



Twentieth session
Agenda item 45

PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES:
REPORT OF THE SECRETARY-GENERAL

Report of the Second Committee

Rapporteur: Mr. A RAMAHOLIMIHAÑO (Madagascar)

1. At its 1336th plenary meeting, on 24 September 1965, the General Assembly allocated to the Second Committee agenda item 45 entitled "Permanent sovereignty over natural resources: report of the Secretary-General".
2. The Committee discussed this item at its 1010th, 1015th and 1017th to 1019th meetings on 9 and 14-16 December 1965.
3. In considering the item, the Committee had before it a note by the Secretary-General (A/6018); a report of the Secretary-General on permanent sovereignty over natural resources (E/3840); the summary records of the 1335th to 1337th meetings of the Economic and Social Council (E/SR.1335-1337); and the report of the Economic and Social Council to the General Assembly at its nineteenth session.^{1/}
4. The Committee also had before it two draft resolutions the texts of which are reproduced respectively in sections I and II below.

I

5. The delegations of Ceylon and Ecuador submitted a draft resolution (A/C.2/L.806 and Add.1), which read as follows:

"The General Assembly,

"Having noted the report of the Secretary-General (E/3840) on the subject of permanent sovereignty over natural wealth and resources made pursuant to General Assembly resolution 1803 III (XVII),

^{1/} Official Records of the General Assembly, Nineteenth Session, Supplement No. 3 (A/5803), chapter III, section V.

"Noting that the Secretary-General has in his studies (E/3511) on the status of permanent sovereignty over natural wealth and resources gathered and presented valuable information on measures taken by States to ensure the protection of sovereign rights while encouraging international co-operation in the field of economic development,

"Recognizing that many developing countries are desirous of obtaining a greater inflow of private investment capital, but that uncertainty and anxiety on the part of both investors and capital recipient countries constitute a major impediment to such an inflow,

"Considering that such uncertainty and anxiety would be substantially diminished, and a greater inflow of investment capital assured, if certain standards and procedures for the investment of foreign capital in the developing countries were prepared under the auspices of the United Nations, having regard, on the one hand, to the importance of ensuring that such investment does not injure but promotes the interests of the economy and of the nationals of the country importing such capital and, on the other hand, to the fact that if such investment is to be attracted to the developing countries, reasonable security for such investment is required,

"Considering that the data already presented by the Secretariat in its studies provide a sufficient basis for the commencement of work towards the preparation of such standards and procedures,

"Requests the Secretary-General, with a view to the commencement of work towards the formulation of such standards and procedures, to submit to the General Assembly at its twenty-first session a report indicating the various matters that would need to be dealt with in formulating such standards and procedures, together with examples of existing legislative and treaty provisions and other appropriate information with respect to each of such matters."

This draft resolution was introduced by the representative of Ceylon at the 1010th meeting.

6. At the 1015th meeting, the Committee had before it a revised text (A/C.2/L.806/Rev.1) of the draft resolution in which the following changes had been introduced:

(a) The following new paragraph had been inserted at the beginning of the preamble:

"Recalling the Declaration on Permanent Sovereignty over Natural Wealth and Resources set forth in its resolution 1803 (XVII),";

(b) The beginning of the fourth (now fifth) preambular paragraph was modified to read:

"Considering that such uncertainty and anxiety could be substantially diminished ...";

the word "System" was inserted after the words "prepared under the auspices of the United Nations"; and the following words deleted: "does not injure but";

(c) The first part of the fifth (now sixth) preambular paragraph was revised to read:

"Considering that the data and other relevant materials already presented by the United Nations, the IBRD and other competent international bodies in their studies provide a sufficient basis ...".

(d) The first part of the operative paragraph was revised to read:

"Requests the Secretary-General, in co-operation with the international bodies concerned, to submit to the Economic and Social Council and to the General Assembly at its twenty-first session a report indicating ...".

7. At the 1019th meeting, the Union of Soviet Socialist Republics submitted the following amendments (A/C.2/L.859) to the draft resolution in document A/C.2/L.806/Rev.1.

(a) The fourth, fifth and sixth preambular paragraphs were to be replaced by the following text:

"Noting that there are still instances of the violation of the sovereignty of States over their natural resources,

"Considering that the consolidation of the sovereignty over natural resources is of great practical importance for the progress of the economy of developing countries and for the strengthening of their economic independence,".

(b) The operative paragraph was to be replaced by the following two paragraphs:

"1. Declares that the United Nations should exercise maximum concerted efforts aimed at the consolidation of the sovereignty of developing countries over their natural resources;

"2. Appeals to all States to refrain from actions, direct or indirect, preventing the exercise of the sovereign rights of a State with regard to its natural resources."

II

8. The delegations of Algeria, Poland, the United Arab Republic and the United Republic of Tanzania submitted a draft resolution (A/C.2/L.828 and Add.1) which read as follows:

"The General Assembly,

"Recalling its resolutions 523 (VI) of 12 January 1952, 626 (VII) of 21 December 1952, 1515 (XV) of 15 December 1960 and 1803 (XVII) of 14 December 1962,

"Recognizing that natural resources of the developing countries constitute a basis of their economic development in general and of their industrial progress in particular,

"Bearing in mind that natural resources of the developing countries are exhaustible and in many cases limited and that their proper exploitation determines the conditions of the economic development of those countries on a very long term,

"Considering that the best way of ensuring permanent sovereignty of the developing countries over their natural resources is their exploitation and marketing by themselves and that hence it is necessary to create conditions conducive towards the attainment of this end,

"1. Declares that the United Nations should undertake a maximum concerted effort to ensure the permanent sovereignty of the developing countries over their natural resources;

"2. States that such an effort should first of all lead to the highest possible degree of utilization of natural resources of the developing countries by themselves;

"3. Recognizes the right of the developing countries to increase their share on the administration, advantages and profits derived from the exploitation of their natural resources when it is carried out by foreign capital;

"4. Considers that in cases when natural resources of the developing countries are exploited by foreigners, the latter should be responsible for the proper training of indigenous personnel in all fields connected with such exploitation;

"5. Recognizes that the developing countries, which in their striving to ensure permanent sovereignty over their natural resources undertake or extend their exploitation by themselves, should have free access to indispensable sources of supply of capital goods and know-how;

"6. Recognizes also that national and international organizations, set up by the developing countries for the marketing of the resources which they are exploiting, can play a significant role in ensuring the permanent sovereignty of those countries in this field, and as such, they should be recognized and encouraged;

"7. Recommends to the regional economic commissions of the United Nations for Asia and the Far East, for Latin America and for Africa to discuss as soon as possible the question of the permanent sovereignty over the natural resources in the countries of the regions concerned, as well as the problem of economic utilization of these resources in the national interests of their peoples;

"8. Requests the Secretary-General:

(a) to co-ordinate the activities of the Secretariat in the field of natural resources with that in the field of industrial development;

(b) to undertake necessary steps in order to facilitate through the work of the Economic Projections and Programming Centre the inclusion of natural resources of the developing countries into programmes of their accelerated economic growth;

(c) to submit to the twenty-second session of the General Assembly a progress report on the permanent sovereignty of the developing countries over their natural resources in which particular attention should be given to the study of measures taken by the developing countries in order to ensure their sovereignty over their natural resources as well as of such measures which may prevent the violation of such sovereignty."

This draft resolution was introduced by the representative of Poland at the 1010th meeting.

9. At the 1015th meeting, Sudan joined the sponsors of the draft resolution.

10. At the 1017th meeting, the Committee received amendments by the United States of America (A/C.2/L.857) to this draft resolution, which were as follows:

(a) The fourth preambular paragraph was to be deleted;

(b) Operative paragraphs 1 and 2 were to be replaced by the following text:

"1. Reiterates its recognition, as set forth in General Assembly resolution 1803 (XVII), that all countries enjoy permanent sovereignty over their natural resources;

"2. Recognizes that the exercise of that sovereignty in the best interest of the developing countries may require the co-operative effort of the world investment and trading community";

(c) The latter part of operative paragraph 3, reading "to increase their share in the administration ..." to the end of the paragraph was to be replaced by the following text: "to conclude with foreign investors mutually satisfactory arrangements for the development of their natural resources".

(d) The words "are exploited by foreigners, the latter should be responsible for the" in operative paragraph 4 were to be replaced by the following text: "are developed with the assistance of foreign investment, there must be ...".

(e) Operative paragraph 5 was to be revised as follows:

"5. Recognizes that the developing countries, in exercise of their permanent sovereignty over their natural resources, require fair access to sources of capital goods and know-how;"

(f) Operative paragraph 6 was to be replaced by the following text:

"6. Recognizes the role of national and international organizations of the developing countries in the optimum marketing of their resources;"

(g) The words "Recommends to" at the beginning of paragraph 7 were to be replaced by the words "Draws the attention of", and the latter part of the paragraph beginning "to discuss as soon as possible ..." was to be replaced by the words "to this resolution".

(h) The words "and in other fields and with the work of the United Nations Conference on Trade and Development and the appropriate specialized agencies" were to be inserted at the end of operative paragraph 8 (a).

(i) Operative paragraph 8 (c) was to be revised to read as follows: "To report to the General Assembly on this item as appropriate."

11. The representative of Chile made an appeal to the Committee that this item should be postponed until the twenty-first session. The representative of Poland agreed that the Committee no longer had the time to have a thorough discussion of the question of permanent sovereignty over natural resources, and his delegation was prepared to agree to postponement of this item until the next session of the Assembly on the understanding that the Second Committee would at that time organize its work in such a way as to allow the necessary time for the consideration of this item.

12. The Committee adopted by acclamation the procedural suggestion that consideration of item 45 be postponed until the next session of the Assembly.

RECOMMENDATION OF THE SECOND COMMITTEE

13. The Second Committee therefore recommends to the General Assembly that this item should be postponed until the twenty-first session.
