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President: Mr. Daniel COSÍO VILLEGAS (Mexico)

Present:

Representatives of the following States: Afghanistan, Bulgaria, Chile, China, Costa Rica, Finland, France, Mexico, Netherlands, New Zealand, Pakistan, Poland, Spain, Sudan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Observers for the following Member States: Argentina, Austria, Belgium, Brazil, Canada, Czechoslovakia, Ghana, Greece, Ireland, Israel, Italy, Japan, Peru, Portugal, Yugoslavia.

Observers for the following non-member States: Federal Republic of Germany, Holy See, Switzerland.

Representatives of the following specialized agencies: Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, World Meteorological Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 6

**Report of the Governing Council of the Special Fund
(E/3270) (*concluded*)**

1. Mr. DUDLEY (United Kingdom) joined other members of the Council in expressing appreciation of the work done by the Managing Director of the Special Fund and his colleagues in successfully launching the Special Fund programme. The views of recipient countries should be given great weight when planning operations under the programme, and there had been a useful discussion on that subject at the meeting of the Governing Council. The Managing Director had wide powers of discretion, and despite the great efforts devoted to framing precise rules for the Fund, those rules were still general in character. For a long time to come,

the programme would be limited by shortage of resources rather than lack of acceptable projects.

2. He had been impressed by the way in which the Managing Director and his colleagues had handled the first thirteen projects on the programme of operations. It was clear that there had been close consultation with the countries concerned, and that much had been done towards establishing useful criteria for the acceptance of projects. The combination of a business-like attitude with idealism, which animated the whole programme, was reflected in the report of the Governing Council (E/3270) and had been manifest in the Managing Director's introductory statement (1081st meeting). The last meeting of the Governing Council had had very useful discussions. It might be even more effective if it could meet in a smaller room where more intimate debate was possible. The Special Fund programme of operations seemed to be headed for success, provided that it received the goodwill and co-operation of all governments as well as their financial support. The head of the United Kingdom delegation to the Economic and Social Council had already stated (1071st meeting) that Parliament would be asked to approve a substantial increase in the United Kingdom contribution to the Special Fund for the following year. He hoped that other governments might also find it possible to increase their contributions.

3. Mr. GARCÍA OLDINI (Chile) said that Chile was exceptionally rich in natural resources, which it had been unable to exploit for lack of capital. His government therefore hoped for early United Nations assistance through the Special Fund, and was particularly interested in its programme. It had decided to make a contribution which, in view of the difficult period through which the country was passing, would represent a major sacrifice.

4. Although there was reason to be proud of the rapidity with which the Fund's activities had been launched, the Governing Council had expressed some anxiety about the adequacy of available resources. The Managing Director had stated that increased financial support was needed if the \$100 million goal established by the General Assembly for both the Expanded Programme of Technical Assistance and the Special Fund was to be attained (E/3270, para. 11).¹

5. The Chilean Government had not yet had time to make a detailed study of the report, but he wished to draw attention to some points which showed the vast scale on which the Fund could provide assistance, the importance of the problems it could help to solve and the urgent need for adequate financial resources. One of

¹ See General Assembly resolution 1240 (XIII).

the projects to be studied was a geological survey of the desert of Atacama; the Chilean Government hoped that the survey would result in the discovery of valuable deposits and that private investment in a region that had long been backward would thus be stimulated. It had been announced that the Fund intended to send a consultant to gather more information; he hoped that the project would prove acceptable.

6. His government had also put forward a plan for the setting up of a network of 509 hydrometric and hydrometeorological stations throughout the country in order to gather the data necessary for the regulation of rivers with a view to bringing more land under cultivation. That programme was linked to the implementation of development plans for electrification, agriculture and transport, and would benefit the entire country. The establishment of a national centre for forestry studies in Concepción and subsidiary centres in other regions was also planned. Such projects illustrated the kind of contribution which could be made by the new form of technical assistance to the economic development of all countries.

7. In view of the fact that the resources available to the Fund were far smaller than had been foreseen, it was understandable that not all the justifiable requests had yet been met. He hoped, however, that the Fund's future achievements would be more in line with the Managing Director's intentions, and would reflect more faithfully the spirit of General Assembly resolution 1240 (XIII), especially as far as geographical distribution was concerned. Latin America would then receive more assistance than under the first programme, which accorded it only two of thirteen projects (E/3270, annex IV). His remarks should not be interpreted as a complaint; he merely wished to save the Fund from exposing itself to legitimate criticism. The Managing Director seemed to agree with the spirit of those remarks since he had said that the first programme should not be considered typical of the kind of projects to be chosen and their geographical distribution.

8. Mr. KAMENOV (Bulgaria), reminding the Council that the Special Fund had been established as a result of the abortive attempt to set up a special United Nations fund for economic development, said that in his view it had the same distinguishing marks. He shared the French representative's view (1081st meeting) of the Council's responsibility for the operation of the Fund, since its future development depended on whatever lines were then laid down for its activities. He also shared the Afghan representative's concern (1081st meeting) at the fact that the basic requirement for the acceptance of projects was that they should be such as to lead quickly to investment, especially private investment.

9. With regard to the inadequacy of resources, which was a problem demanding the full attention of the Managing Director and the Governing Council, his delegation wished to stress that the Special Fund's activities should be so planned as not to overlap with the technical assistance programmes. Countries that made contributions to the Fund should feel that they were participating in an entirely new programme whose main object was the development of the beneficiary countries. The Managing Director should take steps

to make full use of all contributions received, including those made in national currencies, and new ways of financing Special Fund projects should be sought, such as the granting of interest-free loans to be repaid by the beneficiary country within a reasonable time. It was also essential that all countries, without distinction, should participate in the Fund.

10. His delegation maintained that the economic development of the under-developed countries could be more generously financed if, as suggested in the draft resolution submitted by the Soviet Union at the General Assembly's thirteenth session,² all countries were to reduce their military budgets and devote some of the funds thus released to assistance. He had been gratified to hear the Sudanese representative make the same suggestion (1081st meeting).

11. The Bulgarian delegation associated itself with the view of the USSR representative that priority should be accorded to projects for countries in Africa and South-East Asia and that means of reducing the Fund's administrative expenses should be studied (1081st meeting).

12. Mr. ORTIZ (Costa Rica) said that the attempted economic integration of a group of countries situated in the same geographical area and having in common history, traditions and interests, was an experiment that concerned not only the Central American countries which were engaged in it, but all members of the United Nations, for its success might suggest solutions to similar problems arising in other parts of the world.

13. He was gratified at the report of the Special Fund's Governing Council, because the Managing Director's recommendation (E/3270, para. 23) of the project for expanding the activities of the Central American Institute for Research and Technology showed a true understanding for the problems of the area and of the experiment in economic integration. It would be possible to bring that experiment to a successful conclusion, thanks, in particular, to economic assistance, to the studies of the competent United Nations department and, lastly, to the work of the Institute itself. That valuable help would make it possible to establish scientifically the foundations for industrialization of the region, which was the only means for achieving balanced development of the economy of under-developed countries.

14. He was optimistic concerning the success of the project for which the Special Fund was allocating \$900,000. He was also grateful not only because such assistance would prove very valuable, but because it showed that the efforts made by the countries of Central America were understood and supported.

15. Mr. STONE (Observer for Canada), speaking at the invitation of the President, said that there seemed to be general agreement that the Special Fund programme had made a good beginning. Canada's financial contribution was a reflection of the hopes which it entertained for the Fund's success. He welcomed the United Kingdom decision to increase its contribution

² *Official Records of the General Assembly, Thirteenth Session, Annexes, agenda item 72, document A/C.1/L.204.*

and hoped that other governments would follow suit. There was a danger that, if sufficient support were not forthcoming from the countries from which it could be expected, the attitude of other countries would be affected.

16. Mr. HOFFMAN (Managing Director of the Special Fund), speaking on behalf of his colleagues and himself, thanked members of the Council for the confidence which had been expressed in their management of the Special Fund.

17. He wished to make it clear to the representative of Afghanistan that no distinction was made in the Special Fund programme of operations between public and private investment. He shared the wish that had been expressed by members of the Council that the programme should be expanded and accelerated in the coming year. Unless a considerable step forward were taken in 1960, the future of the programme in the decade that followed would be seriously affected. He therefore appealed to governments to make their shares of the \$100 million target available during 1960. It should be remembered that, comparatively speaking, the figure was not large; the Marshall Plan had started off with \$5,300 million in its first year. He had great confidence in the future of the programme, based on the realization that under-development was merely the result of under-employment of resources and manpower, and that once the resources had been discovered, investment followed. Much might have been done ten years earlier had there been an intelligent and vigorously undertaken programme to develop resources in under-developed areas. Much could be done now provided that the funds, which at present amounted to only \$26 million, were substantially increased.

18. The PRESIDENT declared that consideration of agenda item 6 was concluded. He proposed that the Council take note of the report of the Governing Council of the Special Fund (E/3270) and that the comments made on it, together with the appreciation which had been expressed of the work of the Managing Director and his staff, should appear in the Council's report to the forthcoming General Assembly.

It was so agreed.

AGENDA ITEM 2

World economic situation (continued)

(b) Consideration of the reports of the regional economic commissions (E/3201, E/3214, E/3227, E/3246 Rev. 1, E/3250)

REPORT OF THE ECONOMIC COMMITTEE (E/3279)

19. The PRESIDENT put to the vote seriatim draft resolutions A to D in the Economic Committee's report (E/3279).

A. ANNUAL REPORT OF THE ECONOMIC COMMISSION FOR EUROPE

Draft resolution A was adopted unanimously.

B. ANNUAL REPORT OF THE ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

Draft resolution B was adopted unanimously.

C. ANNUAL REPORT OF THE ECONOMIC COMMISSION FOR LATIN AMERICA

Draft resolution C was adopted unanimously.

D. ANNUAL REPORT OF THE ECONOMIC COMMISSION FOR AFRICA

Draft resolution D was adopted unanimously.

AGENDA ITEM 9

Report of the Transport and Communications Commission (E/3264, E/3282)

REPORT OF THE ECONOMIC COMMITTEE (E/3287)

20. The PRESIDENT drew attention to the recommendation by the Economic Committee in paragraph 7 of its report (E/3287) that the Council endorse the agreement reached at secretariat level regarding the symbol for the labelling of corrosive substances. He proposed that that endorsement be given.

It was so agreed.

21. Mr. ORTIZ (Chile), Mr. CHERNISHEV (Union of Soviet Socialist Republics) and Mr. URQUIDI (Mexico) said that their delegations would abstain from voting on draft resolution A, on the report of the Transport and Communications Commission, for the reasons they had given in the Economic Committee (266th meeting).

22. Mr. MICHALOWSKI (Poland) said that his delegation would also abstain from voting on that draft resolution, as it did not wish to take a definite stand on the question of terminating the Transport and Communications Commission.

23. The PRESIDENT put to the vote draft resolution A, on the report of the Transport and Communications Commission contained in the report of the Economic Committee.

Draft resolution A was adopted by 11 votes to none, with 5 abstentions.

24. Mr. ERROCK (United Kingdom), referring to draft resolution B on the facilitation of international travel and transport, drew attention to a statement submitted by the International Air Transport Association (E/C.2/541) to the effect that it understood that a proposal for the convening of a diplomatic conference on the facilitation of international travel and transport was before the Council. That statement presumably referred to the amendment proposed by France (E/AC.6/L.244) to the draft resolution as originally submitted in the report of the Transport and Communications Commission (E/3264), substituting the words "international conference" for the words "world consultative conference" at the end of sub-paragraph (b). In submitting that amendment in the Economic Committee (266th meeting), the representative of France had specifically stated that he was not prejudging the kind of conference that was to be called, and the United Kingdom had supported the amendment on that understanding. He would like to reaffirm that in voting for draft resolution B his delegation would not accept the idea that only a diplomatic conference on the facilitation of international travel and transport could be convened.

25. Mr. VIAUD (France) supported the statement of the United Kingdom representative, who had very accurately reported the views advanced in the Economic Committee on the words in question. The words "an international conference" in sub-paragraph (b) of draft resolution B had been inserted on the suggestion of the French delegation in place of the words "world consultative conference" in order not to prejudge the character of the conference; the Secretary-General would be free, in the light of the views expressed in the Economic Committee and in the Council, to submit whatever proposals he thought fit, subject to the conditions laid down in the resolution.

26. Mr. PHILLIPS (United States of America) and Mr. SHANAHAN (New Zealand) associated themselves

with the comments made by the representatives of the United Kingdom and France.

27. The PRESIDENT put to the vote draft resolution B on facilitation of international travel and transport contained in the report of the Economic Committee.

Draft resolution B was adopted unanimously.

28. The PRESIDENT put to the vote draft resolution C on international transport of dangerous goods contained in the report of the Economic Committee.

Draft resolution C was adopted unanimously.

The meeting rose at 11.45 a.m.