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CONTENTS

Chairman: Mr. Richard M. AKWEI (Ghana).

AGENDA ITEM 34

United Nations Conference on Trade and Development (continued) (A/7176/Rev.2, A/7203/Add.1, A/7214, A/7256, TD/97, TD/L.37/Add.11):
(a) Report of the Conference on its second session;
(b) Report of the Trade and Development Board

1. Mr. PEAL (Liberia) thanked the Under-Secretary-General for Economic and Social Affairs, the Minister of Commerce of India, Mr. Singh, and the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), who had helped to place the discussion in its proper perspective. Both sides—developing and developed countries—must stop talking at cross purposes and establish a true dialogue. The countries providing aid had taken it too much for granted that they could call the tune, since they had to make the biggest financial effort. Now that the developing countries were making their voice heard, however, the donor countries would be well advised to listen. If they were given the attention they merited, the developing countries, for their part, should listen to what the donor countries had to say. There should be continuing consultation and negotiation on the various points at issue. Yet it seemed that the developing countries were talking more and more and the developed countries were remaining more and more passive.

2. The solution of that problem would require realism and the establishment of clearly discernible targets. One of the main tasks was to achieve balanced agreements between the suppliers of primary products and the makers of manufactured products. The developed countries were well aware of the crucial importance of that question and could provide an acceptable solution, once they decided to do so. A solution had been found for sugar and, with the same political determination, one could soon be found for cocoa and natural rubber.

3. In addition, since the resources available for development financing had to meet a variety of requests, the aim should be to increase them without too much concern about establishing percentages for aid or growth, and to use them for the achievement of clear objectives. During the second Development Decade, it would be preferable to have a small number of better planned and better executed projects than a multitude of conferences and discussions in which a few worth-while decisions were lost among millions of words.

4. Harmony should be restored in the interchange of ideas between the developing and the developed countries; a consensus should be reached on past errors from which useful and lasting lessons could be learnt; and a set of guide-lines and enterprises which all could accept should be established for the second Development Decade.

5. Mr. GILLET (Belgium) said that the greatness of institutions, like that of men, lay in their ability to face failure, to learn from it and to rise above it. That was what the Secretary-General of UNCTAD and the Trade and Development Board had chosen to do. In future, lengthy agendas, which resulted in a dispersal of effort, should be avoided, and there should be a reduction in the number of meetings, which should be better prepared. The system of groups should be more flexible. It was important that agreement had been reached on the nature of the future work of UNCTAD, which had been set out in carefully considered terms in Trade and Development Board decision 45 (VII) (see A/7214, p. 93). If tangible progress were to be made, however, the developing countries would have to make an extra effort themselves, individually and collectively. The contribution of the advanced countries could be only a complement. The developing countries' political will to succeed was vital.

6. Even with the best will, the role of the industrialized countries could only be to accelerate and facilitate development. They were already doing a great deal, but that might seem relatively little in comparison with their means. They might therefore be asked to display more imagination and understanding. It might be asked, however, whether conditions conducive to a more outgoing attitude on their part had been created. They were being asked to

accept decisions in which they had played no part. Of the problems broached, many had been discussed at sufficient length. A discussion had really been conducted between all participants on some questions but, for many others, a real dialogue had not yet begun. Greater understanding should be displayed by all, so that allowance could be made for everyone's material and political difficulties.

7. International co-operation could not be based on recriminations, unilateral exactions or precise score-keeping. The effectiveness of such co-operation was reckoned by the tangible results which it produced. The Secretary-General of UNCTAD had rightly said that there were many approaches to development and that attention should be focused on specific problems, within the competence of the organization. A narrower definition of problems would have been useful, however, since one particular heading encompassed a mass of highly varied questions which could not all be resolved by greater political will on the part of the developed countries. He would urge Members not to get lost in the discussion of the development strategy. Over-all concepts designed to guide and concentrate efforts were useful, but development would not begin on a set date. It was already a day-to-day struggle to hold on to the ground gained and match resources to requirements.

8. Mr. CATACORA (Bolivia) paid a tribute to the Secretary-General of UNCTAD, who had voiced the feelings of the peoples struggling for their development. The great hopes raised by the second session of UNCTAD had been dashed. Yet some results had been achieved.

9. So far as commodity trade was concerned, modest results had been obtained for some commodities. However, agreement had not been reached on the financing of buffer stocks, the liberalization of commodity trade, the principles of a pricing policy and policies regarding strategic reserves and commodity surpluses.

10. For trade in manufactured and semi-manufactured goods, the need for a system of general preferences had been recognized, which was an important step forward. It had not been possible, however, to obtain agreement on the principles for such a system. Similarly, no progress had been achieved towards the liberalization of trade in manufactured and semi-manufactured goods from the developing countries.

11. With regard to financing, some results had been achieved concerning the volume and terms of aid. Several developed countries, however, had not yet wanted to commit themselves to reaching the aid target of 1 per cent of the gross national product, which was set by UNCTAD in its decision 27 (II),[1] within a certain period of time, and the socialist countries did not seem willing to accept that obligation. Results with regard to the supplementary financing mechanism had been inadequate.

12. In connexion with trade between socialist and developing countries, there were still difficulties with regard to the workings of the socialist countries' trade policy and on the subject of domestic prices.

13. Disagreements and conflicts of interest between developing countries were standing in the way of integration and economic co-operation among them. Resolution 11 (II)[2] adopted by UNCTAD on the subject of the special problems of the land-locked countries was one of the few relatively satisfactory results of the second session of UNCTAD. However, the commitments made by the transit countries were insufficient. A mere repetition of the decisions already adopted at the first session of UNCTAD had brought nothing new in the way of special measures for the benefit of the less developed countries. The inadequacy of those results was due partly to a lack of understanding on the part of some developing countries, such as the transit countries and the relatively more developed countries.

14. His delegation attached particular importance to the obstacles facing the land-locked developing countries. The draft resolution on that subject, submitted to the second session of UNCTAD, had *inter alia* stressed the need for special treatment for the land-locked developing countries, recommended that international institutions and the Governments of developed countries should accord priority attention to the special needs of those countries, in order to permit the development of their transport infrastructure, called on transit countries to co-operate in those projects, invited the international financial institutions to extend loans to those countries, recommended that transit countries should study bilateral, regional or sub-regional agreements with land-locked countries and recommended to the Trade and Development Board to establish a standing group of all land-locked countries to study their special trade and development problems. UNCTAD resolution 11 (II) was a real achievement for those less developed countries which were also land-locked. He wished to emphasize that it was that situation which prevented Bolivia from making satisfactory economic progress.

15. The measures adopted at the second session of UNCTAD on the subject of international trade would not suffice to reduce the vast gap which still existed between the under-developed countries and the highly developed countries, especially as few of the latter were interested in true international co-operation. Even the most superficial survey of the steady deterioration of the terms of trade, and of the range of economic consequences associated with it, was sufficient to show that the under-developed countries, historically consigned to mono-culture and to the role of exporters of raw materials, were entitled to speak of international co-operation as reparation, rather than as charity, favour or aid, and of promotion, rather than of spheres of influence, hegemony and decision. The oppositions within the under-developed world should disappear and be replaced by a solid union between nations with a common goal. His delegation was determined to increase its efforts to enable the next session of UNCTAD to attain the objectives of development. Common ground should be sought, so as to permit a fair distribution of the benefits of international trade and a more just apportionment of the burdens which the weak nations were at present bearing on their own. A transforma-

[1] See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No.: E.68.II.D.14), annex I, p. 38.

[2] *Ibid.*, p. 30.

tion of the international status quo was required in the interest of the peoples.

AGENDA ITEM 39

Permanent sovereignty over natural resources: report of the Secretary-General (continued) (A/7268, A/C.2/L.1007)

16. Mr. KASPRZYK (Poland) pointed out that the sponsors of draft resolution A/C.2/L.1007 had had consultations on the two amendments introduced orally at the previous meeting. The first amendment, submitted by the representative of Panama, to revise the wording of operative paragraph 2 to read as follows: "Decides to take up the report of the Secretary-General at its twenty-fifth session", had met with their agreement. However, the suggestions made by the representative of the Netherlands to transpose the third and fourth preambular paragraphs and to rephrase the fourth preambular paragraph did not seem acceptable, and he appealed to the delegation of the Netherlands, on behalf of the sponsors, to withdraw them.

17. Mr. LUBBERS (Netherlands) agreed to withdraw his suggestions, which had been made in a spirit of constructive co-operation. However, the draft resolution would remain a subject for controversy, which the Netherlands suggestion might have avoided. His delegation would be obliged to abstain.

18. Mr. BRADLEY (Argentina) recalled that his delegation had abstained on the vote on General Assembly resolution 2158 (XXI). Since draft resolution A/C.2/L.1007 reiterated the principles of that resolution and requested the Secretary-General, in his further report, to include a comprehensive account of the implementation of the principles and recommendations set forth in Assembly resolution 2158 (XXI), in particular paragraphs 5, 6 and 7, his delegation would likewise abstain.

19. Mr. DECASTIAUX (Belgium) said that his delegation would abstain on the vote on draft resolution A/C.2/L.1007, as it had on General Assembly resolution 2158 (XXI). The draft submitted to the Committee was closely linked with that resolution, which had aroused serious misgivings for his delegation, as operative paragraph 5 was vague and introduced important legal and political considerations.

20. Sovereignty was not a subject to be dealt with lightly. It was entirely inappropriate to speak of the "full exercise of permanent sovereignty". Sovereignty was, in itself, complete, indivisible and inalienable, and concerned only the States themselves. There could be no question of temporary sovereignty or the partial exercise of it. Finally, the text of the draft resolution made no mention of the obligations created by bilateral or multilateral agreements which might have been concluded by States with regard to the use of their natural resources.

21. Mr. COX (Sierra Leone) stated that his delegation had become a co-sponsor of the draft resolution. He thanked the representative of the Netherlands for his constructive attitude. He did not feel that the text was controversial. Further, it was perfectly in order to speak of "permanent sovereignty" in the draft resolution.

22. Mr. ALLEN (United Kingdom) expressed concern over the turn of the discussion. In his opinion, the concept of sovereignty was not in dispute. It might perhaps be asked to what extent the full exercise of permanent sovereignty over natural resources would play a significant role in the achievement of the objectives of the second Development Decade, but no one could question the right of countries to exercise sovereignty over their natural resources. Some members of the Second Committee appeared to think that the investment of foreign capital, especially private capital, to develop the natural resources of any country, could be prejudicial to that country's interests and to the exercise of its sovereignty. His delegation felt that the rights of countries over their natural resources would in no way be infringed if those countries themselves decided to enter into voluntary and free agreements with foreign countries or to sign contracts with foreign undertakings, thereby naturally restricting their freedom of action to a certain degree. In such cases, international law itself prescribed the limits of that freedom of action.

23. When the vote had been taken on General Assembly resolution 2158 (XXI) his delegation had abstained. Moreover, it had voted against operative paragraph 5 of that resolution, which seemed to be at variance with the principles set forth in General Assembly resolution 1803 (XVII), especially with paragraph 8 of the declaration embodied in it. Also, operative paragraph 5 took into account neither the relevant principles of international law nor the obligations incumbent upon the parties to an agreement, nor, finally, the need for a country seeking capital to honour its previous pledges and contracts.

24. Consequently, his delegation, which supported the principles set forth in Assembly resolution 1803 (XVII), could not support draft resolution A/C.2/L.1007, in which the Secretary-General was requested to prepare a further report based on postulates aimed merely at discouraging international investment.

25. Mr. IKEDA (Japan) recalled that his delegation had abstained on General Assembly resolution 2158 (XXI), which failed to establish a balance between the protection of the legitimate rights of the countries owning the resources and the protection of the equally legitimate rights of the investors. His delegation had voted against operative paragraph 5 of that resolution, which might have unfavourable repercussions on the flow of foreign capital.

26. The provisions of draft resolution A/C.2/L.1007 were vague with regard to the type of report requested of the Secretary-General. His delegation's position had not altered and it would be obliged to abstain when a vote was taken on the draft resolution.

27. Mr. GOLDSCHMIDT (United States of America) said that his delegation would abstain in the vote on draft resolution A/C.2/L.1007 for the same reasons that it had abstained on General Assembly resolution 2158 (XXI).

28. Mr. VARELA (Panama) observed that the sponsors of the draft resolution, with whom his delegation had associated itself, had no intention of expressing hostility towards foreign investment. Their aim was simply to ensure that the natural resources of countries were developed in accordance with their consti-

tutional laws, without thereby infringing any bilateral agreements which might exist.

29. Mr. ASANTE (Ghana) stated that his Government's policy, and also the fact that his delegation was a co-sponsor of the draft resolution, were sufficient reply to the statement made by the United Kingdom representative.

30. The CHAIRMAN put draft resolution A/C.2/L.1007, as orally amended, to the vote.

The draft resolution, as amended, was adopted by 85 votes to none, with 12 abstentions.

31. Mr. KÄRKKÄINEN (Finland) said that, although his delegation had voted in favour of the draft resolution, it maintained its position with regard to operative paragraph 5 of General Assembly resolution 2158 (XXI).

AGENDA ITEM 42

External financing of economic development of the developing countries: report of the Secretary-General (continued)* (A/7203, chap. V, A/7253, E/4438, E/4446 and Corr.1, E/4495, E/4512, E/4539, E/4565)

32. Mr. AHMED (Pakistan) said that the number of speakers who had asked for the floor on the question of external financing of economic development of the developing countries showed that the item occupied a central place in the Committee's discussions.

33. With regard to the quantum and terms of international financial assistance to the developing countries, it had been established that the over-all flow of assistance continued to fall short of the accepted target, although a slight increase had been recorded in 1967 compared with 1966. The revision of the 1 per cent aid target made at the second session of UNCTAD in its decision 27 (II)[3] was a step in the right direction, but his delegation noted with regret that certain of the chief donor countries had not yet indicated when they reckoned to achieve that target. He wished to pay a tribute to those countries which had given pledges. Indeed, the implementation of a development strategy during the nineteen-seventies could not be effective if it was not known, at the outset of the Development Decade, what volume of assistance the developing countries would have at their disposal.

34. The documentation submitted by the Secretariat, particularly in connexion with reverse flows of capital, brought out the problem of the flow of funds from the developing countries and underscored the fact that the balance-of-payments difficulties pleaded by many developed countries in no way justified the decrease in their assistance to the developing countries. That had also been emphasized by the President of the International Bank for Reconstruction and Development (IBRD) in his address to the Board of Governors in September 1968,[4] when he said that balance-of-payments difficulties existed among the wealthy economies, and not between them and the rest of the world. An article in the British publication The Economist has also expressed that view.

35. He welcomed the announcement by the President of the World Bank that the Bank intended to double its lending in the next five years. However, his delegation was concerned at the delay in the replenishment of the funds of the International Development Association (IDA) and at the fact that many multilateral institutions had not received the support they had hoped for.

36. The terms of assistance raised serious problems for the developing countries. Matters had reached the point where, if those terms were not eased considerably and if the recommendation adopted in 1965 by the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD)[5] was not fully implemented, the rate of growth of the developing countries would increase more and more slowly and might even decline.

37. His delegation welcomed the proposals which had been made to mitigate the harmful effects of tied aid. Rigid terms of assistance had increased considerably the burden of external debt servicing of the developing countries. The situation was of concern to aid-giving and aid-receiving countries alike, and his delegation hoped that it would receive the attention it deserved and that the burden of debt of the developing countries would be reduced.

38. Pakistan was always glad to welcome private investment and, for its part, had made adequate arrangements to stimulate such investment. It was to be hoped that the panel on foreign investment which was to meet in the Netherlands (see E/4565) to consider the matter would make suggestions to stimulate the flow of private capital. In addition, the special drawing rights scheme of the International Monetary Fund (IMF) should somehow be linked to the question of aid to development, as should the proposal for supplementary financing, which had not yet been finalized.

39. Mr. NYYNEQUE (Kenya) agreed with the view expressed by the Secretary-General in his report entitled "International flow of capital and assistance: review of recent trends" (E/4495) that the current situation with respect to the external financing of the economic development of the developing countries should be seriously and urgently reappraised. The portion of the first United Nations Development Decade which had already elapsed revealed an interesting picture. In 1961, for instance, the flow of resources from the developed countries to the developing countries was reaching its crest. The next four years had seen a decline of some 21 per cent. Under the circumstances, the hopes expressed in General Assembly resolution 1522 (XV), particularly the attainment of a 1 per cent aid target, were far from having been fulfilled. The Secretary-General had mentioned a number of factors in an attempt to explain their non-fulfilment: demand for investment capital in the developed countries themselves had grown considerably since 1960; the rehabilitation of seriously depressed areas and certain disadvantaged population groups, the exploration of outer space, the arms race and research activities brought about

*Resumed from the 1208th meeting.

3/ Ibid., p. 38.

4/ See document E/4593/Add.1-E/4595/Add.1.

5/ See Official Records of the Economic and Social Council, Forty-first Session, annexes, agenda item 8, document E/4224/Add.1.

by technological change in the advanced economies had absorbed a considerable part of the resources of the developed countries; lastly, the advanced market-economy countries had experienced balance-of-payments strains.

40. However, certain encouraging developments had been observed. Disbursements from the World Bank Group had improved somewhat over the period in question. An increase had also been noted in inflows of private capital into the developing countries, especially in the last three years. Government-to-Government loans had risen perceptibly since 1961. Interest rates on those loans had tended to be lower, while repayment periods and periods of grace had tended to lengthen. Lastly, the import bills of the developing countries had fallen faster than their export receipts. That situation was described in detail in the Secretary-General's report entitled "The recent flow of resources into and out of the developing countries" (E/4512).

41. However, the entire picture was a gloomy one. The immediate problem confronting the developing countries was to find a way of overcoming the difficulties they faced. Those difficulties existed in three different areas. First of all, there were the methodological problems related to the measurement of the flow of resources to developing countries. Secondly, the consideration of international liquidity brought up the concepts of solvency and profitability. Lastly, the respective merits and demerits of multilateral aid and bilateral aid must be evaluated.

42. With regard to methodology, it was important to determine in which cases a capital inflow into an economy could be treated as aid. It was obvious that not all funds received by developing countries were necessarily aid. That was the case, for instance, when an investor brought in capital to set up a business in the host country. The investment clearly improved the liquidity situation in the host country, but, in the long run, it could have negative as well as positive effects. The host country might derive certain benefits from it, particularly in the field of employment, but they would be offset by the transfer of profits, and thus by a reverse flow of funds. In addition, the investor acquired ownership over property in the host country. The result was that both the solvency and the profitability of the investment accrued to the investor and not to the host country.

43. Capital could also be brought into a developing country through borrowing: floating of bonds abroad, direct government-to-government loans, or even loans from international institutions. Whatever the type of loan, in the long run, the capital-importing country experienced outflows of capital, such as, interest, repayment or amortization.

44. Recently, some developing countries had sought to import technology from the developed countries through patent renting. That involved the payment of fees and royalties, which also represented capital outflows. Developing economies could also receive funds in the form of grants—the solution which was the most beneficial for capital-importing countries.

45. Referring to the Secretary-General's report (E/4512), he noted that the external debt of the developing countries was growing very rapidly. In some cases, the growth rate was as high as 15 per cent per year in the period 1956-1965. The kind of capital received from abroad was thus very important to the developing countries. In their search for capital, those countries sometimes forgot that imported capital, depending on its source, could have different effects on their economies. For example, the flow of capital into the United States from the developing countries had amounted to over $5,300 million in 1967, or 16 per cent more than in 1966. At that rate, in 1970, the developing countries would be exporting more funds than they would be importing.

46. To meet that challenge, the developing countries would need the co-operation of the developed countries. One solution, of course, would be for them to adjust their aspirations to the resources available. Whatever progress they made in that way, however small, would at least have the advantage of being practical. Another solution might be for the developing countries to form groups at the regional level. The United Nations was currently trying to encourage them to do so. Regional groupings would permit the countries involved not only to widen their markets, but also, by increasing intra-group exchanges of goods and services, to establish regional payments systems which could reduce their external debt, at least in part. However, regional groupings could be effective only if the trading partners established payments systems within the groups, and if the world reserve currencies of the developing countries were not used in settlement.

47. His delegation felt that the assistance provided by the developed countries to the developing countries could, as the Secretary-General had indicated in his report (E/4512), take the following forms: export credit guarantees, guarantees by the Government of the country of origin, government guarantees to encourage private investment in the developing countries, direct government-to-government loans and, of course, grants by the developed countries to the developing countries. Moreover, the developed countries could reduce the debt-servicing burden for the developing countries by charging lower interest rates and granting longer periods of grace.

48. Naturally, when the developed countries provided assistance to developing countries, they expected certain non-monetary returns. They could offset that by augmenting the capacity of international financial institutions to render assistance. They could also extend guarantees to portfolio investment by their nationals in the developing countries. That would enable the latter to float bonds more easily in the capital markets of the developed countries, and investors would be spurred to reduce their interest rates.

49. In conclusion, his delegation hoped that the suggestions it had made would be taken into consideration by the panel on foreign investment which was to meet in Amsterdam (see E/4565).

50. Mr. SOMAVIA (Chile) said that the volume, conditions and methods of international, bilateral and multilateral financial transfers were at present inequitable, and should be changed with a view to encouraging dynamic economic and social development in the recipient countries.

51. It was important that the developed countries should discharge before 1972 their obligation to transfer resources amounting to the minimum objective of 1 per cent of their gross national product. The net flow of governmental assistance should be a permanent percentage of budgetary expenditure. The resources of IDA should be replenished immediately and the international financial institutions should be able to make issues more easily. The establishment of an interest equalization fund, financed by international contributions, should be approved in principle. Tied aid should be gradually and systematically liberalized, and the funds released should be made available for purchases in the developing countries. The international financial institutions should keep a check on the terms of credit made available by suppliers and the prices of goods supplied. A system of supplementary financing should be adopted, at the latest, at the ninth session of the Trade and Development Board, which took into account the technical objections advanced and the need to protect the national sovereignty of the participants. In carrying out the additional special drawing rights scheme, some liquidities should be earmarked for purchases made by or in the developing countries. The developed countries should assist the integration efforts of the Latin American countries by financial aid and direct loans and by subscribing to loans issued by banks in the region. Finally, in the monetary field, it was imperative that the Bretton Woods Agreements of 1944 should be revised in the light of the needs of the developing countries.

52. More detailed study should be given to the negative effects of foreign investments, and consideration should be given to the possibility of establishing transfer machinery which could eliminate those negative effects while at the same time guaranteeing a fair return on capital invested. The panel on foreign investment which was to meet at Amsterdam might begin an analysis of the subject under item 5 of its provisional agenda.[6]

53. Mr. DAHMOUCHE (Algeria) said that his delegation had read with great interest the Secretary-General's report entitled Foreign Investment in Developing Countries (E/4446 and Corr.1), which made it clear, inter alia, that considerable private capital would be needed to reduce the enormous gap between the development finance requirements of the developing countries and the financial resources available to them. Of the three key factors for development—positive financial resource transfers, the termination or diminution of reverse transfers, and debt consolidation—the first seemed the most difficult to achieve. The difficulty was so great that it appeared inadvisable to aggravate it by starting an academic debate over whether it was better to call on private or on official capital. That question was of course pertinent, but to introduce it into a debate of a doctrinal nature was perhaps to pursue aims which were not clearly linked with economic development. Yet there seemed all too frequently to be a tendency for the financial organs of the United Nations to fit their efforts into the context of a liberal ideology which attempted to gear the economic policy of the needy countries to the nature of the resources intended to help them. That tendency, as was clear from the Secretary-General's note on the item (A/7253), could not be imputed to the developing countries. Thus, the need to protect the resources intended for the developing countries from governmental pressures emanating from the lending countries. To deal with the question a concealed war against any form of development not founded on a liberal system might be politically dangerous, and harmful to the operation and prestige of the international organizations.

54. With regard to the formulation of terms and methods for allocating investments, there were certain obstacles which must be removed, for the benefit both of investors and of the countries which benefited from transfers of resources. With the scientific knowledge assembled by the United Nations, it should be possible to formulate a flexible model on the basis of which an order of magnitude of the level of acceptability of certain terms and methods could be established. If the concept of a model was going too far, his delegation was sure that it would be possible to find a formula whereby the developing countries could clearly determine whether the proposed investments were of the type encouraged by the Organization, or whether the country concerned was unwittingly about to enter into a fool's bargain in which considerations of its own interests had never for a moment entered. Some thought should surely be given to that idea, an idea consistent both with the philosophy of the Charter of the United Nations itself, which had not been drawn up to promote the liberal system, and with the intelligent self-interest of the bona fide investor who expected a transaction to benefit both sides. For that reason, his delegation attached particular importance in the present connexion to the proposal, which had already been approved, to convene a panel on foreign investment. It pledged its full support to the Government of the Netherlands, which had offered to act as host to, and to bear the costs of, the meetings (see E/4565).

55. Mr. CHRISTIANSEN (Norway) said it was generally agreed that the economic resources stemming from outside assistance could not, and should not, be the major source of financing for the development programmes of the developing countries. The major part of the financing must come from the savings of the developing countries themselves. If that was to be possible, the necessary infra-structure must be established, in the form of commodity agreements, a generalized system of preferences for exports of manufactures from the developing countries, supplementary financing, and possibly other measures.

56. External financing was necessary only as a supplement to those measures, and a system should be envisaged whereby a greater part of external aid, in convertible currency, would be put at the disposal of multilateral bodies to be used in the countries where it was most needed.

57. Many representatives had pointed to the need for improved terms and conditions for the aid extended. For many years Norway had expressed concern with regard to the practice of tied aid. The volume of aid was of course important, and it might be influenced by the fact that several donor countries

[6] See document E/4600, annex.

were proposing to change over from tied to untied aid, but his delegation would support any efforts to increase the value of aid by alleviating the terms attached to it. The present situation called for concerted efforts, and his delegation believed that a gradual reduction of the system of tied aid, far from aggravating the balance of payments situation in the major donor countries, would lead to greater stability in international payments. It should also be borne in mind that discriminatory practices could seriously affect the economic development of certain donor countries, thereby reducing their aid-giving capacity.

58. It was important for future work that the statistical methods for measuring the flow of aid should be further refined and standardized. Without a clearer picture of that flow and of the various forms of external financing, there could be no satisfactory basis for meaningful recommendations. The same was true of the reverse flow of capital, which appeared to be insufficiently analysed.

59. His delegation was alarmed by the rapid increase in the debt burden of the developing countries and by the sombre prospects in that field. Most of the aid extended by Norway had been in the form of official grants, but it felt, nevertheless, that the debt burden had not yet been the subject of a systematic analysis carried out with a view to arriving at appropriate measures. What seemed to be needed was a more systematic effort to identify debt problems and to work out practical proposals for dealing with them. That task would require the co-operation of a number of international bodies, in which IBRD was well placed to play the role of co-ordinator.

Organization of the Committee's work

60. The CHAIRMAN said that there were still two speakers to be heard on agenda item 42. The list of speakers on the agenda item concerning UNCTAD (item 34) numbered approximately forty, and would need at least two days. Lastly, the Committee still had to consider three draft resolutions relating respectively to the United Nations Institute for Training and Research (item 43), the United Nations Industrial Development Organization (item 35) and the external financing of development (item 42). It might therefore be advisable to arrange for a night meeting during the current week or at the latest, the following week, to make up for the delay in the Committee's work.

61. Mr. NYYNEQUE (Kenya) suggested that the proposed night meeting should be held on Tuesday, 12 November.

62. After an exchange of views in which Mr. PIÑERA (Chile), Mr. WARSAMA (Somalia), Mr. VARELA (Panama) and Mr. DIALLO (Upper Volta) took part, the CHAIRMAN said that, if there were no objections, the date for the night meeting would be provisionally fixed as Tuesday, 12 November. On the morning of 6 November, the Committee could close its general debate on agenda item 42, continue its debate on item 35 and perhaps take a decision on the draft resolution relating to item 35. The afternoon meeting of 6 November and the morning and afternoon meetings of 7 November could be allocated to the debate on UNCTAD, which could perhaps be completed by the end of the morning meeting of 8 November. The second part of the general debate on the United Nations Development Decade (item 37) could be opened at the afternoon meeting of 8 November and continued during the following week. The debate on the resources of the sea (item 41) would take place during that same week, at a date yet to be fixed.

63. Mr. SCHMID (Austria), supported by Mr. HASSAN (Sudan), asked whether, in order to save time, the debate on the second Development Decade could be based on practical proposals which interested delegations could formulate unofficially, and which might provide the framework for a possible draft resolution on the subject.

64. Mr. BOS (Netherlands), supported by Mr. RANKIN (Canada), Mr. PIÑERA (Chile) and Mr. AL-ATTAR (Yemen), said that although his delegation had not spoken during the first part of the debate it had reserved the right to express its point of view at a suitable time. The Austrian representative's suggestion might well limit the scope of the debate.

65. Mr. SCHMID (Austria) explained that he had no idea of limiting the right of delegations to speak; but their statements could be accompanied by practical proposals which would help the Committee to formulate a generally acceptable draft resolution.

66. Mr. PIÑERA (Chile) pointed out that at the Committee's 1180th meeting he had made two proposals regarding the debate on the second Development Decade: firstly, that the presidents of the regional development banks or their authorized representatives should be invited to take part in the debate, and secondly, that the Committee should have an opportunity to comment on the statements to be made by the President of IBRD and the Managing Director of IMF at the beginning of December before the Economic and Social Council, at its resumed forty-fifth session. He repeated those proposals which he thought, having made inquiries on the subject, should not raise any institutional difficulties. He invited the Committee to take a decision on them without delay.

67. After an exchange of views in which Mr. CARANICAS (Greece), Mr. GOLDSCHMIDT (United States of America) and Mr. AHMED (Pakistan) took part, Mr. VARELA (Panama) formally proposed that the meeting should be adjourned and that the matter should be decided at a later date.

In the absence of objections, the motion of the representative of Panama was adopted.

The meeting rose at 6.25 p.m.

Litho in U.N.

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