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*President:* Mr. Jerzy MICHALOWSKI (Poland).

*Present:*

Representatives of the following States: Australia, Brazil, Colombia, Denmark, El Salvador, Ethiopia, France, India, Italy, Japan, Jordan, Poland, Senegal, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Yugoslavia.

Observers for the following Member States: Austria, Bulgaria, Canada, Czechoslovakia, Greece, Hungary, Indonesia, Israel, Netherlands, New Zealand, Norway, Pakistan, Philippines, Romania, Spain, Sudan, Thailand, Ukrainian Soviet Socialist Republic.

The observer for the following non-member State: Republic of Korea.

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

The representative of the International Atomic Energy Agency.

## AGENDA ITEM 3

**Question of a declaration on international economic co-operation (E/3467, E/3579 and Add.1-5, E/L.899, E/L.937, E/L.942) (*continued*)**

1. Mr. KAKITSUBO (Japan), supported by Mr. VIAUD (France), requested the United Kingdom representative to circulate to the members of the Council the table her delegation had prepared comparing the draft declaration submitted by the Soviet Union (E/3467) with previous United Nations resolutions on international economic co-operation.

2. Miss SALT (United Kingdom) said that she would do so if the members of the Council so desired.<sup>1</sup>

3. Mr. RODRIGUEZ LARRETA (Uruguay) said that Uruguay, as a small country, considered international economic co-operation a vital necessity and therefore supported the basic idea and many of the specific provisions of the Soviet Union draft declaration. He noted,

<sup>1</sup> The table was subsequently circulated as document E/L.944.

however, that the draft declaration had changed in character since the time of its original submission to the General Assembly at the fifteenth session;<sup>2</sup> at that time, it had been a general and fairly limited proposal, whereas it was now a formal document with a preamble and eight articles. Moreover, the various amendments that had been proposed served to make the draft more weighty and complex and the Council would therefore require more time to consider it.

4. Furthermore, as the United Kingdom representative had said, much of the content of the draft resolution already appeared in other United Nations instruments, some of which had more authority than a resolution of the Economic and Social Council. The Charter of the United Nations had devoted an entire chapter, chapter IX, to the subject of international economic and social co-operation; the General Assembly had adopted a series of resolutions embodying the same principles as the draft declaration, in particular resolutions 1515 (XV), 1707 (XVI) and 1710 (XVI); and the Council itself had adopted resolutions on the subject. In that connexion, his delegation would be happy to have a copy of the comparative table to which the United Kingdom representative had referred at the previous meeting.

5. For those reasons, his delegation wondered whether there was any need for a new general statement of principles, which might merely weaken already adopted principles and complicate the process of their interpretation. It seemed to his delegation that it would be of far more practical value if the Council decided upon a series of concrete measures of international economic co-operation, since there was usually a considerable gap between declarations of principles and their implementation. In that regard, he suggested that the Council might study the individual points made in the draft declaration and decide on the concrete measures by which they could be put into effect.

6. Nevertheless, although his delegation considered the adoption of a new general statement of principles to be neither useful nor desirable, should the majority of the Council think otherwise, it would co-operate to the utmost in order to ensure the adoption of the best possible text.

7. Mr. LEWANDOWSKI (Poland) said that the success of the recent session of the United Nations Committee on the Peaceful Uses of Outer Space, which had been due to the recognition by the participants of the importance of the principles of peaceful coexistence

<sup>2</sup> See *Official Records of the General Assembly, Fifteenth Session, Annexes*, agenda items 12, 29 and 74, document A/4648, para. 48.

and of the sovereign equality of States, and to their desire to gain mutual benefits through co-operation, offered a valuable precedent for the Council's consideration of the problem of international economic co-operation. There was a pressing need for a mature approach to that problem since in recent years certain political events had upset the pattern of world trade. A series of economic measures, ranging from customs barriers to embargoes on the trade of countries holding divergent political views, had been put into effect and their harmful results were evident in the present world economic situation. As the Managing Director of the International Monetary Fund had said at the Council's 1192nd meeting, in no case had any country failed to benefit from the introduction of greater freedom of trade. Moreover, there was an obvious need for agreement on certain rules of conduct in international economic relations.

8. His delegation was grateful to the Soviet Union delegation for having submitted a draft declaration which suggested ways of solving the various problems. The number of amendments and suggestions which had been submitted to that proposal was evidence of the interest which it had evoked in the Council. It seemed to him that there was already a consensus of opinion in the Council on some important elements of the draft declaration.

9. The draft declaration required the Council to make a critical appraisal of the state of present-day international economic relations and recommended that international economic co-operation should be based on principles that for some might require a departure from the economic policies and practices they had followed for generations. That would clearly not be easy, but it was essential if full meaning was to be given to the United Nations Charter and if the United Nations was really to be an instrument for bringing the nations closer together. The United Kingdom representative had said that consideration of the draft declaration would merely be a repetitious exercise; he could not agree, for it was surely essential that the Council should concern itself with the existing conflict in world economic relations, the serious effects of which were undoubtedly fully apparent to that representative.

10. Moreover, the draft declaration on international economic co-operation differed from all resolutions hitherto adopted by United Nations organs in that, first, it codified in a single document the most important principles of economic co-operation; secondly, it formulated those principles more concisely and precisely; thirdly, it embraced all the most important aspects of world economic relations; and, fourthly, it not only affirmed generally recognized principles but also aimed at the gradual elimination of all obstacles to the normal development of economic relations.

11. The need for such an instrument as the draft declaration, which could become an active international instrument influencing the course of world relations, became even more apparent in the light of some contemporary economic facts. One such fact was the increasing role played by the socialist States in the world economy; those States were now producing more than one-third

of the total world industrial output, and if their present rate of growth continued they might very well account for one-half by 1965. In such circumstances, economic coexistence between the socialist and the capitalist countries was an absolute necessity for a balanced growth of the world's economy.

12. The present situation was far from satisfactory. There was a marked discrepancy between the share of the socialist countries in world production and the volume of their trade with the capitalist world; moreover, despite signs of possible improvement, East-West economic exchange was handicapped by prohibitive duties, embargoes and other such restrictions imposed by some Western States. The draft declaration included provisions which would eliminate those discrepancies.

13. The integration processes, which year by year were gaining an ever increasing momentum, were basically sound if they reflected the need for closer economic ties. On the other hand, they could lead to the breaking of ties with third countries, with serious losses for all concerned — particularly if they concealed political designs harmful to other States. Recent events confirmed the fear of many countries that such organizations as the European Common Market were pursuing a policy of preferential customs duties and intensified agricultural protectionism, to the detriment of countries outside such organizations.

14. He recalled that General Assembly resolution 1710 (XVI) on the United Nations Development Decade was sub-titled "A programme for international economic co-operation", thus reflecting the deep conviction of Member States that such co-operation remained one of the most effective means of assisting the less developed countries. It was clear that the Soviet draft declaration could play a vital part in the Development Decade.

15. The newly independent countries, whose number was constantly growing, were determined to overcome their backwardness and to join the family of nations; for such countries a decline in foreign trade would entail the economic and social consequences of growing unemployment, whereas a radical improvement would mean full employment and a stimulated rate of development. The losses suffered by the primary producing countries as a result of market fluctuations and deterioration in the terms of trade had been the subject of several economic surveys, which showed that despite some economic resurgence in the highly developed Western countries, the price index had been declining steadily for some years. A stabilization of prices through economic co-operation would certainly result in an increase in the volume of trade in raw materials; the less developed countries could use the additional funds thus obtained to accelerate their rate of growth, diversify their economy, improve their agriculture and proceed with industrialization.

16. The development of the backward countries could also be aided by economic assistance from outside; article 5 of the draft declaration (E/3467) laid down the basic principles which should regulate the provision of such assistance. Those principles, if adopted, would create a favourable climate for the receipt of economic

assistance, which would no longer be subject to changes in the political atmosphere or to expediency.

17. In the conditions of the modern world, all countries should unite their efforts to achieve their common ends. It was true that the general principles of international economic co-operation were embodied in the Charter; the world was changing rapidly, however, and lest those principles should be found to be too general, they must be given precise interpretations in the light of the present and future needs of the world. That was exactly what the Soviet draft declaration endeavoured to do.

18. Mr. VIAUD (France) observed that in introducing the draft declaration the Soviet representative had sought to make peaceful coexistence between States with different political and social systems the keynote of his delegation's initiative. "Peaceful coexistence", however, was surely implicit in Article 1, paragraph 3, of the Charter, according to which one of the purposes of the United Nations was "to achieve international co-operation in solving international problems of an economic, social, cultural or humanitarian character". The introduction of a new principle emphasizing the differences between the political and social systems of various countries might appreciably reduce the area of international co-operation. Moreover, he was not sure that "peaceful coexistence" meant the same thing to everybody. If the spirit of the Charter were to be universally observed, there would be no need to express its principles again in a new and unwonted form. As the Jordanian representative had observed, international co-operation did not depend on texts so much as on intentions. His delegation was therefore of the opinion that in the present circumstances a declaration on international economic co-operation would be both superfluous and untimely.

19. His Government's reasons (see E/3579) for that conclusion were already known to the Council. In the first place, such a text would duplicate the provisions of the Charter concerning the principles of international action, as also those of General Assembly resolutions 1515 (XV) and 1710 (XVI) concerning the application of those principles.

20. In the second place, the draft declaration set out to regulate economic relations between industrialized countries with different systems in terms which were incompatible with obligations under international agreements to which Member States had already subscribed. With regard to the differences of interpretation between the planned-economy countries and the free-trade countries, he recalled the observation of the United States representative that the most-favoured-nation treatment was a privilege and not a right. If there were obstacles to the development of economic relations between the two groups of countries, they should be referred to a body competent to deal with them, such as the Economic Commission for Europe, which could be asked to define such basic concepts in terms acceptable to both sides. Unless it was based on a universally accepted code of commercial practice, the Soviet draft declaration might well give rise to new misunderstandings and thus defeat its own ends. He pointed out that his Government's

doubts about the usefulness of the declaration were shared by other delegations.

21. While he felt that the foregoing considerations were sufficient to justify outright rejection of the Soviet Union proposal, his delegation had a number of detailed observations to make concerning the text of the draft declaration (E/3467). Article 2 referred to subregional economic organizations in terms which expressed suspicion of such organizations rather than a real desire for co-operation. As far as the European Economic Community was concerned, it must be emphatically stated that its objectives were not to prejudice the interests of third countries but to intensify the economic relations among its members, at the same time promoting trade with countries outside. In that regard, the text submitted by Denmark, Italy and the United States in amendment 9 (E/L.937) was nearer the reality than was the Soviet Union text.

22. Article 6 seemed even further from the spirit of international co-operation. Nobody disputed the sovereign right of States to dispose of their natural resources in accordance with their national interests, but should they not also take into account the interests of the international community? Nobody disputed the exercise of such a right within reasonable limits, but there was a certain international morality, going beyond any written agreement, to which everyone had a duty to conform.

23. Turning finally to article 4 and the problem of primary commodity prices, he agreed that it was desirable to eliminate the sometimes violent price fluctuations and to stabilize the export earnings of the primary producing countries. Those countries, however, also needed guaranteed outlets at remunerative prices — a concept which did not appear in the Soviet Union text; it did appear in amendment,<sup>11</sup> although it was not sufficiently emphasized.

24. The three-power amendments (E/L.937) were based upon an understanding of international economic relations similar to that of his Government; if, therefore, a text had to be adopted, his delegation would favour that drafted by those three Powers. His delegation, however, still doubted the desirability of continuing the discussion at all; an article-by-article examination dominated by the search for compromise could not but endanger the balance and the clarity of the three-power text.

25. Mr. FRANZI (Italy) welcomed the moderate tone adopted by the Soviet Union delegation in introducing the draft declaration, in marked contrast to its attitude the previous year. He reiterated his Government's view that a declaration on international economic co-operation was not necessary at the present time; the fact that Italy had joined Denmark and the United States in drafting amendments to the draft declaration should not be taken to mean that his Government's position had changed.

26. His delegation had studied with great interest the comments by Governments on the draft declaration (E/3579 and Add.1-5); it was remarkable that only nine

of those replies had been favourable to the declaration and that very few replies had been received from the Governments of less developed countries, whose interests the declaration purported to serve. In any case, the replies had come for the most part from members of the Council.

27. Nevertheless, since in resolution 1710 (XVI) the General Assembly had invited the Council to accelerate its examination of, and decision on, principles of international economic co-operation, his delegation had seen fit to take part in the discussion and to submit amendments to the draft declaration to bring it into line with the provisions of the Charter and previous resolutions on the subject. He had nothing further to add to what the United States representative had said at the 1199th meeting in introducing the three-power amendments (E/L.937), which were the result of several days' intensive consultation.

28. Mrs. WRIGHT (Denmark) said that her country could not maintain its high standard of living and support the United Nations programmes of assistance to the developing countries without the resources derived from its active participation in international trade. It had therefore studied with interest the Soviet Union draft declaration, especially the part dealing with world trade. Denmark was always ready to discuss realistic methods of increasing trade co-operation between all countries of the world, irrespective of their economic and political systems.

29. The problems of developing East-West trade, however, were more likely to be solved by discussion within the Economic Commission for Europe than by the adoption of a declaration of general principles. The question of improving trade relations between developed and developing countries had, as the Indian representative had pointed out, already been adequately dealt with in General Assembly resolution 1522 (XV). Her Government considered that resolution very important and the Danish Parliament had just adopted legislation to put it into effect.

30. The inclusion in the draft declaration of the principle of the most-favoured-nation treatment was unrealistic. State trading could render such a principle valueless. The draft declaration advocated the gradual removal of artificial trade restrictions. In that respect, there was a fundamental difference between the Western and Eastern countries: the restrictions applied by the former — customs tariffs, import duties, subsidies — were tangible and computable; those applied by the latter were concealed by the system of State importing. The declaration stated that the formation of subregional economic organizations should not prejudice the interests of third countries. To some extent, such groupings would inevitably have that effect at first, but in the long run they would help to liberalize world trade and thus benefit all countries.

31. If the draft declaration was to be of any use, it must reflect common ideals. It could not serve such a purpose if its wording was equivocal. The Council would not promote real economic co-operation by adopting high-sounding language and words which might mean

different things to different people. The fact remained that every country belonged to certain economic groupings and was bound by certain international agreements, such as the General Agreement on Tariffs and Trade. If the Council must adopt a general declaration on the principles of economic co-operation, its language should be clear and its contents generally acceptable.

32. Mr. WALKER (Australia) outlined the terms of the communication sent by the Australian Government to the Secretary-General on 29 January 1962 (E/3579) on the question of the proposed declaration on international economic co-operation. Australia still shared the doubts expressed by several delegations on the appropriateness or desirability of a declaration at the present time. It was preferable to discuss specific and concrete problems rather than attempt to formulate general principles. In any case, as the Indian representative had pointed out at the previous meeting, the subject was adequately covered by existing United Nations documents (for example, General Assembly resolutions 1515 (XV) and 1710 (XVI)) and by action under GATT.

33. Referring to the USSR draft (E/3467), he said that it was far from being a comprehensive declaration on international economic co-operation. It was primarily an expression of some principles on two specific problems in the field of international co-operation not envisaged in the Charter. One problem was how to strengthen co-operation between States with different systems, the other was the problem of developing co-operation between different levels of development. Nobody would object to attempts to solve those problems but they opened a wide field for discussion and were not adequately covered in the present declaration. Hence, the Australian view that if it was considered necessary by the Council to adopt a set of principles, those should be in the form of a resolution rather than a declaration. There were many other important resolutions on the general subject of international economic co-operation which should not be over-shadowed by new resolutions at that stage.

34. Although the present formulation was inadequate, he said he was inclined to resist the temptation (unless he was instructed otherwise) to insert provisions to cover factors concerning other important problems in co-operation, such as dumping and agricultural protectionism, which could hamper international co-operation and cause serious difficulties.

35. Referring to article 2 of the draft resolution (E/3467), he expressed a reservation on the clause relating to subregional economic organizations. He said that Australia was greatly interested in the Common Market and was continually in discussion with friends, members of it. Australia was of course concerned that its own trading interests should not be prejudiced, but the wording of that article might suggest that the European Economic Community was organized and directed against third parties. That implication he could not support. In discussions with members of the Common Market, Australia had found understanding of its problems and it looked forward to further constructive discussions.

36. He concluded by saying that if the Council felt that a resolution on economic co-operation was necessary, Australia could go along with the amendments proposed by the three Powers (E/L.937). Those amendments qualified and made more acceptable the text of

the USSR draft. The Australian delegation was rather attracted by some of the Indian suggestions (E/L.942). Those would need more study.

The meeting rose at 12.40 p.m.