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*President:* Sir Douglas COPLAND (Australia).

*Present:*

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Chile, Colombia, Cuba, Haiti, Indonesia, Iran.

The representatives of the following specialized agencies: Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, International Bank for Reconstruction and Development.

AGENDA ITEM 12

**Restrictive business practices (E/2380, E/2612 and Add.1 to 3, E/2671, E/2675, E/2716, E/L.667, E/L.669, E/L.670) (*continued*)**

1. Mr. STANOVNIK (Yugoslavia) introduced the joint amendments (E/L.669) proposed by the delegations of Argentina, Ecuador, Egypt and Yugoslavia to the Norwegian draft resolution (E/L.667).
2. The sponsors of the amendments recognized that the question of restrictive business practices was extremely complex and that it should be dealt with cautiously and without undue haste. Spontaneous international action to combat the harmful effects of restrictive business practices was out of the question before the way for such action had been prepared.
3. On the other hand the sponsors had seen the need to lay down generally acceptable standards with regard to restrictive business practices. As the United States representative had pointed out at the previous meeting, the term "harmful" as applied to the effects of international cartels was still open to different interpretations in different countries. The joint amendments obviously did not seek to solve the whole problem for that was a long-term task, but they were a first step in that direction.
4. The new paragraph which it was proposed to insert after operative paragraph 2 of the draft resolution was intended to allow the Secretary-General to prepare, on the basis of official documents received from Governments, a further study like the report he had already

published on restrictive business practices in international trade (E/2675).

5. The new text of operative paragraph 3 *b* would merely request the Secretary-General to carry out the provisions of Council resolution 375 (XIII), paragraph 6, and would in no way imply that the Council endorsed the recommendations set forth in the report of the *Ad Hoc* Committee on Restrictive Business Practices (E/2380).

6. The last of the joint amendments would request the Secretary-General to prepare an objective study of the nature of restrictive business practices and of their effects on economic development, employment and international trade. Only after such a study had been made could the United Nations lay down generally acceptable standards with regard to restrictive business practices or be more specific about what was meant by "harmful" effects. The Council might, for instance, decide that certain practices had good or bad effects according as they were or were not in keeping with the purposes and principles of the United Nations. Moreover, such a study would help Member States to take a firmer stand and adopt a policy more in line with international standards.

7. He would be interested to hear the Secretariat's views on the amendments he had just introduced. It might be helpful if the Norwegian representative and the authors of the various amendments could be asked to meet informally as a working group and try to prepare an agreed text.

8. Mr. HOTCHKIS (United States of America) introduced the joint Australian-United States amendments (E/L.670) to the Norwegian draft resolution. They were in keeping with the position stated by his delegation at the previous session; their main purpose was to stress the relationship between national action and international co-operation in the matter of restrictive business practices.

9. He endorsed the suggestion that a working group should be asked to prepare an agreed text.

10. Mr. KAMAT (India) reminded the Council that at the previous meeting he had announced his intention of proposing an amendment to operative paragraph 3 *b* of the Norwegian draft resolution. As it stood, that sub-paragraph left the Secretary-General free not to seek the opinion of appropriate inter-governmental bodies and agencies if he felt that the number of Governments that had commented on the report of the *Ad Hoc* Committee on Restrictive Business Practices (E/2380) was not yet sufficient in the sense of Council resolution 487 (XVI), paragraph 3. The new text of the sub-paragraph proposed in paragraph 5 of the four-Power amendments (E/L.669) met that objection, however, and his delegation would not submit any amendment on that point.

11. Mr. ZAHIRUDDIN (Pakistan) supported, on the whole, the Norwegian draft resolution, although he felt that it somewhat reduced the scope of the problem

of restrictive business practices and particularly of their "harmful" effects. He also endorsed the proposal that a working group should be set up to prepare a consolidated text.

12. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that the Secretariat had two major objections to the new paragraph 6 proposed by the four Powers in their amendments.

13. First, the Secretariat had not the necessary resources to undertake the suggested study. The plan for the reorganization of the Secretariat submitted to the Council and the General Assembly was based on the assumption that sufficient preparatory work had been done on that particular question to enable Governments to act. The *Ad Hoc* Committee had held four sessions and the Secretariat had prepared several studies and analyses which were now before the Council. The Secretary-General had therefore thought that the preparatory work had been completed.

14. Secondly, the proposed study was not the type of work that the Secretariat could usefully undertake. Such a study would have to contain certain conclusions on the effects of restrictive business practices. However, the discussions in the Council and the *Ad Hoc* Committee, as well as during the drafting of the Havana Charter, had shown that the matter was one on which it was difficult, if not impossible, to reach any conclusions acceptable to all delegations. Hence, the proposed study would inevitably be somewhat speculative, an attitude which should be avoided.

15. Ample documentation on the international effects of restrictive business practices was already available. The Secretariat could prepare a bibliography, with notes if necessary, instead of the proposed study.

16. The PRESIDENT suggested that the proposals and amendments before the Council should be referred to an informal working group composed of all those representatives who wished to take part.

*It was so decided.*

17. Mr. STANOVNIK (Yugoslavia) proposed that Sir Douglas Copland should be chairman of the working group.

18. Mr. ANIS (Egypt) supported that proposal.

*The proposal was adopted.*

#### AGENDA ITEM 13

##### Wood-pulp and paper (E/2697, E/2700)

19. Mr. SOLLI (Norway) asked whether the report of the Latin American Meeting of Experts on the Pulp and Paper Industry (E/2697), held at Buenos Aires in 1954, was submitted to the Council for consideration or only by way of information. The question was whether the Council was going to discuss the whole matter or the pulp and paper industry in one region only. The Economic Commission for Latin America (ECLA) had not yet considered the report and the Council should perhaps postpone its discussion of that document until it had received ECLA's report.

20. The PRESIDENT pointed out that ECLA would not meet until September, whereas the next session of the Council would be in July. He opened the discussion on wood-pulp and paper, on the understanding that the Council might decide to defer considera-

tion of the report of the Meeting of Experts until it had received ECLA's report.

21. Mr. STIKKER (Netherlands) said that the question of wood-pulp and paper was particularly important. Some of the problems which the Council was called upon to consider were very general; others were more limited in scope and more practical. In the discussion of broad principles, the Council sometimes lost touch with reality and when it had to take decisions on specific questions, it gave the impression that it preferred the broader field of discussion. The question now before the Council belonged to both categories. It was an example of what an international organization ought to be able to do bearing in mind both facts and principles.

22. Important work had been done by the various specialized agencies, such as the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization (FAO) and the International Bank for Reconstruction and Development, by the United Nations Technical Assistance Association (TAA), the regional commissions, the Council and the Secretariat and, lastly, by the Meeting at Buenos Aires in 1954, which had presented a very detailed report (E/2697). That was a striking example of well co-ordinated action. A study of the entire question, from production to consumption, had been made. The starting point of the study had been the shortage of newsprint and paper for books, after which the problem of raw materials and then the more general question of production in under-developed countries had been taken up.

23. At the 840th meeting of the Council, concerning the integrated economic development of under-developed countries, he had already stressed the need for those primarily agricultural countries to change over to an industrial economy. In that connexion, he had explained that the industrialized and the under-developed countries should act in concert to create new markets and expand world trade and that the industrialized countries should put their capital and their experience at the disposal of the under-developed countries for that purpose. The Council was now faced with a concrete problem and it must demonstrate that its general statements on integrated economic development had represented a definite policy. His delegation felt that the time had come to put into practice the various methods it had mentioned during the first part of the nineteenth session, such as extending technical and financial assistance to the under-developed countries and taking into account the need for temporary protection of their new industries.

24. Some interesting facts had come to light with regard to wood-pulp and paper. There appeared to be a correlation between paper consumption and the index of total manufacturing production. Production and consumption were concentrated in two regions, Europe and North America, which manufactured 90 per cent and consumed 86 per cent of the world production. They exported paper to other regions which actually had all the necessary natural resources to manufacture their own paper. The situation was all the more curious as the regions concerned were those in which the need for paper would steadily increase. At present they were compelled to import paper but did not have the necessary funds. Nor did they have sufficient capital to set up paper manufacturing plants. Yet such indus-

tries could do much to raise the standard of living in those regions.

25. He mentioned reasons why programmes for the development of wood, pulp and paper industries should be put into effect in the under-developed regions. First, world paper requirements could be expected to increase. Second, it seemed advisable to set up paper manufacture in regions where demand would certainly grow and where the necessary raw materials were in abundant supply. Last, those industries could greatly promote the future development of those regions.

26. Very complex problems were involved. They varied from country to country and should be dealt with primarily by the Governments concerned, which were familiar with local conditions. They were also connected with more general problems, such as that of transport. That was why TAA, FAO and the International Finance Corporation could and should take a hand. The whole international machinery should be brought into action.

27. He analysed in detail the problem faced by the countries which wished to install paper manufacturing plants, and said that regional collaboration would be required.

28. The question arose whether the Council could take any useful action in the matter. His delegation felt that the Council, having collected a large body of useful data and pointed the way, should leave the next steps to be taken by other organizations, such as FAO, TAA, the various regional commissions, and, last but not least, the Governments concerned. It was to be hoped that all those agencies would endeavour to stimulate the interest of private individuals and undertakings, attract their capital and enlist their aid, for it was the private individuals and enterprises who would have to take practical action. If good results were achieved, a valuable link would have been established between the United Nations and those who would set up the new industries. All countries, whether industrialized or under-developed, must take part in the joint effort. The responsibility for establishing the link by which theory could be transformed into practice rested primarily with the industrialized countries.

29. Mr. TURPIN (France) recalled that the Economic and Social Council had placed the wood-pulp and paper item on the agenda of its nineteenth session at the request of FAO; that agency had asked the Council for its views on how best to effect a lasting increase in pulp and paper production capacity. Both the Council and UNESCO had long since recognized the importance of the problem. But it was at the Meeting of Experts that the transition from the stage of theory to that of practical achievement had been made. His delegation warmly welcomed the results of that work and had great hopes in the opportunities that it offered.

30. From the point of view of general culture, it was certain that in Latin America and in Asia, the development of paper production should help to augment the sale of books and newspapers. It would also promote the economic development and the industrialization of the countries concerned. France was also interested in the work from a domestic point of view, as it faced a difficult supply problem. As consumption

was expected to increase more rapidly than production of resinous wood, the French Government was investigating methods of manufacturing paper from many other types of wood, and recent discoveries in that field seemed to open up new possibilities.

31. But some action could be taken even at the present stage, as all the prerequisites for economically profitable production seemed to be there: adequate supply was assured by local resources, new techniques could be applied without excessive investment, and a large unsatisfied demand meant an assured market. All those elements, besides a suitable geographical distribution, gave reason to hope for a production at competitive prices in each region. From that time on, the countries in question should be able to expect the equipment, credit and technical assistance they required.

32. The International Bank for Reconstruction and Development was already extending assistance in that field; it should do still more; the future International Finance Corporation could also contribute to the development of the paper industries. France for its part was ready to encourage to the utmost the installation of paper industries in Latin America and Asia, and to offer, as it had already done, the most favourable financial terms for orders for new equipment. It was happy to establish a technical collaboration which would enable it in turn to profit by its partners' experience.

33. FAO and the other specialized agencies had given a lesson in methodical and effective work by which the Council should profit.

34. Mr. MORALES (Argentina) recalled that the Council had first considered the question of wood-pulp and paper when it had studied the problem of the newsprint shortage; it had later realized that the question was much more comprehensive and included all the activities connected with the manufacture of wood-pulp and paper. Consequently, for some years past, various international bodies—UNESCO, FAO, the regional economic commissions, the International Bank for Reconstruction and Development and the Organization for European Economic Cooperation (OEEC)—had studied various aspects of the problem and had achieved concrete results. First, some of those bodies had published comprehensive general studies on the world wood-pulp and paper problem and its long-range solution; one such study he might mention was entitled *World Pulp and Paper Resources and Prospects* and had been compiled by FAO in co-operation with other international bodies. Secondly, special studies had been made on local problems; FAO and Bank experts, for example, had visited a number of countries to study the possibilities of increasing production, taking into account the raw material supply. Thirdly, the Bank had financed the establishment of a number of plants, and in particular had made loans of \$3.5 million to Finland, \$4.7 million to Yugoslavia and \$20 million to Chile. Upon completion of that preliminary work and publication of a study by FAO and ECLA on the possibilities for the development of the pulp and paper industry in Latin America (E/CN.12/294), a Committee of Experts had met at Buenos Aires to study the situation in detail and to make recommendations. As stated in the communication from the Director-General of FAO (E/2700,

para. 3), several important developments had taken place since the Council's seventeenth session.

35. It could be concluded from the various studies mentioned that world paper consumption was increasing rapidly; production must therefore increase at the same rate. Europe and North America produced and consumed the greater part of the paper. Those two areas would also be able to meet their increased needs in that field. On the other hand, very little paper was consumed in the under-developed countries, and for that reason consumption should increase in the future at a more rapid rate than in the industrialized countries. Countries in process of development were however encountering great difficulty in satisfying their needs. Local resources could not meet the demand in view of the rate at which such needs were growing, and there was nothing to prove that Europe and North America would be able to supply all the raw material needed. Lastly, it was impossible for the under-developed countries to import all the pulp and paper they needed. They must therefore develop their productive capacity so far as wood-pulp and paper were concerned, and as they had the raw materials, their problem was essentially an economic one.

36. The Council must therefore concern itself above all with that aspect of the question. He quoted figures for the consumption per head of paper and board for 1950-1952 appearing in tables 3 and 4 of chapter 3 of FAO document entitled *World Pulp and Paper Resources and Prospects* and also those for paper and board production and consumption by regions for the same period appearing in table 5 of chapter 3 of the same document, and emphasized in that connexion that the low level of production and consumption in the under-developed areas was an obstacle to their economic and cultural progress. The production of pulp and paper in the under-developed areas should therefore be developed and the Governments concerned should make the necessary efforts to mobilize domestic resources and encourage national private undertakings in order to obtain the co-operation and participation of capital for investment in the pulp and paper industry.

37. The problem now before the Council was not a key problem, and could not be isolated from economic development considered as a whole, but the creation of a wood-pulp and paper industry in the tropical areas, which as a rule were very well-forested, would contribute to the economic development of the countries in question, encourage diversification of their economy and bring about an increase in consumption. The opportunities offered by that industry should therefore be borne in mind when integrated economic development programmes were drawn up. Nor should it be forgotten that the Commission on International Commodity Trade could supply the Council with information on the way the situation was developing.

38. Turning to the report of the Meeting of Experts on the Pulp and Paper Industry (E/2697), he said that the situation in Latin America was perfectly summarized in paragraph 77 of the report. National consumption in his country was limited by the productive capacity of the pulp and paper factories. Further, the lack of foreign exchange prevented the growth of imports, and as that situation threatened to continue, the only solution for Argentina was to increase production. Consequently the Argentine Government was

endeavouring to develop its national industry; it had already had some success which was definitely due to the action taken by Argentine private firms and to help from firms in industrialized countries.

39. The Argentine delegation attached great importance to the recommendation of the Meeting of Experts that a group of experts should be set up to perfect an integrated regional policy for research and technical training. In accordance with the recommendation made in 1952 by the FAO Latin-American Forestry Commission a Latin-American research and forestry training institute might be set up. But the practical realization of programmes now had to be considered, it being understood that Latin America would not be the only region to benefit from any action taken, and that other regions in process of development might profit from what was done.

40. He noted the encouraging statement of the Netherlands representative, an example of the spirit of co-operation which should exist between the more developed countries and those in process of development. He wished also to pay a tribute to the work done by the United Nations Secretariat, the specialized agencies, ECLA and ECE.

41. The Argentine delegation would introduce a draft resolution on the question of pulp and paper.

42. Mr. BARNES (United Kingdom) praised the reports before the Council, and congratulated FAO and ECLA which had taken the initiative in organizing the Latin American Meeting of Experts on the Pulp and Paper Industry. In the United Kingdom delegation's opinion that conference showed the importance of co-operation at the regional level.

43. The United Kingdom Government was pleased with the new prospects opening up for the under-developed areas to increase their wood-pulp and paper production. The whole economy of those countries and their cultural standards should be favourably affected as a result.

44. The United Kingdom delegation especially approved the part of document E/2700 where FAO emphasized that the problem could be solved only by action on the part of Governments and appropriate interests in the countries concerned.

45. The Meeting of Experts recommended in its report (E/2697) that before new industries were set up, a thorough study of the location and supply of raw materials, the power and labour available, and of markets must be made. In the opinion of the United Kingdom delegation that was a fundamental necessity, because the development of production which did not meet real needs should not be encouraged.

46. As regards the capital needed for the industry in question, it was essential for the countries concerned to create favourable conditions for private foreign investments. Further, the development of the industry could be profitable to all only if the market for the supply of the equipment needed was open to all countries on the same terms.

47. Mr. HOTCHKIS (United States of America) praised the FAO survey entitled *World Pulp and Paper Resources and Prospects*, the result of close co-operation between FAO, UNESCO, ECE and ECLA. The report had been carefully prepared. While it did not overlook the technical aspects of the question, its

comments on the economic and financial aspects were most useful.

48. The report of the Meeting of Experts which had met at Buenos Aires in 1954 was also of great interest. The part of that report which dealt with the economic aspects of the exploitation of tropical forests was the most complete study which had been submitted on that question. It was worth noting that the report pointed out that progress in that field was bound to be slow and unspectacular.

49. Those reports could be used by Governments which wished to undertake studies before perfecting production plans or requesting technical or financial assistance.

50. In the opinion of the United States delegation every effort to develop production should be left to private enterprise. Private capital should take the responsibility and run the risk of setting up new plants.

51. Mr. AKANT (Turkey) reviewed the history of the problem which was of great importance to his country. Some useful conclusions could be drawn from the FAO study entitled *World Pulp and Paper Resources and Prospects*. In particular, the report pointed out that world paper consumption was continuing to increase rapidly and that by about 1962 consumption would be over 18 million tons more than that in 1952. The report also pointed out that Europe and North America consumed the greater part of the paper produced and that consumption in less-developed countries was only about one-tenth of the world total. However, the demand in those areas was increasing more rapidly than in the more developed areas.

52. Consumption was increasing in Turkey. About half the paper consumed came from Finland and Canada. When consumption increased imports should also increase. But a large number of countries had difficulty in paying for their imports of paper. As a result there was a shortage of supplies which hampered educational and cultural progress and economic development.

53. However, almost all the under-developed countries possessed large resources in raw materials. For example, there were vast forests in certain parts of Turkey which were unexploited because of transport difficulties. Only the coastal areas could produce as production costs were not very high there.

54. In the Turkish delegation's opinion a more rapid expansion of local production should be encouraged. The 1954 Meeting of Experts had opened new prospects in that connexion. The Turkish delegation was grateful to the Latin American countries which had contributed to the success of that meeting, for the conclusions that they had reached were also applicable to other under-developed areas.

55. The under-developed countries would derive great benefits from foreign capital investments in the wood-pulp and paper industry. They would be able to use their own raw materials and effect economies in their imports.

56. There was reason to hope that the competent international organs would help to develop paper production in the under-developed areas and thus solve the world paper shortage.

The meeting rose at 12.55 p.m.