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President : Mr. M. KLUSAK (Czechoslovakia).

Present :

Representatives of the following States: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Gabon, Guatemala, India, Iran, Kuwait, Libya, Mexico, Morocco, 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, Argentina, Australia, Austria, Brazil, Bulgaria, Chile, China, Denmark, El Salvador, Greece, Iraq, Israel, Italy, Japan, Netherlands, New Zealand, Poland, Portugal, South Africa, Spain, Tunisia, United Arab Republic, Yugoslavia.

Observers for the following non-member States: Federal Republic of Germany, Holy See, Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Universal Postal Union.

The representative of the International Atomic Energy Agency.

In the absence of the President, Mr. Rahnema (Iran), Vice-President, took the Chair.

AGENDA ITEM 7

Report of the Industrial Development Board
(E/4385 and Corr.1)

(*resumed from the 1500th meeting and concluded*)

1. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization) said that

the Council's discussion had made a better preparation of UNIDO's programme of work possible. For example, it was now acknowledged by all that the Organization could not confine its activities to the technical assistance field and that it should also undertake some studies and research in which it should play the part of an exchange centre. He expressed optimism with respect to the co-ordination of the activities of United Nations bodies. That co-ordination should include both research and studies and work in the field. UNDP played and should continue to play a decisive role in that connexion, for it had the responsibility of approving the financing of the various technical assistance activities.

2. He then recalled the circumstances in which it had been decided to hold the International Symposium on Industrial Development at Athens in November and December 1967. The General Assembly had fixed that date only in 1966, by its resolution 2178 (XXI); the Symposium had previously been postponed several times owing, amongst other things, to the second session of UNCTAD, which had initially been scheduled for 1966. UNIDO had already arranged four regional symposia on industrial development in preparation for the International Symposium; they had been held in Asia (December 1965), Africa (January 1966), the Middle East (March 1966) and Latin America (March 1966). In keeping with the provisions of the aforementioned resolution, it had taken all necessary steps so that the Symposium might take place, as planned, in November and December 1967. For instance, the secretariats of UNIDO, the specialized agencies, the regional economic commissions and other international bodies had already drawn up 125 documents to be submitted at the Symposium, 90 of which had already been distributed to Governments and all participants. By the end of June, 130 documents had been received from various Governments, and 68 of those had already been distributed. To date, then, a total of more than 250 documents had been received, more than 150 of which had been circulated among the participants. The remaining documents would be distributed in the coming weeks. UNIDO had also taken steps to establish an industrial promotion service concurrently with the Symposium. The service was described in full in memorandum 5, which would soon be transmitted to Governments. The Organization had further decided to send special missions to some countries to consult with the Governments concerning the Symposium and the promotion service. Some of those had already gone. UNIDO had initiated detailed discussions with the regional economic commissions, the specialized agencies and the Economic and Social Office at Beirut concerning their participation in the Symposium; those bodies had undertaken to send high-ranking offi-

cial. UNIDO had assumed some financial obligations and legal responsibilities for the organization of the Symposium. Since the Industrial Development Board had recommended that the Symposium be arranged and had approved its agenda and rules of procedure, UNIDO, the regional economic commissions and the specialized agencies had allotted considerable resources to its preparation.

3. UNIDO expected that the recommendations and conclusions of the Symposium would be of great help to it in mapping out its programme of work for 1968 and 1969. The regional economic commissions and the regional symposia—in which all the developing countries had participated—had based their recommendations on the assumption that the International Symposium would take place. Another postponement would diminish the utility of the results achieved in the regional symposia and expected from the International Symposium. He pointed out that under the resolution adopted by the General Assembly, the secretariat was obliged to arrange the Symposium for the appointed date. He thanked the various delegations that had made extremely constructive suggestions, in particular with respect to the arrangement of formal or informal discussions.

4. Mr. ZOLLNER (Dahomey) said that his delegation had always staunchly approved such a Symposium in principle and was grateful to Greece for having offered to be the host. His delegation was deeply concerned about the difficulties mentioned during the discussion and hoped, for the sake of the Symposium's success, that they would be quickly overcome. It proposed, therefore that the Council should adopt the following recommendation:

“The Economic and Social Council recommends to the General Assembly at its twenty-second session to give priority to the consideration of the various factors affecting or likely to affect the International Symposium on Industrial Development, in the light of the debates in the Economic and Social Council at its forty-third session.”

5. Mr. BILLNER (Sweden) thought that the suggestion encouraging contacts between delegations to the Symposium was extremely constructive and would enable the participants to concentrate on the practical problems of special importance. If that suggestion was to be put into effect, practical steps would have to be taken to ensure the availability of rooms, language services, etc. His delegation therefore requested that the Executive Director do everything in his power to make the most efficient and practical arrangements possible for informal meetings of the participants in the Symposium.

6. Mr. ATTIGA (Libya) pointed out that the United Nations had taken twenty years to decide to concern itself with the question of industrial development. It was important that activities in that field should not undergo further delay. His delegation feared that the Dahomean representative's proposal might give the impression that there were many difficulties to be surmounted; it hoped that the words “the various factors affecting or likely to affect the Symposium” would be replaced by the words “certain arrangements for the

convening of the Symposium”. He also asked the Executive Director of UNIDO whether putting the question before the General Assembly would not result in delaying the Symposium.

7. Mr. ZOLLNER (Dahomey) said that, in his opinion, the wording proposed by the Libyan representative and his own were equivalent. He saw no reason why the Council should not adopt either one; his only concern was to ensure the maximum chances for success for the Symposium.

8. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization), replying to the Libyan representative's question, said it was difficult to say how much delay such a step might entail. In order to avoid all delay, he suggested that a sentence be added to the recommendation adopted by the Council, pointing out that the UNIDO secretariat remained bound by existing resolutions to continue its preparations for the Symposium with a view to convening it on the appointed date.

9. Mr. FORTHOMME (Belgium) said that he, too, would like to be assured that the Symposium would be a success. He was somewhat disturbed by the figures supplied by the Executive Director concerning the number of documents submitted. Many of the experts who were to take part in the Symposium also had to attend the second session of UNCTAD and were experiencing serious difficulties in carrying out both tasks at the same time. In the circumstances, it was by no means certain that the participating countries would be as well prepared as the secretariat, particularly since only a few of the documents would be available in the languages of the countries concerned. The Belgian delegation hoped that by the forthcoming session of the General Assembly the Executive Director would be in a position to state that no new difficulties would arise in addition to those which Member States were already having to face. The General Assembly should examine the question from the beginning of its session to ensure that the Symposium took place on the scheduled date.

10. Mr. TZIRAS (Observer for Greece), speaking under rule 75 of the rules of procedure, said he regretted that Greece was not a member of the Council; otherwise, its representative would have tried to prevent the debate from degenerating into polemics alien to the matter in hand, namely the holding in Athens, in accordance with a formal agreement between the Secretary-General and the Greek Government, of the International Symposium on Industrial Development. To fall in with the views of certain delegations whom the Greek Government had not the good fortune to please would be to render meaningless the principles of peaceful co-existence with countries having different political and social systems and to interfere in Greece's internal affairs. If such a course were adopted, many objections might be raised at the whim of ideology against the choice of any country. It was surprising that the Council had not flinched before the enormity of the paradox, specially since such objections had been raised by countries which were not exactly

havens of liberty. The Council should weigh the immediate and future consequences of any change in the venue of the Symposium, since such a decision would create an extremely dangerous precedent for which it would bear full responsibility.

11. Mr. BURGOS (Panama) said that the appeals to realism frequently addressed to small countries also held good for the great Powers, which had to respect the sovereignty of others. The Council should condemn interference in the internal affairs of any other country and should avoid all discrimination in that respect. It had not the right to disregard the agreement between the Secretary-General and the Greek Government, an agreement which had been ratified by the General Assembly and constituted a freely contracted obligation. It could amend that agreement only in defiance of the United Nations Charter. Panama was one of the countries which had proposed that the Symposium should be held in Athens as a tribute to the universality of Greek culture. The fate of so glorious a civilization was not dependent on the political events that had taken place in the last few months. Panama would vote in favour of holding the Symposium in Athens.

12. Mr. BRILLANTES (Philippines) said that he doubted whether the Dahomean proposal met a real need. There seemed no reason to request the General Assembly to take new measures concerning the Symposium. Any resolution adopted in that connexion by the Council would at least have to note with satisfaction the preparatory work successfully done by the Executive Director of UNIDO, and ask the Secretary-General to take all the steps necessary to ensure the success of the Symposium.

13. The PRESIDENT suggested that the Council might adopt a resolution taking note of the report of the Industrial Development Board and transmitting it to the General Assembly for examination. The Dahomean proposal could be incorporated in that draft resolution if the Council so wished.

14. Mr. ZOLLNER (Dahomey) said that in making his proposal he had intended to request that the recommendation should be included in the Council's report, but saw no reason why it should not be incorporated in a draft resolution.

15. Mr. QURESHI (Pakistan) said that if it were made the subject of a Council resolution, the recommendation proposed by Dahomey might give the impression that the Council had reservations about holding the Symposium in Athens.

16. Mr. BRILLANTES (Philippines) asked what the Dahomean representative meant by "various factors affecting or likely to affect the Symposium".

17. Mr. ZOLLNER (Dahomey) replied that his delegation was concerned solely with ensuring the success of the Symposium. Nobody disputed the fact that the General Assembly would have the final say in the matter; his delegation had therefore thought it useful to request the

General Assembly to consider it. Since the word "factors" seemed to bother some delegations, the text of the proposal might be amended as follows: "The Economic and Social Council recommends to the General Assembly at its twenty-second session to give priority to the consideration of the arrangements made to ensure the success of the International Symposium on Industrial Development, in the light of the debates in the Economic and Social Council at its forty-third session."

18. Sir Edward WARNER (United Kingdom) recalled that under the terms of paragraph 225 of the report of the Industrial Development Board (E/4385), the Executive Director had already undertaken to submit to the twenty-second session of the General Assembly an up-to-date account of arrangements for the Symposium. Consequently, the Council could confine itself to requesting the Executive Director to refer that report to the General Assembly for consideration at the beginning of its twenty-second session.

19. Mr. BRILLANTES (Philippines) said that the Council would be better advised to base itself on the text of its resolution 1188 (XLI), concerning the report of the Trade and Development Board. If the General Assembly were to re-examine the matter, the opening of the Symposium could not but be delayed.

20. Mr. BURGOS (Panama) agreed with the observations made by the United Kingdom and Philippines' representatives.

21. Mr. ZOLLNER (Dahomey) said that his delegation would not insist that its proposal be put to the vote. It merely wanted the Council to inform the General Assembly, in whatever manner it wished, of its desire that the question of the Symposium should be examined as early as possible at the twenty-second session.

22. Mr. POZHARSKY (Union of Soviet Socialist Republics) thanked the Executive Director of UNIDO for the work he had done to ensure the success of the Symposium. Unfortunately, however, the success of that meeting did not depend entirely on the secretariat and Executive Director of UNIDO. The Dahomean proposal therefore deserved the Council's attention, even though it did not entirely reflect the views of the Soviet delegation. With regard to the factors likely to affect the success of the Symposium, the question of which countries would participate—and that would of course depend on where the Symposium was held—was obviously a matter of some importance. Soviet research workers would not take part in the work of the Symposium if it took place at Athens, and other countries would probably adopt the same attitude. The General Assembly should concern itself with the political difficulties raised by the choice of Athens—difficulties which would be removed if the Symposium were to take place in another capital, preferably Vienna.

23. The Greek observer was not in a very good position to give lessons in democracy to other countries. He would do better to tell the Council which of the Greek members of the Symposium preparation committee were still at

liberty today. The enthusiasm displayed by the Panamanian and Philippines' representatives with regard to Athens was rather surprising. It might be that, for some, considerations of a touristic nature took precedence over demands of conscience. That would never be the position of the Soviet delegation. It was not a question of interfering in the internal affairs of Greece; the Greek Government was free to imprison whomsoever it pleased. Those matters had been raised simply because the Symposium was to be held in Athens. But the holding of an international conference—which the official Press would present as a vote of confidence in the régime—in a country living under emergency laws, might give rise to reservations.

24. Mr. KADLEC (Czechoslovakia) thanked the Executive Director for the most useful information he had given concerning the preparations for the Symposium.

25. The Czechoslovak delegation had already stated before the Council its position as regards the effect which the political climate prevailing in Greece might have on the Symposium, but after the abusive statement by the Greek observer, it felt bound to re-state its position. It would have welcomed any proposal designed to enable the secretariat to overcome the difficulties of preparing the Symposium at a time when UNIDO was establishing itself in Vienna. In any event, it was prepared to support any decision whereby the Council would adjourn the examination of that question and re-open it at leisure at the beginning of the General Assembly session.

26. Mr. POZHARSKY (Union of Soviet Socialist Republics) proposed that the Council should invite the Executive Director of UNIDO to study the possibility of organizing the Symposium at UNIDO headquarters and to submit a report thereon to the General Assembly at its twenty-second session.

27. Mr. TETANG (Cameroon) said that the Dahomean proposal was a compromise which left open the possibility of negotiations; as such, it should be approved by members of the Council.

28. Mr. ZOLLNER (Dahomey) proposed that his recommendation should be framed as follows: "The Economic and Social Council recommends the General Assembly to consider early at its twenty-second session such additional information as the Executive Director of UNIDO may provide concerning the state of preparation of the International Symposium, with a view to ensuring its success" Such a recommendation would simply add a note of urgency to what was already stated in the report of the Industrial Development Board.

That proposal was adopted.

29. Mr. POZHARSKY (Union of Soviet Socialist Republics) said that, to avoid complicating the discussion, he would not insist on his proposal; however, he would request that mention should be made in the record of his wish that the question of holding the Symposium in Vienna should be examined as thoroughly as possible in the report of the Executive Director of UNIDO.

30. The PRESIDENT suggested that the Council should adopt a resolution taking note of the report of the Industrial Development Board on its first session and transmitting it to the General Assembly for consideration at its twenty-second session.

It was so decided.

AGENDA ITEM 5

External financing of economic development of the developing countries

- (a) International flow of capital and assistance (E/4327, E/4366 and Add.1, E/4371 and Corr. 1, E/4375 and Corr.1, E/4408)
- (b) Promotion of private foreign investment in developing countries (E/4274 and Corr.1 and Add.1-2, E/4293 and Corr.1 and Add.1)
- (c) Outflow of capital from the developing countries (E/4374 and Corr.1 and Add.1)

REPORT OF THE ECONOMIC COMMITTEE (E/4424)

31. The PRESIDENT invited the Council to consider the Economic Committee's report on agenda item 5 (E/4424) and to vote on draft resolutions I to IV contained in paragraph 23 thereof.

I. EXPORT CREDITS AND DEVELOPMENT FINANCING

Draft resolution I was adopted unanimously.

II. TAX REFORM PLANNING

Draft resolution II was adopted unanimously.

III. TAX TREATIES BETWEEN DEVELOPED AND DEVELOPING COUNTRIES

32. Mr. RAIMONDI (Observer for Argentina), speaking in accordance with the provisions of rule 75 of the rules of procedure, said that the establishment of the working group mentioned in the operative paragraph of draft resolution III would be a very constructive measure for the development of the Third World countries. Argentina strongly hoped that, if the Council decided in favour of establishing the working group, an Argentine expert would be invited to be a member.

33. Mr. BLAU (United States of America) recalled that some delegations, among them his own, had abstained in the vote by the Economic Committee (431st meeting) on the draft resolution under consideration. In order to reach unanimous agreement on a matter which necessitated the co-operation of all countries, both developed and developing, he proposed that the operative paragraph be replaced by the following text,¹ which had been drawn up after painstaking consultations:

"1. Requests the Secretary-General to set up a balanced *ad hoc* working group consisting of government experts and tax administrators acting in their personal capacity, both from developed and developing

¹ Amendment circulated later as document E/L.1186.

countries and representing different regions and tax systems, with the task of exploring, in consultation with interested international agencies, ways and means for facilitating the conclusion of tax treaties between developed and developing countries, including the formulation, as appropriate, of possible guidelines and techniques for use in such tax treaties which would be acceptable to both groups of countries and would fully safeguard their respective revenue interests;

“ 2. *Requests* the Secretary-General to submit to the Council a report on the progress of the group's work after its first session.”

34. If that amendment was adopted, his delegation would, after a separate vote on parts of the preamble, support the draft resolution.

35. Mr. CHADHA (India) welcomed the United States proposal, but for the sake of simplification suggested replacing, in operative paragraph 1, the passage “ways and means for facilitating... techniques for use in” by the following text:² “... ways and means of formulating appropriate tax treaties between developed and developing countries with a view to providing guidelines and techniques for use in...”.

36. Mr. GREGH (France), supported by Mr. ATTIGA (Libya), proposed that, in view of the importance of the question, consideration of the two amendments be deferred until the following meeting, when translations would have been issued in the other working languages.

It was so decided.

IV. INTERNATIONAL FLOW OF CAPITAL AND ASSISTANCE

37. Mr. GREGH (France) recalled that his delegation had abstained in the vote on draft resolution IV in the Economic Committee; it could not support the draft unless it was clearly understood that, in such a field, Governments would retain control over their own decisions. With that proviso, his delegation would agree to vote for the draft resolution.

² Amendment circulated later as document E/L.1187.

38. His delegation wished, however, the last paragraph of the French text to be amended to read:

“... *de considérer qu'augmenter à nouveau les ressources de l'AID constitue une question hautement prioritaire*”, in order to make it correspond more exactly to the English version.

That amendment to the French text was adopted.

Draft resolution IV was adopted by 22 votes to none, with 2 abstentions.

39. The PRESIDENT proposed that the Council should approve the Economic Committee's suggestion, contained in paragraph 10 of the report, that a decision on the Dahomean draft resolution concerning the promotion of private foreign investment in developing countries (E/AC.6/L.369) should be postponed until the resumed forty-third session.

It was so decided.

40. The PRESIDENT drew attention to paragraph 22 of the report of the Economic Committee (E/4424), which said that the Committee had, without objection, noted with appreciation the documents submitted to it on the subject of the flow of resources to developing countries and had expressed the hope that the Secretary-General would continue to work on the problems in question in the light of Council resolution 1183 (XLI) and report to the Council at its forty-fifth session. If there was no objection, he would consider that the Council subscribed to that statement.

It was so decided.

41. Mr. ATTIGA (Libya) said that he approved the report and recommendations of the Economic Committee, but hoped that the secretariat would do its utmost to complete the task by making a study of the flows of capital from the developing countries to the developed countries.

42. The PRESIDENT said that the secretariat would take due note of that request.

The meeting rose at 1.15 p.m.