



Sixteenth session  
Agenda item 87

PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES

Report of the Second Committee

Rapporteur: Mr. Marcio REGO MONTEIRO (Brazil)

1. The General Assembly, at its 1018th plenary meeting on 27 September 1961, allocated item 87 "Permanent sovereignty over natural resources" to the Second Committee.
2. The Committee considered this item at its 792nd meeting on 15 December 1961, and had before it the following documents:

Note by the Secretary-General on "Permanent sovereignty over natural resources" (A/4905);

Report of the Commission on Permanent Sovereignty over Natural Resources (E/3511);

Summary records of the relevant meetings of the Economic and Social Council (E/SR.1177 to 1179 and SR.1181);

Amendments to draft resolution I (A) contained in the report of the Commission on Permanent Sovereignty over Natural Resources submitted, individually, by the Union of Soviet Socialist Republics, Afghanistan, the United States of America and the United Kingdom of Great Britain and Northern Ireland and transmitted to the General Assembly under Economic and Social Council resolution 847 (XXXII) (E/L.914 and Corr.1, L.915, L.918 and L.919, respectively);

Revised study by the Secretariat on the status of permanent sovereignty over natural resources (A/AC.97/5/Rev.1 and Corr.1 to 2 (English only) and Rev.1/Add.1);

Report of the Economic and Social Council (A/4820), chapter V, section I.<sup>1/</sup>

1/ Official Records of the General Assembly, Sixteenth Session, Supplement No.3.

3. The Committee had before it, in addition, two proposals under this item:
- (I) Draft resolution submitted by the Commission on Permanent Sovereignty over Natural Resources (E/3511, annex);
  - (II) Draft resolution submitted by Afghanistan, Brazil, Chile, Indonesia, Iraq, Philippines, United Arab Republic and Yugoslavia (A/C.2/L.634 and Add.1 and Rev.1 and Rev.1/Corr.1)
4. The draft resolution submitted by the Commission on Permanent Sovereignty over Natural Resources read as follows:

"The General Assembly,

"Bearing in mind resolution 1314 (XIII) adopted by the General Assembly on 12 December 1958, which established the Commission on Permanent Sovereignty over Natural Resources and instructed it to conduct a full survey of the status of permanent sovereignty over natural wealth and resources as a basic constituent of the right to self-determination, with recommendations, where necessary, for its strengthening, and decided further that, in the conduct of the full survey of the status of the permanent sovereignty of peoples and nations over their natural wealth and resources, due regard should be paid to the rights and duties of States under international law and to the importance of encouraging international co-operation in the economic development of under-developed countries,

"Bearing in mind resolution 1515 (XV) adopted by the General Assembly on 15 December 1960, which recommended that the sovereign right of every State to dispose of its wealth and its natural resources should be respected,

"Considering that any measure in this respect must be based on recognition of the inalienable right of all States freely to dispose of their natural wealth and resources in accordance with their national interests, and on respect for the economic independence of States,

"Considering that in order to promote international co-operation for the economic development of under-developed countries, based on respect for the principles of equal rights and the right of peoples and nations to self-determination, it is desirable to establish in advance economic and financial agreements,

"Considering that the provision of economic and technical assistance, loans and increased foreign investment must not be subject to conditions which conflict with the interests of the recipient State,

"Considering the benefits to be derived from exchanges of technical and scientific information likely to promote the development and use of such resources and wealth, and the important part which the United Nations and other international organizations are called upon to play in that connexion,

"Attaching particular importance to the question of promoting the economic development of under-developed countries and securing their economic independence,

"Declares that,

"1. The right of peoples and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of the well-being of the people of the State concerned;

"2. The exploration, development and disposition of such resources, as well as the import of the foreign capital required for these purposes, should be in conformity with the rules and conditions which the peoples and nations freely consider to be necessary or desirable with regard to the authorization, restriction or prohibition of such activities;

"3. In cases where authorization is granted, the capital imported and the earnings on that capital shall be governed by the terms thereof, by the national legislation in force, and by international law. The profits derived must be shared in the proportions freely agreed upon, in each case, between the investors and the recipient State, due care being taken to ensure that there is no impairment, for any reason, of that State's sovereignty over its natural wealth and resources;

"4. Nationalization, expropriation or requisitioning shall be based on grounds or reasons of public utility, security or the national interest which are recognized as overriding purely individual or private interests, both domestic and foreign. In such cases, the owner shall be paid appropriate compensation, in accordance with the rules in force in the State taking such measures in the exercise of its sovereignty and in accordance with international law. In any case where the question of compensation gives rise to a controversy, national jurisdiction should be resorted to. Upon agreement by the parties concerned settlement of the dispute may be made through arbitration or international adjudication;

"5. The free and beneficial exercise of the sovereignty of peoples and nations over their natural resources must be furthered by the mutual respect of States based on their sovereign equality;

"6. International co-operation for the economic development of under-developed countries, whether in the form of public or private capital investments, technical assistance, or exchange of scientific information, shall be so encouraged as to contribute in every possible way to the exercise of sovereignty as described in paragraph 5 above;

"7. Violation of the rights of peoples and nations to sovereignty over their natural wealth and resources is contrary to the spirit and principles of the United Nations Charter and hinders the development of international co-operation and the maintenance of peace;

"8. States and international organizations shall strictly and conscientiously respect the sovereignty of peoples and nations over their natural wealth and resources in accordance with the United Nations Charter and the provisions of this resolution."

5. Owing to the lack of time the Committee did not consider the text of this draft resolution (E/3511, annex) and the amendments to it transmitted by the Economic and Social Council (see para. 2 above).

6. The draft resolution submitted by Afghanistan, Brazil, Chile, Indonesia, Iraq, Philippines, United Arab Republic and Yugoslavia (A/C.2/L.634) read as follows:

"Permanent Sovereignty over Natural Resources"

"The General Assembly,

"Recalling its resolution 1314 (XIII),

"Desiring to promote the strengthening of permanent sovereignty of peoples and nations over their natural wealth and resources,

"1. Expresses its thanks for the revised study on the "Status of Permanent Sovereignty over natural wealth and resources" prepared by the United Nations Secretariat;

"2. Requests that speedy arrangements will be made for its printing together with the report of the Commission on Permanent Sovereignty over Natural Resources, so that these documents may be available to all who wish to consult the useful information which they contain;

"3. Decides that the United Nations work on permanent sovereignty over natural wealth and resources be continued and priority be given for discussion of item 87 of this year's agenda at the seventeenth session of the General Assembly [provided that there is no resumed sixteenth session]."

7. Before the Committee considered this draft resolution, Afghanistan, Chile, Indonesia, Iraq, Philippines, United Arab Republic and Yugoslavia submitted a revised text (A/C.2/L.634/Rev.1, Rev.1/Corr.1) of this draft resolution in which the words "of item 87 of this year's agenda at the seventeenth session of the General Assembly [provided that there is no resumed sixteenth session]" in the operative paragraph would be replaced by the words "of this matter at the next session of the Second Committee of the General Assembly". The financial implications of this draft resolution were submitted by the Secretary-General in document A/C.2/L.634/Add.1.

8. The seven-Power revised draft resolution (A/C.2/L.634/Rev.1 and Rev.1/Corr.1) was introduced by the representative of Afghanistan on behalf of the co-sponsors at the 792nd meeting who informed the Committee that the words "recommends that" were inserted in operative paragraph 3 before the words "priority be given". He suggested on behalf of the co-sponsors that the contents of the study should be brought up to date and that the requests by certain members of the Commission on Permanent Sovereignty over Natural Resources to expand the data on certain topics and to make them more complete should be carried out before the report was printed. He requested that these comments should be included in the Rapporteur's report.
9. Subsequently, the Committee decided, by a vote of 62 to none, with 5 abstentions, on a motion by the representative of Afghanistan, to close the discussion on this draft resolution.
10. The Committee then adopted the draft resolution contained in document A/C.2/L.634/Rev.1, as modified orally by the sponsors, by a vote of 61 to none, with 7 abstentions.

#### RECOMMENDATION OF THE SECOND COMMITTEE

11. The Committee, therefore, recommends to the General Assembly the adoption of the following draft resolution:

#### Permanent Sovereignty over Natural Resources

The General Assembly,

Recalling its resolution 1314 (XIII),

Desiring to promote the strengthening of permanent sovereignty of peoples and nations over their natural wealth and resources,

1. Expresses its thanks for the revised study on the "Status of Permanent Sovereignty over natural wealth and resources" prepared by the United Nations Secretariat;

2. Requests that speedy arrangements will be made for its printing together with the report of the Commission on Permanent Sovereignty over Natural Resources, so that these documents may be available to all who wish to consult the useful information which they contain;

3. Decides that the United Nations work on permanent sovereignty over natural wealth and resources be continued and recommends that priority be given for discussion of this matter at the next session of the Second Committee of the General Assembly.