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REPORT OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT*

Letter dated 21 December 1964 from the Deputy Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General

I have the honour to enclose a copy of the text of the communiqué issued at the end of a meeting of the Ministerial Council of the Organization for Economic Co-operation and Development, which met in Paris on 2 and 3 December 1964. The final paragraphs of this communiqué relate to questions arising out of the United Nations Conference on Trade and Development, and I shall be grateful if the paper can be circulated for the information of delegates.

(Signed) R.W. JACKLING
Deputy Permanent Representative
of the United Kingdom to the
United Nations

* Item 32 of the provisional agenda.

Text of communiqué issued at the end of a meeting of the Ministerial Council of the Organization for Economic Co-operation and Development, which met on 2 and 3 December

1. The Ministerial Council of the OECD met in Paris on 2 and 3 December 1964, under the chairmanship of the Honourable Joseph Luns, Minister of Foreign Affairs of the Netherlands, and reviewed the economic situation of its member countries and their economic relations with the rest of the world. Japan participated for the first time as a member.

2. (a) For the years 1960-1964, the increase of the gross national product for the OECD countries taken together has been roughly in line with the target of 50 per cent growth for the decade. Though there has been some slowing down in the rate of expansion in various European countries and Japan, the prospects for economic growth in 1965 for the OECD area as a whole seem to be good. In certain countries, such as Italy, encouragement for investment should now be contemplated.

(b) However, inflationary tendencies have made themselves felt in a number of member countries. Their present policies designed to control these tendencies will have to be continued in order to prevent inflation spreading. Developments during the last year indicate that in working towards the growth target it will be necessary to devote great attention to policies designed to maintain stability.

3. (a) It is therefore important that monetary incomes should be kept within the limits that productivity permits. An important condition for this is that demand should not be too high.

(b) The attainment of economic growth without inflation can be facilitated by an active manpower policy that promotes the best utilization of human resources. Likewise further changes in agricultural policies shifting emphasis from price support to support of structural reforms and regional development would permit gradual transfers of manpower into expanding industries and services while allowing higher incomes to those remaining in agriculture. In this respect, due regard should be given to the social consequences arising out of the transformation process.

4. (a) Apart from the United Kingdom, the international payments positions of the OECD countries have been brought into better balance. Italy's large deficit

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has turned into a surplus while the surpluses of France and Germany have been reduced, as has the deficit of the United States.

(b) Problems remain. The United States must continue to reduce its balance of payments deficit. The large deficit of the United Kingdom, though partly due to temporary factors gives reason for concern. It calls for economic policies designed to bring about a lasting improvement in the United Kingdom's external financial position. The situation will be kept under close examination in the organization. Ministers noted the series of measures which had already been decided upon. They further noted the temporary character and non-discriminatory form of the import surcharge and that the United Kingdom Government was firmly resolved to reduce it in a non-discriminatory manner and abolish it at the earliest possible moment.

(c) The Ministers noted with satisfaction that the organization will undertake a special study of the balance of payments adjustment process and play an active role in the multilateral surveillance of means to finance imbalances, as requested by the ten countries parties to the General Arrangements to Borrow.

5. The Ministers directed the organization to continue its efforts to stimulate activity to improve the capital markets of member countries of the organization. They considered that increased effectiveness of capital markets was especially important for facilitating the financing of economic growth and for contributing to balance of payments equilibrium.

6. The Ministers reviewed the situation of the two Consortia for aid to Greece and Turkey. Greece has recently submitted a new request for financial assistance and there should now be renewed activity by the Consortium. While the Consortium for Turkey has provided substantial external aid in support of Turkish development, the financing of such development will require increased efforts by the interested members of the OECD and by the Turkish authorities to strengthen the efficiency of the economy. The Consortium is currently studying new proposals for achieving its goals in the coming years.

7. The Ministers reviewed the situation after the United Nations Conference on Trade and Development. They instructed the organization to continue its work in analysing the trade, financial and other development problems raised during the Conference and co-ordinating member countries' efforts to formulate constructive policies designed to further the economic expansion of the developing countries.

8. (a) The Ministers noted a continuing though moderate increase in the development aid provided by member countries in 1963 and the geographic broadening of aid by donor countries. The total of new commitments, however, has been stagnating in recent years and there is a need for a renewal of the upward trend in this field.

(b) Moreover, too large a part of the financial resources flowing to some less developed countries has been in the form of short and medium-term credits. For this and other reasons, the rapidly growing debt service burden of such countries gives reason for concern.

(c) The Ministers instructed the organization to continue, in co-operation with other international organizations, its studies of the debt burden and other financial problems affecting economic development. It should also encourage member Governments to intensify their efforts, within the limits of their capacity, to increase the flow of aid, on better terms, taking into account the need for aid in the light of the ability of developing countries to mobilize and use effectively their own and foreign development resources.

9. The Ministers also agreed on a decision giving guidelines to the work of the organization in the coming year.
