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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. KOELMEYER (Ceylon) expressed deep disappointment at the meagre results of the second session of the United Nations Conference on Trade and Development (UNCTAD). Even the progress towards a greater understanding of trade and development problems was hardly encouraging, as those problems had been under discussion in the Committee and the Economic and Social Council for twenty-two years. The Conference had achieved only limited results because the industrialized countries had not shown the political will to translate expressions of sympathy and understanding into specific commitments and action programmes. Despite the limited agreement on international action on commodities, no progress at all had been made in any of the fundamental aspects of commodity trade. As a result, the approach of the international community to commodity problems continued to be unco-ordinated and lacking in principles and guide-lines. The International Grains Arrangement, 1967, the limited nature of the recent International Sugar Agreement, and the failure to reach any agreement on cocoa were illustrative of that situation. The industrialized countries had accepted the idea of a generalized system of non-discriminatory preferences, but had failed to negotiate the main elements of the system. The extension of the system to processed primary products was essential and the industrialized countries' refusal to accept an extension would not only deny the advantages of the scheme to a great majority of developing countries, but would also obstruct those countries' efforts to industrialize and achieve economic diversification.

*Resumed from the 1207th meeting.

2. The redefinition of the 1 per cent aid volume target^{1/} could be a significant step, if the new target was attained in time for the second Development Decade. He therefore appealed to all developed countries accepting the new target to announce a time-table for its attainment, and to those that had not done so to reconsider their position. It was to be hoped that UNCTAD would soon remedy the regrettable failure of the Conference to accept the scheme of supplementary financing of the International Bank for Reconstruction and Development (IBRD).^{2/}

3. Among the more promising decisions of the second session of the Conference were the agreement on trade with socialist countries, the resolutions on trade expansion among developing countries and on the problems of less developed countries, and the Declaration on the world food problem.

4. The most compelling lesson of the second session of the Conference was that trade and development problems could not be dealt with episodically. Greater and more purposeful use should be made of UNCTAD's permanent machinery, and the Secretary-General of UNCTAD should be given full authority to use that machinery for the conclusion of specific agreements and arrangements. Moreover, it should be clearly recognized that UNCTAD must be a consultative and negotiating body in all matters within its competence. His delegation therefore endorsed Trade and Development Board decision 45 (VII) (see A/7214, p. 93) and hoped that its effectiveness would be kept under review. Nevertheless, it believed that the limitation, contained in paragraph 22 of that decision on the authority vested in the Secretary-General of UNCTAD was unwarranted and that the Second Committee should recommend the Board to remove it.

5. It was surprising that most of the countries with developed market economies were opposed to arrangements under which UNCTAD would formulate suggestions on aspects of the preparations for the second Development Decade falling within its competence. While the global strategy of development must include all the determinants of development, in the final analysis there could be no development without the resources obtained from trade and assistance. Since the concerns of UNCTAD were the very essence of development, it was to be hoped that the developed countries that had voted against or abstained on Board resolution 47 (VII) (*ibid.*, p. 86), would now

^{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), decision 27 (II), p. 38.

^{2/} *Supplementary Financial Measures—a study requested by the United Nations Conference on Trade and Development, 1964* (International Bank for Reconstruction and Development, Washington, D.C., December, 1965).

agree to appropriate arrangements for associating UNCTAD with the preparatory work for the Development Decade at all levels.

6. Mr. SOMAVIA (Chile) said that the general disappointment with the results of the second session of UNCTAD should spur on Member States to greater co-operation. On the positive side, the very existence of UNCTAD was an asset. Without UNCTAD there would be less general acceptance of preferences and supplementary financing, there would have been no investigation of shipping conference practices, and many other important subjects would not have been analysed. UNCTAD had done well to throw light on the developing countries' dependence on the existing rules of international trade. Its theoretical analysis had produced specific proposals on a number of problems and a complete survey was now available of the type of international measures needed to promote trade and development. The diagnosis and the treatment that had been prescribed were sufficient justification for the existence of UNCTAD, but it was high time to undergo the treatment and, unfortunately, the developed countries had failed to do so.

7. The reason for that failure was the lack of political will. Various excuses had been put forward: the devaluation of the pound sterling, the gold crisis, balance-of-payments deficits and strikes. It seemed that there was always some argument available to the developed countries for doing nothing immediate. But there would always be crises or special circumstances and the developed countries should recognize that inevitability and not expect ideal conditions before taking action.

8. Sometimes the institutional weaknesses of UNCTAD were used as an excuse for its meagre results. But that argument was no longer valid, because, at its seventh session, the Trade and Development Board had made arrangements that would enable specific action to be taken when the political will existed.

9. It was also said that the developing countries were not realistic and did not fully understand the need for co-operation. They were accused of being too prone to confrontations. But the example of confrontation had been set by the developed countries: all the negotiations of the General Agreement on Tariffs and Trade (GATT) and the European Economic Community were confrontations. In any event, there was no way of achieving compromises without confrontations and it was not the methods, but rather the ideals and objectives that were under attack.

10. Now that the preparatory work for the second Development Decade was beginning, it was important to reject such false arguments, for UNCTAD had a very important role to play in the preparation and implementation of the Development Decade. Its role would be to prepare various parts of the global development strategy for the Decade and its decisions should not be altered subsequently on the pretext of co-ordination. The preparatory work for the second Development Decade as a whole should be assigned to a General Assembly committee whose responsibility would be to amalgamate the various plans of the various United Nations bodies in a draft global development strategy.

11. The adoption of specific measures for trade and development should be a major part of the Development Decade and UNCTAD should therefore provide the guide-lines. Without such measures, the Decade would have no proper foundation and end in failure.

12. UNCTAD could not play its central role unless a new political spirit emerged and the seventh session of the Board indicated that that was happening. One example of it was the important draft resolution on institutional arrangements (see A/7214, p. 121), which was carefully prepared in advance by some members of the group of seventy-seven developing countries. Furthermore, some of the developed countries had begun to adopt a new approach to UNCTAD's problems at the Board's seventh session. It must have been difficult for them to depart from the position of the majority of their peers and their contribution was most valuable.

13. There was still much to be done before the second Development Decade. Many of the issues raised at the second session of UNCTAD remained unresolved. One of those was preferences, regarding which all parties should make a special effort to reach a compromise. A flexible attitude was needed. Unfortunately, however, the member countries of the Organization for Economic Co-operation and Development (OECD) were reluctant to adopt such an attitude and the developing countries would therefore find it difficult to be flexible at the meeting of the Special Committee on Preferences at the end of November.

14. His Government considered technical assistance a most important matter and welcomed Trade and Development Board resolution 44 (VII) (see A/7214, p. 83). The developing countries' failure to take advantage of arrangements made under the auspices of GATT was due to the lack of technical preparation. It was UNCTAD's responsibility to make revolutionary reforms in the structure of international trade and nothing would prevent it from doing so, but such reforms could not be carried out overnight and a gradual process of preparation was required.

15. Mr. ALLEN (United Kingdom) said that the progress made by UNCTAD since its establishment was encouraging. In addition to promoting radical changes in economic and commercial attitudes, UNCTAD had focused attention more effectively than ever before on the economic problems and aspirations of the developing countries. Because of the perplexity of the problems discussed and the excessively high expectations aroused, it was natural that the results of the second session of the Conference were widely regarded as disappointing, but the Conference had registered positive achievements in all sectors, the importance of which would become apparent in follow-up action.

16. It was to be hoped that the International Sugar Agreement would be followed by agreements on other commodities, including cocoa. Other important areas requiring attention were the preparation of a system of preferences for manufactures and semi-manufactures, invisibles, the problems of the least developed countries and supplementary finance. Following the adoption of resolutions on the volume and terms of financial resources transferred to developing

countries, the Governments of donor countries would give careful consideration, in the light of their own economic situation, to the steps they could take to reach the new targets. The United Kingdom, which already provided well over 90 per cent of its aid either in grants or as interest-free loans, would do its utmost to reach the new 1 per cent target set out in UNCTAD decision 27 (II), although it could not commit itself to a specific date. UNCTAD's work following the second session of the Conference would involve the implementation of the decisions taken, the examination of unsolved problems, and the exploration of new economic spheres.

17. With regard to UNCTAD's function and place in the second Development Decade, the United Kingdom had a number of misgivings about Trade and Development Board resolution 47 (VII) (see A/7214, p. 86), which could be interpreted as an attempt to take over certain functions that properly belonged to the Economic and Social Council. For that reason, his delegation welcomed the views on the role of UNCTAD in the Development Decade expressed by the Secretary-General of UNCTAD in the Council and in the Second Committee (see 1207th meeting). UNCTAD should continue its efforts to promote aid, growth and trade and to lessen the external vulnerability of developing countries, while the Council should co-ordinate and integrate the work of various organizations within the United Nations system, including UNCTAD itself. If that division of responsibility were accepted, no difficulties would arise.

18. The matter of subordinate machinery had perhaps been given undue prominence, partly as a result of the group system. That system had become too rigid, and at times even seemed to prevent any real communication. His delegation did not wish to propose the abolition of the system, for which provision had been made in General Assembly resolution 1995 (XIX), but there was little to gain from formal confrontation between groups rather than harmony, confidence and mutual trust.

19. Mr. LUBBERS (Netherlands) said that the second session of UNCTAD could be regarded as a failure only by those who had expected the impossible. Foundations had been laid for further constructive work, and, seen in their proper perspective, the prospects opened up by the Conference were encouraging. Thus, of the many resolutions and decisions adopted, only four had failed to obtain unanimity or near unanimity. It was true that there were certain shortcomings in some of those resolutions: for example, no dates had been set for the implementation of the 1 per cent aid target, or of the system of non-discriminatory preferences, for which 1970 might be an appropriate year. Nevertheless, one of the primary functions of the Conference had been to stimulate action by Governments and international organizations, and from that point of view its results had been encouraging. Moreover, its potential had not been fully realized: there had been some discussion of extraneous political matters, and the Conference machinery had been cumbersome. Moreover, because of the excessively rigid group system, the confronta-

tion of maximum demands and minimum offers had frequently resulted in deadlock. His delegation therefore welcomed the recent decisions of the Board aimed at making UNCTAD's machinery more effective.

AGENDA ITEM 39

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

20. Mr. KASPRZYK (Poland), introducing draft resolution A/C.2/L.1007, recalled that over the past fifteen years the General Assembly had adopted a number of resolutions emphasizing the right of all States freely to exploit their natural resources and requesting Member States to refrain from impeding the exercise of permanent sovereignty in that respect. An important step had been taken in the almost unanimous adoption of General Assembly resolution 2158 (XXI), which reaffirmed that principle and declared that the United Nations should undertake a maximum concerted effort to channel its activities so as to enable all countries to exercise that right fully. Poland had supported all initiatives taken in the matter and had played an active part in drafting resolution A/C.2/L.1007, which should constitute a further step towards implementing the principles enunciated in Assembly resolution 2158 (XXI) and assist the Secretary-General in drafting his further report. The Polish delegation agreed that the report of the Secretary-General submitted at the current session (A/7268) should be regarded as a progress report to be subsequently supplemented.

21. His delegation attached particular importance to the fourth preambular paragraph of the draft resolution. It would be useful to have more information on the implementation of General Assembly resolution 2158 (XXI), including information on the conditions under which foreign assistance was being given in the exploitation of natural resources and the relations between investors and the recipient countries with regard to finance, administration, management and the training of specialists and workers in the foreign enterprises. The Secretary-General's further report should also contain suggestions on the scope and forms of assistance to be given by the United Nations. The co-operation of all countries, particularly those which had supported Assembly resolution 2158 (XXI), was needed.

22. Mr. VARELA (Panama) recalled his delegation's participation in the preparation of General Assembly resolution 2158 (XXI). The Secretary-General's progress report (A/7268) made no reference to operative paragraphs 5, 6 and 7 of that resolution which were the most important from the point of view of the contribution that could be made to the economic development of the developing countries. That was understandable bearing in mind that the action recommended in those paragraphs would have to depend upon the national laws and regulations referred to in operative paragraph 4 of that resolution, which would take some time to establish. For the same reason, he proposed that the end of operative paragraph 2 of draft resolution A/C.2/L.1007 should be amended to read "at its twenty-fifth session". If that amendment were ac-

^{3/} See Official Records of the Economic and Social Council, Forty-fifth Session, 1563rd meeting.

*Resumed from the 1198th meeting.

cepted, his delegation would like to become a co-sponsor of the draft resolution.

23. Mr. ALI (Iraq) supported the draft resolution. Its request for a further report to fill the gaps in the report presented at the current session (A/7268) was justified.

24. Mr. GEORGE (France) recalled his delegation's support for General Assembly resolution 2158 (XXI), which reflected the idea that there could be no true freedom without economic autonomy. While the important role of foreign capital should be recognized, it should be subordinated to the interests of over-all economic and social development plans. His delegation would support the draft resolution with the Panamanian amendment.

25. Mr. ASANTE (Ghana), speaking on behalf of the sponsors of draft resolution A/C.2/L.1007, said that the amendment submitted by the representative of Panama was acceptable. The sponsors would welcome the Panamanian delegation as a co-sponsor.

26. Mr. VERCELES (Philippines) said that his delegation would support draft resolution A/C.2/L.1007 with the Panamanian amendment. Although the draft resolution contained little of a substantive nature, it would serve to remind all concerned of the importance of the subject.

27. The Philippines had succeeded in resolving the dilemma referred to in paragraph 4 of the Secretary-General's progress report (A/7268).

28. Mr. GALLARDO MORENO (Mexico) recalled his delegation's support of certain amendments to the draft resolution which had subsequently become General Assembly resolution 2158 (XXI), and of the final text. Mexico had exercised its sovereignty over its natural resources while maintaining the necessary inflow of development capital.

29. His delegation would support draft resolution A/C.2/L.1007 with the Panamanian amendment. He agreed with the remarks made by the representative of Panama concerning the dependence of operative paragraphs 5, 6 and 7 of General Assembly resolution 2158 (XXI) upon the terms of operative paragraph 4 of that resolution.

30. Mr. LUBBERS (Netherlands) recalled that the Netherlands delegation had taken a positive stand in the discussions on earlier resolutions, particularly General Assembly resolution 2158 (XXI), for which a carefully balanced text had been arrived at after extensive negotiations and in which reference was made specifically to the aim of securing the highest possible rate of growth of the developing countries. The idea embodied in the fourth preambular paragraph of draft resolution A/C.2/L.1007 had thus been brought out more fully in the earlier resolution.

31. The draft might be improved by transposing the third and fourth preambular paragraphs and amending the latter to read: "Considering that the application of those principles and recommendations of permanent sovereignty...". He welcomed the readiness of the sponsors to accept the Panamanian amendment, which would give the Secretary-General more time to consult Governments.

32. He would hesitate to subscribe to the idea in operative paragraph 1 of the draft resolution that some paragraphs of a General Assembly resolution were more important than others. Resolutions once adopted should be considered as a whole. Moreover, the Secretary-General would produce a report in conformity with the ideas expressed in the Second Committee, and the reference to specific paragraphs of the resolution (Assembly resolution 2158 (XXI)) was somewhat discourteous.

33. Mr. SCHMID (Austria) said that, as a capital-importing country, Austria had not been able to make large-scale investments for the exploitation of natural resources in the developing countries, though it had given technical assistance in that field. His delegation had always supported the legitimate desire of the developing countries to maintain their sovereignty in the economic field and, consequently, had voted for General Assembly resolution 2158 (XXI). He could support the draft resolution either as it stood, or as amended by the Netherlands representative.

34. Mr. COX (Sierra Leone) said that the draft resolution (A/C.2/L.1007), although non-substantive and non-controversial, was a step forward. His delegation welcomed the willingness of the sponsors to accept the Panamanian amendment and would like to become a co-sponsor.

35. Mr. VARELA (Panama) said that the Netherlands delegation had been the most active among the delegations of the developed countries in the drafting, discussion and adoption of General Assembly resolution 2158 (XXI). He supported the Netherlands amendments to the preamble to draft resolution A/C.2/L.1007. He could not agree, however, that there was any discourtesy in the reference in operative paragraph 1 of the draft to operative paragraphs 5, 6 and 7 of Assembly resolution 2158 (XXI), which were important in that they implied the need for a changed attitude towards the exploitation of the natural resources of developing countries.

36. Miss O'LEARY (Ireland) said that her delegation had supported General Assembly resolution 2158 (XXI) and would likewise support draft resolution A/C.2/L.1007. Ireland, like Austria, was a capital-importing country which sympathized fully with the desire of developing countries to ensure permanent sovereignty over their natural resources. She agreed with the Netherlands representative that the parts of a General Assembly resolution should not be considered more important than the whole and would prefer the reference to specific paragraphs to be omitted.

37. Mr. DAHMOUCHE (Algeria) said that his delegation would support the draft resolution with the Panamanian amendment. The reference in operative paragraph 1 of the draft to operative paragraphs 5, 6 and 7 of General Assembly resolution 2158 (XXI) was particularly important.

38. Mr. OGORODNIK (Ukrainian Soviet Socialist Republic) agreed with the suggestion made by the representative of Panama that the words "twenty-fourth session" in operative paragraph 2 of the draft resolution be replaced by the words "twenty-fifth session" and to the suggestion made by the representative of the Netherlands that the order of the third and fourth

preambular paragraphs should be transposed. But he was against the other suggestion made by the representative of the Netherlands that the reference to operative paragraphs 5, 6 and 7 of General Assembly resolution 2158 (XXI) should be deleted. On the contrary, the reference was important since the paragraphs in question were a vital part of Assembly resolution 2158 (XXI) and it was clear from paragraph 18 of the Secretary-General's progress report (A/7268) that he wished to be provided with more precise guide-lines. It was not therefore discourteous to mention them and, if they were omitted, the Committee could expect to receive a similar report on the subject in two years' time. He was also against the new wording suggested by the Netherlands representative for the fourth preambular paragraph because it duplicated the wording of the second preambular paragraph and because the full exercise of permanent sovereignty had rightly been stressed.

39. Mr. LUBBERS (Netherlands) said that there appeared to be disagreement among the sponsors concerning his suggestions and it might be better to let them have time to prepare a new text.

40. Mr. VERCELES (Philippines) recognized the merit of the Netherlands amendment to the fourth preambular paragraph and wondered whether the best solution would not be to add the word "full" before the word "application" in that amendment.

41. Mr. KASPRZYK (Poland) said that the Netherlands amendment to the fourth preambular paragraph could simply be added to the original wording, thus satisfying both points of view.

42. Mr. LUBBERS (Netherlands) said it would be enough to insert the words "in accordance with resolution 2158 (XXI)" between the words "resources" and "will" in that paragraph of the draft resolution.

43. Mr. FIGUEREDO PLANCHART (Venezuela) pointed out that no country could exercise permanent control pursuant to a resolution.

44. Mr. AL-ATTAR (Yemen) said that, in view of the point made by the representative of Venezuela, he would prefer to keep the present wording unchanged. He also agreed with the suggestion made by the representative of the Ukrainian SSR that the reference to paragraphs 5, 6 and 7 of General Assembly resolution 2158 (XXI) should be retained in operative paragraph 1 of the draft, because the Secretary-General in paragraph 18 of his progress report (A/7268), had requested more precise guide-lines.

45. Mr. GALLARDO MORENO (Mexico) said that a good point had been made by the representative of Venezuela. The Committee should take up the matter again when the new text was presented.

46. Mr. WARSAMA (Somalia) believed that a non-substantive resolution should not require so much discussion. However, in view of the time needed to consider the Netherlands amendments, he agreed with the Mexican representative's suggestion.

47. Mr. ASANTE (Ghana), speaking on a point of order, proposed that, if the Committee was not going to vote on the draft resolution at the current meeting, it should adjourn.

It was so decided.

The meeting rose at 1.10 p.m.