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President: Mr. Raymond SCHEYVEN (Belgium).

AGENDA ITEM 3

Report of the Trade and Development Board (E/4749)

1. Mr. PEREZ-GUERRERO (Secretary-General of the United Nations Conference on Trade and Development) pointed out that the report under consideration,¹ accompanying document E/4749, covered the eighth and ninth sessions of the Trade and Development Board, and the resumed eighth and ninth sessions devoted to consideration of the contribution of the Conference to the Second United Nations Development Decade.

2. Generally speaking it must be admitted that, during the period under review, the Board's activities had not been as fruitful as had been hoped. Nevertheless, it had been possible to take stock of the situation and note the position of the various groups represented on the Board.

3. It was unnecessary to dwell on the situation with respect to international trade and development financing. It was enough to say that it was unsatisfactory. Some progress had been made in international trade, but the developing countries' share had dwindled. That trend had not been counterbalanced by any increase in financial aid, which had remained virtually at a standstill and would have declined if some developed countries had not increased the volume of their assistance.

4. Commodity prices had tended to become stable at relatively satisfactory levels but the absence of the machinery necessary to regularize them could only be regretted. The uncertainty prevailing in that area was aggravated by the monetary difficulties besetting some developed countries and was further complicated by the violence which still reigned in several parts of the world, both within national frontiers and between States. In the circumstances, it was easy to realize that UNCTAD had experienced great difficulties in making headway in the areas of its competence. However, it had continued the work which it had not been possible to complete at New Delhi.

¹ *Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616).*

5. UNCTAD had continued trying to reach an agreement on cocoa, but despite the declared intention of various interested Governments to take all necessary steps to give practical expression to the agreement in principle on the matter, progress was slow. The Cocoa Producers' Alliance had just met and the results of its work were eagerly awaited. Other commodities were still the subject of careful study and two meetings were planned for the near future; one would examine the problems arising with respect to iron ore, and the other, which would be held in London in January 1970, would deal with oil-seeds, oils and fats. In addition, the Committee on Commodities had had some success in dealing with the problems of synthetics and substitutes.

6. Some progress had been made in the diversification of commodity exports, a problem in the solution of which the International Bank for Reconstruction and Development had a certain interest. In order to dispel the uncertainty prevailing in the matter of commodities, UNCTAD's permanent machinery had continued its work on supplementary financing. The Intergovernmental Group on Supplementary Financing had met in July 1969 and the Board had decided² to request the World Bank to work out the arrangements it considered necessary to implement the Group's recommendations. There was every reason to welcome the interest the President of the World Bank had shown in that subject in his statement to the Council at the 1639th meeting.

7. As for financial aid to developing countries, he stressed the necessity of establishing a link between the special drawing rights scheme and development financing. That was a question in which UNCTAD had been interested ever since the idea of creating drawing rights had been advanced. In September 1969, he had convened a group of experts who had reached unanimous agreement on the various methods of establishing the link. The preliminary report of that group had been published unofficially and would be submitted to the Board in February 1970.

8. As a general observation, it must be acknowledged that the target of 1 per cent of gross national product set for the volume of aid was far from having been reached, even with the inclusion of private capital transfers which, as the Pearson Commission had emphasized, did not constitute real assistance. It was absolutely necessary, therefore, to continue work in that field.

9. At its ninth session, the Board had adopted a resolution³ rearranging its time-table for examining the steps to be taken to establish a scheme of preferences in favour of developing countries. Implementation of the original time-

² *Ibid.*, p. 207, resolution 60 (IX).

³ *Ibid.*, p. 209, resolution 61 (IX).

table had been delayed by six months but the news, in that connexion, was not very good, because the countries of the Organization for Economic Co-operation and Development (OECD) were apparently having difficulty in adhering to the time-table they had set for themselves. Still, it must be hoped that that delay would not affect the UNCTAD time-table and that by 15 November 1969 UNCTAD would have the basic documents necessary to enable its Board to take the necessary decisions. There was every reason to hope that the Board would be able to agree on a scheme of preferences towards the middle of 1970.

10. The development of the developing countries required more than just easier access to the commodity markets of the developed countries. The developing countries must integrate their economies by means of regional or sub-regional groupings or at the global level. In accordance with the Concerted Declaration adopted at New Delhi, a meeting was scheduled to be held at Geneva to settle that question. At the ninth session of the Board, consultations had been held on the subject of increasing trade among countries with different economic systems. Efforts in that direction would be continued, but serious difficulties persisted with respect to the access of commodities from developing countries to the markets of developed countries, some of which, contrary to understandings regarding stand-stills, continued to erect barriers against imports of those commodities.

11. The work of the Committee on Shipping was progressing normally.

12. At its ninth session, the Board had not decided on the role UNCTAD should play in the transfer of technology from the developed to the developing countries. He had been invited⁴ to identify the elements for a programme of work which he would submit to the Board at its next session. He had already entered into consultations on the matter with other United Nations bodies.

13. The problem of the least developed of the developing countries continued to arouse the interest of the Organization. It concerned all United Nations bodies and all the specialized agencies. In his opinion a global solution to the problem should not be sought; a practical approach was called for, and account must be taken of the diversity of interests of the countries concerned. At its resumed ninth session, the Board had recommended⁵ that a group of experts should be established to examine the question. It was hoped that the group would be able to start its work before the end of November 1969.

14. UNCTAD had been recognized as a participating organization in the United Nations Development Programme (UNDP) and had taken the necessary steps to play an active role in the execution of various projects, including Special Fund type projects. It was probable that at the next session of the Economic and Social Council he would be in a position to make a fuller report on UNCTAD's activities in that field, because UNCTAD had drawn up an ambitious programme, particularly in export promotion, in which it collaborated with the General Agreement on Tariffs and

Trade (GATT) in the UNCTAD/GATT International Trade Centre.

15. UNCTAD had established close collaboration with FAO, GATT, UNIDO, the Department of Economic and Social Affairs of the United Nations Secretariat and the regional economic commissions. It had also established co-operation with other bodies, particularly those dealing with commodities, such as the International Sugar Council.

16. It had also been tackling the difficult problem of its contribution to the Second Development Decade. No excuses were being offered for the disappointing results, because the problem was one which raised very great difficulties and had political implications of some magnitude. The Board had been intent on defining how UNCTAD would contribute to achieving the goals of the Decade, but it was still being hampered by differences of opinion among its members. The President of the Board and he had been invited to consult the members of the Board on the subject and to submit draft texts to the Board at its forthcoming session. As matters stood, the best that could be done was to take account of past agreements and project them into the future. It was to be hoped, however, that despite the discouraging situation, the Board would be able to formulate a realistic action programme and at the same time project it constructively into the future.

17. The report of the Pearson Commission was indeed highly encouraging to UNCTAD, many of whose activities had been firmly supported in that important document. The report should be a source of inspiration for all United Nations bodies. One interesting point was that the Commission had come to the conclusion that, despite scepticism in certain circles, UNCTAD's efforts had produced fruitful results.

18. Mr. VIAUD (France) said that part of the role of the Economic and Social Council was its duty to ensure that all United Nations organs dealing with economic and social questions worked in harmony. That responsibility was of even greater importance at a time when the preparations for the Second United Nations Development Decade made UNCTAD's participation essential. The difficulties which UNCTAD was experiencing in defining objectives and measures were well known. They arose from the fact that it was part of the machinery of the United Nations and had only the conventional instruments for action at its disposal, i.e., recommendations to member States, whereas the objectives of the first and second sessions of the Conference perhaps implied recourse to the negotiation of international agreements, particularly in the matter of commodities.

19. Resort to negotiations seemed more difficult in other cases. When the developing countries asked the developed countries to enter into binding commitments, they were unwittingly using the device of recommendation as their weapon. That might give the impression that the difficulties were insurmountable and, in fact, it had not been possible to secure spectacular results in the matter of commodities. As for preferences, only slow progress was being made and there was some concern among the developing countries. His delegation had consistently contended that the granting of tariff preferences should be the subject of concerted and concomitant measures, if distortions in international trade

⁴ *Ibid.*, p. 210, resolution 62 (IX).

⁵ *Ibid.*, p. 268, resolution 63 (IX).

were to be avoided. It regretted the delay that had occurred in drawing up the lists of commodities and hoped that OECD would be able in due course to reach agreement on the notification to be submitted to UNCTAD.

20. In the matter of aid for development financing, progress had been made on some specific points, although the volume of aid had levelled off and the terms on which it was given had become less favourable, probably as a result of the scarcity of available capital and higher interest rates. The extremely pessimistic could draw one of two possible conclusions, depending on their individual reactions: either that UNCTAD should become more closely integrated in the United Nations system or that it should become completely detached from it and use methods closer to those employed by GATT. Either alternative would imply that UNCTAD did not have an original role to play in the United Nations system. His delegation believed, however, that despite the difficulties it had encountered and the modest results attained, UNCTAD had a unique function among United Nations institutions. Two facts were sufficient to prove that: firstly, the fact that the resolutions of the first and second sessions of the Conference had induced the developed Western countries to engage in some intensive soul-searching and OECD had a continuing interest in the problems of UNCTAD, and secondly, the consultations on East-West trade which had taken place at the ninth session of the Trade and Development Board. Those consultations were a modest beginning, but his delegation supported the development of such contacts, because it was to UNCTAD's advantage to have the countries of Eastern Europe more closely associated with the goals of the Organization. The conditions required for developing such co-operation were more readily available within UNCTAD and the Trade and Development Board and the role of those bodies was to induce rather than decide.

21. UNCTAD could provide impetus, by means of simple recommendations or qualified recommendations, such as the recommendation adopted in 1964 on the goal of 1 per cent of gross national product, which, in a way, had a greater binding force. It could also resort to the consensus method in a given matter. That method implied preliminary consultations between the principal parties interested in a given question. The Secretary-General of UNCTAD could play a valuable role in that respect.

22. The Second United Nations Development Decade was a significant co-operative undertaking and UNCTAD had for that reason endeavoured to define its contribution precisely. It was to be hoped that the Trade and Development Board would reach agreement at its forthcoming session and lay down the outline of its contribution. Nevertheless, the Second Development Decade was only one episode in the life of UNCTAD, which should not neglect its current trade and aid activities. UNCTAD's continuing day-to-day work should enable it to produce practical results and thus further the goals of the Decade.

23. The Secretary-General of UNCTAD had a unique role to play. He had to be able to determine when a question was ripe for agreement among members, and when a question was not yet ripe and Governments should be invited to reconsider their positions. If the Secretary-General of UNCTAD made that distinction, he would be in

a position to accelerate negotiations between the Governments concerned, and France had every confidence in Mr. Pérez-Guerrero's ability to do that. His delegation was prepared to make its full contribution to the efforts of the Secretary-General of UNCTAD to reconcile the points of view of member States and it hoped that, by using that method, UNCTAD would be able to boast of practical achievements, in both long-term matters and those of immediate interest.

24. Mr. MARAMIS (Indonesia), speaking on behalf of the Group of seventy-seven developing countries which were signatories of the Charter of Algiers, adopted on 24 October 1967, said that the Group was gravely concerned about the difficulties that had arisen in and the obstacles confronting the OECD meeting in Paris in connexion with generalized non-reciprocal and non-discriminatory preferences in favour of the developing countries. The Group deplored the fact that the Trade Committee of OECD had postponed its meeting on the subject, an event which had led some developed countries which might have acted unilaterally to withhold their offer. Five years had elapsed since almost unanimous agreement had been reached on assisting the industrial development of the developing countries. Those efforts had received fresh impetus when the President of the United States expressed his support for a generalized scheme of preferences at the meeting of Heads of States members of OAS held at Punta del Este, Uruguay, in April 1967. It had been unanimously decided at the second session of UNCTAD to establish such a scheme as early as possible. It had also been decided to settle the details of the arrangements during 1969, so that they might come into effect early in 1970. Accordingly, the Trade and Development Board had unanimously agreed on a timetable for considering different aspects of a scheme of preferences. As some developed countries had been unable to adhere to the time-table and submit their offers, a revised time-table had been established at the ninth session of the Board, on the understanding that OECD would transmit the offers of its members to UNCTAD in November 1969, so that the Board's Special Committee on Preferences might settle the details of the arrangements early in 1970.

25. The Group feared that the new developments in Paris might threaten the timely conclusion of the negotiations on preferences and that they might be a symptom of a deep malaise which was threatening to jeopardize the very basis of international co-operation for development. The Group urged the Governments of developed countries to strive to overcome the difficulties which had arisen in OECD, so that it might be possible to conform to the time-table approved by the Trade and Development Board and, in due course, to reach agreement on the most important elements of the international development strategy.

26. Mr. ABE (Japan) wondered why and for what purpose the Economic and Social Council was considering the annual report of the Trade and Development Board. As stated in General Assembly resolution 1995 (XIX), "in its relations with organs and agencies within the United Nations system, the Board shall act in conformity with the responsibilities of the Economic and Social Council under the Charter, particularly those of co-ordination." Hence, the Council's main concern should be to see whether that

co-ordination was proceeding as effectively as it should, which of course also implied that its activities should not overlap with those of UNCTAD. It was perhaps unnecessary to discuss those reports in detail. It was sufficient to bear in mind the activities of the Trade and Development Board and its subsidiary organs.

27. The Japanese delegation agreed with the Secretary-General of UNCTAD that the results of the recent sessions of the Board and of its subsidiary organs were inadequate in view of the urgency of development problems. However, although it had not been possible to achieve striking results during the preceding session, some progress had been made, including the adoption of a resolution on supplementary financial measures. His delegation welcomed with satisfaction the Board's decision to transmit to the World Bank the report of the Intergovernmental Group on Supplementary Financing. Mr. McNamara, in his statement to the Council (1639th meeting), had stressed the World Bank's interest in those arrangements.

28. His delegation was also gratified by the Board's adoption of a resolution on preferences, which would permit the Special Committee on Preferences to continue its work on the subject. With respect to the difficulties that had apparently arisen during the preparatory meeting of the OECD countries in Paris, his delegation did not yet have full information, but it hoped that the work could continue, in accordance with the aims and procedures agreed by the Board.

29. The question of UNCTAD's contribution to the Second Development Decade was particularly important. Although the results obtained so far were not fully satisfactory, the value of what had been achieved should not be underestimated. It would no doubt appear subsequently that it had been an unavoidable stage necessary in carrying out the preparations. The Secretary-General of UNCTAD had been authorized to present, during the second part of the resumed ninth session of the Board, draft texts laying down the bases for UNCTAD's contribution to the Second Development Decade. It was to be hoped that that procedure would enable UNCTAD to complete its preparatory work in that field. Although a period of ten years might seem a fairly long one, it was nevertheless a relatively short chapter in the history of the development process. What was more important was the progress achieved in broadening the areas of agreement concerning measures in UNCTAD's sphere of competence.

30. Mr. LOBANOV (Union of Soviet Socialist Republics) said he had listened with keen interest to the statement by the Secretary-General of UNCTAD and to those of the representatives who had spoken. He noted with satisfaction the very useful work done by UNCTAD which, despite many objective difficulties, had adopted some recommendations designed to normalize international trade and expand external aid. The very fact that UNCTAD had been able to adopt those recommendations was of undoubted importance. They were a milestone on the road to fairer and more equitable world economic relations. Those were considerable achievements, even if they were not always wholly satisfactory.

31. UNCTAD had a great role to play in promoting trade between countries with different social systems, on the one

hand, and between the socialist countries and the developing countries, on the other. It was true that those various trade flows were being developed, but not at the pace that was both possible and desirable. The reason was that many countries refused to increase their trade with the socialist countries, whereas Soviet foreign policy, based on the principle of peaceful co-existence, offered immense opportunities for the development of economic relations. It should be noted, however, that some Western countries had already made efforts to remove the obstacles to trade with the socialist countries; yet much still remained to be done. Some of the developing countries did not encourage trade with the socialist countries, or at least encouraged it less than trade with the Western countries. UNCTAD could turn its attention to those two questions.

32. He attached the utmost importance to UNCTAD's role in the preparation of the Second Development Decade, and he eagerly awaited the document on UNCTAD's contribution to the development strategy. The USSR was ready to co-operate actively in those preparations. In that connexion, some representatives had raised the question of the percentage of gross national product that should be devoted to aid. The attitude of the USSR had not changed on that point since the second session of the Conference; it could not assume any such commitment, since the socialist countries did not have the same responsibilities towards the developing world as the colonialist and neo-colonialist countries.

33. In conclusion, he once more stated that UNCTAD's effectiveness would be considerably enhanced if its membership included such countries as the German Democratic Republic, whose economic potential was far from negligible.

34. Mr. DUBEY (India) said he was gratified by the moderation and efficiency with which Mr. Pérez-Guerrero performed his functions as Secretary-General of UNCTAD. He associated his delegation with the statement made by the Chairman of the Group of seventy-seven, expressing grave concern at the delay in the time-table for the Paris negotiations on preferences. He hoped that his fears, which were quite legitimate, would nevertheless prove unfounded.

35. Mr. OLDS (United States of America) expressed his satisfaction with the report of the Trade and Development Board. UNCTAD, which had been in existence for only five years, faced the problems before it with frankness and honesty. They were extremely complex problems, since they related to the wide range of basic commodities and the questions of export financing, trade expansion, the transport and distribution of products, and the transfer of technology. The present age was one of increased tempo, and all too often it was thought that results could be obtained by pushing a button. But important problems could only be solved gradually.

36. UNCTAD should therefore be asked, not to do the impossible, but rather to co-ordinate its activities with those of the Council and the Committees of the General Assembly. A joint effort by agencies and Governments would make it possible to overcome ideological differences and to study development problems at the world level and give them the priority they deserved. There was no doubt that that process would take a long time.

37. The representative of Indonesia had referred to the delay in the time-table for the Paris negotiations. He explained that the States members of OECD other than the United States had decided to postpone the discussion for a few days because they had learned that President Nixon was to make an important statement on 31 October 1969 concerning the relations between the United States and Latin America. That decision by no means reflected a negative attitude. No member of OECD had any intention of postponing beyond 15 November the date for presenting to UNCTAD the report on preferences. He had wished to explain the situation in order to dispel any doubts that might have arisen through a misinterpretation of the facts.

38. Mr. MARAMIS (Indonesia), speaking on behalf of the Group of seventy-seven, welcomed the explanation of the delay in the Paris negotiations.

39. Mr. PEREZ-GUERRERO (Secretary-General of the United Nations Conference on Trade and Development) said he had noted all the suggestions made by those representatives who had spoken and that UNCTAD's immense task called for a concerted effort by the whole of the international community.

40. The PRESIDENT proposed that the Council should adopt the following draft resolution, which used the same wording as the resolution adopted in 1968:

"The Economic and Social Council,

"Having considered the annual report of the Trade and Development Board,

"1. Transmits that report to the General Assembly;

"2. Draws the attention of the General Assembly to the comments and observations on the subject contained

*in the addendum to the report of the Economic and Social Council."*⁶

The draft resolution was adopted.

41. The PRESIDENT added that, when the General Assembly considered the item, it would have before it an addendum to the Council's report containing a summary of the discussions in the Council. He suggested that the Council should agree to follow the usual procedure, namely, to authorize the President, in consultation with the Vice-Presidents and the Secretariat, to draft the addendum to the report for submission to the General Assembly.

It was so decided.

*Request for the inclusion of an additional item
in the agenda*

42. Mr. KHANACHET (Kuwait), speaking on a point of order, drew attention to the catastrophe that had just befallen Tunisia. The floods had caused 500 deaths; there were 100,000 other victims; over 50,000 houses and several whole villages had been destroyed. At earlier sessions of the General Assembly and the Economic and Social Council, steps had been taken, in a spirit of human solidarity, to help the stricken countries. He therefore requested that, under rule 17 of the rules of procedure of the Economic and Social Council, an additional item on assistance in cases of natural disaster should be included in the Council's agenda.

It was so decided.

The meeting rose at 12.55 p.m.

⁶ *Ibid.*, Twenty-fourth Session, Supplement No. 3A (A/7603/Add.1), chapter II.