

# 1908th meeting

Tuesday, 9 July 1974, at 3.10 p.m.

President: Mr. A. KARHILO (Finland)

E/SR.1908

## AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*) (E/5479, E/5486, E/5490, E/5502, E/5517, E/5521 and Add.1-3, E/5532 and Corr.1)

1. Mr. SRIVASTAVA (Secretary-General, Inter-Governmental Maritime Consultative Organization) said he first wished to express his organization's thanks for the encouragement and guidance it had received from the Council when, at its fifty-fifth session, it had examined in depth the Organization's annual report for 1972-1973.<sup>1</sup>

2. The composition and structure of IMCO had recently undergone certain changes. At present it had 87 members; that figure was constantly increasing and the organization would probably have more than 100 members in the near future. About two-thirds of the present members were developing countries of Africa, Asia and Latin America; IMCO was thus a genuine world maritime organization, serving the world community in the highly specialized field of shipping.

3. All members of IMCO could sit on its various committees — the Legal Committee, the Maritime Traffic Facilitation Committee, the Committee on Technical Cooperation and the Marine Environment Protection Committee — with the sole exception of the Maritime Safety Committee, which was at present restricted to 16 members elected by the IMCO Assembly. However, a working group appointed by the IMCO Assembly had already proposed that the Maritime Safety Committee should also be open to all the members of the organization. The same working group had also recommended that the membership of the IMCO Council should be enlarged with a view to providing increased representation of the developing countries. The IMCO Assembly would hold an extraordinary session in October 1974 to consider those recommendations.

4. With regard to IMCO's activities, the organization's first and foremost concern was the promotion of maritime safety by the adoption of internationally agreed and universally applicable safety standards. For that purpose, it was essential to ensure that the design, construction and equipment of vessels of all types conformed to agreed international standards. Secondly, internationally agreed regulations were necessary in regard to the loading and stowage of cargoes. Thirdly, rules for international maritime navigation had to be formulated and kept up to date to prevent collisions at sea. Fourthly, a great deal of attention had to be given to the technical training and certification of maritime personnel.

5. The organization had sought to achieve those objectives over the years by the adoption of a number of international maritime conventions, the most important amongst them, from the safety point of view, being the International Convention for the Safety of Life at Sea adopted in 1960 and amended later from time to time. A further revision of that Convention would be undertaken by an international conference to be convened by IMCO towards the end of 1974. With regard to the loading of vessels, IMCO had adopted the 1966 International Convention on Load Lines, which again was being brought up to date from time to time. Regulations had been adopted for the prevention of collisions at sea and several traffic separation schemes for areas of high traffic density had also been implemented. In consultation with the ILO, IMCO was considering in detail the question of appropriate international standards for the training of navigators, engineers and other categories of seafarers. The organization was thus making constant efforts to ensure the safety and efficiency of navigation, which had a significant impact on the development of shipping services and hence of international trade.

6. Where the prevention of marine pollution was concerned, IMCO was the depositary of the International Convention for the Prevention of Pollution of the Sea by Oil, adopted in 1954. In 1962, 1969 and 1971 several new provisions had been included in that Convention and in 1973 it had been incorporated in the International Convention on the Prevention of Pollution from Ships which contained extensive provisions on numerous aspects of that important question; those provisions required, *inter alia*, that vessels should have additional tank capacity and special equipment so that likely pollutants could be retained on board and discharged at the end of a voyage into suitable reception facilities.

7. Furthermore, in association with the Inter-Agency Joint Group of Experts on the Scientific Aspects of Marine Pollution, IMCO had made recommendations, *inter alia*, on salvage of oil from stricken ships, physical and chemical means of dealing with oil at sea and on beaches, and the co-ordination of the efforts of developing countries where incidents posed pollution threats to more than one State. The 1969 International Convention relating to Intervention on the High Seas in Cases of Oil Pollution Casualties and its 1973 Protocol, as also the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, provided States with other means of protecting themselves against pollution and for payment of compensation for any damage resulting from it.

8. The problems of marine pollution from ships were intertwined with those of ship design and construction and general maritime safety. IMCO was dealing with those

<sup>1</sup> E/5320.

problems in an integrated manner. In particular, in its activities relating to the prevention of marine pollution, IMCO maintained close contact with UNEP.

9. With regard to the role which IMCO could play in the implementation of the Programme of Action on the Establishment of a New International Economic Order, adopted by the General Assembly at its sixth special session, the Programme and the accompanying Declaration would be considered by the IMCO Council in October 1974. In the meantime, he would give some indication of IMCO's possible role. Firstly, it could be foreseen that the Conference on the Law of the Sea would lead to a new upsurge in maritime activities. To be able to participate equitably in those activities, the developing countries would need to strengthen their maritime sector, particularly maritime expertise. In that connexion, the IMCO Council and Assembly would make every effort to provide technical assistance to the developing countries in the field of shipping, particularly for the establishment of merchant navy training institutions at the national, subregional or regional levels. In that field, IMCO's technical assistance programme, launched on a modest scale with financial assistance from UNDP, currently comprised many projects, some of which were large-scale projects being implemented in the developing countries of Africa, Asia and Latin America. To give some examples, a training institution set up in Brazil was providing the technical personnel for that country's merchant marine and a large regional marine academy was being set up at Alexandria. At the present time, regional and subregional institutions would be the best solution for most of the developing countries; IMCO would use its experience and expertise to support that effort, in full collaboration with the ILO and UNCTAD. He had had very useful discussions with the Administrator of UNDP on that subject. Financial assistance from that body for the establishment of subregional and regional merchant navy training institutes should be increased. Moreover, an agreement among Governments of a given subregion or region in favour of an institution to serve their composite requirements would help greatly in the timely planning and implementation of projects in that field.

10. In conclusion, he expressed the hope that IMCO's role in the specialized maritime sector would contribute to the attainment of the great goals of mankind, particularly those of the developing world.

11. Mr. HOVEYDA (Iran) said that it was perhaps inappropriate to revert to the discussions that had taken place in the General Assembly only two months before at its sixth special session, but he wished to refute certain comments made by specialized circles and in the Press in the interim and, in that connexion, to draw attention to certain facts which he hoped would help to enlighten the Council in its work.

12. Admittedly, the state of the world economy had been unsatisfactory for some years past. The galloping inflation in the industrialized countries had also affected the developing countries. In that situation, unjustified accusations were being levelled against the oil-producing countries. Yet the representatives of those countries at the sixth special session of the Assembly had explained the real

reasons for the present state of affairs. They had shown that the price of oil was still well below its true value in comparison with other sources of energy. He was glad that, despite the erroneous assertions to which he had just referred, the Assembly had examined the true causes of the current economic crisis at the special session. In his view, it had demonstrated a readiness for change in considering solutions to the economic and social issues facing the United Nations system.

13. The Declaration and the Programme of Action set out in the two resolutions adopted by the General Assembly had decisively altered the world economic scene. Although there were no grounds for excessive optimism at present, since the Programme of Action was merely an indicative document and there was a long way to go before a genuine reform of international economic relations would be achieved, there were no grounds for excessive pessimism either, because signs of change had been discernible for several years. Moreover, the sixth special session had made no real innovation; it had served as a melting-pot for a number of existing facts and ideas. For instance, in February 1974 the Shahanshah of Iran had put forward a revolutionary plan for aid to developing countries,<sup>2</sup> which, in his (Mr. Hoveyda's) view, for the first time envisaged a genuine transfer of resources; unfortunately that proposal had not been given serious consideration by the *Ad hoc* Committee on the Special Programme. Furthermore, in his message to the General Assembly on the opening of its sixth special session (2209th plenary meeting), the Shahanshah, after deploring the fact that the availability of an abundant supply of cheap raw materials from the developing countries should have incited the rich nations to unbridled waste, had said that those raw materials should retain a constant and real value in relation to the prices of imports from the industrialized countries. He was glad that the decisions taken at the sixth special session had been in line with the wishes expressed by the Shahanshah in his message. That session had shown that the developing countries were now assuming a more important role in international life and that they should participate fully, on a footing of equality, in the settlement of world economic problems.

14. However, the economic imbalance persisting in relations between developing and developed countries was so serious and the gap between the two groups of countries so great that action could no longer be confined, as in the past, to corrective or *ad hoc* measures. Genuine structural changes were needed in the system of international economic relations.

15. At the sixth special session of the General Assembly, the member countries of the Group of 77 had sought co-operation and not confrontation. That explained why the negotiations had been held in a relaxed atmosphere. Admittedly, the unofficial discussions which had led to the resolutions adopted by consensus had been long and sometimes arduous, but the consensus reached made it possible to look beyond differences of opinion towards real prospects for fruitful co-operation.

<sup>2</sup> A/9548.

16. The decisions set out in the Programme of Action were not all immediately applicable. More often than not, the Programme merely indicated desirable targets which countries would have to try to achieve through the necessary studies and discussions. Only in the case of the Special Programme did it seek to solve problems arising from the present economic situation. In that respect, the meagre results of the session of the *Ad hoc* Committee on the Special Programme were disappointing. The Council's present task was to ensure the continuity of the efforts made at the sixth special session of the General Assembly, and in that connexion it was faced with a very difficult task of co-ordination. In particular, it would have to establish the necessary links between the Programme of Action and the results of the World Food Conference and the World Population Conference. It would also have to bear in mind the special session of the General Assembly to be held in 1975. For those reasons, it should make an initial assessment without further delay of what had been done and what remained to be done. It might perhaps be useful to set up a preparatory committee to ensure the success of the next special session; the Council might make a recommendation to that effect to the General Assembly with a view to such a committee being established as early as October 1974.

17. The developing countries which had the means to do so should assume their share of responsibility for solving the serious current economic problems, together with the industrialized countries. His own country was fully aware of the need to help other developing countries. Among other things, it had concluded bilateral agreements involving a total amount of \$2,500 million with more than eleven countries for the purpose of helping those countries to overcome their balance-of-payments difficulties and carry out their development projects. Those credits had been granted on favourable terms in the form of long-term loans at very low interest rates. At the international level, Iran had offered a loan of \$200 million to IBRD and announced that it was prepared to offer it another of \$150 million. It was also willing to make a sum of \$700 million available to IMF. Thus, excluding its contributions to various United Nations programmes, Iran's total multilateral aid already amounted to \$1,050 million. Negotiations were also in progress with UNDP with a view to increasing and diversifying the assistance which Iran was supplying to the developing countries through that body, to which it had become a net contributor. His Government had further decided on the early repayment of loans totalling \$1,500 million from various industrial countries, which would consequently have more resources to devote to the developing countries. Bearing in mind also other recent agreements concluded with both developed and developing countries, Iran's development assistance effort amounted to over \$6,000 million.

18. The Special Programme was, in his view, no more than a palliative. The special fund already proposed by his country should be set up without delay: it should be free of political conditions and there should be equal representation of industrialized countries, oil producers and other developing countries. While some delegations had expressed the opinion that no useful purpose would be served by setting up such a special fund, his Government considered it

would in fact be far more valuable than certain other proposals submitted to the Council. In many event, his country was prepared to support the Special Programme, provided that the developed countries, particularly those of EEC, and the oil-producing countries, contributed to it.

19. Lastly, the circumstances were ripe for a genuine revolution in concepts of development. The Economic and Social Council had a very important part to play in that respect for it had to propose to the General Assembly the bold solutions demanded by the new situation.

20. Mr. DAVIES (Secretary-General, World Meteorological Organization) reviewed the activities of WMO during the previous year, which had marked the centenary of the first International Meteorological Congress, held in Vienna in 1873. There had been various celebrations in connexion with the centenary, including a ceremony and a scientific conference organized in Vienna, followed by similar events in Geneva a few days later.

21. He proposed, however, to look to the future rather than to the past. The decisions of the sixth special session of the United Nations General Assembly and the recent discussions in the Joint Meetings of CPC and ACC showed the urgent necessity to look to the future, for otherwise it might be a bleak one. He had carefully studied the Declaration on the Establishment of a New International Economic Order and the corresponding Programme of Action; he was sure that the governing bodies of WMO would fully support them, and that WMO would give every possible assistance within its terms of reference and within the limits of its resources. At the Joint Meetings of CPC and ACC, many representatives had requested that heads of agencies should come forward with suggestions as to what their respective organizations could do to meet the objectives laid down in the Declaration and Programme of Action. Until the governing bodies of WMO had considered the two resolutions, a detailed response to the request was not formally possible, but some useful information could be given immediately.

22. The Programme of Action referred to many aspects of economic progress on which, directly or indirectly, WMO activities had a bearing. They included, for example, the relevance of weather and climate to agriculture, the importance of water resources for virtually all human activities, the need for weather advice for transportation by air, sea and land, the devastation caused each year by tropical cyclones and typhoons and by shortage of rainfall or floods, and the relevance of meteorology in matters relating to atmospheric pollution and ecology. He would briefly recount what WMO had done to meet those various needs, and what it could do in the future.

23. As noted in its report (E/5526), WMO had recently reorganized its activities to group them into four main areas: the operational programme called World Weather Watch; the research programme, including in particular the Global Atmospheric Research Programme, which was being undertaken jointly with the International Council of Scientific Unions; the meteorological applications programme; and the technical co-operation programme. It remained to be seen to what extent those programmes

would need to be adjusted and possibly expanded to meet the aims and objectives set by the sixth special session. It seemed likely, however, that the changes to be made would be in the form of progressive expansion of the present programmes, rather than drastic revisions.

24. For instance, in response to a proposal made by Mr. Kissinger, the United States Secretary of State, at the sixth special session of the General Assembly (2214th plenary meeting), action had been taken to give greater emphasis to studies on possible climatic changes and their effects on world food production. Other proposals for adjustments to the WMO programmes were contained in the programme and budget document to be considered by the WMO Congress the following year; for example, it was proposed that hydrology and water resources should become a separate programme because of the increasing importance of that area of work, and that the technical co-operation programme should be more closely related to the training activities so vital to the developing countries.

25. As an indication of the flexibility WMO was adopting, two of its programmes might be cited as examples: the World Weather Watch and the Global Atmospheric Research Programme. World Weather Watch was a co-ordinated global plan to enable all countries, developed and developing, to derive benefit from the use of satellites, computers and telecommunication systems. World Weather Watch had already done much to help countries improve their national services. In the next few years, the global meteorology satellite system would be further improved by a system of five geostationary satellites. So far, the United States of America and the USSR had been the only satellite-launching countries, but they would soon be joined by Japan and the Western European countries. The satellites supplied information to every country having the necessary read-out equipment, and nearly all countries had installed such equipment, many of them with the help of WMO technical assistance. The WMO satellite programme was an excellent example of modern technology being applied to help the developing countries.

26. The second programme given as an example was the Global Atmospheric Research Programme, for research was one of the points mentioned in the Programme of Action. The Programme was a truly international research endeavour from which all countries would benefit. At present the tropical experiment of the research programme was taking place in the Atlantic Ocean, and considerable numbers of personnel and appreciable technical facilities were involved; some 40 scientific research vessels from 10 countries were making scientific observations, and were thus the largest international fleet ever assembled for peaceful purposes.

27. In addition, specially equipped aircraft were flying the Atlantic skies as part of the same programme, while satellites were also playing a role. Some 3,000 scientists, technicians, sailors and airmen were taking part in that vast enterprise. The equipment was for the most part provided by the developed countries, but the developing countries of tropical Africa, South America and Central America were also playing an important role. The operational centre for the great experiment was at Dakar, and he would like to take the opportunity of thanking the Government of

Senegal for the active support which it had given the experiment and which had been one of the main contributions to its success. From the experiment, much more would be known about the atmospheric processes in the tropical regions of the world, and many developing countries were bound to benefit from that. The two examples mentioned showed that WMO was already conforming to the requirements specified in the Programme of Action.

28. He was confident that WMO would be as responsive to the new Declaration and the new Programme of Action, as it had been to previous proposals and initiatives of the General Assembly and the Council.

29. With reference to the changes which the Programme of Action might entail in the United Nations system as a whole, he said that while recognizing that the present unprecedented economic situation called for a fresh approach, he too, would like to stress the need for avoiding the creation of further agencies or bodies. WMO tried to co-ordinate its activities as effectively as possible with those of the other agencies and United Nations bodies and to co-operate with them, but the process of co-ordination placed a strain upon WMO which it would not like to see increased.

30. Referring to WMO's action in connexion with the disastrous drought in the Sahel region, he said that in reporting to the Council the previous year (1864th meeting), he had mentioned the ways in which WMO was planning to respond to the needs of the countries affected. He was happy to report that good progress had been made. On the basis of a preliminary report by a WMO consultant, a mission led by WMO was at present visiting the seven countries belonging to the Permanent Inter-State Committee on Drought Control in the Sahel. The Mission, which was being conducted jointly with FAO and financed by UNDP – and he would like to take the opportunity of acknowledging the prompt and effective manner in which those two organizations had acted – would present detailed proposals within the next few weeks. The matter was, moreover, being pursued with a sense of urgency, and on the previous day he had had discussions with the Head of the African Regional Bureau of UNDP on further action.

31. The WMO consultant had made several suggestions for climatological, agrometeorological and hydrological studies relating to the drought. They had been endorsed at a meeting held under the auspices of the Permanent Inter-State Committee and steps were now being taken for the necessary follow-up action.

32. The results of those studies should be of great value in economic planning, especially from the point of view of optimum land use, and in developing an improved early warning system of crop failure due to drought. The studies should also serve as models for similar work in other parts of the world which might be affected by widespread and prolonged drought. WMO had worked closely with the United Nations Special Sahelian Office under the leadership of Mr. Morse.

33. It had been suggested that the recent drought in the Sahel might be associated with a change in climate, and

questions were being asked about whether such changes were likely to continue or to occur in other parts of the world, with the risks that would imply for global food production. WMO had already taken certain steps pursuant to Mr. Kissinger's proposals at the sixth special session. The subject was also receiving attention within the research programme previously mentioned, and an international conference dealing with it, for which UNEP was providing valuable financial support, was to be held at Stockholm at the end of the month.

34. Other studies were being made on the probability of occurrence of significant phenomena such as prolonged drought, to help in the application of current weather data in estimating the regional and global yields of major crops, such as wheat. It was therefore only natural that WMO should be helping in the preparation of the documentation for the World Food Conference to be held in Rome in 1974. WMO would also have an important role in the follow-up action after that Conference.

35. As in the past, therefore, WMO, within its field of responsibility and within the limits of its resources, had shown itself responsive to the wishes and proposals of the General Assembly and the Council; it was anxious to respond in a no less full and effective manner to the proposal which had emanated from the sixth special session of the General Assembly, on the establishment of a new economic order.

36. Mr. DUGERSUREN (Mongolia), outlining his delegation's thinking on the international situation, said that it was gratified by the prevailing climate of *détente* and mutual understanding. Mongolia particularly welcomed the recent USSR-United States summit meeting, whose final *communiqué* represented a major advance towards peaceful co-existence and reflected a desire to abandon the arms race. Mongolia was also convinced that the Conference on Security and Co-operation in Europe, which was about to enter its final phase, would lay solid foundations for peace. In addition, an encouraging trend towards normalization was to be noted in Laos, the Hindustan sub-continent and the Middle East.

37. The United Nations should play its role in strengthening the international *détente*. The Economic and Social Council, as one of the principal organs of the United Nations, should duly reflect in its activities the close relationship between the problems of peace and security and the problems of economic and social development. The Council's prestige, and more especially the viability of its decisions, depended on how accurately it grasped the main trends of the contemporary development of mankind. The most important question to be considered related to the international economic situation, which, according to the relevant chapter of the *World Economic Survey, 1973* (E/5486, E/5521 and Add.1-3), was not brilliant in the market-economy countries: crises, inflation, disturbances in the monetary and financial market, unemployment, energy crises and social conflicts were the chronic scourges of the capitalist world. The system was proving incapable of solving the vital problems of economic and social development.

38. The situation in the developing countries had deteriorated. United Nations statistics showed that those countries, which accounted for 70 per cent of the world's population, produced 30 per cent of the world's income and that their share of the world's exports, which had been 28.3 per cent in 1955, had fallen to 18.9 per cent in 1972. Their external debt had also increased and they were among those regions of the world where more than 1,000 million human beings suffered from malnutrition and 800 million were illiterate. In short, the gap between developing and other countries continued to widen.

39. As a result of the profoundly unjust character of the capitalist international division of labour and the consequences of colonialization, the developing countries bore the brunt of the crisis which had occurred in the market-economy countries. That fact, noted by the Heads of State or Government of the non-aligned countries at Algiers, was also referred to in the Declaration adopted by the General Assembly at its sixth special session and which stated that the remaining vestiges of colonial domination, racial discrimination, *apartheid* and neo-colonialism continued to be among the greatest obstacles to the full emancipation of the peoples.

40. His delegation thought that the multinational corporations were at the root of that state of affairs; indeed, the Economic and Social Council had been requested to investigate the activities of the enterprises of those monopolies whose principal purpose was to derive maximum profits from exploiting the developing countries. They had extracted between \$14,000 and \$15,000 million in gross profits from those countries, apart from their earnings from the credit terms imposed and the investments made in those countries. They did not hesitate to interfere in the domestic affairs of States through plots, *coups d'état*, threats and blackmail in order to continue to exploit the countries in which they had established themselves.

41. His delegation urged that immediate measures should be taken to put an end to the activities of those enterprises and commended the Group of Eminent Persons convened to study the role of multinational corporations on development and on international relations for the preparation of a report (E/5500/Add.1) describing their pernicious attitude. It hoped that the Council would study the report thoroughly. There was one point on which his Government took a very firm position, namely the permanent sovereignty of States over their natural resources and their right to nationalize monopoly enterprises.

42. In the Declaration on the Establishment of a New International Economic Order, the General Assembly, in effect, had stressed the need to strengthen the economic independence of the third world and to promote better co-operation among the developing countries. The Economic and Social Council must endeavour to assist those countries in that process. To ensure accelerated socio-economic progress it was imperative fundamentally to transform the existing economic relations; i.e. to adopt effective measures against imperialistic and neo-colonialistic exploitation.

43. The countries of the socialist world, for their part, continued to advance in stability. CMEA, which was now a quarter of a century old, had enabled its members to make considerable progress by applying the principles of mutual respect and fraternal assistance. The industrial production of CMEA members was now 12 times what it had been 25 years earlier; there had been a more than five-fold increase in their GNP and they were producing 25 per cent of the world's income.

44. The relations between the socialist and the developing countries had recently been referred to in the resolution of the jubilee session of CMEA, where it was stated that, in the framework of the general process of alignment between the socialist world and the national liberation movement, the socialist countries would continue to strengthen their co-operation with the developing countries and render assistance in their struggle against imperialism and neo-colonialism. At present, the trade and economic relations between the countries having different economic systems were being developed and broadened. That process, important in itself, was necessary for the creation of a healthy international political climate and for *detente*.

45. The year 1974 was an important one for Mongolia, because it was the fiftieth anniversary of the declaration establishing the Mongolian People's Republic, three years after the triumph of the revolution of 1921. The Mongolian people had succeeded in liberating their country from the feudal and colonialist yoke and in starting out on the road of social and economic development. Formerly a backward country, Mongolia had undertaken a radical transformation of its society, by first liquidating the aftermath of colonialism. Thanks to its people's devotion and toil and to the aid of the socialist countries, Mongolia had been able to introduce far-reaching changes: a new system for the distribution of wealth, the creation of public sectors in the economy, the introduction of a planning system, the expulsion of foreign exploitative capital and the training of skilled personnel. In that undertaking, Mongolia had been able to rely on the aid of the USSR and had rapidly embarked on its socialist development without passing through the capitalist stage. The country was now on the road to industrialization. In 1973, total national output had risen by 7.6 per cent as compared with 1972, national income by 7.7 per cent, the gross volume of agricultural production by 13 per cent and that of industrial production by 8.3 per cent. Thanks to technical assistance from the Soviet Union, Mongolia had established more than 150 enterprises or factories of national importance, and many other enterprises had been set up with assistance from the CMEA countries.

46. In conclusion, his delegation hoped that the Economic and Social Council, in its search for solutions to the important problems before it, would be able to take into account the link between the economic and the political aspects of the problems, together with all the implications of that link.

47. Mr. COREA (Secretary-General, United Nations Conference on Trade and Development) said that the essential concern of the Council at its present session was to follow

up the decisions taken by the General Assembly at its sixth special session.

48. The Declaration and the Programme of Action adopted by the General Assembly, as also the draft Charter of Economic Rights and Duties of States, reflected the profound changes which were taking place in the international community, particularly in the third world, and were a response to those changes, which in a sense were occurring in parallel, at the national and international levels. Just as, in the countries of the third world, the people were seeking more participation in national life, in which they had so far held only a marginal position, so on the international level the countries of the third world were not content any more to remain on the periphery of the world economy. The socialist countries were no longer in a state of isolation. All were seeking to play a new role, not only in the decision-making process but also in the very systems in which the tempo and direction of world events were determined.

49. At both the national and the international level, those changes called for adjustment and accommodation on the part of those who were privileged and well established. Such adaptation in the developed countries had to take place in the context of complex internal problems, but failure to understand the changes and to anticipate the responses needed could only result in frustration, tension and conflict.

50. In the field of international economic relations, there were at least four areas in which structural accommodation was needed. The first was that of trade in primary commodities the pattern of which reflected the historical imperatives of an earlier period. For the bulk of their external trade the developing countries still depended on primary commodities, the income from which barely ensured a subsistence wage for the workers producing them, and on forms of market organization carried over from the past. That situation had to change, for it was inconsistent with the direction of change, and particularly with the growing presence of the third world in the global economy.

51. The tendency so far had been to see the commodity problem largely as a problem of instability. The problem, however, went beyond simple question of cyclical variation. It was one of how to modernize and rationalize the whole field of commodity production and trade so as to ensure an adequate and a rising standard of living for its participants, and particularly for the workers. That was why the solution to be sought should encompass not only the stabilization of the commodity market but also problems of marketing, processing, investment and financing.

52. The new approach should not be seen as exploiting the consumer by making him pay exorbitant prices. Fears had been expressed about the formation of producer cartels which would fix prices. On many markets, however, there was already a high degree of concentration on the buyers' side, and a better balance of forces would be assured if producers collaborated to counteract that concentration. The outcome could well be a more equitable price, rather than a monopolistic price, and a better organization of markets.

53. In that new context, commodity agreements as envisaged in the past would no longer suffice. In addition to measures for export regulation, appropriate provision would have to be made for the creation of multi-commodity buffer stocks, for the overhauling of marketing systems, for long-term bilateral and multilateral contracts, for programmes of commodity diversification and processing and, to the extent to which those measures proved to be inadequate, for schemes of compensatory financing.

54. The prices of some commodities had recently reached high levels, often under the effects of short-term, ephemeral forces. Many products had not shared in those increases. The prices of a number of commodities had already begun to fall because of a slackening in the tempo of expansion of the developed countries. Unless timely action was taken, therefore, countries dependent on the sale of commodities might experience serious difficulties, including those which depended on the products whose prices had risen.

55. Moreover, because of the inflationary process prevailing in the industrialized countries, the developing countries might see a steady erosion of the purchasing power of their exports. There was at present no built-in mechanism to safeguard the terms of trade of primary producing countries in the face of that inflationary process. The establishment of such safeguards should be part of any new approach.

56. To the extent that the present world food situation called for programmes of stock-building and price stabilization, such programmes could form an integral part of a new commodity policy.

57. Lastly, there was the concern of consumers over the volume and regularity of supplies. Rationalization in that field would make it possible to achieve a convergence of interests between producers and consumers. In the industrialized countries, schemes of self-sufficiency and withdrawal from markets were costly solutions compared with the results of a rational commodity policy based on international co-operation.

58. The second potential area of change was that of economic co-operation among developing countries, which should be strengthened. In the long run, the new economic order would certainly not maintain and intensify the largely "bi-polar" relations now prevailing between the third world and the developed countries. Trade between the developing and the developed countries admittedly needed to be strengthened and transformed, but new relationships among the countries of the third world as their consumption expanded and their production capacity grew should also be expected. Indeed, the evolution of those relationships was an important aspect of the concept of collective self-reliance. Moreover, the scope of those relationships could well extend beyond the limits of regional co-operation schemes. Trading and other exchanges might be established on a much wider canvas, but they would require a new institutional framework and new facilities.

59. The broadening of those relationships might extend beyond the field of trade. For example, the oil-exporting countries of the third world were for the first time in

possession of substantial financial resources which needed secure and attractive investment outlets. For the present, such outlets were largely available only in the developed countries, but it was possible to envisage the establishment in the third world itself of investment outlets which went beyond the concept of aid and emergency assistance and provided the security and returns expected from such operations. The financing of commodity stocks was one possibility in that realm, but there were others. The investment of those new resources in the developing countries could result in a new pattern of trade in which the trade deficits of the industrialized countries with the oil-exporting countries could be matched by surpluses in the trade of the industrialized countries with the rest of the third world.

60. The establishment of new relationships amongst the developing countries should not weaken the urgent need for the expansion of their trade with the developed countries. The scale and pattern of that trade needed to be transformed, with a growing emphasis on the export of manufactures and of processed primary products from the developing countries. Those questions should naturally loom large in the forthcoming multilateral trade negotiations.

61. The third area of change was that of technology. The developing countries needed to have access to the immense storehouse of technological knowledge and to acquire, adapt and utilize such knowledge. To do so, however, they had to surmount considerable obstacles because of restrictive practices, high costs and unequal relationships. The market for technology was extremely concentrated and highly imperfect. According to UNCTAD estimates, the direct cost of technological transfer to the developing countries in 1968 had been around \$1,500 million, or about three-fifths of the annual flow of direct private foreign investment, including reinvestment. That cost was expected to reach about \$9,000 million at 1968 prices by the end of the 1970s if the targets of the Second United Nations Development Decade were to be attained. The indirect costs were even higher. The transfer of technology was likely to become even more important in the period ahead, and much remained to be done in that field. UNCTAD had already tackled the revision of the national and international patents system and the establishment of an international code of conduct on the transfer of technology. Although that problem and the question of restrictive business practices went beyond the subject of transnational corporations, they were closely linked with it. He hoped that UNCTAD work in that field would be of continued value in the context of any new arrangements for dealing with the subject of transnational corporations.

62. The fourth area referred to the monetary and financial sector. As had long been urged in UNCTAD, the developing countries were now taking a growing part in decisions on the reform of the international monetary system and positive results in that direction had already been achieved, but much remained to be done. Final agreement had not yet been reached on the establishment of a link between SDRs and additional development assistance. Moreover, major reforms in the international monetary system had yet to be agreed upon. It was

important to ensure that those reforms were not introduced in a piecemeal fashion, that they led to a universal system, and that the fullest attention was given at all times to the requirements of the developing countries in the international monetary order.

63. Another major problem was that of external indebtedness, aggravated for a number of developing countries by the current economic crisis and for them at least remedial measures had become a matter of the greatest urgency. The possibility of adopting new approaches in that respect was now being studied by a group of governmental experts convened under UNCTAD auspices. The concepts and mechanisms of development assistance were also likely to change in the period ahead.

64. Meanwhile, the problem of emergency assistance for countries at present in acute difficulty had arisen. As required by the Special Programme adopted by the General Assembly, UNCTAD was collaborating in the emergency operations being carried out in that field under United Nations auspices.

65. UNCTAD had for long been concerned in the various areas to which he had referred. The Programme of Action adopted by the General Assembly had given a new impetus and a new sense of direction to UNCTAD work, UNCTAD would, as requested by the General Assembly, play its full part in implementing those parts of the Programme that fell within its responsibility, several of which strengthened the objectives which UNCTAD was already pursuing. Others included fresh elements on which new work needed to be done.

66. In August 1974 the Trade and Development Board was to examine the implications of the Programme of Action for UNCTAD activities. It would give special attention to the elaboration of an integrated approach to commodity problems and to the strengthening of UNCTAD activities, including data collection and monitoring, in the following fields: the development of international trade in raw materials, the indexation of the prices of primary products to the prices of manufactures, the code of conduct on the transfer of technology and the general issue of the interdependence of problems and policies in such areas as money, trade and development.

67. He was confident that, in carrying out its task of co-ordination and of laying down a policy framework, as envisaged in the Programme of Action, the Economic and Social Council would thereby succeed also in strengthening the political will to secure results. The momentum generated by the sixth special session of the General Assembly would thus be continued and accelerated at the current Council session up to the crucial meetings of the General Assembly in 1975. Those events could pave the way for a constructive and creative fourth session of the United Nations Conference on Trade and Development in 1976.

68. Mr. CORKERY (Australia) stressed the exceptional urgency of the economic problems arising from changes in the balance of payments of many countries, the scale of world-wide inflation and changes in the international

monetary situation. The United Nations were rightly concerned with the implications for the less prosperous and the developing countries.

69. The Australian Minister for Foreign Affairs had recently identified several areas which he thought should be the priorities for Australia in the 1970s. The first was the need to develop a system of collective economic security. His delegation supported the essentially dynamic view of such a system expressed by the representative of Brazil (1901st meeting). True security could not be found unless there was significant progress in the material and social well-being of the peoples of the developing countries.

70. One of the main factors determining Australian foreign policy was the need to establish machinery which would make possible an acceptable restructuring of the world economic order. In that connexion, the Australian Minister for Foreign Affairs had called for a re-appraisal and re-orientation of development aid, stressing that the developing countries wanted attention focused primarily on the terms of trade and on the working out of a system which provided for a more equitable relationship between their income from raw materials and other resources and what they had to pay for manufactured imports.

71. The concept of collective economic security reflected the interdependence of the international community, which was more evident than ever in the world economy. That interdependence was already clear from the fact that all countries were producers and consumers, and exchanged between themselves goods and technology, services and experience. Interdependence was now considered in a broader framework, however: in conformity with the spirit of the United Nations Charter and in the interests of the various countries, it involved seeking ways of taking into account in national policies the effects of the policies and the interests of other countries.

72. In the view of his delegation, there were four principal issues before the Council at its current session, namely on-going tasks and activities arising out of the consensus at the sixth special session of the General Assembly; the draft resolutions introduced at that session which had been referred to the Council for further consideration; multinational corporations; and preparation for the special session of the General Assembly to be held in 1975. Those questions could be more appropriately considered in committee.

73. The Australian Government regarded the sixth special session of the General Assembly as an important event in international relations and as a step towards defining a new relationship between the developed and developing countries. It was true that Australia had expressed reservations about some aspects of the Programme of Action, but that did not imply that Australia had any reservations regarding the central purpose of the Declaration and Programme of Action – the establishment of a new international economic order. The two documents were an expression of a desire for change and a recognition that such change was overdue. As such, they were of major political significance. It was now for the States Members of the United Nations to translate them into economic reality. A good start had been



made in that respect with the Charter of Economic Rights and Duties of States.

74. The sixth special session of the General Assembly had also revealed the need for a wider range of consultation between Member States on common economic problems. The new international economic order would have to take into account the special problems and attitudes of all countries. Care must be taken to avoid the danger of adopting resolutions which over-simplified problems and which were unlikely to fit the circumstances of all Member States.

75. In recent years, the international community had been transformed, largely through the emergence of newly independent nations, but it had shown some inertia in adjusting international economic relations to the new situation thus created.

76. The task of implementation and co-ordination entrusted to the Council demanded energy, innovation and clear-headedness, for it was a matter of ensuring that the United Nations had the operational capacity to give effect to the will of the international community as expressed at the sixth special session of the General Assembly. His delegation agreed with the United States representative (1901st meeting) that the existing machinery of the United Nations required a complete re-examination.

77. The Council was responsible for preparing the way for the 1975 special session of the General Assembly. That session, taken together with the sixth special session, the review of the International Development Strategy and the work of the Council, should not only serve to promote the international economic co-operation provided for in the United Nations Charter but also give clear guidance on practical measures.

78. The report of the Group of Eminent Persons dealt with a subject to which the Australian Government attached great importance, for Australia was both the home and the host country of transnational corporations. The report required much deeper study than had been possible in the brief period during which it had been available. At first sight, it appeared to be a valuable contribution to a study of the activities of transnational corporations. His delegation hoped that it would be only the first step in a comprehensive programme to be undertaken over the years to come.

79. The Group proposed the establishment of additional institutions and machinery for dealing with the complicated questions which it had been asked to study. Such proposals required careful examination. There was unquestionably a need for further information and research on transnational corporations, but the matter should be dealt with one step at a time, and some reflection was required before final decisions were made on the machinery to be established. Above all, it was important that relationships should be established between countries and multinational corporations for the purpose of facilitating the access of countries to the capital, skills and technology which they required. A most important consideration was the terms of such access.

In Australia's view, the terms must give full recognition to the rights and interests of the host country.

80. Lastly, Australia considered that all States had the obligation to act responsibly to preserve the environment for future generations; that was one of the more obvious fields for manifestation of the interdependence of nations. His delegation therefore wished to express the concern and regret of the Australian Government over the nuclear tests in the atmosphere and underground which had been conducted by Governments with which it wished to have only the closest relations. The Australian Prime Minister had reaffirmed on 25 June 1974 that the Australian Government was opposed to nuclear weapon testing by any country in any environment. Australia continued to urge the nuclear Powers to devote the maximum efforts to the achievement of a comprehensive test ban treaty.

81. It was Australia's firm belief that every effort must be made to strengthen the Treaty on the Non-Proliferation of Nuclear Weapons. All countries which were not yet parties to the Treaty should take immediate steps to ratify or accede to it. The Australian Government earnestly hoped that negotiations among the great Powers and agreement in the international community would lead to an over-all reduction in nuclear and other armaments and would also reduce the use for defence purposes of valuable resources which could be employed in tackling the urgent economic problems before the Council at its current session.

82. The circumstances in which the developing countries currently found themselves and which they could not change solely through their own efforts severely limited their area for choice in many ways. Australia was unwilling to accept such a situation. Faced with the major issues which confronted the world of to-day, it was resolved to pursue practical policies designed to bring about the necessary and desired changes.

83. Mr. PATHMARAJAH (Observer for Sri Lanka), speaking at the invitation of the President, said his country was in a serious plight because of the tremendous increase in the prices of the essential goods it had to import, such as foodstuffs, fuel and fertilizers, while the prices of its exports – mainly tea – had not increased to anything like the same extent; in fact, Sri Lanka's export earnings were static or even declining, while its import costs had quadrupled or quintupled. The country was thus prevented from importing sufficient quantities of non-essential goods, such as materials needed for its industrial development. Because of its carefully planned distribution network there was no starvation or immobility, but the country was on the verge of crisis. It could hardly be otherwise, since the gap between import costs and export earnings which in 1973 had been 287.5 million rupees, had reached 1,636.7 million rupees in 1974. Essential goods (flour, fertilizers, rice and crude oil), which in 1973 had represented 53 per cent of total imports, accounted for 73 per cent in 1974. That was because between 1973 and 1974 the price of rice had increased by 160 per cent, that of flour by 170 per cent, and in the same period that of crude oil by 300 per cent, which meant that expenditure on the purchase of rice and flour had been about the same as the cost of crude oil purchases.

84. At its sixth special session, the General Assembly had recognized that situation, common to many developing countries, and had suggested the adoption of a Special Programme, contingent upon the resources being made available to the Special Fund to be established for the purpose. Unfortunately, those resources were slow in materializing, but the firm pledge by the Netherlands delegation to contribute \$30 million to the Special Fund was most commendable. The EEC had promised to contribute \$500 million if other countries were prepared to play their part. There was a deplorable reticence on the part of countries in a position to contribute to the Special Fund, whereas a little timely help would improve the lot of people in such countries as Sri Lanka, which were seeking only sufficient food and fuel for survival.

85. The Executive Secretary of ECAFE (1905th meeting) had referred to the Colombo Declaration adopted by the Commission at its thirtieth session which specified certain urgent priority requirements, such as food, energy, raw materials, and external financial resources. In view of the set-back suffered by the "green revolution" in Asia due to the high price of fertilizers, the Prime Minister of Sri Lanka had suggested, at the opening of that session, the creation of a world fertilizer fund; that proposal had been embodied in ECAFE resolution 142 (XXX). Subsequently, at the sixth special session of the General Assembly, New Zealand had co-sponsored with Sri Lanka the proposal for a fertilizer pool which had been adopted by the Council at its spring session in resolution 1836 (LVI). The two proposals were complementary.

86. After receiving a favourable report from the expert group appointed to advise him on the subject, the Executive Secretary of ECAFE had fully supported the proposal to set up an independent world fertilizer fund, emphasizing that, because of its size and complexity, the fertilizer problem necessitated a separate approach.

87. The Executive Secretary of ECWA had in turn pointed out that that entire region urgently needed water and fertilizer for food production and agricultural development. In his delegation's opinion, the Council should ensure the early establishment of the proposed fund.

88. At its eighth session, the Industrial Development Board had adopted a resolution regarding the implementation of the decisions of the sixth special session of the General Assembly (E/5545), requesting that UNIDO should provide assistance within the limits of its competence, to the emergency measures to be undertaken under the Special Programme for improving the economic situation of the developing countries most seriously affected, in order to reduce to a minimum their dependence on industrial products such as fertilizers which they had to import at high cost to ensure adequate food production.

89. It remained for the world community to show the necessary political will to permit early action of the various proposals concerning fertilizers, and it was to be hoped that the Council of FAO, which was to take up that question at its forthcoming special session, would take the necessary speedy action.

90. It should nevertheless be borne in mind that, although those were urgent, priority matters, it was still necessary to consider the long-term problem of industrial development, whether based on agriculture or on non-agricultural raw materials. It was surprising that during the general discussion in the Council no mention had been made of UNIDO's work, of the action taken at the eighth session of the Industrial Development Board, or of the recent discussions in the Committee for Development Planning concerning the industrialization of developing countries. A new, just and rational international division of labour offered an appropriate answer to the problem of industrial development; it would be feasible only if all countries, developed and developing, recognized that they were part of a whole and that any country's poverty was a threat to prosperity everywhere. However, as stated in the report of CDP (E/5478), industrialization was not an end in itself, but only a means of achieving other, more basic objectives. Ultimately, it was a question of solving the problems of mass poverty, unemployment and general backwardness. That would be an appropriate development strategy for the years ahead.

91. The ILO, to which the Council had assigned a catalytic role in the efforts of the United Nations system to deal with the problem of mass poverty and unemployment, had unanimously adopted a resolution calling for worldwide action to tackle the problem of unemployment, which was the root cause of mass poverty and general backwardness. It was to be hoped that the ILO would be encouraged to take such action.

92. For countries such as Sri Lanka, where employment had been affected by the high cost of essential imports, there were obvious links between employment and development, and between earned or transferred resources and employment and development.

93. He hoped that the Secretary-General's appeal would be heeded. The international community should enter into positive commitments if it wished to avoid a permanent division between rich and poor countries. That was what the entire United Nations system should strive for, and the Council had an important role in that endeavour.

*The meeting rose at 5.50 p.m.*