



ECONOMIC AND SOCIAL COUNCIL

Tuesday, 22 July 1969

FORTY-SEVENTH SESSION

at 10.10 a.m.

OFFICIAL RECORDS

PALAIS DES NATIONS, GENEVA

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President: Mr. SCHEYVEN (Belgium).

AGENDA ITEM 7

Regional co-operation:

- (a) Reports of the regional economic commissions and of the United Nations Economic and Social Office in Beirut (E/4639 and Add.1, E/4640, E/4641, E/4651 and Add.1, E/4659, E/4726);
- (b) Report on the meetings of the executive secretaries (E/4709)

1. Mr. STANOVNIK (Executive Secretary, Economic Commission for Europe), introducing the annual report of ECE (E/4641), said that ECE had reshaped its long-term work programme and modified its methods of work so that it was better fitted to meet any new priority requirements. The ECE programme had been drawn up on the basis of four major priority goals: the development and expansion of trade (particularly East/West trade), co-operation in science and technology, the preparation of long-term projections and plans and the solution of problems of the human environment.

2. At its twenty-fourth session, ECE had decided that the time had come to take stock of what had been done so far and to see what steps could be taken to promote intra-European trade. It had also asked him to prepare an analytical report on the state of intra-European trade. Further, it had been agreed to give increasing attention to the less developed countries of Europe. It was often thought that the members of ECE were all developed countries, but, if an annual *per capita* income of \$600 was taken as the determinant, one-third of Europe would fall into the category of developing countries.

3. Within the large priority areas it had adopted, ECE had also singled out some specific priorities: industrial co-operation, new activities in the chemical industry, mechanical engineering and automation, standardization and water resources.

4. As for the preparations for the Second United Nations Development Decade, which were uppermost in

the Council's mind, he wondered how the work programme of ECE could fit in with the general efforts of the Organization. When the plans had been made for the first Development Decade, the basic objective had been a 5 per cent annual rate of growth of the gross national product; and when ways of achieving that rate of growth had been considered, it had been realized that there would be a trade gap.

5. The annual growth rate of the exports of developing countries to developed countries during the 1950s had actually been 3.4 per cent, while the projections constructed by the Secretariat had implied a growth rate of 3.6 per cent during the 1960s. To bridge the trade gap of \$20 billion, UNCTAD had calculated that that growth rate should be 6 per cent *per annum*. The 1 per cent financial transfer target had not been reached. The trade policy measures contemplated to bridge the gap had never been adopted; nevertheless, the real rate of export growth for the developing countries had been 6.3 per cent. The growth rate in the developed countries had averaged 5.2 per cent during the first Development Decade, instead of the 4.2 per cent on which the forecasts had been based.

6. The projections made for the Second Development Decade showed that an increase in the growth rate of only one-half of 1 per cent, which was the increase visualized for the developing countries during the 1970s, would mean over \$10 billion more in exports for the developing countries. In other words, the growth rate in the developed countries had important effects on the growth rate of the developing countries. The Second Development Decade should be a development decade for all, and growth in the developed countries was relevant to the growth of the developing countries.

7. The European countries had been experiencing two decades of almost uninterrupted growth. During those two decades, the gross output had more than doubled; *per capita* income had almost doubled, consumption of electric power had increased from 440 kWh *per capita* to 2,200 kWh, and housing construction had risen from 3.4 to 8.4 units per 1,000 inhabitants. During the same period, agriculture had begun to be based more on capital than on labour, and it seemed that the European economy was becoming a service economy. That rapid quantitative growth did not, however, give a true picture of the qualitative aspects of economic life. The idea of "external economies" was well known, but not enough was said about "external diseconomies". The modern economy used technology in such a way that it increased waste, which was discarded into the sea, the air and the general environment at the rate of five tons *per capita* every day.

8. ECE was aware that its view of the economy must be very comprehensive and that it must take account of social as well as purely economic factors. It had decided that in the decades to come much attention should be devoted to the problems of the human environment. The area covered by ECE contained 80 per cent of the world's technological resources, and thus also produced 80 per cent of the waste. Even before the Council had considered holding a conference on that problem in Stockholm, ECE had decided to deal with it in depth, not so much to define it, for it was already sufficiently well known, but to find specific solutions. For more than a decade human environment problems had been dealt with by ECE and its subsidiary bodies. Thus, the Steel Committee and the Coal Committee had been concerned with air and water pollution, and the Timber Committee with pollution provoked by the paper industry. ECE had realized, however, that a sectoral approach to those problems was not sufficient and that comprehensive solutions were required to the problems of the human environment. It had therefore decided to convene a meeting in Prague in 1971 to study the institutional problems involved and to examine how planning, scientific research and education could help to resolve environmental problems.

9. A new concept of economics was emerging from all those efforts: it was not enough to consider individual economic returns without also thinking of social economic returns, and the dimension of time must also be introduced into economic thinking. The regional economic commissions, which were centres of initiative, must ensure that a new approach was used in dealing with methodological questions so as to resolve the problems created by the intensive but disorderly momentum of technological advance.

10. The problems of science and technology also required a new approach. The contribution made by science and technology to economic and social growth was tremendous. For instance, such phenomena as the advent of the electronic computer and its increasing use (there had been 23,000 in use in 1963 and there would be 100,000 in 1970) and the rapidity with which the most advanced innovations were applied in industry indicated that there was no special compartment for science but that it was part and parcel of the economy and was being integrated into the economic apparatus. An international organization for co-operation, such as ECE, would fail in its duties if it did not take into consideration the problems connected with science and technology.

11. ECE intended to examine in depth the application of science and technology to economic and social development. That new approach raised two very important problems: science forecasting, and the transfer of technology. ECE had made projections of European demand for wood, iron ore and so on. Those sectoral projections were particularly important for the world economy as a whole and made it possible to frame long-term policies. ECE was also trying to intensify the transfer of technology. Technology, however, had to be compatible with

the economic mechanisms in the recipient country concerned, or what in medical parlance was known as "rejection" would occur. ECE was mainly concerned with the transfer of technology between East and West, in other words, between countries with different institutional structures. Its findings might be applied to the transfer of technology from the developed to the developing countries, which were not as homogeneous as might be thought.

12. Most of ECE's efforts, however, were devoted to promoting trade, particularly East-West trade. In 1953, the total exports of the West to the East had amounted to some \$600 million; in 1969 they were approaching \$5 billion. That figure was constantly rising and, for the last fifteen years, the average compound rate of growth had been 14.6 per cent *per annum*. Many obstacles, however, remained to be overcome. East-West trade might be greatly facilitated if emphasis were placed on the notion of reciprocity of opportunities rather than of concessions. The distance between the two notions was not great. Practical problems also hampered the expansion of East-West trade; for example, export promotion, marketing and standardization.

13. ECE's reconsideration of long-term trends in the European economy led to a number of conclusions. After being concerned with analysis for two decades, ECE must henceforth adopt a trans-sectoral, synthetic approach to such problems as environment, over-all planning, the application of technology, the strategy of growth and the qualitative elements of growth. Secondly, the dynamism of economic growth was such that flexible methods of work should be adopted. Otherwise, there was danger that methods of work would become rigid where they should be constantly made to conform to the needs of the moment. Finally, investments should be moved away from those sectors of the economy where the law of diminishing returns had started to operate and into other branches of the economy.

14. In conclusion, he suggested that the reorganization and reconsideration of ECE's programmes and methods of work had made it a more efficient instrument of international co-operation, especially for countries having different economic and social systems and different levels of development. ECE would thus be able not only to help European countries cope with their problems but also to make an appropriate contribution to the Second Development Decade.

15. The PRESIDENT drew the Council's attention to part III of the ECE report, which set forth, among the resolutions adopted at the twenty-fourth session of ECE, resolution 4 (XXIV), entitled: "Simplification and standardization of documents and procedures in international trade". In operative paragraphs 2 and 3 of that resolution, ECE drew the Council's attention to the practical value of the work of simplification and standardization of procedures and documents for inter-

national trade; and to the desirability of co-ordinating that work on a world basis, and of strengthening the existing technical function of the secretariat to further that aim. In that connexion, ECE invited the Council to consider the establishment of secretariat arrangements for an effective co-ordination of the relevant activities with the work of ECE.

16. He also drew the Council's attention to section XII of the report on the meetings of the executive secretaries of the regional economic commissions held in 1969 (E/4709). The Council would certainly take note of the fact that the executive secretaries, meeting under the chairmanship of the Under-Secretary-General for Economic and Social Affairs, had already discussed that matter.

17. U NYUN (Executive Secretary, Economic Commission for Asia and the Far East), introducing the annual report of ECAFE (E/4640), wished to speak first of the economic situation of the ECAFE region. That situation had considerably improved in 1969 with a continuation of the progress in agriculture which had begun in 1968. In 1968, the rice harvest had been good and wheat production, especially in India and Pakistan, had greatly increased. That result had been largely due to the increased application of science and technology and to the widespread abandonment of traditional methods in favour of a modern system of agriculture. The economic growth rate had become more encouraging. In October 1968, the Expert Group on Programming Techniques had held that it was possible to achieve an average annual growth rate of 6 to 7 per cent in the gross domestic product. On the other hand, the projections for the next decade foresaw a trade gap which might amount to between \$4 billion and \$7 billion by 1975.

18. The recent decline in aid commitment, the increase in debt service charges and the general reluctance of the developed countries to ease the terms of aid or to remove the trade barriers for exports from the developing countries, were all factors which were causing great anxiety among the developing countries of Asia as to their future development plans. On the other hand, the constructive forces which were helping to bring about accelerated development through regional co-operation had never been so dynamic, as evidenced by the speedy establishment of the Asian Coconut Community and by the resolution, adopted in December 1968 in Bangkok by the third Ministerial Conference on Asian Economic Co-operation, for the formulation of an integrated regional co-operation strategy.

19. The year 1968 had been one of fruitful activities for ECAFE. Special emphasis had been given to major projects of regional importance which had encouraged the countries to work together, and to projects which had a bearing on the formulation and implementation of policies by Governments of member countries.

20. With regard to industrial development, many joint ventures, such as those in the iron and steel and petro-

chemical industries, were under examination by the Asian Industrial Development Council. The Asian industrial survey for selected areas in South-East Asia had been started in June 1969 and similar surveys covering other countries of the region were under active preparation.

21. As for the development of natural resources, the work of the Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas had yielded very encouraging results, and it had therefore been decided to set up a similar co-ordinating body for countries bordering on the Indian Ocean. In that connexion, ECAFE had adopted resolution 96 (XXV) concerning mineral resources of the sea, which invited the Committee for the Western Pacific and, in due course, the proposed committee for the Indian Ocean, to consider the role they could play in any international arrangements to be made in the light of the General Assembly resolutions.

22. With regard to water resources development, efforts had been concentrated on the preparation of the amplified basin plan of the Mekong project. In December 1968, the Typhoon Committee had been set up and was being serviced by the ECAFE/WMO joint unit on typhoons.

23. In respect of trade, the ECAFE Trade Promotion Centre had been active in organizing training courses in co-operation with UNCTAD and GATT. Preparations for the second Asian International Trade Fair, to be held in Teheran in 1969 with the participation of over forty countries, were progressing satisfactorily.

24. With regard to transport and communications, much progress had been made with the trans-Asian railway project which was to link Asia with the Middle East and Europe. The joint ECAFE/Japanese survey team had already completed its technical and economic railway surveys in several countries of the region. Continuing co-operation between ECAFE and ITU had led to the establishment of a telecommunication sub-committee. It was also proposed to set up a regional network to link all the countries of the region with modern telecommunication systems.

25. In social development, activities were being increasingly directed towards formulating programmes and policies as an integral part of economic development. The Commission had recommended in resolution 99 (XXV), *inter alia*, the constitution of a working party on social development in the ECAFE region. The secretariat was working on the establishment of a regional training and research centre for social welfare and development. ECAFE had established a population division to carry out its expanded population programme. The public administration programme had been successfully continued. ECAFE had endorsed, at its twenty-fifth session, the proposal for setting up a regional centre for development, administration and follow-up action was under way.

26. Among regional projects, he stressed the excellent progress of the Mekong development project. In

December 1968, the first international transmission of electric power in the lower Mekong basin had been inaugurated. One of the major successes of the Mekong Committee and the co-operating countries had been the completion of financial arrangements for the Prek Thnot project and the Cambodian irrigation project. That committee was directing its efforts to implementing the My Thuan bridge project in Viet-Nam. ECAFE hoped that the international community would contribute generously to that project, which was vital for the development of the country and for preserving freedom of traffic on the Mekong River. The plans for improving the main channel at Pa Mong were taking definite shape.

27. The Asian highway network continued to make good progress. Several sections of the priority routes had been completed. The first Asian Highway Motor Rally, which had been held in April 1969 and would be followed by other similar competitions, had shown that regional co-operation had become a reality. But much remained to be done and he appealed to the international community to help in carrying out that great regional project.

28. The Asian Development Bank, another regional agency, was continuing to play a vital role in the development of the region and had decided to set aside part of its capital for concessional loans. The Asian Institute for Economic Development and Planning had achieved significant success and had exceeded the target set for its training programme.

29. The regional activities financed from technical co-operation programmes continued to form a vital part of the secretariat's task in implementing the ECAFE work programme. At its last session, the members of ECAFE had expressed the hope that funds would be forthcoming to implement various projects drawn up with the assistance of technical co-operation experts.

30. It was, however, necessary to reiterate the need for a more rapid decentralization of functions and responsibilities, both in technical assistance operations and in carrying out, at the regional level, a number of activities of concern to the United Nations family. Arrangements in that connexion had been made with certain specialized agencies through the establishment of joint units within the ECAFE secretariat. At its last session, ECAFE had noted the basic policy position of the United Nations, which had fully endorsed the ideas of decentralization. It had recommended the further development of ECAFE's technical assistance activities and had noted the role of inter-disciplinary projects in formulating regional and sub-regional programmes. It had, in conclusion, expressed the hope that ECAFE's budget and resources would be expanded. It had expressed deep appreciation of the manner in which the programme of work for the coming years had been presented and requested the secretariat to carry forward the good work already done, paying due attention to priorities and other essential factors.

31. It would be seen that ECAFE had launched upon an action phase. The priorities ECAFE had set for the Second Development Decade must not, therefore, be cut back for want of resources. That was the important consideration which ECAFE had had in mind in drawing attention to the need for expanding its resources. He was sure that the Council would give the matter its most careful and sympathetic consideration.

32. The imminence of the Second Development Decade made the current session of the Council especially important. The countries of the ECAFE region were looking forward with a real sense of anticipation to the proclamation of the Development Decade, which might be called the "decade of implementation" and which, they hoped, would usher in a new era for the developing countries. Although the first Development Decade had fallen short of expectations, the countries of Asia were aware of having accumulated a potential for growth which was bound to play a vital role in the forthcoming decade. It was against that background that ECAFE had adopted its resolution 94 (XXV), in which it expressed the opinion that the regional economic commissions had a crucial and decisive role to play in implementing the global strategy of the Second Development Decade.

33. The Asian countries were looking to the developed countries for active co-operation, particularly through the United Nations, its various organizations and agencies, the regional economic commissions and the Economic and Social Council. Without such co-operation, it would be impossible to resolve the urgent problems arising in the field of trade and aid.

34. Mr. QUINTANA (Executive Secretary, Economic Commission for Latin America) introducing the annual report of ECLA (E/4639 and Add.1), said that the results of the economic trends in Latin America in 1968 were reflected in much more encouraging indices than those of 1967 in both the domestic and the external sectors. That improvement had been observed in more countries of the region than had been the case in the past.

35. On the whole, the growth rates of the aggregate product and of industry had increased satisfactorily and the construction industry had grown even more rapidly in most countries of the region. Another outstanding feature had been the significant increase in both exports and imports in 1968. However, although the balance of payments deficit on current account had amounted to more than \$2 billion, it had been covered by inflows of foreign capital. Several countries, including Mexico, Brazil and Chile, had recorded peak figures for their foreign trade. As a result, supplies of goods and services had grown considerably, which had led to an expansion in consumption and investments.

36. The expansion of domestic production and imports had facilitated efforts to curb inflationary pressures. In those countries which had suffered from inflation in the last few years, prices had risen more slowly. However,

those results should be judged against the background of the general economic situation in Latin America and the region's position in world affairs; account should also be taken of the structural obstacles to development that still existed. That had been the approach adopted at ECLA's thirteenth session, at which a broad evaluation had been made of the successes and setbacks of the first Development Decade and consideration given to the outlook for ECLA and its role in the Second Development Decade.

37. One of the outstanding achievements of the first Development Decade had been the progress made in regional integration. Nevertheless, many countries had failed to meet the growth targets they had set in their national development plans or those established for regional co-operation programmes, so that there had been a widening of the gap between Latin America and the developed countries.

38. In the discussion of the region's internal problems, ECLA had focused attention on the following matters: persistence of the unequal distribution of income and wealth; increasingly serious structural unemployment; contrasts between the growth of different regions in each country; backwardness of agriculture; lack of progress in the transport and communications systems; and the slow growth of social services.

39. As a result of its examination of Latin America's external problems, ECLA had concluded that the region would find itself in an even more difficult position at the end of the current decade. Latin America's share in world trade would continue to decline and its need to import manufactures would increase. It was therefore necessary to reach the trade and external financing targets which the various international organizations had set. A source of grave concern was the accumulated foreign indebtedness, aggravated by the scarcity of external aid, rising interest rates, and the practice of tied loans.

40. Latin America must tackle three main economic problems if it was to change the trends of past years. The first was that not enough domestic savings were being generated. A recent study had shown that, if the savings-investment ratio remained unchanged and if no attempt was made to raise the region's annual growth rate to 6 per cent, there would not be enough domestic savings in sixteen of the countries studied to finance the investment required.

41. The second problem was that of the external trade situation and the possibilities of financing enough imports to achieve higher growth rates. The studies undertaken on the subject indicated that imports would have to grow at much the same rate, assuming that the process of import substitution continued, which might be difficult to achieve under prevailing conditions. Unfortunately, there was very little likelihood that export earnings would rise sufficiently to meet those needs. Even under the most optimistic assumptions, exports were not likely to expand as much as imports and there

would still be a sizable potential trade gap, made worse by foreign debt servicing.

42. The third problem was to create sufficient employment opportunities in the coming decade to reduce structural unemployment and to absorb the manpower which became available on the labour market. In its work programme, the ECLA secretariat had paid increasing attention to the current employment situation in Latin America and its future prospects. Some 40 per cent of the population of working age were underemployed, unemployed or vegetating in virtually non-productive activities. The situation might become worse in the next decade, for the labour force would probably grow faster than it had during the previous period. If that manpower were not absorbed, the tensions caused by unemployment would increase, to say nothing of the fact that much of the development potential of the countries of the region would continue to be wasted.

43. Referring to the development strategy for the coming decade, he pointed out that it had been agreed, at ECLA's thirteenth session, that the main objective should be to accelerate the economic and social growth rate. It was clear that the rise in the growth rate must be concurrent with appreciable advances in three particularly significant fields: employment, income distribution and balanced regional development. In the external sector, it was essential to expand and diversify exports and to increase the flow of financial assistance on more favourable terms than hitherto.

44. One prerequisite for achieving those objectives was a substantial rise in savings and investment coefficients. The Latin American countries were convinced that, in order to expedite development, it was necessary to mobilize, on a wider scale, all the human and material resources in various economic and social sectors of high priority.

45. Another key factor in the development strategy for the coming decade was employment policy. In that connexion, a more thorough study must be made of production technologies in the different economic activities in order to decide upon a policy which would make it possible to meet the manpower needs of activities that were of vital importance for economic development and to raise productivity in other sectors, without unnecessarily making the labour situation more difficult or adversely affecting the programmes specifically designed to absorb labour.

46. It must be borne in mind, however, that only a radical change in the conditions of the external sector would make it possible to achieve the internal objectives of a development strategy; the achievement of those objectives was undoubtedly linked with the expansion and diversification of the region's exports, the working out of new forms of external financial and technical co-operation, and the acceleration of regional economic integration.

47. At its thirteenth session, ECLA had taken various decisions on two subjects of special importance: the United Nations programme of action for the Second Development Decade, in so far as it applied to Latin America, and the guidelines for the secretariat's future work.

48. With regard to the Second Development Decade, ECLA had stressed the urgent need for the international community to strengthen and initiate programmes and measures of co-operation to remove the constraints on the development of Latin America. Among the subjects of special interest to Latin America, ECLA had emphasized the expansion and diversification of exports, the improvement of external financial co-operation, the strengthening of national planning systems, foreign private investment, shipping, the transfer of technology, and co-operation with regional centres for scientific development.

49. Furthermore, it had recommended that the secretariat should pay particular attention, in its work programme, to studies, research and advisory services relating to the mobilization of domestic savings, the participation of private enterprise, income distribution, employment, agricultural development, technological progress, the integration of national economies, regional and sub-regional economic integration, the boosting of production for export, the absorption of external financial and technical co-operation, research on natural resources, the continuation of population and social studies, the improvement of statistics and the rationalization of public administration. ECLA had also asked its secretariat to pay special attention to the study of methods and machinery likely to bring about the effective implementation of the various commitments undertaken by the developed countries with regard to their trade with the developing countries. In addition, it had requested the secretariat to lay greater emphasis on the identification and analysis of the internal problems of each country that were hampering the expansion and diversification of exports, with a view to formulating suggestions or presenting proposals to resolve them. Lastly, the secretariat had been requested to continue its collaboration with the *Ad Hoc* Committee on Latin American Co-ordination, in particular by preparing the studies requested of it by that body and taking part in its meetings in an advisory capacity. ECLA was thus collaborating in the definition of the bases for joint action by the Latin American countries in their trade with other countries and regions, particularly the developed countries.

50. With regard to external financial co-operation, ECLA had been of the opinion that such financing should be granted in accordance with national development policies and plans and should not be subject to conditions that limited the recipient country's ability to make basic decisions concerning its economic policy; it had also underlined the need to liberalize external credits, to abolish provisions which tied the use of such products to purchases in specific supplier countries, and to

strengthen genuinely multilateral external financial co-operation.

51. In the last two years, the ECLA secretariat had intensified the demographic work which it had been doing since 1956 in response to the instructions of the Secretary-General and because the special characteristics of population trends in Latin America had added a new dimension to the studies relating to the economic and social development of the region. The secretariat had decided to expand its work on those matters and had drawn up a three-year programme which it hoped would be financed to some extent by the United Nations Fund for Population Activities. Under that programme, it was planned to prepare interpretative studies of population trends in the region in relation to the motive forces peculiar to its economic and social development and to design a conceptual framework within which criteria could be established for practical action.

52. Furthermore, in response to Economic and Social Council resolution 1264 (XLIII) and General Assembly resolution 2361 (XXII), ECLA had decided to dispense with sessions of the Committee of the Whole which had been held biennially in the years when the Commission did not meet. Since it was obliged to submit to the Council once a year a full report on its activities and plans, ECLA had decided to request the Council to include a provision in paragraph 12 of its terms of reference which would take the new situation into account. It had also decided that, whenever an urgent matter arose, the Executive Secretary would be authorized to convene a special session of the Committee of the Whole. Lastly, it had decided to strengthen its Office for the Caribbean.

53. In conclusion, he expressed the hope that the Council would carry out its work relating to the Second Development Decade with all the objectivity and intellectual freedom that it and its member Governments had always demonstrated.

54. Mr. GARDINER (Executive Secretary, Economic Commission for Africa), introducing the annual report of ECA (E/4651 and Add.1), stated that the statistics relating to the economic situation in Africa which ECA had assembled for the *Survey of Economic Conditions in Africa, 1967*¹ had been brought up to date, despite the delay of almost two years in respect of certain sectors, such as national accounting data.

55. The latest *Survey* (E/CN.14/435) contained an analysis of the salient features of African economies and a general examination of economic performance in recent years. It set out the problems in a number of critical sectors such as manpower, education and training, agriculture, industry and the foreign sector. A revised version of the *Survey* contained a review of public finance and an assessment of gross domestic product and related statistics.

¹ United Nations publication, Sales No.: E.68.II.K.4.

56. If the developing countries of Africa were to achieve minimal economic progress, their *per capita* output should grow by at least 3 per cent per annum. However, according to the preliminary estimates presented in the *Survey*, *per capita* product in the two preceding years had been growing by less than 2 per cent a year in twenty-eight African countries, by between 2 and 3 per cent in five countries and by more than 3 per cent in nine countries only. Moreover, 72 per cent of the population of Africa lived in the twenty-eight countries which had registered the lowest rates of growth. Thus economic development in most developing countries of Africa had been rather slow during the first seven years of the first Development Decade; it must be recalled, in that connexion, that the levels had already been very low in 1960.

57. There had nevertheless been some encouraging developments in such sectors as education, industrialization, health, development planning and economic co-operation. Indeed, economic development in the 1960s had been in sharp contrast to the leisurely way in which affairs had been managed prior to independence.

58. In regard to manpower, education and training, rapid progress had been made but qualitative changes conducive to institutional reforms were proving more difficult to effect. The most important improvement needed was in the quality and content of instruction. Thus priority should be given to training teaching staff, to raising gradually the requirements for entering the teaching profession and to the orientation of curricula towards economic development needs.

59. Agricultural output had been expanding somewhat slowly and African agricultural trade with the rest of the world continued to be characterized by a situation in which imports into Africa were growing more rapidly than exports from Africa. The reasons varied from country to country but it was hoped that subsequent surveys would deal with particular problems in detail. Although some African countries had not always paid sufficient attention to increasing agricultural output, it was gratifying that some progress had been made with the establishment of a Rice Research Centre in West Africa which might be the first of a series of multinational research and training centres and a precursor of multinational co-operation in agricultural and animal husbandry, as recommended by the heads of State and Government of East and Central Africa.

60. In most African countries, the rate of growth of industrial output in the 1960s had been significantly higher than the rate of growth of gross domestic product, although the proportion of industrial output in total output was still relatively low, i.e. about 11 per cent. On the basis of preliminary studies, ECA had identified certain specific industrial projects which seemed *prima facie* capable of implementation. The secretariat was selecting the most promising of those projects for the attention of investors and was preparing to promote negotiations with interested African Governments. ECA was also carefully

examining measures for encouraging domestic savings, strengthening implementation machinery, assisting an increasing number of African *entrepreneurs* and promoting small-scale industries. The ECA programme for industry had been submitted to UNIDO and would be put into effect in collaboration with that organization.

61. The unanimous acceptance by the developed countries at the United Nations Conference on Trade and Development of the desirability of establishing a general non-discriminatory and non-reciprocal system of preferences was of considerable importance, even though no agreement had been reached on the features of such a system. Three points were of especial significance for the African countries: reverse preferences; replacing existing preferences by a general system; and the product coverage of the proposed system. On the first point, the African countries held that the developed countries should negotiate among themselves and then propose specific solutions. In respect of the second point, African countries which had so far benefited from special preferences should be compensated. Finally, any new system should be closely related to the productive capacities of all developing countries; in other words, it should cover a wide range of processed and semi-processed products as well as manufactures.

62. Prior to the ministerial meeting of the Group of 77, held in Algiers from 10 to 25 October 1967, the African countries had proposed that special steps should be taken in favour of the least developed among the developing countries; that proposal had been adopted at the Algiers meeting. Since, at its second session, the United Nations Conference on Trade and Development had not taken a clear decision on the matter, the African countries were proposing that the various recommendations in favour of the least developed countries should be dealt with under a special United Nations programme to be instituted at the same time as the Second Development Decade. African persistence on that point was easily explained by the fact that most of the least developed of the developing countries were in Africa. Because of the inadequacy of aid and the special difficulties involved in developing the least advanced countries, however, it was thought in some quarters that international assistance should be channelled towards the most advanced of the developing countries. Nevertheless, subsequent events were bound to give the lie to that argument, in view of the immense natural resources and considerable reserves of the African continent.

63. During the past year, the African countries had continued their efforts towards economic co-operation. In the East African sub-region, Kenya, Uganda and the United Republic of Tanzania had begun to implement the treaty of co-operation which they had signed, and Burundi, Ethiopia, Somalia and Gambia were planning to sign it too. In West Africa, a draft treaty to set up an economic community was being studied. Unfortunately, five of the fourteen countries of the sub-region were not yet parties to the protocol of the agreement which had

been signed. In North Africa, various studies on co-ordinated industrial development were almost completed, and by such means agreement should be secured among the countries concerned regarding selected projects covering the entire sub-region. In Central Africa, the problem of enlarging the Central African Customs and Economic Union to take in the Congo (Kinshasa) in addition to its original five members had still not been resolved, but a meeting was scheduled to be held during the course of the year to deal with that subject, and it was to be hoped that the Central African countries would feel able to take a longer view of their mutual economic relations.

64. The ECA approach towards co-operation was sufficiently flexible to provide for a wide variety of forms of co-operation, and the secretariat was encouraging Governments to enter freely into multilateral or bilateral groupings.

65. In a document entitled "A venture into self-reliance: ten years of ECA, 1958-1968" (E/CN.14/424), ECA had summarized ten years' experience. Under the Berlin Act of 1885, the African continent had been cut up arbitrarily to serve the interests of the administering Powers, while road-building, the laying of railways and the construction of navigable waterways had also been subordinated to the interests of those Powers. The result was that Africa was made up of forty-one independent countries, almost three-quarters of which had fewer than 5 million inhabitants each and domestic markets too tiny for the requirements of modern economics. Education had been neglected by the colonial Powers and did not meet the requirements of economic growth. Thus, whereas independence had considerably increased the policy options open to African countries, the colonial legacy had made the exercise of those options extremely difficult.

66. ECA had adopted as its prime aim that of assisting the African countries to modernize their economies as quickly as possible and thus to play their full part in the world economy. To accomplish that aim, it was essential to reshape the infrastructure to suit the requirements of economic growth, especially by providing effective commercial links between town and country; to rectify the smallness of national markets through economic co-

operation and integration; to provide an infrastructure in education, science, technology, public administration, the utilization of natural resources and the management of industrial and commercial enterprises and, finally, to change socio-economic institutions to facilitate their modernization. The probable effect of achieving those aims would not be an immediate increase in growth rates, but a decisive impact on performance might be expected during the second half of the 1970s.

67. Both OAU and ECA had recommended the establishment of transport networks and telecommunication links among African countries. In order to avoid wasteful duplication such as had occurred in the past, the Co-ordination Committee of the African Development Bank and IBRD, UNDP and ECA had begun to draw up a list of priorities which should facilitate international collective action.

68. At the ninth session of ECA, which had coincided with its tenth anniversary, a series of resolutions had been unanimously adopted, dealing, in particular, with the need to foster a spirit of self-reliance and to strengthen multinational and sub-regional co-operation, to counteract the inadequacies of current trade and aid, to ensure increased participation by member States in the activities of ECA—for which purpose three bodies were to be set up with well-defined terms of reference—and also dealing with the transitional provisions required for the overhaul of the ECA machinery, the intensification of ECA activities in specific projects and, finally, the relations of ECA and OAU. The general intention of those resolutions was to make ECA's operations more effective by increasing the contact between ECA and its member countries and by improving the co-operation between ECA and the other parts of the United Nations system.

69. ECA was satisfied with the achievements of the preceding ten years, but it was not complacent, for it was clear that very few African countries would meet the targets of the first Development Decade. It was equally clear that most African countries lacked a basis for a modern economy. Nevertheless, those countries were determined to make the necessary effort, provided they were helped by the international community.

The meeting rose at 12.45 p.m.