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Chairman: Mr. Bohdan LEWANDOWSKI
 (Poland).

AGENDA ITEMS 12, 34, 35, 36, 37, 39 AND 84

*Report of the Economic and Social Council (chapters I to III,
 V and VI) (A/5203) (continued)*

*United Nations Development Decade: report of the Secretary-
 General (A/5194, E/3613, E/3613/Add.1, E/3613/Add.
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*Economic development of under-developed countries (A/
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- (a) Accelerated flow of capital and technical assistance to
 the developing countries: report of the Secretary-General;
- (b) Establishment of a United Nations capital development
 fund: report of the Committee established under General
 Assembly resolution 1521 (XV) (E/3654);

- (c) Industrial development and activities of the organs of
 the United Nations in the field of industrialization (E/
 3600/Rev.1, E/3656, E/3656/Add.1);
- (d) Long-term projections of world economic trends: pro-
 gress report prepared by the Secretary-General (E/3628,
 E/3629, E/3661, E/3668);
- (e) Land reform: report of the Secretary-General (E/3603);
- (f) Decentralization of the economic and social activities
 of the United Nations and strengthening of the regional
 economic commissions (A/5196, E/3643)

*Question of holding an international conference on trade
 problems (A/5221, A/C.2/L.645, E/3631 and Add.1-4)
 (continued)*

*International measures to assist in offsetting fluctuations
 in commodity prices (A/5221, E/3447, E/3644, E/CN.13/
 43, E/CN.13/45) (continued)*

*Permanent sovereignty over natural resources (A/4905,
 A/5060, A/5225, A/AC.97/5/Rev.2, E/3511, E/L.914,
 E/L.915, E/L.918, E/L.919, E/SR.1177-1179, E/SR.1181)
 (continued)*

*The Cairo Declaration of Developing Countries (A/5162)
 (continued)*

GENERAL DEBATE (continued)

1. Mr. FRANZI (Italy) said that, while the results of the United Nations Development Decade would not be fully known before 1970, it would be possible in the next few years to make some preliminary evaluations and to hazard some forecasts. The current and projected activities connected with the Decade were consistent with its objectives and with the programme's requirements, but new measures to facilitate and accelerate the development of the less favoured countries might have to be considered. It was the duty of the United Nations to spare no effort to intensify the activities already in progress and to ensure that the various multilateral and bilateral assistance programmes were effective enough to further the objectives set for the Decade.

2. From the statements that had already been made at the seventeenth session of the General Assembly, it was apparent that the Committee's attention would be concentrated on the problems of international trade and the deterioration in the terms of trade of the developing countries and hence on the preparatory work for the United Nations Conference on Trade and Development. His delegation was convinced that the development of the economically less developed countries was to a great extent dependent on the expansion of their trade and the stabilization of commodity prices. His country, which had, after the Second World War, requested the United States to facilitate its imports of Italian products, could not today re-

main insensible to that same appeal, coming this time from the developing countries. But rather than the slogan "trade, not aid", Italy believed in the slogan "trade and aid" and even in "trade as a form of aid". It felt that international trade could not be expected to provide a solution for all development problems and that the assistance efforts already being made should neither be neglected nor curtailed.

3. In addition to measures to expand the markets of the industrialized countries for the exports of the developing countries, the present programmes of economic, financial and technical assistance should continue to function and even expand, and the flow of public and private capital necessary for transforming the economic structures of the less developed countries should increase. The purpose of that transformation should be to diversify the products of those countries and gradually to create local industries which would not only satisfy domestic requirements but would also guarantee new sources of export earnings. In that connexion, it was worth noting that that goal could not be achieved without the active administrative, economic and social co-operation of the recipient States.

4. His delegation, which had supported General Assembly resolution 1707 (XVI) and Economic and Social Council resolution 917 (XXXIV), intended to co-operate fully with the United Nations Conference on Trade and Development and thus contribute to the solution of the difficulties hampering the development of the economically less favoured countries.

5. For the Conference to be successful, it was essential that all the considerations underlying Council resolution 917 (XXXIV) should be kept in mind. First of all, the Conference must take place in an atmosphere free of political speculation and in a spirit of mutual comprehension and co-operation in a common effort to find ways and means of eliminating or reducing the obstacles in the present structure of international trade which impeded the development of the economically less favoured countries. If it were not so, there would be a risk that many countries would feel doubtful about the successful outcome of the Conference, even before it had been convened. Secondly, the Conference should be basically technical in character and should be in a position to consider all such obstacles, especially those which had existed for many years and which were consequently the most difficult to overcome. The recently concluded International Coffee Agreement afforded evidence that it was possible to reach an understanding to the advantage of all participants.

6. Much was expected of the Conference and, if it was not to disappoint the hopes that had been placed in it, it was essential that the preparatory work for it should be carried out with all possible care. The Preparatory Committee should take advantage of the practical experience gained in the workings of international trade by such organizations as the International Monetary Fund, the Contracting Parties of GATT and the International Bank for Reconstruction and Development. The Preparatory Committee could also obtain useful guidance from the debates in the General Assembly in regard not only to the technical aspects of the problem, but also to the new attitude towards international trade which was evolving and to the views of Member States on the Conference.

7. His delegation expected to be able to make a useful contribution to the preparatory work for the Conference and to the work of the Conference itself.

Italy, which was poor in raw materials and natural resources, was the natural partner of the developing countries and consequently based its hopes for economic progress on an expansion of its trade. It was convinced of the need to increase its import and export trade with all countries, especially those in the process of economic and social development. It was estimated that by 1975 Italy would have achieved full employment. In the twelve years which had elapsed since 1950, a radical change had taken place in Italian society with the creation of production structures capable, for the first time, of ensuring that capital accumulated in proportion to labour supply. The radical changes which had taken place in those structures tended to make agriculture a less important factor in the formation of national income, a change which would make an even more liberal trade policy possible in the future. Other prospects were also opening up: the rising average income would lead to greater domestic consumption and consequently heavier demand for such tropical products as coffee, tea and cocoa. That would, in turn, have a significant cumulative effect, since the increased consumption of such products would enable the Italian Government later to cut domestic taxes on consumption, which would lead to a further rise in imports.

8. Obviously, the further countries advanced along the path of development, the more intense their trade in industrial items. Industrialization led not towards autarky but towards the expansion of trade. The initial symptoms of such expansion were already apparent. For example, Italy was seeking to open its markets, whenever its balance of payments and economic situation permitted, not only to the members countries of the European Economic Community, but also to all countries. The Italian Government had recently sanctioned an additional reduction in customs tariffs on goods irrespective of their origin and outside of any international undertaking or any condition of reciprocity.

9. The subject of regional economic groupings had been amply dealt with in plenary meetings of the General Assembly by Mr. Spaak, Belgian Minister for Foreign Affairs (1138th meeting) and Mr. Piccioni, Italian Minister for Foreign Affairs (1136th meeting). The countries of Eastern Europe had sought to give the impression that the European Economic Community was a new element in the cold war, and Mr. Piccioni had tried to dispel that impression. He had stressed that the immediate objective of the Community was the organization, in freedom and democracy, of the economies of member States and the expansion of trade with the entire world. The Yugoslav representative had asserted before the Committee (800th meeting) that the agricultural policy of the Community would adversely affect imports from third markets and favour uneconomic domestic production. Actually, that policy was not aimed at protectionism but at the fulfilment of two needs: first, to extend economic integration to a basic sector where the economies of the member countries presented the most marked differences in structure and organization; and secondly, to ensure that the agricultural production of the Community, by a gradual process of quantitative and structural adaptation, could attain a level which would permit it to compete on international markets. In other words, the final objective in the agricultural sector, as well as in other sectors, was to make the Community more outward-looking, in conformity with article 110 of the Treaty of Rome. In that spirit, the

Community had established as one of its aims the conclusion of world agreements designed to set up permanent systems of international co-operation for a rational distribution of world agricultural production on the various consumer markets.

10. His delegation wished to assure the representative of Yugoslavia that the Conference on the Problems of Economic Development, which had been held at Cairo, had been followed in Italy with interest and without suspicion. It could hardly be otherwise. Any meeting at which the developing countries discussed their problems could only be regarded with sympathy. If apprehensions did exist, they could only be inspired by the fear that some of the developing countries might let themselves be carried away by the political speculation organized by other countries, whose interest in a world trade conference was really only part of a political offensive against the European Common Market and of a campaign to stir up trouble between the developing countries and the Western world.

11. It was well known that during recent years the USSR had concluded several long-term agreements with the member countries of the Community. Statistics showed that the USSR had stepped up its trade with those countries, with the member countries of the European Free Trade Association, with Japan and, indeed, with the whole of the Western world, except the United States. Trade between the Soviet Union and Italy had increased fivefold during the last five years. The limit to that trade was set mainly by the Soviet Union itself with the help of its discriminatory and monopolistic State trading system. When the Soviet Union had really wanted to boost its trade with the United Kingdom, the Federal Republic of Germany, Japan and Italy, it had always found a welcome there.

12. Regrettably, the United Nations Conference on Trade and Development was viewed by certain countries as a new weapon to be used in the offensive against the Western world. In launching that offensive, the Soviet Union aimed more at gaining the support of the developing countries in the struggle against European integration than at replacing the Western world in its trade with those countries. While pressing for a hasty and ill-prepared international trade conference, the Soviet Union had kept repeating the accusation that the capitalist monopolies were responsible for the deterioration in the terms of trade of the primary producing countries. But the USSR forgot to say that for its own raw material imports it paid not one penny more than the international price; it failed to explain the reasons for the world crisis of over-production of certain products; and, above all, it avoided any reference to the current trend towards the adoption of international price stabilization agreements, such as the recent International Coffee Agreement.

13. During the debate, other allegations had been made which seemed to be inspired more by politics than by realism. It had been said, for example, that the European Economic Community was seeking to prolong the economic dependence of its associate members on a small number of European buyers and hence to retard their development. However, figures from, for example, Senegal, where industrial production had increased nearly 75 per cent between 1956 and 1961, from the Ivory Coast, which registered a similar increase, and from Madagascar, where industrial production had reached, in 1960, an index

of 262, 1950 being equal to 100, showed clearly that the industrial development of the African countries associated with the Community, far from being impeded, had in fact been consolidated. Furthermore, industrial exports from all the associated countries had increased by 35 per cent between 1959 and 1960.

14. The Community had provided to the overseas countries, for infra-structural and social developments, the largest volume of financial assistance that had ever been given in so short a time by a multi-lateral investment system: between February 1959 and 31 December 1962, \$581 million had been allocated to the associate countries. It had been agreed that at least a similar sum would be made available during the next five years. Italy's future contribution was to be at least double that made so far. The Community had formally undertaken to continue such financial aid to the associated countries for the development and diversification of their economies.

15. During the first six months of 1962, the total assistance provided by Italy for the developing countries had amounted to \$200 million, a sum almost equal to that supplied during the whole of 1961. Italy was going through a critical phase in its own development. It often could not provide all the aid that it wished to the developing countries. It also realized that, during the Development Decade, co-operation would be the basis of the economic progress of each country. A sounder balance must be maintained between the solution of domestic problems and the solution of international problems. Italy was ready to co-operate with all the means at its disposal. As in the past, it would make a constructive contribution to the Committee's work and shared the hope, expressed at the 795th meeting by the Under-Secretary for Economic and Social Affairs, that the Committee would rediscover in the trend towards regional integration the unifying power of universal trade.

16. Mr. FARHADI (Afghanistan) expressed his delegation's appreciation of the contribution made to the Committee's work by the Under-Secretary for Economic and Social Affairs in the statement which the latter had made at the 795th meeting.

17. His delegation fully endorsed resolution 916 (XXXIV) of the Economic and Social Council which expressed appreciation to the Secretary-General for his report (E/3613) containing proposals for action to further the objectives of the United Nations Development Decade. It also fully approved of the aims of that programme and agreed with the Secretary-General that the means for its implementation could be found if only there was the will to achieve its objectives.

18. It appeared from paragraph 146 of the report of the Council (A/5203) that the nations participating in the Cairo Conference had unanimously declared themselves in favour of holding an international economic conference within the framework of the United Nations. The Cairo Declaration of Developing Countries (A/5162) invited the industrialized countries to adopt as a matter of urgency a programme of measures for the abolition of tariff, non-tariff and all other discriminatory barriers adversely affecting the exports of developing countries.

19. In connexion with the expansion of international trade, his own country, being land-locked, attached particular importance to the right of countries similarly situated to have access to the sea and to use ports,

as well as transport and transit facilities, a matter alluded to in paragraph 25 of the Cairo Declaration. This established and undeniable right of the land-locked countries to transit was mentioned in many international conventions and treaties, including the first four articles of the Convention on the High Seas, adopted in 1958 by the United Nations Conference on the Law of the Sea. Certain provisions of that Convention had been misinterpreted by some countries, and his Government reserved the right to correct those misinterpretations at an appropriate time.

20. The need of land-locked countries for adequate transit facilities in promoting international trade had also been recognized by the General Assembly in resolution 1028 (XI). That need had been particularly felt in the region of the world in which his country was situated. In its annual report to the thirty-second session of the Economic and Social Council (E/3466), ECAFE had stressed the need for further simplification of formalities in transit ports, including the elimination of bottlenecks, the removal of additional charges levied on goods destined for land-locked countries and the expeditious clearance of transit goods. In its latest report to the Council (E/3599), ECAFE had placed emphasis on the facilities acquired by land-locked countries and had urged that unilateral action which might radically affect the flow of transit trade to and from the land-locked countries should not be undertaken by the coastal countries. In this connexion, he also recalled that the Council had constituted a working group to consider the draft declaration on international economic co-operation (E/3467), the amendments thereto and the views expressed thereon, and his delegation hoped that that working group and the Council would give due consideration to the amendment submitted by his country (E/L.899) in connexion with the right of land-locked countries to transit.

21. The Cairo Conference had noted that, although the present volume of international aid had contributed to the progress of developing countries, it was not sufficient and its forms and methods were not satisfactory. In his delegation's view, under-development recognized no continent or specific territory, and the assistance already given to developing countries should in no way be reduced. Aid should be distributed equitably and rationally, regardless of political groupings or alignments; it should have a higher humanitarian purpose.

22. His delegation supported Council resolution 921 (XXXIV) which urged economically advanced countries to consider the possibility of undertaking measures designed to ensure the establishment of a United Nations capital development fund.

23. In connexion with the decentralization of the economic and social activities of the United Nations and the strengthening of the regional economic commissions, which had been called for in General As-

sembly resolution 1709 (XVI), he drew attention to the fact—already stressed by his delegation at the seventeenth session of ECAFE—that many Asian and Far Eastern countries, including his own, resembled each other in certain respects but differed in certain geographical and human aspects. They were, in many aspects, similar to countries outside the region with whom they had economic relations. It was necessary to bear in mind, in connexion with a possible decentralization of social activities, that, so far as some of the specialized agencies were concerned, his country did not belong to the ECAFE region. At the sixteenth session of the General Assembly, his delegation had not opposed the idea of decentralization, provided the strengthening of the regional commissions was in line with their basic responsibility for regional programmes. The regional economic commissions should certainly be strengthened, but, so far as national projects and problems were concerned, it would be desirable for the various less developed countries to have direct contact and relations with the headquarters of the agencies responsible for the particular type of technical co-operation concerned.

24. No one could deny the importance of the interrelation between the technical co-operation programmes of the United Nations and the specialized agencies and the pre-investment activities of the Special Fund. Closer co-ordination between those programmes and activities would be welcomed by the developing countries. In its report on co-ordination of technical assistance activities (E/3639), the ad hoc Committee of Eight, established under resolution 851 (XXXII) of the Economic and Social Council, had recommended to the Council that the Secretary-General should be requested to study the possible advantages and disadvantages of a partial or complete merger of some or all of the technical assistance programmes of the United Nations, including that of the regular programmes, the Expanded Programme of Technical Assistance and the Special Fund. His delegation felt that the Special Fund might be regarded as a first step towards the establishment of a capital development fund. That view, which was shared by many other countries, should be taken into consideration before any merger was carried out. His delegation was gratified to learn that the ad hoc Committee had been enlarged, as it had previously not included a sufficient number of representatives from the developing countries.

25. The question of permanent sovereignty over natural resources was of great importance to all countries, especially the less developed ones. His delegation hoped that, in considering the report of the Commission on Permanent Sovereignty over Natural Resources (E/3511), the General Assembly would pay particular attention to the views expressed by those countries.

The meeting rose at 6.15 p.m.