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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Report of the Second Committee

Rapporteur: Mr. Chusei YAMADA (Japan)

1. The General Assembly, at its 2123rd plenary meeting, on 21 September 1973, allocated to the Second Committee, subitem (a) of agenda item 51, entitled "United Nations Conference on Trade and Development: (a) Report of the Trade and Development Board".
2. The Second Committee considered the item at its 1542nd to 1547th meetings, and at its 1552nd and 1553rd meetings, as well as at its 1573rd and 1574th meetings, on 30 and 31 October and on 1, 2, 5, 8, 9 and 30 November 1973. An account of the discussions of the Committee is contained in the relevant summary records (A/C.2/SR.1542-1547, 1552-1553 and 1573-1574).
3. At its 1542nd meeting, on 30 October, the Committee heard an introductory statement by the Secretary-General of the United Nations Conference on Trade and Development.
4. Under this item, the Committee had before it the following documents:
 - (a) Note by the Secretary-General (A/9213) transmitting the reports of the Working Group on the Charter of the Economic Rights and Duties of States, on its first and second sessions (TD/B/AC.12/1 and Corr.1 and TD/B/AC.12/2 and Add.1);
 - (b) Reports of the Trade and Development Board on its fifth special session (A/9015 (part I)), the second part of its twelfth session (A/9015 (part II)) and on its thirteenth session (A/9015 (part III));
 - (c) Report of the Economic and Social Council on the work of its resumed fifty-fifth session (A/9003/Add.1);
 - (d) Letter of 20 August 1973 addressed to the Secretary-General by the President of Mexico (A/9142).

I

5. At the same meeting, the representative of Mexico, on behalf of Algeria, Argentina, Canada, Colombia, Egypt, Ethiopia, Iran, Mexico, the Netherlands, Peru, the Philippines, Romania, Venezuela, Yugoslavia and Zambia, introduced a draft resolution (A/C.2/L.1295) entitled "Charter of the economic rights and duties of States". Barbados, Bolivia, Burundi, Costa Rica, Cyprus, the Dominican Republic, Ecuador, Gabon, Guatemala, Guyana, Haiti, Honduras, Indonesia, Jamaica, Lebanon, Mauritania, Morocco, Nepal, Nicaragua, Togo and Zaire also joined in sponsoring the draft resolution.

6. The statement on the administrative and financial implications of the draft resolution was issued by the Secretary-General (A/C.2/L.1296).

7. At the 1547th meeting, on 5 November, the representative of New Zealand withdrew the amendment submitted by his delegation (A/C.2/L.1299) providing for the insertion of the following new operative paragraph between existing operative paragraphs 5 and 6 of the draft resolution:

"6. Requests the Working Group to submit its report also to the Economic and Social Council and invites the Council to consider the report as a matter of priority at its fifty-seventh session and to forward its comments and suggestions thereon to the General Assembly at its twenty-ninth session;"

8. At the 1552nd meeting, on 8 November, the Committee adopted the draft resolution (A/C.2/L.1295) as a whole without objection (see paragraph 20 below, draft resolution I).

II

9. At the 1544th meeting, on 1 November, the representative of Jamaica, on behalf of the delegations of Barbados, Guyana, Jamaica and Trinidad and Tobago, introduced a draft resolution (A/C.2/L.1297) entitled "A study on the indexation of prices". Egypt, Gabon, Kenya, Madagascar and Swaziland joined in sponsoring the draft resolution.

10. At the 1552nd meeting, the representative of Jamaica, on behalf of the sponsors, orally revised the fourth preambular paragraph of the draft resolution (A/C.2/L.1297) by inserting the word "and" between "international trade" and "the flow" and the word "as" between "capital" and "investment".

11. At the 1553rd meeting, on 9 November, the Committee adopted the draft resolution (A/C.2/L.1297) as a whole, as orally revised, by a recorded vote of 89 to 5, with 26 abstentions (see paragraph 20 below, draft resolution II). The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Bahamas, Bahrain, Barbados, Bhutan, Bolivia, Botswana, Brazil, Burma, Burundi, Cameroon, Central African Republic, Chad, China, Colombia, Congo, Costa Rica, Cuba, Cyprus, Dahomey, Democratic Yemen, Dominican Republic, Egypt, Ethiopia, Fiji, Gabon, Ghana, Guatemala, Guinea,

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Guyana, Haiti, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Laos, Libyan Arab Republic, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Portugal, Qatar, Romania, Rwanda, Senegal, Sierra Leone, Singapore, Sri Lanka, Sudan, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zaire, Zambia.

Against: France, Germany (Federal Republic of), Greece, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, Denmark, Finland, German Democratic Republic, Hungary, Iceland, Ireland, Italy, Japan, Mongolia, Netherlands, New Zealand, Norway, Poland, South Africa, Spain, Sweden, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

12. The Committee had before it a draft resolution (A/C.2/L.1304) entitled "Reform of the international monetary system", submitted on 9 November by Afghanistan, Algeria, Argentina, Burundi, Egypt, Guyana, Iran, Jordan, Malaysia, Morocco, Pakistan, Peru, the Philippines, Sri Lanka, the Sudan, the Syrian Arab Republic, Tunisia, the Upper Volta, Yugoslavia and Zaire, which read as follows:

"The General Assembly,

"Recalling its resolution 2806 (XXVI) of 14 December 1971, as well as resolution 84 (III) of 21 May 1972, adopted by the United Nations Conference on Trade and Development at its third session,

"Noting the First Outline of Reform by the Committee on Reform of the International Monetary System and Related Issues,

"Recognizing that the problems in the monetary, trade and finance fields should be resolved in a co-ordinated manner, through appropriate consultations as envisaged in the relevant resolutions of the United Nations Conference on Trade and Development, taking into account the interdependence of such problems, with the full participation of developed and developing countries,

"1. Draws attention to the harmful disruption of economic conditions as a result of the continuing uncertainty in the international monetary sphere, particularly for the trade and development of the developing countries, and, in this regard, welcomes the intention of the Committee to settle the issues of reform by 31 July 1974;

"2. Stresses that the reformed monetary system should be universal and should take into account the interests of the international community as a whole, thereby helping the establishment of a new system of world economic relations based on the equality and interest of all countries;

"3. Reiterates the necessity for full and effective participation of the developing countries in the discussions and in the decision-making process of the reform and that the Committee of 20 should be fully responsible in all negotiations on the reform;

"4. Recognizes the specific structural problems of the developing countries and the need for appropriate flexibility in the new monetary system, on the basis of the preferential treatment for developing countries;

"5. Recommends that the voting system and the quota structure should be reviewed with a view to making it possible for developing countries to have greater participation in international monetary decisions and to secure a higher proportion between access to resources of the International Monetary Fund and Fund quotas;

"6. Recommends also the speeding up of the work on the examination and establishment of a new extended fund facility for developing countries which should help them to overcome the specific difficulties in adjusting their balance of payments;

"7. Recognizes the need of reviewing of methods of operation of the International Monetary Fund, in particular longer terms for both credit repayments and "stand-by" agreements, modification of the system of compensatory financing, and more flexible and liberal terms in the financing of commodity buffer stocks;

"8. Asserts the fundamental importance of ensuring that the reformed system should not only create conditions favourable to the transfer of real resources to developing countries but also contain built-in mechanisms for such transfer;

"9. Reasserts further the need for establishing a link between Special Drawing Rights and additional development finance and calls for an early positive political decision on the establishment of such a link, on which the technical discussions have now been completed;

"10. Emphasizes the need for adequate and orderly increase by the International Monetary Fund of liquidity to meet the global needs of world trade through additional allocation of the Special Drawing Rights;

"11. Recommends that the developing countries should be exempted from import and capital controls imposed by developed countries for their balance-of-payments purposes;

"12. Welcomes the decision of the Committee of 20 to set up a Technical Group on the Transfer of Real Resources to study, within the context of the international monetary reform, the flow of development assistance, access to markets and the flow of investments."

13. Bahrain, the Central African Republic, Colombia, India, Iraq, Kenya, Mali, Nigeria and Rwanda also joined in sponsoring the draft resolution.

14. At the 1574th meeting, on 30 November, Mr. González Arias (Paraguay), Vice-Chairman of the Committee, following informal consultations, introduced a draft resolution (A/C.2/L.1327) entitled "Reform of the international monetary system" (for the statement made by the Vice-Chairman, see A/C.2/SR.1574).

15. The draft resolution submitted earlier on this subject (A/C.2/L.1304) was withdrawn.

16. At the same meeting, the Committee adopted the draft resolution (A/C.2/L.1327) without a vote (see paragraph 20 below, draft resolution III).

IV

17. At the 1573rd meeting, on 30 November, Mr. González Arias (Paraguay), Vice-Chairman of the Committee, following informal consultations, introduced a draft resolution (A/C.2/L.1324) entitled "Multilateral trade negotiations".

18. The Committee agreed, as an exception, to reproduce in the present report the text of the Vice-Chairman's introductory statement, which appears below:

"I would like to offer a few words to introduce and explain the contents of the text before you in document A/C.2/L.1324 regarding multilateral trade negotiations.

"This text has been prepared through intensive informal consultations between members of different groups in which many delegations have taken active part. This effort has been guided by the recognition of the need to take note of the important Declaration of Tokyo, which initiated the comprehensive round of multilateral trade negotiations scheduled to last until 1975. It is, of course, necessary for the General Assembly to pronounce itself on this extremely significant development. At the same time, those delegations who took part in this exercise recognize that it was neither possible nor appropriate for the General Assembly to attempt to undo or change the delicate compromise arrived at in Tokyo. At the same time, it was possible and, indeed, desirable for the General Assembly to address itself in a forward-looking manner to the further fuller implementation of the broad guidelines agreed upon at Tokyo. It is in this spirit that this text has been conceived.

"I should like, Mr. Chairman, to stress that this represents a consensus and not unanimity among the delegations which took part. Every effort was made in the involved discussions and consultations, which lasted for many weeks, to take into account as far as possible all points of view. But, of

course, there may be certain areas where this has not been entirely feasible. Thus certain concerns and principles of the developing countries may not have been reflected in quite the way which they would have preferred.

"It was suggested that the participants in the multilateral trade negotiations should take account in their negotiations of the interests of all countries, irrespective of their economic and social systems, and should try to ensure equal participation for all on the basis of mutual advantage and non-discrimination. Efforts have been made to introduce these concepts, as far as possible, into the text of the draft resolution before the Committee.

"There may also be specific viewpoints of certain regional economic groupings as well as the preoccupations and problems of other countries which loom large in the present structure of world trade, but by and large I would conclude by the hope that at the very least this text will command the enthusiastic apathy of the largest number of delegations represented in the Second Committee."

19. At the same meeting, the Committee adopted the draft resolution (A/C.2/L.1324) without a vote (see paragraph 20 below, draft resolution IV).

RECOMMENDATIONS OF THE SECOND COMMITTEE

20. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

DRAFT RESOLUTION I

Charter of Economic Rights and Duties of States

The General Assembly,

Bearing in mind that the United Nations Conference on Trade and Development, in its resolution 45 (III), decided to establish a Working Group of governmental representatives to draw up a draft Charter of Economic Rights and Duties of States,

Recalling its resolution 3037 (XXVII) of 19 December 1972, by which it decided to enlarge the composition of the Working Group on the Charter of Economic Rights and Duties of States,

Reaffirming its conviction of the urgent need to establish or improve norms of universal application for the development of international economic relations on a just and equitable basis,

1. Takes note with appreciation of the report of the Working Group on the Charter of Economic Rights and Duties of States 1/ and of the comments made thereon as reflected in the report of the Trade and Development Board on its thirteenth session; 2/

2. Decides, in the light of the progress achieved, to extend the mandate of the Working Group as established by resolution 45 (III) of 18 May 1972 of the United Nations Conference on Trade and Development;

3. Further decides that the Working Group shall hold two sessions in 1974, each of three weeks' duration, as recommended by the Trade and Development Board in its decision 98 (XIII) of 8 September 1973;

4. Urges the Working Group to complete, as the first step in the codification and development of the matter, the elaboration of a final draft Charter of Economic Rights and Duties of States, to be considered and approved by the General Assembly at its twenty-ninth session;

1/ TD/B/AC.12/1 and Corr.1 and TD/B/AC.12/2 and Add.1.

2/ A/9015 (part III), chap. III.

5. Requests the Trade and Development Board to examine at its fourteenth session, as a matter of priority, the report of the Working Group and to transmit it to the General Assembly, together with its comments and suggestions;

6. Decides to include in the provisional agenda of its twenty-ninth session an item entitled "Charter of Economic Rights and Duties of States".

DRAFT RESOLUTION II

Study on the indexation of prices

The General Assembly,

Having considered the report of the Trade and Development Board on its thirteenth session, 3/

Recalling General Assembly resolutions 1995 (XIX) of 30 December 1964, 2904 (XXVII) of 26 September 1972 and 3041 (XXVII) of 19 December 1972,

Recalling also resolutions 55 (III) of 19 May 1972, 80 (III) of 20 May 1972 and 83 (III) of 20 May 1972 of the United Nations Conference on Trade and Development,

Recognizing the importance of the interrelation between the reform of the international monetary system and existing or prospective arrangements among countries, including those that involve international trade and the flow of capital as investment or development assistance,

Recalling the Declaration and Principles of the Action Programme of Lima, in particular paragraph III 3 (a) (iv) of section B in part III,

Recalling also the Economic Declaration adopted by the Fourth Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers 4/ from 5 to 9 September 1973,

Bearing in mind the review and appraisal of the implementation of the International Development Strategy of the Second United Nations Development Decade now being undertaken by the United Nations Conference on Trade and Development and by other bodies,

Mindful of the fact that the structure and organization of the global import-export trade is significantly advantageous to the developed countries,

3/ A/9015 (part III).

4/ A/9330, p. 57.

1. Requests the Secretary-General of the United Nations Conference on Trade and Development to prepare, after consultations with the President of the International Bank for Reconstruction and Development, a comprehensive study on the indexation of prices of commodities produced in, and exported by, developing countries and to examine ways and means whereby unit prices of manufactured imports from developed countries and unit prices of exports from developing countries could be automatically linked;

2. Further requests the Secretary-General of the United Nations Conference on Trade and Development to submit a report on the findings of the study to the General Assembly at its twenty-ninth session through the Trade and Development Board.

DRAFT RESOLUTION III

Reform of the international monetary system

The General Assembly,

Recalling its resolution 2806 (XXVI) of 14 December 1971, as well as resolution 84 (III) of 21 May 1972 of the United Nations Conference on Trade and Development,

Noting that the Chairman of the Committee on the Reform of the International Monetary System and Related Issues has submitted a report on the present status of the Committee's work and a First Outline of the Reform,

Recognizing that the problems in the monetary, trade and finance fields should be resolved in a co-ordinated manner taking into account their interdependence, through appropriate consultations as envisaged in the relevant resolutions of the United Nations Conference on Trade and Development, with the full participation of developed and developing countries,

1. Draws attention to the danger of harmful disruption of world trade and development, in particular for that of developing countries as a result of the continuing uncertainty in the international monetary sphere, and welcomes the intention of the Committee on the Reform of the International Monetary System and Related Issues to settle the issues of reform by 31 July 1974;

2. Stresses that the reformed monetary system should aim at universality and should take into account the interests of the international community as a whole, thereby assisting in the evolution of a system of world economic relations based on the equality and interest of all countries;

3. Welcomes the provisions for full and effective participation of the developing countries in the discussions and in the decision-making process of the reform and emphasizes the role of the Committee on the Reform of the International Monetary System and Related Issues as the body fully responsible in all negotiations on the reform;

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4. Recognizes the need for an appropriate degree of flexibility in the new monetary system to take into account inter alia, specifically, the special characteristics and specific structural problems of developing countries;
5. Invites the International Monetary Fund to give attention to the concerns of the developing countries, particularly in the forthcoming review of its current quota, and through that, consequentially, voting structure;
6. Endorses further examination of proposals for establishing a new fund facility to provide longer-term balance of payments finance for developing countries;
7. Recognizes the need for reviewing the methods of operation of the International Monetary Fund, in particular the terms for both credit repayments and "stand-by" arrangements, the system of compensatory financing, and the terms of the financing of commodity buffer stocks, so as to enable the developing countries to make more effective use of them;
8. Asserts the fundamental importance of ensuring that the reformed system should both create conditions for and contain arrangements to promote an increasing flow of real resources from the developed countries to the developing countries;
9. Recommends that, within the framework of the reform of the international monetary system, the earliest possible decision be reached, in accordance with the time-table established by the Committee on the Reform of the International Monetary System and Related Issues, on the outstanding issues, including the question of establishing a link between Special Drawing Rights and additional development finance;
10. Emphasizes that additional creation of Special Drawing Rights in adequate and orderly manner by the International Monetary Fund should be determined on the basis of global liquidity needs;
11. Agrees that wherever possible the developing countries will be exempted from import and capital outflow controls for balance-of-payments purposes and that special circumstances of developing countries will be taken into account in assessing controls which these countries feel it necessary to apply;
12. Welcomes the decision of the Committee on the Reform of the International Monetary System and Related Issues to set up a Technical Group on the Transfer of Real Resources in order to examine in detail specific suggestions for action which could be taken by the Committee in accordance with its mandate so as to promote the flow of real resources from developed to developing countries.

DRAFT RESOLUTION IV

Multilateral trade negotiations

The General Assembly,

Recalling resolution 82 (III) of 20 May 1972, of the United Nations Conference on Trade and Development and General Assembly resolution 3041 (XXVII) of 19 December 1972,

Recalling the important declaration of 14 September 1973, which was approved by the Ministerial Meeting at Tokyo, as well as the concluding statement of the Chairman,

Reaffirming that the multilateral trade negotiations shall aim, inter alia, at securing additional benefits for the international trade of developing countries, so as to achieve a substantial increase in their foreign exchange earnings, the diversification of their exports, the acceleration of the rate of growth of their trade, taking into account their development needs, an improvement in the possibilities for these countries to participate in the expansion of world trade, and a better balance as between developed and developing countries in the sharing of the advantages resulting from this expansion, through, in the largest possible measure, a substantial improvement in the conditions of access for the products of interest to the developing countries and, wherever appropriate, measures designed to attain stable, equitable and remunerative prices for primary products,

Taking note of the Economic Declaration 5/ adopted by the Fourth Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers from 5 to 9 September 1973, in which they expressed the belief that the multilateral trade negotiations will pave the way for a new and just international division of labour and help in the establishment of a new system of world economic relations based on equality and the common interests of all countries,

1. Takes note of the report of the Trade and Development Board for the period 27 October 1972 to 11 September 1973; 6/

2. Emphasizes that the Tokyo Declaration is expressed in broad terms and opens the way for advancing further work along lines expressed by delegations and in particular enables Governments in the course of the work of the Trade Negotiations Committee to take due account of the concerns, perspectives and principles voiced at Tokyo by different delegations, particularly those of developing countries;

3. Notes with satisfaction that a number of Governments have decided to enter into comprehensive multilateral trade negotiations within the framework of the General Agreement on Tariffs and Trade in which all countries, developed and developing, will be enabled to participate;

5/ A/9330, p. 57.

6/ A/9015 (parts I, II and III).

4. Expects that among the basic objectives guiding these negotiations will be the concepts, as agreed upon at Tokyo, of non-reciprocity, and special and more favourable treatment through differential measures in favour of developing countries, throughout the negotiations, where this is feasible and appropriate;

5. Invites the participants in the multilateral trade negotiations to ensure that:

(a) The Trade Negotiations Committee enables the Secretary-General of the United Nations Conference on Trade and Development to attend its meetings as appropriate;

(b) The Director-General of the General Agreement on Tariffs and Trade, on a continuing basis, keeps the Secretary-General of the United Nations Conference on Trade and Development informed of developments in the multilateral trade negotiations in such a manner as to facilitate the work of the Secretary-General of the Conference in assisting the developing countries;

6. Requests the Secretary-General of the United Nations Conference on Trade and Development to report to the Trade and Development Board at its fourteenth session on all aspects of the negotiations pertinent to the trade and development of developing countries.
