



**ECONOMIC AND SOCIAL COUNCIL**

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Resumed Forty-third Session  
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*President:* Mr. Milan KLUSÁK  
(Czechoslovakia).

*Present:*

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

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

Observer for the following non-member State: Switzerland.

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

Adoption of the agenda (E/L.1191)

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

*It was so agreed.*

Organization of work

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

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

*It was so agreed.*

AGENDA ITEM 1

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

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

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

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

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

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

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

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

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

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

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

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

session of UNCTAD would make significant progress towards that goal.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<sup>2/</sup> See Official Records of the General Assembly, Twenty-second Session, Second Committee, 1109th meeting, para. 9.

<sup>3/</sup> Ibid., Twenty-second Session, Annexes, agenda item 38, document A/C.2/237.

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

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

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

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

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

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

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

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

*It was so agreed.<sup>4/</sup>*

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

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

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

<sup>4/</sup> The complete text of the statement made by the Secretary-General of UNCTAD was circulated as document E/L.1192.

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

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

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

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

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

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

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

*The meeting rose at 12.45 p.m.*