaterial whether the item was referred to the Committee for Programme and Co-ordination or to the Enlarged Committee.

44. The PRESIDENT said that the views expressed during the Council's discussion would be included in its report. He suggested that there was no real divergence of opinion on the question. The subject matter of the proposed review was closely related to the work of the Enlarged Committee for Programme and Co-ordination, and it could therefore be assumed that that Committee would take it into account in conjunction with the work being undertaken under its terms of reference.

AGENDA ITEM 2

External financing of economic development of the developing countries: promotion of private foreign investment in developing countries (concluded) (E/4293 and Corr.1 and Add.1-2, E/L.1193)

45. The PRESIDENT invited the Council to consider the draft resolution contained in document E/L.1193.

46. Mr. ZOLLNER (Dahomey), introducing draft resolution E/L.1193, said that a number of minor amendments should be made in the text. In the third preambular paragraph, the words "que le Secrétaire général est en train d'établir" in the French text and the words "que el Secretario General está preparando" in the Spanish text should be replaced by the words "préparé par le Secrétaire général" and the words "preparado por el Secretario General", respectively. In operative paragraph 2 (b), the words "in reliance on" in the text should be replaced by the words "making full use of the facilities of". In the Spanish text of the same sub-paragraph, the words "que puedan" should be replaced by the words "que quieran". Turning to the changes affecting the text in all languages, he said that the word "international" should be inserted before the word "organizations" in operative paragraph 2 (a). In operative paragraph 2 (b), the words "and to organizations belonging to the United Nations family" should be deleted. Finally, in operative paragraph 4, the words "along the lines of the recommendations contained in paragraphs 1-3 of this resolution" should be replaced by the words "in accordance with the present resolution".

47. The draft before the Council was a revision of the draft resolution (E/AC.6/L.369) submitted by his delegation to the Council during the first part of its forty-third session. In the light of the discussion of the original text, the revised draft resolution (E/L.1193) did not make specific reference to the panel on foreign investment. The suggestion that the Council might request the Secretary-General to convoke such a panel in fact appeared in paragraph 154 of the report which contained the summary and conclusions (see E/4293 and Corr.1) of the study the Secretary-General had been asked to prepare by the General Assembly in resolution 2087 (XX). Since, however, some delegations had raised certain questions on that point, the

^{2/} See Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 9A (E/4395).

^{3/} See Official Records of the General Assembly, Twenty-second Session, Supplement No. 3A (A/6703/Add.1).

revised draft resolution requested the Secretary-General to hold consultations with the Governments and international organizations concerned on all the various recommendations made in that report.

48. For technical reasons, the study prepared by the Secretary-General had not yet been published in full, but its conclusions and recommendations were contained in the summary report (*ibid.*), which had been available since March 1967. The adoption of the revised draft resolution would enable the Council to have the views of the Governments and international organizations concerned before it when it considered the Secretary-General study at its next session.

49. Mr. AHMED (Pakistan) expressed his appreciation of the efforts made by the delegation of Dahomey to produce a generally acceptable text, and hoped that the draft resolution (E/L.1193) could now be adopted unanimously.

50. Mr. COX (Sierra Leone) pointed out that the draft resolution sought merely to ensure that the fullest possible information on the promotion of foreign private investment in developing countries was available, and did not impose any commitment upon Member States. He therefore urged the Council to adopt it unanimously.

51. Mr. ATTIGA (Libya) welcomed the fact that the reservations which his delegation had expressed regarding the original text of the draft resolution had been taken into account. The revised draft resolution was fully acceptable to his delegation. He suggested, however, that the words "and the United Nations Economic and Social Office in Beirut" might be inserted after the words "regional economic commissions" in operative paragraph 2 (b).

52. Mr. ZOLLNER (Dahomey) said that he would gladly accept that suggestion.

53. Mr. DEWULF (Belgium) said that his delegation would vote in favour of the draft resolution. He wished, however, to point out that operative paragraph 1 could only be implemented in the context of the consultations referred to in operative paragraph 2 (a).

54. Mr. GREGH (France) commended the delegation of Dahomey on its excellent revision of the text and said that France would vote for the draft resolution.

55. Mr. CHADHA (India) also commended the delegation of Dahomey on the revised text, for which India would vote. He suggested that the words "economic development and diversification of" in the second preambular paragraph, should be replaced by the words "development and diversification of the economies of".

56. Mr. ZOLLNER (Dahomey) accepted that suggestion.

57. Mr. LAVALLE (Guatemala) said that his delegation was in general agreement with the provisions of the draft resolution and would vote for it. However, it was a matter for some concern that it included a reference to the study prepared by the Secretary-General which had not yet been issued, although a summary had been available for some time (see E/4293 and Corr.1).

58. Mr. LOBANOV (Union of Soviet Socialist Republics) said that there were a number of shortcomings in draft resolution E/L.1193. In operative paragraph 1, Governments were asked to give serious consideration to the specific recommendations contained in the Secretary-General's report, but since that report had not been published, those recommendations were not yet known. The adoption of resolutions relating to matters for which the relevant documentation had not yet been issued in full would be a most undesirable and dangerous precedent, and although a summary of the Secretary-General's report was available in the present instance, far more complex situations might arise in the future and the Council might even be asked to vote on matters for which no report was to be prepared at all. In addition, the Council had not been informed about the possible financial implications of the draft resolution, although it referred to the Secretary-General's specific recommendations and its operative paragraph 4 called for the submission of periodic reports by the Secretary-General. Moreover, the draft resolution gave no indication of how often such periodic reports should be prepared.

59. Mr. GOLDSCHMIDT (United States of America) said that his delegation did not share the apprehensions expressed by the representative of the USSR. The summary of the Secretary-General's report (see E/4293 and Corr.1) was an excellent document which provided all the necessary information, and the provision that the Secretary-General should prepare periodic reports whenever necessary was sound. His delegation fully supported the draft resolution.

60. Mr. MURGESCU (Romania) said that his delegation commended the delegation of Dahomey on its efforts, but felt bound to endorse the views expressed by the Soviet representative.

61. Mr. ZOLLNER (Dahomey), replying to the points raised by the representative of the USSR, said that all the recommendations referred to in operative paragraph 1 of the draft resolution were contained in the summary of the Secretary-General's report. Furthermore, that paragraph did not invite the Council to endorse the Secretary-General's recommendations, but merely asked Governments to give them serious consideration. The sole aim of operative paragraphs 1 and 2 was to obtain the views of Governments and international organizations regarding the specific recommendations contained in the Secretary-General's report, so that the Council would have full information when the time came to take a decision. Since the only provision in the original proposal that might have entailed additional expenditure—that relating to the convening of a panel on foreign investment—had been eliminated, the draft resolution had no financial implications. As the United States representative had pointed out, there was no need to state how often the periodic reports should be submitted, since the Secretary-General could be expected to report whenever progress had been made.

62. Mr. ATTIGA (Libya) endorsed the view that the adoption of the draft resolution must not be taken as a precedent for voting on matters for which the relevant documentation had not yet been issued. However, since it had been clearly stated in the present

case that the purpose of the draft resolution was to obtain the views of Governments and international organizations so that they could be discussed at the same time as the Secretary-General's report, of which a summary was in any case available, Libya would be able to vote for the proposal.

63. Mr. LOBANOV (Union of Soviet Socialist Republics), supported by Mr. ATTIGA (Libya), proposed that it should be stated in the Council's summary records that the vote on the draft resolution was being taken on the understanding that it would not constitute a precedent for the adoption of future resolutions relating to matters on which full documentation was not yet available and that it had no direct financial implications.

64. Mr. ZOLLNER (Dahomey) said that he had no objection to that procedure.

65. The PRESIDENT said that, in the absence of any objection, he assumed that the Council wished to adopt draft resolution E/L.1193, as orally revised by its sponsor, on the understanding to which the representative of the USSR had referred.

It was so decided.

66. Mr. LOBANOV (Union of Soviet Socialist Republics) said that his delegation had no objection to the adoption of the draft resolution. Since, however, the USSR was not an exporter of private capital to developing countries, it was not concerned with the problems dealt with in the draft resolution and would have abstained if a formal vote had been taken.

AGENDA ITEM 11

Language services for the United Nations Conference on Road Traffic (E/4439 and Add.1)

67. The PRESIDENT drew the Council's attention to the Secretary-General's note (E/4439), relating to a request for the provision of Chinese language services for the United Nations Conference on Road Traffic. The Secretary-General's note on the financial implications of that request was contained in document E/4439/Add.1.

68. Mr. CHADHA (India) said that there was no established procedure for the provision of language services at United Nations conferences such as the Conference on Road Traffic to be held in 1968. The request for the provision of Chinese language services for that Conference, which deserved careful consideration, should properly be discussed in a wider context in the Fifth Committee and the Committee on Conferences. He therefore proposed that the Council should take note of the request contained in document E/4439 and refer it to the General Assembly for consideration in the Fifth Committee.

69. Mr. ATTIGA (Libya) supported that proposal.

70. The PRESIDENT said that, in the absence of any objection, he assumed that the Council agreed with that proposal.

It was so decided.

The meeting rose at 7 p.m.





ECONOMIC AND SOCIAL COUNCIL

Monday, 18 December 1967,
at 11 a.m.

Resumed Forty-third Session
OFFICIAL RECORDS

NEW YORK

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President: Mr. Milan KLUSÁK
(Czechoslovakia).

Present:

Representatives of the following States, members of the Council: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Guatemala, India, Iran, Kuwait, Libya, Mexico, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Argentina, Australia, Austria, Brazil, Bulgaria, Chile, China, Ireland, Italy, Japan, Spain, Tunisia, Ukrainian Soviet Socialist Republic, Yugoslavia.

Observer for the following non-member State: Switzerland.

Representatives of the following specialized agencies: Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; International Bank for Reconstruction and Development.

The representative of the International Atomic Energy Agency.

Adoption of the agenda (concluded)

INCLUSION OF ADDITIONAL ITEMS IN THE AGENDA
(E/L.1191/Add.1/Rev.1)

1. The PRESIDENT drew the attention of the Council members to paragraph 1 of the note by the Secretary-General (E/L.1191/Add.1/Rev.1) concerning two new items to be included in the agenda, of which one was

proposed by the United Republic of Tanzania (E/4445) and entitled "Expansion by one of the African membership of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees" and the other was proposed by the Secretary-General (E/4441) and entitled "Replacement of a Vice-President of the Council". He proposed that the Council should include those two new items in the agenda.

It was so decided.

Organization of work (concluded) (E/L.1191/Add.1/Rev.1)

2. The PRESIDENT proposed that the Council should adopt the order for the consideration of the items on the agenda suggested by the Secretary-General in his note (E/L.1191/Add.1/Rev.1), reversing the order of items 9 and 12.

It was so decided.

AGENDA ITEM 3

Survey Programme for the Development of Natural Resources (E/4443)

3. The PRESIDENT called the Council's attention to the first report of the Ad Hoc Committee on the Survey Programme for the Development of Natural Resources (E/4443), and especially to the draft resolution, contained in paragraph 9 of that report, which the Committee had unanimously decided to recommend the Council to adopt.

4. Mr. COSIO VILLEGAS (Mexico) said that the draft resolution adopted by the Ad Hoc Committee did not truly reflect all the important items included in its own report. Paragraph 7 of the report referred to the declared intention of some Governments to make contributions in kind or laboratory services, whilst in operative paragraph 3 of its draft resolution, the Ad Hoc Committee merely noted with appreciation the voluntary contributions in cash or in kind which Member States had pledged, without alluding to the group of States which had indicated their intention of contributing to the programme. Furthermore, the draft resolution contained no mention of the administration of the programme, while paragraph 8 of the report stated that: "The Committee noted with interest the statement made by the Administrator of UNDP that he envisaged 'that preliminary survey work might start early in 1968 with an allocation for preliminary operations'."

5. His delegation did not wish to submit an amendment to the draft resolution but would like its reservations to be recorded.

6. Mr. FERNANDINI (Peru) observed that the Ad Hoc Committee, of which he had been Chairman, had devoted eight meetings to the consideration of various questions and had given special attention to the lack

of funds for the programme. However, it had noted that there would be real possibilities of obtaining them in 1968. That was why it had come to a unanimous agreement on the text of a draft resolution which had originally had only two sponsors.

7. The opinion expressed by the representative of Mexico was valid but was based on different criteria from those applied by the Ad Hoc Committee. The Committee had deliberately refrained from mentioning in the draft resolution information which was at best semi-official. Moreover, paragraph 8 of the Ad Hoc Committee's report (see E/4443) stated that the intentions expressed by the Administrator of UNDP had to be approved by the Governing Council at its session in January 1968. Therefore it would have been premature for the Committee to include a provision to that effect in its draft resolution.

8. The report of the Ad Hoc Committee and the draft resolution contained in it formed a whole that the Council should adopt without delay. The draft resolution indicated ways of undertaking work that was extremely important for the developing countries. Even if the work was started with a modest budget, the interest which it would arouse would make it possible to enlarge the scope of the proposed survey.

9. Mr. VIAUD (France) said that his delegation was ready to come to an agreement on the draft resolution submitted by the Ad Hoc Committee so that the Organization might start on the programme for the development of natural resources. However, it could not help feeling that the text had been submitted for the approval of the Council in a rather precipitate fashion. It had no specific objection to make, but was not sure that it was the best text that could be submitted, especially at a resumed session. Operative paragraph 4 could be interpreted as an attempt to perpetuate the Ad Hoc Committee's existence. However, his delegation would concede that Council resolution 1218 (XLII) was itself somewhat ambiguous in that connexion. Furthermore, the adoption of the draft resolution would not change the fact that the budgetary limits set for the survey remained the same. The draft resolution could thus have no budgetary implications. During the General Assembly's twenty-second session, the Council's resumed forty-third session was divided into three parts, of which two had met for specific purposes. The resumed session should in fact be concerned with purely administrative matters—preparations for the following year's work, elections, etc.—but not with the substantive work of the Council. Normally the draft resolution should have been submitted at the Council's forty-fourth session. Perhaps some delegations had particular reasons for wanting it adopted immediately, but it was nevertheless true that the procedure was entirely irregular.

10. Mr. VARELA (Panama) observed that there did not seem to be any great divergence between the opinions expressed by the representatives of Mexico and Peru. As for the remarks made by the representative of France they were well founded; the Council's resumed sessions should be devoted above all to administrative questions. However, he considered that it would be advisable to vote immediately on the draft resolution so that the Ad Hoc Committee

could start its programme of work at the beginning of 1968. His delegation would vote in favour of the draft resolution.

11. Mr. ATTIGA (Libya) said that he was pleasantly surprised at the results achieved by the Ad Hoc Committee in spite of the difficulties it had encountered. Under the circumstances, the draft resolution was the best possible. It would be advisable to adopt it immediately in the hope that the situation would be clearer in a year's time.

12. The CHAIRMAN declared the debate on the item closed. The reservations expressed by various delegations would be noted in the record. He put the draft resolution contained in the Ad Hoc Committee's report (see E/4443, para. 9) to the vote.

The draft resolution was adopted unanimously.

AGENDA ITEM 12

Expansion by one of the African membership of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees (E/4445, E/L.1197)

13. Mr. FOUM (United Republic of Tanzania) said that the refugee problem had become considerably more acute during recent months, especially in East Africa, where the deterioration in the situation was attributable to the criminal policies of Portugal. The expansion of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees was therefore a matter of urgency, and Uganda was a highly suitable candidate. That country was doing everything it could to resolve the distressing problem of refugees, and the High Commissioner had recently paid a tribute to its efforts at both the national and the international levels. After reading out draft resolution E/L.1197, he expressed the hope that it would be adopted unanimously.

14. Mr. ZOLLNER (Dahomey) agreed with the remarks of the previous speaker and suggested that the new member of the Executive Committee should be elected immediately.

15. Mr. ATTIGA (Libya) supported the suggestions made by the representative of the United Republic of Tanzania and pointed out that the High Commissioner had drawn attention at the Council's forty-third session (see 1501st meeting) to the gravity of the refugee problem in Africa.

16. The PRESIDENT put to the vote draft resolution E/L.1197.

The draft resolution was adopted unanimously.

Uganda was elected a member of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees by acclamation.

AGENDA ITEM 9

Basic programme of work of the Council in 1968 and consideration of the provisional agenda for the forty-fourth session (E/L.1194 and Add.1 and 2, E/L.1195)

17. Mr. FORSHELL (Sweden), referring to paragraph 5 of the draft programme of work of the Council

for 1968, prepared by the Secretary-General (E/L.1194), said that the Council Committee on Non-Governmental Organizations, at its meeting of 17 November, had felt that the Council, in adopting resolution 1225 (XLII), had implicitly expressed doubts as to the suitability of Council resolution 288 B (X) of 27 February 1950 to serve as a basis for consultative arrangements in the future. The Committee had therefore decided to postpone any consideration of applications for consultative status until the Council, at its forty-fourth session, had drawn up new criteria for admission. The Committee had also dealt with the preparation of the questionnaire to be sent to non-governmental organizations in accordance with paragraph 1 (e) of Council resolution 1225 (XLII). The representative of the United Republic of Tanzania had submitted a draft questionnaire which had been considered of great interest. As it had not been possible to translate and circulate the working documents in time, the Committee had not been able to meet again to consider the matter. It nevertheless intended to deal with it in the near future.

18. He further referred to the possibility that the General Assembly might ask the Preparatory Committee for the International Conference on Human Rights to consider a great number of requests for participation from non-governmental organizations at present in consultative status. That task would involve such a strain on delegations and the Secretariat that it was difficult to see how in that case the Committee on Non-Governmental Organizations could complete in time the task entrusted to it in Council resolution 1225 (XLII).

19. Mr. ATTIGA (Libya) pointed out that the draft list of agenda items to be considered at the forty-fourth session (E/L.1194) did not include desalination of sea water in item 3 (development of natural resources). He wished to know when that question would again appear on the Council's agenda. He also wondered what effect the recent establishment by the General Assembly in its resolution 2340 (XXII) of an *Ad Hoc* Committee to Study the Peaceful Uses of the Sea-Bed and the Ocean Floor beyond the Limits of National Jurisdiction to consider the question of the resources of the sea would have on the Council's work.

20. Sir Edward WARNER (United Kingdom) wondered whether it might not be advisable for the Council to consider all aspects of the question of the resources of the sea at its forty-fourth session, thereby avoiding any unnecessary overburdening of the agenda for the forty-fifth session.

21. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that the *Ad Hoc* Committee referred to by the representative of Libya would have before it all the reports relating to the resources of the sea. The action to be taken on them would be a matter for the committee to decide. Whatever action was taken in co-ordination of its activities with those of the Council seemed relatively simple. At its forty-fourth session, the Council would have before it only the report on the present state of knowledge on the resources of the sea, beyond the continental shelf, whereas at its forty-fifth session it would have to

examine a comprehensive survey of activities in marine science and technology. The state of work on the relevant documents meant that the question of the resources of the sea would have to be included on the agenda of two successive Council sessions.

22. With regard to the desalination of sea water, any delegation that wished to raise the matter could do so under item 3 (a) of the draft list of agenda items for the forty-fourth session (see E/L.1194).

23. The PRESIDENT said that, if there were no objections, he would assume that the Council had adopted the draft list of items contained in the first part of document E/L.1194 as the provisional agenda for its forty-fourth session and that it had also approved the list of items to be considered at its forty-fifth session contained in the second part of that document, subject, in both cases, to any amendments which might result from consideration of the note by the Secretary-General on the disposal of items arising out of the twenty-second regular session of the General Assembly (E/L.1195).

It was so decided.

24. Mr. KASSUM (Secretary of the Council), introducing document E/L.1195, said that the Fifth Committee had proposed that the question of Chinese language services for the United Nations Conference on Road Traffic, referred to in paragraph 2 of that document, should be considered by the Council at its forty-fourth session.^{1/}

25. Mr. MARTIN-WITKOWSKI (France), referring to General Assembly resolution 2293 (XXII) on the world social situation, asked when the Secretary-General's report mentioned in operative paragraph 5 of that resolution would be available in all the Council's working languages.

26. Mr. KASSUM (Secretary of the Council) replied that the report was about to be published in all the working languages.

27. The PRESIDENT said that, if there were no objections, he would assume that the Council had taken note of document E/L.1195 and adopted the proposals contained therein.

It was so decided.

28. Mr. KASSUM (Secretary of the Council) drew the Council's attention to the fact that the report of the Third Committee of the General Assembly,^{2/} it had been recommended that the Commission on Human Rights continue to give consideration, as a matter of priority, to measures for the speedy implementation of the United Nations Declaration on the Elimination of All Forms of Racial Discrimination and that it report, through the Economic and Social Council, to the General Assembly at its twenty-third session. He suggested that the Council might wish to transmit that resolution to the Commission on Human Rights.

^{1/} See Official Records of the General Assembly, Twenty-second Session, Fifth Committee, 1224th meeting.

^{2/} *Ibid.*, Twenty-second Session, Annexes, agenda items 55 and 56, document A/6992, para. 9.

29. Sir Edward WARNER (United Kingdom), referring the addendum to the Council's draft programme of work for 1968 prepared by the Secretary-General (E/L.1194/Add.1), said that in view of the importance of the question entitled "Population and its relation to economic and social development", it should be included forthwith on the agenda of the forty-fifth session.

30. Mr. ATTIGA (Libya) hoped that the documents relating to that question would be circulated as soon as a decision had been taken regarding its consideration.

31. Mr. AHMED (Pakistan) said that his delegation was in favour of a study in depth of the two topics referred to in document E/L.1194/Add.1, namely, population and its relation to economic and social development, and the preparation of guide lines and proposals for the economic growth and social development of developing countries in the 1970's (development decade). With regard to the latter question, his delegation felt that thorough preparatory work was necessary to ensure the success of the next development decade. So far as the first question was concerned, it proposed that an item entitled "Population and its relation to economic and social development" should be added to the provisional list of items to be considered at the forty-fifth session.

32. The PRESIDENT said that in the absence of any objection, he would assume that the Council wished to accept the Pakistan proposal.

It was so decided.

33. The PRESIDENT suggested that the proposals contained in document E/L.1194/Add.1 should be approved.

It was so decided.

34. The PRESIDENT said that in the absence of any objection to its contents, he would assume that the Council took note of the Secretary-General's note on documentation for the forty-fourth session of the Council (E/L.1194/Add.2).

It was so decided.

35. The PRESIDENT noted that, in accordance with rules 9 and 11 of its rules of procedure, the Council had just established its basic work programme for 1968. With regard to the organization of work at the forty-fourth session, he suggested that the Secretariat should be asked, after consultation with delegations, to prepare a document indicating as far as possible in what order and on what dates the Council could consider the items on its provisional agenda.

It was so decided.

The meeting rose at 12.50 p.m.





ECONOMIC AND SOCIAL COUNCIL

Monday, 18 December 1967,
at 3.30 p.m.

Resumed Forty-third Session
OFFICIAL RECORDS

NEW YORK

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President: Mr. Milan KLUSÁK
(Czechoslovakia).

Present:

Representatives of the following States, members of the Council: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Guatemala, India, Iran, Kuwait, Libya, Mexico, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Argentina, Ireland, Italy, Japan, Tunisia, United Arab Republic, Upper Volta, Yugoslavia.

Observer for the following non-member State: Switzerland.

Representative of the following specialized agency: International Bank for Reconstruction and Development.

AGENDA ITEM 13

Replacement of a Vice-President of the Council
(E/4441)

1. The PRESIDENT invited the Council, under rule 23 of its rules of procedure, to elect a Vice-President to complete the unexpired term of Mr. Zollner, of Dahomey, since that country's term of office on the Council expired on 31 December 1967 (see E/4441).
2. Mr. ZOLLNER (Dahomey) nominated Mr. Ali Attiga, of Libya.
3. Mr. P. Z GUERRERO (Venezuela), Mr. VARELA (Panama), Mr. BILLNER (Sweden), Mr. CUHRUK (Turkey), Mr. CHADHA (India), Mr. GOLDSCHMIDT (United States of America) and Mr. LOPEZ (Philippines) seconded the nomination.

4. Mr. GOLDSCHMIDT (United States of America) proposed that rule 67 of the rules of procedure should be suspended.

It was so decided.

Mr. Attiga (Libya) was elected Vice-President of the Council by acclamation.

5. Mr. ATTIGA (Libya) thanked the members of the Council for the honour they had done to his country, and commended his predecessor in the office on the outstanding manner in which he had performed his duties.

AGENDA ITEM 7

Elections

ELECTION OF FOUR MEMBERS OF THE UNITED NATIONS/FAO INTERGOVERNMENTAL COMMITTEE OF THE WORLD FOOD PROGRAMME (E/L.1196)

6. The PRESIDENT invited the Council, in accordance with General Assembly resolution 2095 (XX), to elect four members of the United Nations/FAO Intergovernmental Committee of the World Food Programme for a three-year term beginning on 1 January 1968. In addition to the three States listed in paragraph 3 of the Secretary-General's note (E/L.1196), Panama and Tunisia had informed the Secretary-General of their candidacy for election.

7. Mr. VARELA (Panama) said that Panama had submitted its candidacy as a Latin American country to replace Mexico, whose term of office on the Intergovernmental Committee would expire on 31 December 1967. Having noted, however, that the African continent was under-represented on the Intergovernmental Committee, Panama withdrew its candidacy and would support the election of Tunisia.

Australia, Peru, Tunisia and the United Kingdom of Great Britain and Northern Ireland were elected members of the United Nations/FAO Intergovernmental Committee of the World Food Programme by acclamation.

ELECTION OF THE MEMBERS OF THE COUNCIL COMMITTEE ON NON-GOVERNMENTAL ORGANIZATIONS

8. The PRESIDENT invited the Council, under rule 82 of its rules of procedure, to elect thirteen members of its Committee on Non-Governmental Organizations to serve for the calendar year following their election.

9. Mr. ZOLLNER (Dahomey) said that the Committee was in the process of revising the rules governing the consultative status of non-governmental organizations. Because of that exceptional circumstance, he proposed that its present members, with the exception

of Cameroon whose term of office on the Council would expire on 31 December 1967, should be re-elected for 1968. Such a step should, of course, not be regarded as constituting a precedent.

The Council re-elected for one year the members currently serving on the Committee on Non-Governmental Organizations with the exception of Cameroon.

10. Mr. SUEDE (United Republic of Tanzania) nominated Sierra Leone to replace Cameroon on the Committee.

11. Mr. ATTIGA (Libya), Mr. CHADHA (India) and Mr. BILLNER (Sweden) seconded the nomination.

Sierra Leone was elected a member of the Council Committee on Non-Governmental Organizations.

AGENDA ITEM 8

Confirmation of members of functional commissions of the Council (E/4442 and Add.1 and 2)

12. The PRESIDENT drew the Council's attention to the note by the Secretary-General submitting for confirmation the names of representatives nominated by their respective Governments to the functional commissions of the Council (see E/4442 and Add.1 and 2).

The Council confirmed the nominations submitted to it.

Closure of the session

13. The PRESIDENT said that the authority of the Council as an organ for international co-operation in economic, social and humanitarian matters had been

enhanced during the past year. As a consequence of the growing awareness of the importance of its co-ordinating role, it had achieved certain practical results and had strengthened its work in that respect. Undoubtedly co-ordination should receive particular attention in the future. Another significant feature of the past year's work had been the realistic approach adopted to problems, and he hoped that that, too, would become a characteristic of the Council's work. The General Assembly at its twenty-second session had given much attention to the Council's work, but the Council must encourage the Assembly to concentrate on the most important questions in the economic, social and humanitarian fields and on the adoption of basic directives for the work of all organs and organizations in those fields. Other encouraging events had been the establishment of the United Nations Industrial Development Organization, the disappearance of the antagonism between the older and the newer United Nations bodies, and the recognition, in several General Assembly resolutions, of the necessity of universality in all United Nations bodies. On the other hand, the Council's work had been impeded in the past year by the unfavourable international situation and by the tension and conflicts in various regions of the world, which had diverted attention and resources from the problems of economic and social development. Profound changes in the approach to the problems of development could not be expected in the absence of a radical improvement relating to peace and security.

14. After the customary exchange of courtesies, the PRESIDENT declared the forty-third session of the Council closed.

The meeting rose at 4.55 p.m.

