

SUMMARY RECORD OF THE SIX HUNDRED AND SIXTH MEETING

Held on Thursday, 26 April 1973, at 10.50 a.m.

Chairman:

Mr. SCOTT

New Zealand

PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES OF DEVELOPING COUNTRIES (E/5170, E/5247, chapter V; E/AC.6/L.483/Rev.1) (continued)

Mr. CHEBELEU (Romania) said that it was General Assembly resolution 523 (VI) which had included the exercise of sovereignty by each State over its natural resources among the essential conditions for the economic development of nations. A great number of changes and events had taken place since that time. The number of members of the international community had more than doubled following a powerful national awakening of peoples which for centuries had been kept in colonial slavery and subjected to foreign domination. It was those peoples which constituted what were now called the developing countries. Their efforts to accede to genuine independence and ensure their economic development had added new dimensions to the principle of permanent sovereignty over natural resources.

Although the inalienable right of each State to exercise its sovereignty over its natural resources had been recognized on many occasions by the international community, the application of that principle was still a fundamental problem, from both the economic and the political standpoint, in some countries in Latin America, Asia and Africa. That was due mainly to the fact that the imperialist and colonialist forces continued to interfere in the internal affairs of other States and thus to impose their will on them and subject them to their interests. The natural resources of the developing countries continued to be exploited by international monopolies or by multinational corporations which enjoyed privileges often obtained by force and which had expanded their action from the economic to the political sphere. As a result, the developing countries had had to redouble their efforts to achieve economic independence and exercise their sovereignty to the full.

As had already been said during the debate, while the full exercise of sovereignty over natural resources was of cardinal importance for the developing countries, it was also essential for other countries. In fact, as the Secretary-General indicated in his report, the activities of foreign interests jeopardized even the integrity and the sovereignty of the developed countries. It followed that all States had a joint responsibility to ensure that each of them was able to dispose freely of its natural resources. The United Nations and its various organs had a duty to give their full support to the developing countries in

(Mr. Chebeleu, Romania)

the efforts they were making to develop and control their natural resources at all stages, from exploration to marketing. The United Nations had already supported a number of measures in that direction by formulating several recommendations designed to protect the right of all countries, in particular the developing countries, to dispose freely of their resources.

His delegation felt that United Nations action should take three clearly defined directions. First, it would be useful if the United Nations continued to examine periodically the conditions in which the developing countries exercised their right to sovereignty over natural resources and the difficulties they encountered, and formulated certain recommendations of a practical nature regarding the exercise of that right. In that connexion, he referred to the recommendations contained in the report of the Secretary-General (E/5170) and said he regretted the fact that they were not based on the data and analysis included in the first part of the report, but rather concerned secondary problems. With regard to the recommendations addressed to Governments of developed countries (paragraph 155, section A), his delegation could accept in principle the provisions of subparagraphs (b) to (g), but it had serious objections to subparagraph (a). That subparagraph was ambiguous and raised the question of whether multinational enterprises should be placed on the same footing as Governments and what interests they would represent during negotiations. Moreover, it was implied elsewhere in the report that the activities of such enterprises were out of the control of Governments, a situation which was unacceptable in view of the principle of permanent sovereignty over natural resources. He suggested, in that connexion, that a multilateral agreement, solely between Governments, might be concluded with a view to ensuring that such multinational corporations respected the sovereignty of all States over their natural resources. Lastly, he expressed his regret that those recommendations did not mention the need for the developed countries to take all necessary measures to prevent any act liable to jeopardize the inalienable right of a State to exercise full sovereignty over its natural resources, a problem which was, on the other hand, fully taken into account in paragraph 3 of draft resolution E/AC.6/L.483/Rev.1.

(Mr. Chebeleu, Romania)

As for the proposed recommendations addressed to the Governments of developing countries in paragraph 155, section B, his delegation felt that they reflected too narrow a concept of the principle of sovereignty over natural resources. For example, subparagraph (a) was merely a general statement and did not deserve to be kept as a recommendation. Subparagraph (b) emphasized social and not economic matters; that was unnecessary since any economic success would generally have repercussions in the social field. With regard to subparagraph (c), it did not seem justified to speak of streamlining administrative procedures in the developing countries, since those procedures were hardly complicated; moreover, in that subparagraph the developing countries were advised not to jeopardize the possibility of obtaining additional development finance, which constituted a warning rather than a recommendation. Lastly, subparagraph (f) did not directly envisage the possibility of nationalizing enterprises and even appeared to place the State and a foreign enterprise on an equal footing: in the view of his delegation, each State had the right to expropriate or nationalize enterprises owned by foreigners and any recommendation on that matter to the developing countries should proceed from that consideration.

The recommendations addressed to international organizations dealt only with the continued analysis of the question of permanent sovereignty over natural resources.

He went on to indicate the second direction which, in his delegation's view, United Nations action should take: its economic, financial and technical organs should adopt practical measures designed to help the developing countries to develop and control their natural resources, especially with regard to the training of qualified technical personnel and the development of an adequate research and development infrastructure, as mentioned in paragraph 113 of the Secretary-General's report.

Thirdly, his delegation felt that the United Nations might endeavour to consolidate and clarify the principle of sovereignty over natural resources and formulate unanimously acceptable criteria in order to promote respect for, and the application of, that principle, which also concerned resources on the sea-bed and ocean floor within the limits of national jurisdiction and in the superjacent waters. Thus, it would seem advisable to specify that the right of each State to dispose freely and fully of its natural wealth and resources should be

(Mr. Chebeleu, Romania)

accompanied by the right to utilize that wealth in the interests of the economic and social progress of the States concerned, which could nationalize or expropriate property owned by foreigners. To ensure that that right was respected, certain general rules might be defined, for instance specifying that the exploration and exploitation of natural resources, as well as investment activities must unreservedly comply with the national legislation of the State concerned; that each State had obligations concerning the principle of sovereignty over national resources, for example that of refraining from any action which ran counter to that principle, and that it must eliminate obstacles, discriminatory practices and restrictions of any kind.

Lastly, his delegation felt that it would be useful to incorporate the concept of sovereignty over natural resources in an international legal instrument, perhaps at the time of the preparation of the charter of the economic rights and duties of States, being undertaken by UNCTAD.

In conclusion, he said he was convinced that, without the exercise of national sovereignty over natural resources, countries could not develop economically and socially, and that just and equitable relations of co-operation among all States could not be established without that condition.

Mr. RAKOTOFIRINGA (Madagascar) said that the importance of permanent sovereignty over natural resources of developing countries had been unanimously acknowledged, as was shown by General Assembly resolution 3016 (XXVII) and the other resolutions mentioned in draft resolution E/AC.6/L.483/Rev.1, which had all been adopted by a large majority. That principle constituted the basis for a world equilibrium to ensure the safeguarding of international peace.

The Malagasy Government intended to introduce a series of fundamental reforms in that area - the revision of out-dated texts and the adoption of legal provisions designed to protect the country's natural resources - in order to combat the poverty of the masses, create new jobs and improve education and the training of skilled personnel. However, as a member of the international community, Madagascar did not intend to isolate itself and the Government had not forgotten to set up machinery designed to preserve both the interests of the nation and national or foreign investors.

As indicated in paragraph 113 of the report (E/5170), the technological constraints on the exploitation of their natural resources by the developing

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(Mr. Rakotofiringa, Madagascar)

countries were many. While the choice of the Strategy to be adopted was the responsibility of the Government concerned, each member of the international community had the right to have its share of the intellectual and technical wealth accumulated by mankind, and the developed countries, which possessed such wealth, had a duty to ensure a minimum of justice in its distribution. Often, however, that principle of justice was not respected. Technological progress was utilized, for example, in the production of synthetic products which competed dangerously with the natural products of the developing countries. Thus, the appearance on the market of synthetic fibres (mentioned in paragraph 136 of the report) had had a considerable effect on the economy of African countries which supplied two thirds of the world's output of sisal, and the production of vanillin had had enormous consequences for several thousands of peasants who lived by the cultivation of vanilla in the developing countries.

The aim of true international co-operation was to promote the attainment of the target of development - to put an end to the destitution from which millions of men were suffering - and international organizations had an important role to play in that field. It was for that reason that, in paragraph 5 of draft resolution E/AC.6/L.483/Rev.1, the international financial organizations and the developing countries, the specialized agencies, such as FAO and WHO, might also make their contribution.

His delegation supported the recommendations in chapter VI of the Secretary-General's report and those of the Committee on Natural Resources in paragraph 88 of its report (E/5247); it also subscribed to draft resolution E/AC.6/L.483/Rev.1, of which it wished to become a sponsor.

Mr. AKSOY (Turkey) said that the aspirations of all peoples for a better life required the mobilization and full utilization of all available resources, particularly natural resources, which were of vital importance for economic and social development. The developing countries must therefore exercise permanent sovereignty over their natural resources in order to meet their needs and utilize their own domestic wealth.

(Mr. Aksoy, Turkey)

The Secretary-General's report, although inadequate and sometimes misleading, quoted several cases of developing countries which were facing a number of obstacles in the exercise of their inalienable rights. The present era was one of international co-operation. If that co-operation was not to remain a dead letter, countries must respect certain principles, particularly the principle of permanent sovereignty over natural resources. His delegation had constantly reaffirmed that principle which was upheld by a number of resolutions adopted by United Nations bodies. Since the founding of the Republic 50 years ago, Turkey had jealously guarded its own permanent sovereignty over its natural resources.

The Secretary-General's report contained much useful information and recommendations which deserved further study and analysis. His delegation awaited with interest the Secretary-General's supplementary report to be prepared under General Assembly resolution 3016 (XXVII). It felt that the developing countries themselves still had much to do in the field in question and that the activities of the Organization of Petroleum Exporting Countries could serve as an example for the conclusion of new arrangements.

His delegation supported the recommendation in paragraph 88 of the report of the Committee on Natural Resources at its third session (E/5247). It considered that the Economic and Social Council should continue to follow the question very closely.

His delegation welcomed the useful and interesting discussion which had taken place during the last session of the Sea-Bed Committee on the question of the natural resources of the sea-bed and the ocean floor. It hoped that the Conference on the Law of the Sea which was to take place in 1974 would produce a synthesis of the opinions expressed so far and would further encourage the progress of the developing countries.

Mr. BRITO (Brazil) recalled that at the third session of the Committee on Natural Resources his delegation had already made some comments on the Secretary-General's report (E/5170) which had then been considered as a provisional document. It now proposed to go further into the question.

Since the beginning of the 1930s, the Brazilian Government had drawn a distinction in its legislation between the ownership of the soil and the ownership of the subsoil, which also included the subsoil of the sea-bed. The resources situated in the subsoil belonged to the State and could either constitute a State monopoly, as in the case of petroleum and atomic materials, or concessions granted

(Mr. Brito, Brazil)

to private companies, including foreign companies who exploited them under the control of Brazilian law. The Petrobras Company, which co-operated also with other developing companies, was a good example.

His delegation felt that the principle of sovereignty was closely linked to the principles of non-interference and self-determination and therefore derived directly from the principles stated in the Charter. That principle was indivisible and applied to natural resources both on land and on the sea-bed. It was particularly important at the present time when the Latin American countries must strive to affirm their sovereignty over natural resources situated on the sea-bed and on the ocean floor within their national jurisdiction.

Document E/5170 which, to the astonishment of the Brazilian delegation, was put forward as the document which the Council had requested, was highly disappointing, for it constituted merely a catalogue of isolated cases without any logical unity. The authors had tried neither to make a serious analysis with a view to identifying trends and proposing lines of action and solutions, nor to indicate fruitful experience from which the developing countries could benefit. The report did not yield any conclusions for it did not follow a sufficiently clear general line of development. Its obvious lack of consistency was due to an arbitrary choice of examples.

Turning to the recommendations in paragraph 155 of the report, he was astonished to see in recommendation A (a) a suggestion for a multilateral agreement. The recommendation appeared to place multinational companies on the same footing as countries, both developed and developing. That idea was based on the totally false assumption that multinational companies were de facto subjects of international law. Moreover, the problem could not be solved by a multilateral dialogue with those companies but it must be solved at the national level, where each country must conclude an agreement with the company concerned, and at the international level, where co-operation between countries enabled each one to find an appropriate solution. The idea of a multilateral agreement was all the more strange because it would be a tripartite arrangement involving the representatives of Governments, industry and labour.



(Mr. Brito, Brazil)

Recommendation A (b) had the merit of pinpointing the basic problem of reconciling the interests of multinational companies with the interests of the host countries. That was a complex problem because the companies tried to derive the maximum profit from the factors of production of the various countries. However, the term "development triangle", which was extremely vague, was inappropriate. On the other hand, recommendation (d) was expressed very clearly and contained an excellent idea. In recommendation (e) the mention of the initiative of the developed countries reflected a paternalistic attitude whereas the exchange of personnel was in fact a joint enterprise by developed and developing countries. The second part of the recommendation was out of place for it was addressed to the developing countries but the suggestion for a data bank on existing techniques was excellent and its implementation would allow each country to choose its own techniques according to its needs. As for the maintenance of an "umbilical cord" between suppliers of technology and receiving enterprises in developing countries, he felt that on the contrary that cord should be cut in order to allow countries to develop their own technology.

As certain delegations had pointed out in New Delhi, care should be taken to ensure that a recommendation of the kind put forward in section A, paragraph (f) did not give rise to a brain drain; consequently, the recommendation should be worded in more guarded fashion.

Recommendation (g), concerning measures to encourage investments, was positive, but the idea of a multinational charter on investment abroad was a very complex matter which required further study.

Generally speaking, the recommendations in section B were expressed in a patronizing tone that was highly irritating. Recommendation (a) was a gross simplification of the facts. It seemed to suggest that mass poverty could be eliminated by imports of foreign capital. That was untrue because, while capital could help to solve the problem, it could only be regulated by a fundamental transformation of inappropriate structures and techniques. It was surprising that the Secretary-General had proposed a solution to which certain countries were categorically opposed; the recommendation should therefore be deleted.

(Mr. Brito, Brazil)

Recommendation B (c) was also paternalistic in tone and it must also be pointed out that the problem of foreign workers arose generally in the developed countries and not in the developing countries. The recommendation should therefore be reformulated.

Recommendation B (d) for economic integration on a regional basis gave rise to many problems and should be more carefully worded. While the developing countries should combine their efforts, the importance of measures allowing each country to have an independent and viable economy should also be stressed.

Recommendation B (e) gave rise to two problems. Firstly, he wondered whether the need to take into account market conditions meant that the developing countries should not accelerate their progress in order not to affect the markets of the developed countries. That aspect of the recommendation should be formulated more clearly. Secondly, his delegation had doubts about "turnkey contracts" for that procedure, although often useful, gave rise to difficulties in the transfer of technology, for it might upset the economic structures of the developing countries.

With regard to recommendation B (f), he wondered whether the use of the term "carefully" was a criticism or an encouragement. Moreover, it was unacceptable to have recourse to the United Nations for the determination of compensation and other terms of compromise. Those questions were solely within the competence of the countries concerned and the United Nations had no jurisdiction on the question, as had already been asserted with regard to problems of the environment.

The report (E/5170) was therefore open to criticism; even when the ideas it contained were correct, they were clumsily expressed. It was unfortunate that the document had been submitted as a definitive report and his delegation could not approve of the recommendations in their present form. It was to be hoped that the Secretary-General would reformulate the report and submit a better planned document which described also the positive experience of the various countries.

Finally, he pointed out that his delegation was a co-sponsor of draft resolution E/AC.6/L.483/Rev.1 which had been very well introduced by the representative of Chile.

Mr. MADEY (Yugoslavia) said that his country had always been attached to the principle of permanent sovereignty of all countries over their natural resources and had supported a large number of resolutions on that issue. His delegation was therefore sorry to note that the Secretary-General's report (E/5170) did not fulfil its expectations and, in particular, was not more up to date. It was deplorable that the authors had shown so little courage and realism in formulating the necessary recommendations. For proof of those assertions it sufficed to read the recommendations on pages 40-42. The General Assembly at its twenty-seventh session and the Committee on Natural Resources at its third session had taken note of the report (E/5170) but the comments and criticism voiced in New Delhi and in the Economic and Social Council were much more important. He hoped therefore that the Secretariat would take them into account when it prepared the necessary documents for the consideration of the same item during the next session of the General Assembly.

The question of the preparation of a study on permanent sovereignty over natural resources had been raised owing to the necessity to reaffirm the principles underlying that sovereignty, not for the purpose of noting that the developing countries, in exercising permanent sovereignty over their natural resources, should bear in mind the need to ease actual mass poverty or unsatisfactory conditions, as stated in paragraph (a) of part VI, section B, entitled "Recommendations to Governments of developing countries". His delegation felt it was unfair to recommend that the developing countries should consider the possibility of applying policies which would violate their right of permanent sovereignty over their natural resources and thus their national sovereignty itself, and to justify that recommendation by invoking the urgent need to deal with the problem of mass poverty in those countries. That recommendation was in itself a violation of the principle of sovereignty.

His delegation nevertheless wished to stress that its sharp criticism of the document was prompted by its belief that, as experience had shown, arrangements could be concluded not only between countries with different levels of economic development but also between countries with different socio-economic systems, taking into account the mutual interests of the parties and respect for both the sovereignty of a country and its permanent sovereignty over its natural resources.

(Mr. Madey, Yugoslavia)

Yugoslavia had concluded such arrangements with firms from developed countries and was currently concluding similar arrangements with developing countries.

His delegation, which was a sponsor of draft resolution E/AC.6/L.483/Rev.1, was very gratified that that draft reaffirmed the inalienable right of States to permanent sovereignty over their natural resources, on land and in the sea-bed and subsoil thereof, and the principle that the exploration and exploitation of all natural resources in each country should be subject to national laws and regulations. It also hoped that the recommendations in the draft resolution would lead to the establishment and consolidation of national institutions that would enable the developing countries to control their natural resources at all stages, and to the strengthening of the machinery for the promotion of co-operation among developing countries. In particular, it was aware that such an approach should permit the establishment of more realistic, objective and sound relations between sovereign States, especially at the political level.

Lastly, his delegation hoped that resolution 3016 (XXVII) and the aforementioned draft resolution, if adopted, as well as the comments made at the twenty-seventh session of the General Assembly and the third session of the Committee on Natural Resources, would make it possible to provide the Secretariat with the necessary precise guidelines for the completion of the requested study.

Mr. AL-KHUDAIRY (Observer for Iraq), speaking under rule 76 of the rules of procedure, said that his country, as a developing country, was extremely interested in the question of permanent sovereignty of developing countries over their natural resources. In its view, that principle could not be separated from that of territorial sovereignty and was part and parcel of the total sovereignty of a State. The sovereignty of a country over its natural resources, whether on land or in the sea-bed and subsoil thereof, was essential to economic independence and closely linked to political independence. Moreover, it was a vital factor contributing to the economic and social development and progress of peoples. His delegation understood sovereignty over natural resources to mean that States should be completely free to determine the use of their resources, as recognized in many resolutions adopted by various United Nations bodies. Consequently, any effort or machination aimed at limiting or subverting the exercise of that sovereignty by

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developing countries was a violation of the principles of self-determination of peoples and non-intervention set out in the Charter and must be opposed. The pressures exerted on States which exercised their right of permanent sovereignty over their natural resources took many forms: pressures applied overtly and blatantly, intrigues and machinations by multinational corporations and last but not least, the most abhorrent form of pressure, military aggression.

Iraq, which had chosen to exercise its right of sovereignty over its natural resources by nationalizing the activities of the Iraq Petroleum Company in northern Iraq in July 1972, had had to face covert pressure directed against it by one of the giant multinational corporations established in its territory. Despite the economic and financial hardships involved, the people of Iraq stood fast against those pressures and tactics and had shown that they would never give up or compromise their permanent sovereignty over their natural resources. The oil corporation had thus had to give in and recognize the sovereign right of the Iraqi people to exercise complete sovereignty over their resources. However, there was another form of pressure, namely that applied to certain Arab countries by Israel, which was occupying their land and exploiting their mineral, agricultural and human resources in flagrant violation of various General Assembly and Security Council resolutions.

A new form of indirect pressure had recently been brought to bear on developing countries, namely the publicity recently given to the so-called energy crisis by the news media of certain Western countries, especially the United States of America. Mention had been made in particular of the alleged threat to the whole structure of European society posed by the oil-producing countries members of OPEC, especially the Arab countries. The level of hysteria was such that hints had even been made concerning the need to intervene to safeguard "vital interests", which could only mean military or subversive intervention in the internal affairs of sovereign States. It was not difficult to understand that that campaign had been prompted by the anxiety felt by the multinational corporations concerning the oil-producing developing countries' increased exercise of sovereignty over their natural resources.

As his delegation had already observed at the third session of the Committee on Natural Resources, the Secretary-General's report (E/5170) did not reflect the

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latest developments relating to the subject studied. His delegation therefore looked forward to receiving the study called for in Economic and Social Council resolution 1673 D (LII).

Mr. HACHANI (Tunisia) said that the question of permanent sovereignty over natural resources of developing countries appeared in a new light after the adoption of General Assembly resolution 3016 (XXVII) and the debates at New Delhi, which permitted a better understanding of the Secretary-General's report (E/5170). That report was perhaps neither complete nor very up-to-date, but part VI contained important recommendations which deserved to be studied very carefully, pending their completion by the Secretary-General. The Secretary-General had acted wisely in basing his study on two complementary conditions, namely the need to safeguard the principle of permanent sovereignty of developing countries over their natural resources and the principle of making available to those countries, at their request, the financial and technological means they needed to exercise that sovereignty.

His delegation could only hope that the developed countries would implement with due care and diligence the recommendations made for their benefit in section A of paragraph 155. His delegation attached particular importance to the recommendations in paragraphs (d), (e) and (f) of section A, and to the fiscal and financial recommendations to developed countries in the same section.

As to the recommendations addressed to the Governments of developing countries, it was clearly for those Governments to take a decision as to the expediency of importing foreign capital for the exploitation of their natural resources. However, when those Governments took a decision to that effect, the recommendations of the Secretary-General in section B of paragraph 155 could be of a certain value in formulating the policies to be followed within the framework of national plans.

His Government, which encouraged foreign investment by fiscal and legislative measures, had noted with interest the recommendations in paragraphs (c) and (d) of section B. Tunisia was working to strengthen regional and interregional co-operation with its neighbours in the Maghreb and the Mediterranean area in the field mentioned in paragraph (d).

(Mr. Hachani, Tunisia)

With regard to paragraph (f) of section B, relating to the sensitive subjects of nationalization and compensation, his delegation believed that the search for amicable solutions was preferable to confrontation. Those solutions should respect the principle of permanent sovereignty and the short-term and long-term interests of the developing countries, as well as the recognized legitimate interests of the foreign investors concerned. The principles laid down in the Charter and in General Assembly resolution 2625 (XXV) formed a solid foundation for the regularization of international relations in that field and in others. His delegation hoped that the study to be completed by the Secretary-General would shed new light on the various aspects of the principle of permanent sovereignty, taking into account previous General Assembly and Council resolutions. In the meantime, international co-operation could be increased with a view to establishing or strengthening national institutions that could help developing countries which so desired to exercise their sovereignty over their natural resources more effectively. The competent United Nations bodies had an important role to play in that connexion.

Mr. AKRAM (Pakistan) said he had often spoken on the question of the sovereignty of States over their natural resources, but had not yet had occasion to deal in detail with the implementation of that principle in the light of the policy adopted by the new Government of Pakistan. That Government was trying to eliminate the system of exploitation and privilege established in the country, so as to prevent private firms from controlling the national wealth, from which all the people were entitled to benefit, and to promote economic and social progress. However, it was not systematically opposed to investment by foreign enterprises, as it had shown by abstaining from annexing those enterprises at the time when it had assumed control of certain key sectors of the economy. Nevertheless, the Pakistan Constitution provided that the Pakistan Government and State could, if circumstances so warranted, and in the interest of the Pakistan people, confiscate all movable and immovable property belonging to foreign interests.

He noted further that while Pakistan encountered some difficulties which were also faced by other developing countries, it possessed a considerable wealth of natural resources, cheap and skilled manpower and the necessary infrastructure.

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(Mr. Akram, Pakistan)

He deplored the fact that foreign interests had been able to accumulate enormous profits at the expense of the people of Pakistan and said that his Government had determined to prevent a repetition of that situation: it was in that spirit that it had begun negotiations with foreign companies and was making efforts to harmonize the interests of foreign investors with national objectives. Moreover, his Government was seeking the elimination of a number of obstacles to the harmonious social and economic development of the country. Those obstacles were the unscrupulous exploitation of cheap labour, which was used basically for the processing of imported raw materials without creating new jobs; difficulties in exporting products made by foreign enterprises; inadequate opportunities for processing raw materials produced by Pakistan in Pakistan or in other developing countries; insufficient transfers of technology and infrequent application of technologies developed by Pakistan; an unstable and inequitable price structure for raw materials and for manufactures or semi-manufactures made from local raw materials; and, lastly, difficulties in gaining access for products processed locally to the markets of the more advanced countries. He believed those problems should be approached as a group, in an integrated way, if the development process in the less developed countries was to be accelerated.

He was glad, incidentally, that the Chinese and Brazilian delegations had mentioned the question of marine resources located in territorial waters, a question to which Pakistan attached great importance.

His delegation, aware of the need to tackle problems at the root, regretted the fact that the Secretary-General's report did not reflect the principles which had been unanimously recognized by the international community, and that its recommendations were weak, as the representative of Brazil had rightly pointed out. Pakistan believed that relations between foreign companies and individual States could best be harmonized by strengthening the bargaining power of the developing countries, so that, for example, the competition of synthetics, which weakened the demand for the corresponding natural products, was reduced as much as possible. In that connexion, he believed that the developing countries could draw up a preferential agreement to promote trade in certain primary commodities: that would not only encourage their exports, but would also favour their development.



(Mr. Akram, Pakistan)

His delegation unreservedly supported draft resolution E/AC.6/L.483/Rev.1, and wished to join the list of sponsors of the draft resolution. He attached particular importance to paragraph 1, which rightly dealt with the resources of the sea-bed and the ocean floor. In addition, he expressed the hope that paragraph 4 would be taken into account to encourage the national exploitation of natural resources.

Mr. GETMANETS (Ukrainian Soviet Socialist Republic) said that the question of natural resources had been considered by various United Nations bodies for a number of years. That was only natural in view of the need to support developing countries which were struggling for their economic independence. In order to achieve economic independence, countries should utilize their natural resources to develop their economies and raise the general standard of living. It was therefore legitimate to ask whether the United Nations was really taking the measures essential to enable young States to exploit their national wealth without hindrance. From United Nations activities in that field, it could be seen that useful work had indeed been done: the Organization had provided a legal basis for the principle of permanent sovereignty over natural resources, which helped to protect the resources of the countries of the third world against the insatiable appetite of foreign monopolies. At the same time, it was obvious that it was no longer enough for the United Nations to declare, year after year, that the developing countries should be able to exploit their natural resources without hindrance in the light of their national goals. Such a declaration, as such, had now become meaningless. Furthermore, although the principle was generally recognized in international law, Western monopolies were continuing to exploit the natural resources of developing countries, and the profits obtained from the processing of those resources swelled their coffers, while developing countries found it increasingly difficult to finance their economic growth. The state of economic relations between the industrialized Western Powers and the developing countries showed that the United Nations should not merely reaffirm the principle of inalienable national sovereignty over natural resources: it should find other means of assisting the developing countries, and it was urgent to ensure that the principle did not remain academic but was actually applied. In view of

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the fact that the Western monopolies were continuing to plunder the developing countries, the United Nations should spare no effort to make that principle an obligatory element of international agreements and an active instrument for the protection of the economies of third world countries. There was now an urgent need to redirect United Nations activities towards that end; in particular, they should ensure better understanding of the real meaning of the exercise of sovereignty by a developing country. The Secretariat should accordingly become more fully aware of its responsibilities in the preparation of periodic reports on the exercise of sovereignty.

His delegation had already referred to the content of those periodic reports, in particular at the fifty-second session of the Economic and Social Council. Once again, it noted with regret that those reports left much to be desired. That did not mean that the reports submitted by the Secretariat were completely bereft of useful data: for example, document E/5170 described the experience of several developing countries which had established legislative or tax barriers to halt or restrict the outflow of capital accumulated by foreign companies, as well as measures taken by some Governments to nationalize, in full or in part, the holdings of those companies. In that regard, the most recent report was better than the previous ones. On the other hand, in view of what should have been said about economic relations between the Western countries and the developing countries - relations which were marked by many encroachments on the national sovereignty of the latter - the report was definitely unsatisfactory. Furthermore, while the report dealt with the question of nationalization, it treated that measure as far less important than it actually was for the countries of the third world in putting an end to the activities of foreign monopolies. Quite obviously, in Asia, Africa and Latin America, nationalization was becoming increasingly important. The Governments and peoples of many countries were discovering that their own objectives were diametrically opposed to those pursued by foreign monopolies, and that they could not embark on the road towards economic and social progress so long as capital played a preponderant role. Accordingly, the officials in the Secretariat who drew up the periodic reports should give the question of nationalization of foreign holdings the stress it deserved. Indeed, nationalization applied to the experience of the developing countries as well as that of the socialist countries,

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which implemented that principle in the most systematic way in order to ensure optimum utilization of their natural resources. The authors of the reports carefully omitted any mention of that unparalleled method of strengthening of national sovereignty over a country's resources; that omission was all the more serious since it inevitably limited the body of general knowledge in that field. He hoped that his comments would reach the officials concerned and would assist them in carrying out their functions in full conformity with the provisions which governed the performance of United Nations staff, namely, objectivity, accuracy and impartiality.

There were many examples of infringements by foreign companies on the sovereignty of developing countries. Yet, in the periodic reports, that fact was reported briefly, to say the least. The result was that most of the recommendations were not sufficiently specific or logical. Since the situation was still serious, and since foreign monopolies resorted to a variety of tactics in order to retain their predominant role in the economies of young States, the Secretariat should devote constant and careful attention to the situation, draw conclusions from it and, on that basis, work out concrete measures which would enable the developing countries to exercise their sovereignty over their natural resources more fully and without delay.

In order to maintain its position in the economies of the developing countries, foreign capital was, among other things, attempting to secure acceptance of the principle of "equal sovereignty" - that of the developing countries and that of foreign investors. The real objectives of such efforts could easily be seen: they were certainly not those of the developing countries. Moreover, any sensible and unprejudiced person would understand that this was not a case where one could speak of equality. The developing countries had exclusive sovereignty over their natural resources. They alone had the right to exploit them in accordance with their economic needs. In attempting to gain acceptance for so-called equal sovereignty, some foreign investors, like the neo-colonialists, were trying to seize the natural riches of the third world in exactly the same way as the former colonialists had done. However, what had once been possible was no longer possible. International economic relations should not be based on exploitation of one country by another, but on the just and democratic principles of equal rights for all

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(Mr. Getmanets, Ukrainian SSR)

States, whatever their level of economic development or socio-economic system, mutual benefit and non-interference in the internal affairs of others. Co-operation in the exploitation of the natural resources of the developing countries should be based on those same principles.

His delegation reserved the right at a later stage in the discussion to express its views on proposals dealing with the item.

The meeting rose at 1.10 p.m.