

**UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**

**REPORT
OF THE TRADE
AND DEVELOPMENT BOARD**

26 October 1972– 11 September 1973

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-EIGHTH SESSION

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NOTE

Symbols

All United Nations documents are designated by symbols composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document. The documents of the United Nations Conference on Trade and Development, the Trade and Development Board and its main subsidiary bodies are identified as follows:

| | |
|---|----------------|
| First session of the United Nations Conference on Trade and Development | E/CONF.46/- |
| Subsequent sessions of the United Nations Conference on Trade and Development . . | TD/- |
| Trade and Development Board | TD/B/- |
| Committee on Commodities | TD/B/C.1/- |
| Permanent Group on Synthetics and Substitutes | TD/B/C.1/SYN/- |
| Committee on Manufactures | TD/B/C.2/- |
| Special Committee on Preferences | TD/B/C.5/- |
| Committee on Invisibles and Financing related to Trade | TD/B/C.3/- |
| Committee on Shipping | TD/B/C.4/- |
| Intergovernmental Group on the Transfer of Technology | TD/B/AC.11/- |
| Information series of the Board | TD/B/INF.- |
| Non-governmental organization series of the Board | TD/B/NGO/- |

The *Proceedings of the United Nations Conference on Trade and Development, Third Session*, have been issued as follows: vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), containing, *inter alia*, the Conference's resolutions and decisions; vol. IA, part one, *Summaries of Statements by Heads of Delegation* (Sales No. E.73.II.D.Mim.1, part one); vol. 1A, part two, *Summary records of plenary meetings* (Sales No. E.73.II.D.Mim.1, part two); vol. II, *Merchandise Trade* (Sales No. E.73.II.D.5); vol. III, *Financing and Invisibles* (Sales No. E.73.II.D.6); vol. IV, *General Review and Special Issues* (Sales No. E.75.II.D.7).

Symbols referring to resolutions and decisions of the sessions of the Conference consist of an arabic numeral followed by "(II)" or "(III)" as the case may be, thus 1 (II), 2 (II), 36 (III), 37 (III), etc.

Symbols referring to resolutions and decisions of the Board consist of an arabic numeral, indicating the serial number of the resolution or decision, and a roman numeral in parentheses, indicating the session at which the action was taken.

Summary records

The summary records of the debates in the plenary meetings of the Conference and its committees, and of the Board and its main committees, are referred to by the appropriate symbol of the body in question (see above) followed by the letters "SR".

For each session of the Board a prefatory fascicle is issued as part of the *Official Records of the Trade and Development Board*. The fascicle contains a table of contents of the summary records of the session, the agenda of the session as adopted and a check list of documents pertaining to the agenda of the session.

Annexes

The texts of documents selected for inclusion in the records of the relevant session of the Board are issued as annexes to the Official Records of the Board, in the form of fascicles pertaining to the relevant agenda item.

Supplements

The *Official Records* of the Board include numbered supplements to the second part of the twelfth session, the fifth special session and the thirteenth regular session, as follows:

| Supplement Number | | Document Number |
|----------------------|--|--------------------|
| | <i>Second part of the Twelfth session</i> | |
| 1A | Resolution and decision adopted by the Board at the second part of its twelfth session | TD/B/423/Add.1 |
| | <i>Fifth special session</i> | |
| 1 | Resolution and decision adopted by the Board at its fifth special session | TD/B/445 |
| | <i>Thirteenth session</i> | |
| 1 | Resolutions, agreed conclusions and decisions adopted by the Board at its thirteenth session | TD/B/476 |
| 2 | Report of the Committee on Commodities on its seventh (special) session | TD/B/432 |
| 3 | Report of the Special Committee on Preferences on its fifth session | TD/B/442 |
| 4 | Report of the Committee on Invisibles and Financing related to Trade on its sixth session | TD/B/464 |
| 5 | Report of the Committee on Manufactures on the first part of its sixth session | TD/B/466 |

CONTENTS

| | <u>Page</u> |
|--------------------------|-------------|
| ABBREVIATIONS | x |
| PREFATORY NOTE | xi |

Part One. Report of the Trade and Development Board
on its fifth special session, held at the
Palais des Nations, Geneva, from
24 April to 4 May and 9 May 1973

| <u>Chapter</u> | <u>Paragraphs</u> | <u>Page</u> |
|---|-------------------|-------------|
| INTRODUCTION | 1 - 5 | 1 |
| I. Review of the implementation of the policy measures within the competence of UNCTAD as agreed upon within the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD (Conference resolution 79 (III)) (agenda item 3) | 6 - 215 | 4 |
| A. Opening statements by the President of the Trade and Development Board and the Secretary- General of UNCTAD | 6 - 17 | 4 |
| B. General considerations | 18 - 78 | 6 |
| C. International trade | 79 - 131 | 19 |
| 1. Trade between developing countries and developed market economy countries | 79 - 121 | 19 |
| (a) Commodities | 79 - 88 | 19 |
| (b) Manufactures | 89 - 121 | 21 |
| 2. Trade and economic co-operation between developing countries and socialist countries of Eastern Europe | 122 - 131 | 28 |
| D. Trade expansion, economic co-operation and regional integration among developing countries | 132 - 135 | 30 |
| E. Financial resources for development | 136 - 157 | 31 |
| F. Shipping | 158 - 163 | 35 |
| G. Special measures in favour of the least developed and land-locked developing countries | 164 - 174 | 36 |

CONTENTS (continued)

| <u>Chapter</u> | <u>Paragraphs</u> | <u>Page</u> |
|---|-------------------|-------------|
| H. Transfer of technology | 175 - 180 | 38 |
| I. Statement by the Secretary-General of UNCTAD at the close of the debate on item 3 | 181 - 190 | 39 |
| J. Action by the Board | 191 - 215 | 41 |
| II. Dissemination of information and mobilization of public opinion relative to problems of trade and development (agenda item 4) | 216 - 228 | 46 |
| III. Organizational matters | 229 - 242 | 49 |
| A. Opening of the session | 229 | 49 |
| B. Adoption of the agenda and organization of the work of the session (agenda item 1) | 230 - 231 | 49 |
| C. Replacement of two Vice-Presidents | 232 | 49 |
| D. Adoption of the report on credentials (agenda item 2) | 233 | 50 |
| E. Membership and attendance | 234 - 239 | 50 |
| F. Other business (agenda item 5) | 240 | 51 |
| G. Adoption of the report of the Board on its fifth special session (agenda item 6) | 241 | 51 |
| H. Closure of the session | 242 | 51 |

Annexes

| | |
|---|----|
| I. Resolution adopted and decision taken by the Trade and Development Board at its fifth special session | 53 |
| II. Statement made by the President of the Board at the conclusion of the debate on agenda item 3 | 64 |

CONTENTS (continued)

Part Two. Report of the Trade and Development Board
on the second part of its twelfth session,
held at the Palais des Nations, Geneva,
from 7 to 11 May 1973

| <u>Chapter</u> | <u>Paragraphs</u> | <u>Page</u> |
|--|-------------------|-------------|
| Introduction | 1 - 2 | 68 |
| I. Matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its third session requiring attention and action by the Trade and Development Board (agenda item 4) | 3 - 41 | 69 |
| II. Work programme of UNCTAD and its budgetary requirements, including questions of the co-ordination of the activities of UNCTAD with those of other bodies in the field of trade and development (agenda item 8 (a)) | 42 - 47 | 77 |
| III. Other business (agenda item 10) | 48 - 68 | 79 |
| A. United Nations export promotion efforts | 48 - 57 | 79 |
| B. Convention on international intermodal transport: actions arising from Economic and Social Council resolution 1734 (LIV) | 58 - 68 | 81 |
| IV. Institutional, organizational and administrative matters | 69 - 87 | 84 |
| A. Opening of the second part of the twelfth session | 69 | 84 |
| B. Organization of the work of the second part of the twelfth session | 70 - 71 | 84 |
| C. Adoption of the report on credentials (agenda item 3) | 72 | 84 |
| D. Membership and attendance | 73 - 78 | 84 |
| E. Determination of the composition of main Committees at their forthcoming sessions | 79 - 80 | 85 |
| F. Review of the calendar of meetings (agenda item 9 (b)) | 81 - 85 | 86 |
| G. Adoption of the report of the Board to the General Assembly (agenda item 11) | 86 | 87 |
| H. Closure of the session | 87 | 87 |

CONTENTS (continued)

Annexes

| | <u>Paragraphs</u> | <u>Page</u> |
|--|-------------------|-------------|
| I. Resolution and decision adopted by the Trade and Development Board during the second part of its twelfth session | 88 | 88 |
| II. Report of the Working Party of the twelfth session of the Board: UNCTAD work programme and budget for the biennium 1974-1975 | 92 | 92 |
| III. Financial implications of the actions of the Board | 115 | 115 |

Part Three. Report of the Trade and Development Board on its thirteenth session, held at the Palais des Nations, Geneva, from 21 August to 11 September 1973

| <u>Chapter</u> | <u>Paragraphs</u> | <u>Page</u> |
|---|-------------------|-------------|
| Introduction | 1 - 4 | 118 |
| I. Matters arising from the third session of the Conference (agenda item 4) | 5 - 119 | 119 |
| A. Dissemination of information and mobilization of public opinion relative to problems of trade and development (Conference resolution 43 (III)) | 12 - 16 | 120 |
| B. Trade and economic aspects of disarmament (Conference resolution 44 (III)) | 17 - 24 | 121 |
| C. Impact of environment policies on trade and development, in particular of the developing countries (Conference resolution 47 (III)) | 25 - 33 | 122 |
| D. Trade expansion, economic co-operation and regional integration among developing countries (Conference resolution 48 (III)) | 34 - 44 | 125 |
| E. The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction (Conference resolution 51 (III)) | 45 - 58 | 127 |
| F. Review and appraisal of the International Development Strategy | 59 - 68 | 129 |
| G. Interdependence of problems of trade, development finance and the international monetary system | 69 - 107 | 131 |
| H. Co-ordination between United Nations bodies | 108 - 110 | 138 |

CONTENTS (continued)

| <u>Chapter</u> | <u>Paragraphs</u> | <u>Page</u> | |
|----------------|---|-------------|-----|
| I. | Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries (TD/L.66 and Corr.1-3) | 111 | 139 |
| J. | Draft resolution on developing countries' trade centres (TD/L.78/Rev.1) | 112 - 119 | 139 |
| II. | International trade and financing: consideration of action arising from the activities of the main Committees and other subsidiary bodies of the Board (agenda item 6) | 120 - 338 | 141 |
| A. | Commodity problems and policies | 123 - 189 | 142 |
| B. | Expansion and diversification of exports of manufactures and semi-manufactures of developing countries | 190 - 244 | 159 |
| C. | Report of the Committee on Invisibles and Financing related to Trade on its sixth session | 245 - 283 | 169 |
| D. | Transfer of technology | 284 - 338 | 177 |
| III. | Report of the Working Group on the Charter of Economic Rights and Duties of States (Conference resolution 45 (III)) (agenda item 5) | 339 - 353 | 189 |
| IV. | Special measures in favour of the least developed among the developing countries, the land-locked developing countries and developing island countries (agenda items 7 and 8) | 354 - 406 | 192 |
| A. | Least developed among the developing countries | 354 - 383 | 192 |
| B. | Land-locked developing countries | 384 - 391 | 197 |
| C. | Developing island countries | 392 - 406 | 198 |
| V. | Trade relations among countries having different economic and social systems (agenda item 9) | 407 - 484 | 201 |
| VI. | Question of the establishment of a comprehensive international trade organization (Conference resolution 81 (III)) (agenda item 11 (a)) | 485 - 499 | 216 |
| VII. | Institutional, organizational, administrative and other matters | 500 - 577 | 221 |
| A. | Opening of the session | 500 | 221 |
| B. | Election of officers (agenda item 1) | 501 - 502 | 221 |
| C. | Adoption of the agenda and organization of the work of the session (agenda item 2) | 503 - 518 | 221 |

CONTENTS (continued)

| <u>Chapter</u> | <u>Paragraphs</u> | <u>Page</u> |
|--|-------------------|-------------|
| D. Adoption of the report on credentials (agenda item 3) | 519 | 225 |
| E. Treatment of the Democratic People's Republic of Korea for purposes of elections | 520 | 225 |
| F. Membership and attendance | 521 - 526 | 225 |
| G. Designation and classification of non-governmental organizations for the purpose of rule 79 of the rules of procedure of the Board | 527 - 528 | 226 |
| H. Conference resolution 80 (III) (agenda item 11 (a)) | 529 | 227 |
| I. Activities of the International Trade Centre (agenda item 11 (b)) and United Nations export promotion efforts (agenda item 12 (c)) . | 530 - 548 | 227 |
| J. Export credit as a means of promoting exports from developing countries (agenda item 12 (b)) | 549 - 553 | 230 |
| K. Particular problems in the field of trade and development: Progressive development of the law of international trade - sixth annual report of the United Nations Commission on International Trade Law (agenda item 10) . . . | 554 - 558 | 231 |
| L. Report by the Secretary-General of UNCTAD on delays in the preparation and processing of UNCTAD documentation (agenda item 11 (c)) . . . | 559 - 564 | 233 |
| M. Review of the calendar of meetings (agenda item 11 (d)) | 565 - 567 | 234 |
| N. Election to membership of the main Committees under Conference resolution 80 (III), paragraph 9 (agenda item 11 (e)) | 568 | 234 |
| O. Provisional agenda for the fourteenth session of the Board and organization of the work of the session (agenda item 11 (f)) | 569 - 570 | 235 |
| P. Financial implications of the actions of the Board | 571 - 573 | 235 |
| Q. Invitation by the Government of Kenya to hold the fourth session of the Conference in Nairobi | 574 - 575 | 235 |
| R. Adoption of the report of the Board to the General Assembly (agenda item 13) | 576 | 236 |
| S. Closure of the session | 577 | 236 |

CONTENTS (continued)

Annexes

Page

| | | |
|-------|--|-----|
| I. | Resolutions, agreed conclusions and decisions adopted by the Trade and Development Board at its thirteenth session | 237 |
| II. | Statement by Mr. Manuel Pérez Guerrero, Secretary-General of UNCTAD, at the thirteenth session of the Board, on 21 August 1973 | 247 |
| III. | Text of draft resolution remitted for further consideration by the Board at its fourteenth session | 256 |
| IV. | Text of draft resolution referred to the Committee on Manufactures for consideration at its seventh session | 259 |
| V. | Provisional agenda for the fourteenth session of the Board | 260 |
| VI. | Provisional agenda for the eighth (special) session of the Committee on Commodities | 262 |
| VII. | Financial implications of the actions of the Board | 263 |
| VIII. | Membership of the main Committees of the Board | 271 |

ABBREVIATIONS

| | |
|----------|--|
| CAEU | Council of Arab Economic Unity |
| CESI | Centre for Economic and Social Information |
| CMEA | Council for Mutual Economic Assistance |
| ECE | Economic Commission for Europe |
| EEC | European Economic Community |
| GATT | General Agreement on Tariffs and Trade |
| FAO | Food and Agriculture Organization of the United Nations |
| IBRD | International Bank for Reconstruction and Development |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| OECD | Organisation for Economic Co-operation and Development |
| RCD | Regional Co-operation for Development |
| SDR | Special Drawing Rights |
| UNICTRAL | United Nations Commission on International Trade Law |
| UNDP | United Nations Development Programme |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNIDO | United Nations Industrial Development Organization |
| WIPO | World Intellectual Property Organization |

PREFATORY NOTE

The ninth annual report of the Trade and Development Board ^{1/} is submitted to the General Assembly in conformity with Assembly resolution 1995 (XIX) of 30 December 1964. It was adopted by the Board at its 381st meeting, on 11 September 1973. ^{2/} The report covers the period which has elapsed since 25 October 1972 and consists of the reports on the fifth special session, held from 24 April to 4 May and on 9 May 1973, the second part of the twelfth regular session, held from 7 to 11 May 1973 and the thirteenth regular session of the Board, held from 21 August to 11 September 1973, all of which were held at Geneva.

During the period covered by the present report, the following UNCTAD bodies met and submitted reports to the Board:

| | | | <u>Report in document</u> |
|--|------------------------------------|--------------------------------|-------------------------------|
| Intergovernmental Group on Transfer of Technology | Second session | 29 January- 9 February 1973 | TD/B/424 |
| Working Group on the Charter of Economic Rights and Duties of States | First session | 12-23 February 1973 | TD/B/AC.12/1 and Corr.1 |
| | Second session | 13-27 July 1973 | TD/B/AC.12/2 and Add.1 |
| Committee on Commodities | Seventh (special) session | 27 February- 10 March 1973 | TD/B/432 |
| Special Committee on Preferences | Fifth session | 3-12 April 1973 | TD/B/442 |
| Committee on Invisibles and Financing Related to Trade | Sixth session | 3-13 July 1973 | TD/B/464 |
| Advisory Committee to the Board and to the Committee on Commodities | Eighth session | 9-13 July 1973 | TD/B/463 |
| Committee on Manufactures | First part of its sixth session | 7-17 August 1973 | TD/B/466 |

^{1/} The eight previous reports, covering respectively the periods 1 January to 29 October 1965, 31 October 1965 to 24 September 1966, 25 September 1966 to 9 September 1967, 10 September 1967 to 23 September 1968, 24 September 1968 to 23 September 1969, 24 September 1969 to 13 October 1970, 14 October 1970 to 21 September 1971, and 22 September 1971 to 25 October 1972, are contained in Official Records of the General Assembly, Twentieth Session, Supplement No. 15 (A/6023/Rev.1); ibid., Twenty-first Session, Supplement No. 15 (A/6315/Rev.1 and Corr.1); ibid., Twenty-second Session, Supplement No. 14 (A/6714); ibid., Twenty-third Session, Supplement No. 14 (A/7214); ibid., Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2); ibid., Twenty-fifth Session, Supplement No. 15 (A/8015/Rev.1 and Corr.1); ibid., Twenty-sixth Session, Supplement No. 15 (A/8415/Rev.1); and ibid., Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1).

^{2/} See part three, para. 576 below.

Part One

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS
FIFTH SPECIAL SESSION

Held at the Palais des Nations, Geneva,
from 24 April to 4 May and 9 May 1973

PART ONE

INTRODUCTION

1. The United Nations Conference on Trade and Development, at its third session, held at Santiago in May 1972, adopted resolution 79 (III), in which it decided that the review and appraisal functions of UNCTAD in connexion with the implementation of the International Development Strategy of the Second United Nations Development Decade should be vested in the Trade and Development Board and be carried out in accordance with General Assembly resolution 2801 (XXVI) of 14 December 1971. It also decided that to this end the Board should meet in a special session once every two years at a suitably high level to formulate appropriate recommendations on the basis of the report to be prepared by the Secretary-General of UNCTAD, and that this session should be held at a time suitable to the over-all review and appraisal procedure envisaged in General Assembly resolution 2801 (XXVI). Accordingly, the Board, at the first part of its twelfth session, in October 1972, decided to convene its fifth special session during the period 24 April to 4 May 1973, in order to carry out its first biennial review and appraisal of the International Development Strategy, within its field of competence.
2. The General Assembly, in its resolution 3041 (XXVII) of 19 December 1972, recommended that the Trade and Development Board, at its fifth special session, should within its competence review the progress made in, and seek further implementation of, the policy measures of the International Development Strategy as adopted within the time-limits prescribed therein, reach agreements in more specific terms on issues that had not been fully resolved, seek new areas of agreement and widen the existing ones, and evolve new concepts and seek agreements on additional measures, so as to fulfil the essential role and responsibility of the United Nations Conference on Trade and Development in the review and appraisal procedure and to facilitate the attainment of the goals and objectives of the International Development Strategy, in accordance with Conference resolution 79 (III). For an account of the Board's deliberations on this item, see chapter I below.
3. At the first part of its twelfth session in October 1972, the Board adopted agreed conclusion 89 (XII) on the dissemination of information and mobilization of public opinion relative to problems of trade and development in the context of the Strategy (Conference resolution 43 (III)), in which the Secretary-General of UNCTAD was requested to give an interim report to the Board at its fifth special session on ways in which, during 1973, the UNCTAD secretariat, with its own resources or with the assistance and collaboration of the Centre for Economic and Social Information, is responding to Conference resolution 43 (III). The General Assembly, in its resolution 3038 (XXVII) of 19 December 1972, noting with satisfaction Conference resolution 43 (III) and noting also agreed conclusion 89 (XII) of the Board, invited the Board to study, at its fifth special session, the preliminary report of the Secretary-General of the United Nations (A/8893), as well as the report on the activities requested of the Secretary-General of UNCTAD by the agreed conclusions. It requested the Secretary-General of the United Nations to prepare, for the fifth special session of the Board, a detailed report elaborating the elements outlined in his preliminary report and requested the Trade and Development

Board, at its fifth special session, to outline a programme of events for World Development Information Day in 1973 and to make specific proposals. For an account of the Board's deliberations on this item, see chapter II below.

4. The Board completed the substantive work of its fifth special session during the period from 24 April to 4 May 1973 and adopted its report on the session on 9 May 1973.

5. The present report contains an account of the Board's deliberations during its fifth special session. 1/

1/ For a full account of the proceedings during the Board's fifth special session, see the summary records of the 343rd to 352nd meetings and of the 357th meeting (TD/B/SR.343-352 and 357).

CHAPTER I

REVIEW OF THE IMPLEMENTATION OF THE POLICY MEASURES WITHIN THE COMPETENCE OF UNCTAD AS AGREED UPON WITHIN THE CONTEXT OF THE INTERNATIONAL DEVELOPMENT STRATEGY, AND OF THE RECOMMENDATIONS, RESOLUTIONS AND OTHER DECISIONS OF UNCTAD (CONFERENCE RESOLUTION 79 (III)) (Agenda item 3)

A. Opening statements by the President of the Trade and Development Board and the Secretary-General of UNCTAD

6. In his opening statement, the President of the Trade and Development Board, Mr. Diego Garcés, pointed out that the International Development Strategy rested essentially on the universal recognition of the concept of interdependence, solidarity and partnership in development and stressed also the need to deal with the problem of mass poverty on the same basis as the growth of gross domestic product. The main responsibility of the Board at this special session was to carry out a review and appraisal of the Strategy to help achieve its goals and objectives. There was, however, a danger that this exercise could turn into a kind of sterile "scholasticism" if its results did not help to improve the present unsatisfactory monetary and trade situation.

7. The disquieting situation of developing countries, as reflected in the secretariat documentation, required that more be done at the national and international levels to ensure that the rapid economic development of these countries was not hindered. What was required was the effective mobilization of human knowledge and resources for the cause of development.

8. The review and appraisal of the Strategy could not be complete unless it underlined the need for complementary and consistent action at the national and international levels in the interconnected fields of trade, monetary and financial policy. The present session of the Board offered a momentous opportunity for all States to give due weight to the underlying hopes and fears - arising from new developments since January 1971 - concerning the pace of the implementation of the Strategy, and to ensure that the hopes were fulfilled and the fears dispelled. Higher priority must be given to the execution of much more vigorous policies and programmes to achieve the goals and objectives of the Strategy.

9. In his statement to the Board, the Secretary-General of UNCTAD drew attention to some of the conclusions which emerged from his report. ^{2/} Notwithstanding the output and export achievements of some developing countries, the trends so far in the Second United Nations Development Decade were far from encouraging and the problems of poverty, mass unemployment and malnutrition appeared as intractable as ever; generally speaking, the national policies of developed as well as of developing countries had not yet been reoriented towards the implementation of

^{2/} United Nations publications, Sales Nos.: E.73.II.D.14 and E.74.II.D.3.

the objectives of the Strategy; unless measures to improve the trade and payments positions of developing countries were taken in the near future, the performance of the majority of those countries during the 1970s was most likely to fall significantly short of the targets of the Strategy; all countries could and should contribute to world-wide economic and social development, but it was the economically more powerful countries which necessarily must assume the greatest responsibility for the success or failure of the Strategy.

10. The Board was now called upon to make a first review and appraisal, in a dynamic context, of the implementation of the provisions of the Strategy within UNCTAD's area of competence. The main objectives of this exercise were to promote broad support for increasing reliance on longer-term economic and social objectives as guidelines in policy-making at the national and international levels; to emphasize the importance of fully integrating the goals and objectives of the Strategy in the reform of the institutional framework of international economic relations; and to promote, as a matter of urgency, effective implementation of policy measures in the Strategy.

11. The recent crises engendered by realignments in economic relations among developed market economy countries had emphasized the need to examine anew the whole framework of international economic relations. Such re-examination was of vital concern to the economic progress of developing countries and should accordingly take fully into account the longer-term development objectives embodied in the Strategy, to which both developed and developing countries were committed. Full advantage should be taken of the present opportunity to establish an institutional framework of international economic relations acceptable to all countries irrespective of their economic and social systems and levels of development and conducive to the balanced development of the world economy in the common interest. The Board could contribute to this end by stressing the need to incorporate the goals and objectives of the Strategy into the reform of the world trade and payments system. However, reform could not be limited to monetary matters alone, but should help to improve conditions of trade of developing countries in primary commodities and manufactured goods. A further impetus should be given to the forthcoming series of intensive intergovernmental consultations on commodity problems and to the removal of tariff and non-tariff barriers affecting products of export interest to developing countries.

12. The failure of the flow of financial resources to developing countries to reach even one half of the target for official development assistance gave rise to acute concern, since it was one of the key policy measures on which the Strategy itself depended. Another issue deserving priority attention was the increasing debt burden of many developing countries. This required a new approach, preferably in terms of a broad consensus on guidelines to deal in good time with emerging debt problems of individual developing countries.

13. There was urgent need for a set of guidelines to regulate the restrictive business practices of transnational corporations which adversely affect the trade and development of developing countries, as well as for an international code of conduct in relation to the transfer of technology from developed to developing countries.

14. Special measures in favour of the least developed and land-locked countries were urgently required to assist these countries in overcoming their particular

handicaps. While some progress had been achieved, much remained to be done by developed countries and also by more advanced developing countries, in keeping with the spirit of self-reliance, especially within the framework of regional and subregional co-operation.

15. The assistance sought from developed countries was marginal in relation to their income levels, their highly diversified economies and their vast military expenditure. It should be an accepted axiom of policy that development assistance should benefit from the reduction of military expenditure now possible as a result of the ending of hostilities in Indo-China and the growing détente in Europe.

16. In order to achieve the goals and objectives of the Strategy, efforts by developing countries to overcome internal constraints on their economies must be supported by measures of the international community as a whole to reduce external constraints.

17. The potential importance of the first review and appraisal should not be underestimated. Though some developed countries had introduced measures in support of particular objectives of the Strategy, the policy changes called for had not generally been forthcoming. The present session of the Board provided an occasion for all countries to take stock of the measures introduced during the first two years of the Decade. The task of the Board would be greatly facilitated if specific indications could be given by individual countries, particularly the developed countries, of measures they were prepared to take in trade, aid and related areas within a reasonable period of time. Governments must give the development problem a much higher priority than it has been given up to now, if full advantage is to be taken of the real possibilities offered by the present world economic situation, with a view to attaining - and even surpassing in a truly dynamic context - the objectives and targets laid down in the Strategy. The decisions and recommendations which emerged from this session would inevitably have an important bearing on the character and scope of the major mid-term review and appraisal exercise scheduled for 1975.

B. General considerations

18. During the general debate, universal appreciation was expressed for the quality and relevance of the secretariat documentation 3/ as a useful basis for the discussions. However, different views were expressed by representatives from different groups of countries regarding the balance of the documentation as a whole. Moreover, the representatives of a number of countries took issue with the interpretation of developing countries adopted in the report, which, in their view, did not truly reflect the economic situation of a number of countries.

19. The representative of a developed market economy country expressed regret that the six-weeks rule had not been met, thereby occasioning inconvenience to the Governments concerned in their preparations for the special session of the Board. This was particularly regrettable as the documentation was of a quality which could have contributed usefully to such preparations.

3/ Ibid.

20. Representatives of developing countries expressed grave concern at the disappointing results of the first two years of the Second United Nations Development Decade. Despite the efforts made by the developing countries themselves, hardly any progress had been made in achieving the basic targets of the Strategy - and, indeed, in some cases there had, on the contrary, been a set-back compared with the situation at the end of the First United Nations Development Decade - for example, the average annual rate of growth of the gross national product (GNP) for the developing countries as a whole had dropped to around 5.9 per cent in 1971-1972 compared with 6.2 per cent in 1968-1971; the per capita figures had declined from 3.4 to 3 per cent for the same period and the least developed countries had registered a practically zero rate of growth compared with that of 1.5 per cent per annum in 1968-1970. Total net financial transfers had declined from 0.84 per cent of donor countries' GNP in 1960-1961 to 0.73 per cent in 1970-1971, while (a matter of even greater concern) transfers of official development assistance had declined from 0.53 per cent to 0.35 per cent during the same period. The record regarding the targets in the field of invisibles was equally disappointing. The developing countries' share of world shipping tonnage, far from rising, had in actual fact declined from 6.3 per cent in 1970 to 5.5 per cent in 1972 and the sharp increase in freight rates had further aggravated the trade and development problems of developing countries. Moreover, no serious attempt had been made to facilitate the transfer of technology to developing countries on reasonable terms.

21. In the view of many of these representatives, experience to date had shown that the universal agreement on the Strategy had turned out to be nothing but a statement of good intent. One of the essential features of the Strategy was that it was a time-bound programme, but most of the time targets had not been met. Events were casting more than a shadow of doubt on the willingness of affluent countries to help.

22. Some of these representatives said that the withdrawal of reservations made by certain countries during the adoption of the Strategy was essential for the fulfilment of the goals and objectives and the implementation of the policy measures embodied in the Strategy. At the recent special session of the Committee on Commodities and the fifth session of the Special Committee on Preferences, certain developed countries had used these reservations to detract from the status of the Strategy. Despite the reservations expressed at the time of its adoption, the Strategy had received the sanction of the world community at the highest political level. To be effective, the Strategy must be accepted as the centre-piece of international co-operation. It must be given more life and meaning and not hindered by the continued use of such qualifications as "as adopted", which had enabled developed countries at the outset to reach a consensus on the Strategy, but which should not be regarded as final.

23. The representatives of developing countries attached great importance to the present biennial review and appraisal which, as the first exercise of its kind undertaken by an intergovernmental organization, would have an important impact on subsequent multilateral discussions within the United Nations system. One of these representatives raised the question of whether the mid-term review should be made in 1975 or 1976. Upon this decision would rest the date at which developing countries could make preparations for the Third Ministerial Meeting of the Group of 77, as they were anxious to prepare for the review to take place at the highest possible level of political representation.

24. The object of the exercise was not to rewrite the Strategy, but to pin-point pitfalls, failures and short-comings. This could be done only through an inquiry, conducted in an objective, constructive and candid manner, into the performance of both developed and developing countries in terms of the commitments and undertakings embodied in the Strategy. Such an inquiry should be forward-looking and should concentrate on remedial action for the future.

25. The Board's report should accordingly contain general and factual statements of the situation in the field of trade and development; identification of the short-comings and failures in terms of performance; suggestions on how to rectify these short-comings and on how to infuse forward-looking dynamism into the action needed for the early and effective implementation of the Strategy.

26. The representatives of a number of Latin American countries referred to the Quito Appraisal made at the fifteenth session of the Economic Commission for Latin America ^{4/} which, in their view, provided a balanced assessment of the implementation of the goals of the Strategy for the Second United Nations Development Decade.

27. Since the adoption of the Strategy, a number of events had taken place, including the international monetary crises, which had had severe repercussions on the economies of the developing countries. It was essential, therefore, that, in the proposed reform of the international monetary system and the forthcoming multilateral trade negotiations under the auspices of GATT, the objectives of the Strategy should be taken fully into account. Events which should have a positive impact included the end of the war in South-East Asia and the détente in East-West relations.

28. The representative of one developing country said that there should be an interaction between the reform of the world economic system and the Strategy. On the one hand, the reform should take into account the principles of the Strategy and, on the other, the text of the Strategy should be revised during the next biennium in the light of the results of this reform.

29. While developing countries were fully aware that the basic responsibility for development rested on their own shoulders, external financial and technical assistance were required to assist in the effective mobilization of internal resources. In many cases also, their own efforts were seriously handicapped by external factors, such as tariff and non-tariff barriers to their exports engendered by protectionism in the markets of the developed countries. Inflationary trends in developed market economy countries, which raised the price of imports from these countries, inhibited industrialization and added to the adverse balance of payments. Moreover, recent currency realignments had led to a reduction in the purchasing power of the monetary reserves of the developing countries and to a deterioration in their external debt position.

30. The representatives of a number of developing countries pointed to the adverse effects of the operations of transnational corporations which, in some

^{4/} See Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 8 (E/5275 and Corr.1), part II, sect. C and part III, resolution 320 (XV).

developing countries, had assumed alarming proportions. In the past, these problems had not been taken into consideration, but it was no longer possible to ignore them, both because of their adverse economic impact and because such activities were also politically unacceptable.

31. The representative of one of these countries claimed that the secretariat documentation had dealt with this subject in a manner not in keeping with the far-reaching importance attached to it by other United Nations bodies and by the powerful trade union movements. Referring to paragraph 26 of the Secretary-General's report, 5/ he said that the implication that the remedy against the harmful influence of transnational corporations lay in the hands of the developing countries themselves ignored both the economic and political power of such corporations, which were frequently linked with the Governments of some of the great Powers, as was evidenced by the recent widely publicized investigation into the activities of certain large transnational corporations by the legislative body of a developed market economy country. Moreover, it disregarded the factor of dependency of so many developing countries, which had led to complicity between national economic and political sectors and the corporations themselves. The threat posed by these corporations would not be fully removed until there was the necessary political will in the countries of origin of such corporations to control them, as well as strong remedial action under the aegis of the United Nations through the establishment of codes of conduct or guidelines for their activities, which, through juridical commitments between States, would prevent abuses and exploitation by transnational corporations.

32. Even the positive factors which had emerged, such as the recently concluded International Cocoa Agreement, 1972, 6/ the establishment of the generalized system of preferences and the growth in trade with the socialist countries of Eastern Europe, had serious limitations.

33. Representatives of a number of developing countries laid stress on the need for far-reaching structural reforms within their own countries to remove constraints which retarded development and led to an unequal distribution of wealth. While detailing some of the social reforms undertaken in the field of land reform, educational reform, the creation of employment opportunities and a more equitable distribution of wealth, they emphasized the slow progress made in this field and the constraints it imposed on the system.

34. The representative of one developing country made a special appeal that particular attention should be devoted to developing countries in the African continent, which had the lowest over-all per capita income and share of world trade and contained the largest number of least developed countries.

35. The representatives of many developing countries pointed to the potential for development that lay in increasing and strengthening their own self-reliance. They gave examples of efforts to enhance regional and subregional co-operation and integration, including the agreement among 16 developing countries on an exchange of preferential tariff concessions, and spoke of the need to reinforce and expand associations of producers of primary commodities to strengthen their bargaining power in the world markets.

5/ United Nations publication, Sales No.: E.73.II.D.14.

6/ United Nations publication, Sales No.: E.73.II.D.9, p. 9.

36. They drew attention to the structural interdependence of trade, development finance and monetary issues which, in their view, was now universally recognized, as was the principle that all countries, developed and developing, must be able to participate fully and equally in all stages of negotiations on these issues. This underlined the need for full participation of the developing countries in both the forthcoming GATT multilateral trade negotiations and the negotiations for the reform of the international monetary system. The success or failure of the implementation of the Strategy would depend largely on the extent to which these negotiations took account of the objectives of the Strategy. The recent establishment of the Committee on Reform of the International Monetary System and Related Issues 7/ in the International Monetary Fund had been a positive gesture to associate developing countries with the reform of the international monetary system.

37. The representatives of some developing countries pointed out that events had overtaken the Committee of Twenty and the recent currency realignments had been settled between the more important developed market economy countries without consultations with this Committee. They said that monetary problems could no longer be handled by a small group of privileged countries and the only true solution lay in convening a world monetary conference in which all countries could participate.

38. In the view of the representatives of some developing countries, the events of the past few years had shown that developed market economy countries were growing increasingly concerned with solving their own problems and ignoring developing countries in the process. There had been a growing apathy with regard to the problems of the developing countries and there was a distinct possibility that the concern of the developed countries to readjust their own mutual relations might push into the background the need to implement the policy measures laid down in the Strategy. The representative of one of these countries said that it was not without significance that the primary motivation for the three major developments on the international economic scene in 1973 (the trend towards greater regional economic integration among developed countries, the search for the reform of the international monetary system and the launching of a new round of comprehensive trade negotiations) had been the economic interests of the major industrial countries. And yet developing countries were also vitally concerned with these issues. The representative of another developing country said that a similar example might be found in the recent proposals for a new "Atlantic Alliance", which also seemed to ignore the interests of developing countries. A seminar in Amsterdam had similarly urged the strengthening of the Atlantic Alliance.

39. One of the inescapable conclusions which developing countries had drawn from the first biennial review and appraisal was that the challenge now facing the world was greater than that which confronted it when the Strategy was drafted and adopted. It was no longer a challenge of conception, but of political will. The Strategy provided the agreed goals and objectives and an agreed programme of action. All that was required was the political will to act. The disappointing performance in the first two years of the Decade had not been due to the failure

7/ Known as the Committee of Twenty.

of efforts by developing countries, but to the low priority given to the Strategy by developed market economy countries. The representatives of some developing countries expressed their regret that the spirit animating the introduction of the Marshall Plan for the reconstruction of Western Europe had not been reflected in efforts of the same magnitude to assist developing countries to reach the targets of the Strategy.

40. Representatives of some developing countries pointed out that the remarks they had made expressed their deep disappointment that commitments given had not been honoured. These remarks had been made, without rancour, in a spirit of constructive criticism and in the hope of injecting a certain urgency in underlining the need for appropriate action at this early stage, without which the objectives for the Second Decade would certainly not be achieved.

41. The representatives of some developing countries said that, in the absence of specific commitments by developed countries, the present session of the Board would prove useful only if it were to produce a clear, precise and strong testimony of the current regressive trends, which had not only left the Decade objectives unfulfilled, but had made the possibility of achieving such goals more remote. This situation should be brought before world public opinion without euphemism or ambiguities.

42. The representative of a developing socialist country of Asia declared that developing countries should rely mainly on their own development efforts by fully mobilizing their internal resources, by developing their production potential in a planned and systematic way and by gradually eliminating imperialist influence. All countries had an inalienable sovereign right over their natural resources, and foreign trade and aid should be developed on the basis of equality and mutual advantage. He stated that his country had established trade relations with almost all countries of the world and that this trade was continuously increasing and being diversified. Credits should be free of, or bear low, interest and no pressure should be exercised for repayment. He supported the claims of developing countries for an early reasonable solution with regard to prices of primary products and access to markets, as well as for progressive elimination of barriers to trade and improvement of the generalized system of preferences; participation of the developing countries in the multilateral trade negotiations on an equal basis should be actively supported. The same representative stated that the monetary crises had adversely affected the developing countries in particular and supported their insistent demand for a reform of the international monetary system based on the equal participation of all countries.

43. Representatives of developing countries stated that they were unable to agree with the view expressed by representatives of developed market economy countries that the targets had by and large been achieved, since over-all figures hid the great discrepancies in the progress made by the great majority of developing countries. Dealing with references made by representatives of developed market economy countries to the rise in commodity prices towards the end of 1972 and in 1973, which gave the impression that all commodities had increased in price, the representative of one developing country pointed out that this was not a true picture, particularly with regard to "problem commodities". He referred to the havoc caused by falling receipts of the three commodities on which his country was dependent.

44. The representatives of developing countries said they could not agree that it was premature to make an assessment at this session and that this could be undertaken only at the mid-term review. The present session of the Board was certainly not drawing premature conclusions; it was only carrying out procedures laid down in General Assembly resolutions and in Conference resolution 79 (III), which instructed the Board to meet every two years for this very purpose. Without this preliminary exercise, it would be difficult to undertake the mid-term review and appraisal.

45. The spokesman for the countries members of Group B pointed to the importance of the present session of the Trade and Development Board. He said that the present exercise was the first of the broad reviews of the International Development Strategy for the Second United Nations Development Decade at the general intergovernmental level. Moreover, since UNCTAD's responsibilities covered a large part of the contents of the Strategy, this review was of particular relevance for the global reviews which were to take place in the Committee on Review and Appraisal of the Economic and Social Council, in the Council itself and in the General Assembly. In their view, the Board should identify those areas to which the efforts of developed and developing countries must be particularly directed. The first concern of countries should be with active progress towards fulfilment of the objectives of the Strategy and with the removal of impediments to progress.

46. Representatives of many developed market economy countries said that they did not share the pessimistic views that had been expressed at the Board on the implementation of the Strategy. A number of important aggregate goals established in the Strategy had virtually been met and some were even being surpassed (6 per cent target for over-all growth, 8 per cent target for growth in manufactures and 7 per cent target for the annual increase of exports from developing countries). The fact that some developing countries fell below these targets was unsatisfactory (if not statistically surprising), but identifying their difficulties was in itself useful. Moreover, they did not agree with the conclusion drawn in the Secretary-General's report that the development policies of donor countries had not been sufficiently influenced by the Strategy and that development assistance had been accorded a low priority in over-all political objectives.

47. The representatives of some developed market economy countries expressed the view that two years was too short a period in which to make a significant assessment of how far the policy measures adopted had helped towards the attainment of the goals of the Strategy, particularly in view of the shortage of statistical data. It was too early to draw any valid conclusions from a quantified evaluation. What had been produced was in the nature of indicators rather than trends. In this connexion, one of these representatives asked whether the secretariat were satisfied with the procedures adopted this time for the collection of material. It might be better at the present stage to pay more attention to the qualitative aspects and deal with the quantitative aspects during the mid-term review.

48. The representatives of developed market economy countries stated that the present exercise should reflect the realities of the situation, including the positive elements. Constant criticism that efforts by developed market economy countries were always inadequate was not the best way to encourage them to do more. Contestation and confrontation, which were counter-productive, should be avoided.

49. The representative of one developed market economy country pointed to the too frequent meetings of UNCTAD bodies dealing with the same subjects. An effort should be made, on the contrary, to ensure that UNCTAD meetings were important occasions which should engage the attention of Governments and the general public.

50. In the view of the representatives of many developed market economy countries, substantial progress had been made, although in the view of some this had perhaps been slow. Among the examples provided were the international Cocoa Agreement, 1972 and the International Olive Oil Agreement; the fact that the generalized system of preferences was under constant improvement; the new Development Assistance Committee Recommendation on terms and conditions of aid, adopted on 17 October 1972; 8/ agreement on special measures in favour of the least developed countries; the preparation of intensive consultations on selected primary commodities; the setting up of the Committee on Reform of the International Monetary System and Related Issues; and the assurance that the interests of developing countries would be taken into account in the forthcoming GATT multilateral trade negotiations.

51. The representative of one developed market economy country said he felt that the secretariat report did not pay sufficient attention to the positive benefits that could well accrue to the developing countries as a result of the industrialized countries' interest in the development of structural policies of an anticipatory nature aiming at a more efficient and full utilization of available resources, with a view to reaching the goals of their economic policy, among which the improvement of the quality of life, the enhancement of the environment and the development of developing countries had become important.

52. The representatives of many developed market economy countries said that there was an urgent need for structural reform in developing countries to bring about a more equitable distribution of national income and land ownership. In that context, it was stressed that excessive demographic growth tended to erode the benefits of development policies. The fact that agricultural production failed to keep pace with the growth of population might seem to indicate that development policies should, even more than in the past, be oriented to the solution of the demographic problems. The representatives of other developed market economy countries recalled that the Strategy clearly placed primary responsibility for development on the developing countries themselves; more information was needed either in UNCTAD or other competent bodies on action taken in accordance with that responsibility.

53. Representatives of a number of developed market economy countries agreed that much remained to be done and that it would be unrealistic to overlook the unsatisfactory conditions in many developing countries - particularly the least developed. One of these representatives pointed out that the Strategy was a joint effort and expressed his Government's respect for the efforts of self-help that developing countries were making; the more vigorous these efforts the greater was the incentive for the international community to come to their aid. The efforts of developed market economy countries to supplement the self-help efforts of the developing countries might not have been sufficient and he sincerely hoped that his Government would be able to do much more in the years and decades to come.

8/ See United Nations publication, Sales No.: E.74.II.D.3, part one, annex, sect. C.

54. The representative of another developed market economy country stressed that increased awareness of the persistent and growing imbalances in living standards, resources and power was needed; respect for the wish of developing countries to stand on their own feet; and respect for their wish to break away from external economic domination and safeguard their national sovereignty.

55. The representatives of some developed market economy countries expressed the view that the effective implementation of the Strategy required the active support of public opinion in both developed and developing countries. In order to assess the real impact of the Strategy, social objectives were as important as economic ones, as the basic aim of the Strategy was to ensure the well-being of the individual; accordingly, any analysis should include social as well as economic indicators and the UNCTAD secretariat should define such indicators in close collaboration with the Committee for Development Planning.

56. The representatives of developed market economy countries welcomed the division of the developing countries into different categories in the secretariat documentation. This served to give further point to the special measures that were being undertaken for the least developed countries. The representative of one developed market economy country endorsed the view of the secretariat that attention should be given to the problems of other low-income countries, which were not greatly different from those of the "hard core". The representative of one developed market economy country said that a country-by-country approach seemed to provide a better mechanism than a category-by-category approach for the assessment of the trade and development needs of the developing countries, because of the great differences among these countries.

57. The representative of one developed market economy country pointed out that the report had shown how export earnings of developing countries responded to economic growth in developed countries. Thus, policies to fight and contain inflation undertaken by a number of developed market economy countries were an important, but not easily measurable, contribution to the Second United Nations Development Decade.

58. The representative of another developed market economy country expressed the view that one of the reasons why the analysis in the Secretary-General's report had such a negative emphasis was that it tended to take account only of policy changes since 1970, particularly in areas of disagreement, rather than comparing the position in the 1970s with that in the 1960s.

59. The representatives of some developed market economy countries pointed out that, in the documentation before the Board, the secretariat had not taken into account the rise in primary commodity prices towards the end of 1972 and the beginning of 1973, or the recent growth in the reserves of the developing countries.

60. The representatives of two developed market economy countries thought that, in reviewing and appraising measures and efforts undertaken during the Second United Nations Development Decade, a more balanced approach was needed in the presentation of the relative contributions made by the socialist countries of Eastern Europe and the developed market economy countries.

61. The representative of one developed market economy country suggested that it might be useful if the secretariat undertook a study of a small group of developing countries which had had outstanding success in meeting goals and targets

and of another group where success had been more limited. Such studies could lead to a better understanding of the pre-conditions of success and provide a useful tool for the mid-term review. The representative of another developed market economy country suggested that the experience of the more successful group of countries could usefully be shared in the Board and that such exchange of experience was an important part of what was meant by the review and appraisal exercise.

62. The representative of one developed market economy country said that it would be useful if more information could be provided on the Chinese development exercise. Some of China's policies might be better adapted to the demographic and other problems of developing countries than those based on the experience of the developed market economy countries.

63. The representatives of two developed market economy countries said that issues such as disarmament and the resources of the sea-bed should be left to the responsible United Nations bodies, and care should be taken not to prejudge such issues or duplicate efforts undertaken elsewhere. One of these representatives said that the question of a code of conduct for transnational enterprises was currently being dealt with in a number of other international bodies, including the ILO, the Organisation for Economic Co-operation and Development and the Economic and Social Council. It was necessary to ensure that any fresh international initiative did not duplicate work under way elsewhere.

64. The representatives of some developed market economy countries shared the view of the Secretary-General of UNCTAD that a lessening of the defence burden of industrialized countries would have a positive impact on their capacity to increase development aid. The representative of another developed market economy country said, however, that, in light of the strong competing claims on the resources released through disarmament, it would be unrealistic to pre-empt them for any particular purpose.

65. Representatives of some developed market economy countries, while recognizing the importance of the forthcoming negotiations on the reform of the international monetary system and the GATT multilateral trade negotiations, said they did not believe that these should be brought under the aegis of the Strategy. The representative of one developed market economy country said that the Strategy should be a relevant factor in determining the objectives of these negotiations.

66. Representatives of developed market economy countries expressed the hope that the same spirit of consensus which had prevailed during the formulation and adoption of the Strategy would govern the present session of the Board. A most useful contribution to the review and appraisal exercise could be made by UNCTAD if it could reach a consensus, possibly in the form of an agreed summing up by the President, which would demonstrate that all Governments wanted to work together for development.

67. Referring to an indirect effect of the Strategy in his country, the representative of one developed market economy country said that draft legislation had been prepared on international co-operation for development and on international humanitarian aid. The draft law, which had been submitted to Parliament, covered all forms of co-operation for development, such as technical assistance, financial aid and trade policy measures for the benefit of developing countries. It represented a coherent political approach to the problems of development and

provided a legal basis for better co-ordination of the efforts made by his country and for their more effective integration in the international context. The draft legislation was, moreover, of particular importance in connexion with the mobilization of public opinion.

68. Representatives of socialist countries of Eastern Europe underlined the importance they attached to this first review and appraisal exercise. They supported the aims and ideas of the Strategy and referred to the joint statement they had submitted to the General Assembly at its twenty-fifth session. ^{9/} The present appraisal should be made on an experimental basis and could make a useful contribution to the forthcoming appraisal by the Economic and Social Council.

69. These representatives maintained that the basic condition for the success of the Strategy was the normalization of all flows of trade, and the expansion of trade on the basis of equality and mutual benefit regardless of the level of development or the socio-economic structure of the countries concerned. Foreign trade should be an instrument of economic development of all countries, especially developing countries. Existing obstacles to trade between socialist countries and developed market economy countries and between socialist countries and developing countries should be removed so that all could benefit from a just international division of labour. General and complete disarmament, collective security and economic co-operation were also important, since the Strategy could only work if the international and economic situation were improved. The ending of the war in Viet-Nam and the political and military détente in Europe presented an important opportunity which could lead to improved trade and payments arrangements to promote economic growth.

70. Despite some progress, the trends in the first two years of the Decade had not been encouraging. The main responsibility for development lay with the developing countries themselves, including the mobilization of financial resources, but those countries had a right to expect compensation from those which had exploited them in the past as well as international measures to strengthen their economic development. The representative of one socialist country of Eastern Europe said that the report of the Secretary-General exaggerated the degree of dependence of the developing countries on external financial assistance. The need to help developing countries had been accepted in Conference resolutions 15 (II) and 53 (III) and had been affirmed at party congresses held in the socialist countries of Eastern Europe.

71. The representative of another socialist country of Eastern Europe said that more discretion should be used in applying the term "developed countries", as the representative of one developing country had done, to both developed market economy countries and the socialist countries of Eastern Europe in view of the differences in economic and social conditions and motivations in those two groups of countries. The representative of another socialist country of Eastern Europe stressed the importance of differentiating between countries according to the level of their economic development, and said that the assistance extended to less developed developing countries or the obligations put upon such countries should be determined accordingly.

^{9/} Official Records of the General Assembly, Twenty-fifth Session, Annexes, agenda item 42, document A/8074.

72. Representatives of the socialist countries of Eastern Europe expressed the view that developing countries should link development efforts to the application of policies conducive to profound economic and social changes. An important role should be given to the State sector to ensure that the private sector worked for the general good. Radical changes were required in the distribution of wealth, and regulations were needed to control foreign private capital in the development of natural resources.

73. Representatives of some socialist countries of Eastern Europe, commenting on the adverse effects of transnational corporations on the trade and development efforts of developing countries, agreed with those representatives of developing countries who had pointed to the need to draw up a code of conduct governing the activities of these corporations. The representative of one socialist country of Eastern Europe said that this could be more effective if a study were made of actual experience in increasing State control in developing countries over foreign monopolies, such as through joint companies with State capital and improvements in national legislation to control foreign corporations.

74. The representative of one socialist country of Eastern Europe said that the aim of these countries had always been to assist the developing countries and promote trade with them. His own country had started negotiations to that end even before the first session of the Conference and had not waited for any development strategy. Development Decade or no, the developing countries could count on the socialist countries of Eastern Europe to increase mutual trade and to strengthen the trade position of developing countries in world markets.

75. The representatives of socialist countries of Eastern Europe also stressed the need to strengthen national planning in developing countries. One of these representatives referred to the interregional seminar it had held for developing countries on the organization and management of planning bodies and suggested that the UNCTAD secretariat should make an in-depth study of national planning activities in developing countries.

76. In the view of these representatives, the impact of external constraints on development efforts by developing countries could not be underestimated. They expressed concern that the desire to help developing countries might be frustrated by economic upheavals in the international monetary system which lay outside the control of both the developing countries and the socialist countries of Eastern Europe. They emphasized the need to deal with monetary issues and the impact on other countries of the inflationary situation in developed market economy countries, and said that more effective measures were needed to reform the international monetary system. The representative of one socialist country of Eastern Europe said he agreed with the representatives of developing countries who had said that the Committee of Twenty had so far been ineffective. It was the developing countries which had suffered most from the recent international monetary crisis, and their debt problems had been aggravated by the recent currency realignments. The representative of another socialist country of Eastern Europe said that the fact that, in dealing with monetary issues, developed market economy countries ignored the interests of other countries was not sufficiently reflected in the report of the Secretary-General. It was the responsibility of UNCTAD and other United Nations bodies to ensure that all countries were able to participate in the reform of the international monetary system on an equal basis.

77. The representative of a socialist country of Eastern Europe stated that his country, as a socialist developing country which was deploying continuous efforts

to eliminate the economic gap still separating it from developed countries, considered that the international community should support more actively the economic and social progress of the developing countries, irrespective of their social and economic systems and their geographical situation. Recalling the priorities for future international action in the framework of the International Development Strategy, he stressed the need for all great international economic and political problems to be solved with the effective participation of all interested countries.

78. The representative of a socialist country of Eastern Europe pointed out that his country had not been able to participate in the adoption of the International Development Strategy for the Second United Nations Development Decade and would therefore determine its position on the Strategy when it became a Member of the United Nations. His country was grateful for the opportunity provided by this session of the Board to familiarize itself with the policy measures within the competence of UNCTAD, as agreed upon in the context of the International Development Strategy, and fully supported the efforts of developing countries to overcome their economic backwardness and favoured measures in the United Nations likely to assist these countries in that process.

C. International trade

1. Trade between developing countries and developed market economy countries

(a) Commodities

79. The representatives of a number of developing countries, outlining national efforts towards accelerating the pace of economic growth, stated that external market forces beyond their control had hindered such efforts. With regard to trade in commodities of major importance to the exports of developing countries, one of these representatives said that the main adverse influences on the growth of earnings from commodity exports had been the wide fluctuations in commodity prices, the failure of the international community to reach agreement on pricing policy and the unsatisfactory progress made by major importing countries to improve access to their markets. This representative added that the recent decision by the Government of a developed market economy country to liquidate its stockpile of strategic raw materials could have a severe adverse impact on commodity markets and this would be contradictory to the policy embodied in the International Development Strategy advocating stable and remunerative commodity prices. He also said that proposals by the European Economic Community for price compensation for commodities imported from "associable" countries were intended to destroy the unity of developing countries.

80. The representatives of several developing countries agreed that there was urgent need for positive action on improved market access and a pricing policy. One of these representatives acknowledged that some progress in improving the commodity situation had been made, citing the successful negotiation of the International Cocoa Agreement, 1972, but said that such progress was small in relation to the total problem. Another of these representatives hoped that this Agreement would be the first of many more to come. Another stated that the generalized system of preferences as it existed was of little use to many developing countries, particularly the least developed, as it excluded the products of major export interest to them and it benefited only the few developing countries which had well-developed manufacturing industries. The representative of one developing country stated that the high level of tariffs and consumer taxes on his country's main export commodity, a tropical fruit, imposed by many developed market economy countries, and the restrictive effect of quantitative controls on imports by socialist countries, resulted in prices to consumers substantially above cif 10/ prices, adversely influencing consumption levels and thus export earnings.

81. The representative of one developing country believed that the balance of economic power between producers and consumers was weighted against producing countries. He suggested that, as there was a growing world scarcity of important raw materials and an increasing dependence by industrial countries on developing countries for supplies, it might be opportune to improve the balance of economic bargaining power between developing and developed countries. He advocated, for this purpose, the formation of groups of producing countries, such as the Organization of Petroleum Exporting Countries and the Intergovernmental Council of Copper Exporting Countries. The representative of another developing country, recalling his Government's past proposals for the transfer of certain industries to developing countries, advocated arrangements whereby most primary commodities produced in developing countries would be processed domestically before export.

10/ Cost, insurance, freight.

82. The representative of one developing country explained the terms of trade agreements entered into by his country with a major importing socialist country of Eastern Europe as an example of how remunerative prices for exports from developing countries could be maintained. He said that the agreements virtually insulated the commodities in question from the fluctuations of the free market and so facilitated the expansion of production.

83. The representative of a developing socialist country of Asia said that the trade difficulties of developing countries resulted from exploitation and plunder by imperialism, colonialism and neo-colonialism, which had led to dependence on one or a few primary products. This representative said that the international trade system should be reformed on the basis of equality and justice for all countries and that the developed market economy countries should honour strictly their commitments to developing countries and remove all barriers to imports.

84. The representatives of several developed market economy countries thought that the appraisal of progress in the area of commodities was unduly pessimistic, and some of them said that the Secretary-General's review 11/ gave insufficient recognition to the rapid increase in prices of primary commodities towards the end of 1972, which had mainly resulted from factors other than the international currency realignments, including rising industrial demand and supply shortages. The representative of one of these countries said that, while his Government did not rule out the possibility of further progress in the field of commodity agreements, it was of the opinion that the reduction of trade barriers was more important to the future growth of exports from developing countries. He noted also recent policy changes by his Government in the area of commodity trade, including the abolition or suspension of export subsidies on all agricultural products, some of which were of interest to the developing countries.

85. The representative of one developed market economy country stressed that the remarkable progress made by the group of developing countries which were exporters of manufactures and semi-manufactures showed that diversification of the economies of developing countries was an essential element of development strategy. The representative of another developed market economy country, stating that the development problems of developing countries derived largely from the traditional difficulties related to the unstable nature of agricultural production and exports, said that there was need for a long-term strategy of diversification. It was suggested that UNDP country programming could play a key role. The representative of another developed market economy country said that much of the onus for diversification rested on developing countries. The subject might best be left for detailed discussion by the Trade and Development Board at its thirteenth session, when this question would be on the agenda.

86. The representatives of a number of developed market economy countries said that their Governments believed in the efficacy of international commodity agreements as measures for stabilizing prices and maintaining export earnings, and pointed to the support given by their Governments to the negotiation of the International Cocoa Agreement, 1972. One of these representatives noted that his Government was participating in the financing of the tin buffer stock. The representative of one developed market economy country said that commodity imports from developing countries had continued to rise despite the recent slowing down of economic expansion. He noted also that the level of agricultural production in developing countries was inadequate and it was therefore necessary that developed countries

11/ United Nations publication, Sales No.: E.73.II.D.14.

should maintain the level of their own agricultural production. The representative of another of these countries pointed out that developed market economy countries were in the process of reconsidering national policies and changes in these policies would be taking place. He noted also that new environmental policies might put constraints on future expansion of production of synthetics with corresponding benefits for natural products exported by developing countries. The representative of another developed market economy country said that, although sympathetic, her authorities could not accept that the answer to problems raised by synthetics lay in restraints. The main emphasis should be on improving the competitive position of natural products. Her authorities were prepared to consider any proposals for the establishment of research and development centres for commodities of particular significance in world trade. Where such centres already existed, they should be supported by all concerned. On the question of marketing and distribution systems, this representative recalled her delegation's reservation on Conference resolution 78 (III). She said that her authorities were prepared to join in the careful evaluation of studies in this area, which should be meticulously prepared; since the first study had only just been issued, judgements at the present time were premature. The representative of the European Economic Community noted that imports from developing countries by the Community had increased rapidly in recent years, and said that the enlargement of the Community should be beneficial to developing countries as a whole.

87. The representatives of several socialist countries of Eastern Europe stated that the unfavourable commodity situation, which was in part the result of colonialism, could be improved by the abolition of tariff and non-tariff barriers to imports by developed market economy countries. One of them also suggested the addition of a stabilization mechanism to long-term agreements and contracts in imports and exports of various goods and commodities, thereby supplementing commodity agreements.

88. The representatives of socialist countries of Eastern Europe reaffirmed their support for market stabilization measures in the interests of both producers and consumers. Their countries were in principle ready to take part in international commodity consultations and the negotiation of new commodity agreements.

(b) Manufactures

(i) Preferences

89. The representatives of developing countries stated that, while some progress might have been achieved in the implementation of the generalized system of preferences, the system itself was far from adequate in terms of its objectives and its performance thus far was disappointing. Moreover, they felt that the system would not be fully operational until the schemes of the United States and Canada had been implemented. They observed that the actual benefits of the scheme were still meagre because of the limited product coverage of the schemes in operation, in particular the exclusion of products in chapters 1 to 24 of the Brussels Tariff Nomenclature (BTN) and certain major export products in BTN chapters 25 to 99, the limitations imposed on preferential imports by ceilings and the application of non-tariff barriers on products covered by the system.

90. The representatives of several developing countries, including the least developed among them, felt that the generalized system of preferences was of little or no benefit, since their countries did not produce manufactures or semi-manufactures, but only supplied primary materials and semi-processed agricultural commodities which were not covered by the generalized system of preferences. In addition, they pointed out that the safeguard clauses presently embodied in the schemes allowed much leeway for limiting the scope of preferences and made such preferences disparate, while creating considerable uncertainty.

91. With regard to the proposed scheme of one developed market economy country, the representative of one developing country, supported by the representatives of some other developing countries, alleged that this proposed scheme was not in keeping with the objectives and principles embodied in Conference resolution 21 (II), and was discriminatory in nature.

92. This representative further noted that there was little indication of serious efforts to improve the scheme of the European Economic Community. Moreover, the policy of the Commission of the European Communities, as set out in the "Memorandum of the Commission to the Council on the future relations between the Community, the present AAGM States and the countries in Africa, the Caribbean, the Indian and Pacific Oceans referred to in Protocol No. 22 to the Act of Accession", 12/ which advised preferential treatment for 42 countries in various developing regions, constituted a threat to the principle of non-discrimination and faced the developing countries with a new form of discriminatory policy which might have an adverse effect on the unity of the developing countries members of the Group of Seventy-Seven.

93. With regard to the future, the representatives of several developing countries stressed the urgent need for substantial improvement in the schemes already in operation, as well as the requirement for full implementation of the generalized system of preferences by all preference giving countries. They felt such measures were particularly vital since, in their view, the limited benefits thus far secured under the generalized system of preferences were in serious danger of erosion as a result of the enlargement of the European Economic Community, the proliferation of preferential agreements among the developed countries, and the potential effect of most-favoured-nation tariff reductions, as the probable result of the forthcoming multilateral trade negotiations. In this connexion, they emphasized the need to expand product coverage under the generalized system of preferences so as to embrace as many processed agricultural and semi-processed agricultural goods in chapters 1 to 24 of the Brussels Tariff Nomenclature, as possible, as well as industrial products in BTH chapters 25 to 99 excluded or seriously restricted under present generalized system of preferences schemes, which constituted exports of major interest to developing countries. In addition, they said there was need to eliminate ceilings, quota restrictions and various non-tariff barriers, which limited exports otherwise eligible for preferential treatment under the generalized system of preferences.

94. The representative of the European Economic Community stated that it was the view of the Community that the implementation of the generalized system of preferences had made a good start; it was a fact that a certain number of developing countries had already drawn sizable advantages from it. The same

12/ See Bulletin of the European Communities, Supplement No. 1, 1973.

representative pointed in particular to the statement made in the name of the European Economic Community to the Special Committee on Preferences on 4 April 1973 concerning the Community's policy of developing its scheme in the light of members' experiences. ^{13/} This policy had been given full support at the European Summit Conference in October 1972, when the institutions of the enlarged Community and member States had been invited to improve generalized preferences in order to ensure the regular growth of imports from developing countries.

95. The enlargement of the Community on 1 January 1973 constituted "an important event in the history of international economic relations". The representative of the European Economic Community pointed to the fact that, during the negotiations, the Community of the Six, as well as the new member States, had paid special attention to the interests and the preoccupations of developing countries. He stated that the negotiations to open on 1 August 1973 to consider the offer of association to some 40 developing countries constituted clear evidence of this. Finally, in a broader context, the experience gained during the preceding 15 years by the Community of the Six indicated that the extension of European integration was likely to be beneficial to developing countries as a whole.

96. Reporting on action that his Government was planning to take, the representative of the United States recalled that his Administration had recently requested authority to establish a scheme of generalized preferences which would provide duty-free entry for a wide range of imported manufactured, semi-manufactured and other products from beneficiary developing countries. He also reported that Congressional hearings on the Trade Reform Act of 1973, in which the proposed United States scheme was embodied, were scheduled to begin on 9 May 1973. Many representatives said that the fact that the United States had taken formal steps towards the implementation of its scheme of generalized preferences was considered a major step towards the full implementation of the system.

97. The representative of Canada announced that enabling legislation for the implementation of the Canadian scheme, which had been introduced into Parliament on 29 March 1973, had been approved. The Government of Canada was now considering the appropriate date for the implementation of its scheme. Once this had been accomplished and the scheme had been in operation for some time, the Government would be in a position to judge the need for further improvements.

98. The representatives of several developed market economy countries noted that the implementation of the generalized system of preferences represented a positive advance towards attainment of the policy objectives of the International Development Strategy.

99. The representatives of several developed market economy preference-giving countries, while recognizing the need for continuous review and improvement of the schemes, emphasized the need for developing countries to take the necessary measures which could help them to benefit more fully from the schemes in operation and referred in particular to the importance of trade promotional activities. The representative of one developed market economy country questioned whether the schemes had been in operation long enough for a valid evaluation to be made of the effectiveness of the system.

^{13/} See TD/B/C.5/SR.45.

100. The representative of one developed market economy preference-giving country, referring to what he considered to be an inaccuracy in the secretariat documentation, pointed out that the introduction of his country's scheme of preferences on 1 March 1972 was only the first stage and that his Administration was at present working out the modalities for the introduction of the second stage; this new stage would lead to the granting of duty-free treatment for all items in BTN chapters 25 to 99 which had benefited in the first stage from the initial 30 per cent reduction.

101. The representatives of many socialist countries of Eastern Europe stressed the importance they attached to the full implementation of the generalized system of preferences in favour of developing countries and referred to a number of preferential measures designed to increase their imports from the developing countries which they had taken in accordance with the joint declaration made by a group of socialist countries of Eastern Europe during the second part of the fourth session of the Special Committee on Preferences, 14/ as well as the schemes which had been implemented by Socialist countries that had customs tariffs.

(ii) Measures to stimulate exports of developing countries

102. The representatives of several developing countries referred to policy measures and reforms which their Governments had implemented to encourage, inter alia, the expansion and diversification of their exports. It was noted by some of these representatives that the policies which their countries had instituted in general would have little hope for success unless they could be assured of outlets for their products on the markets of developed countries, as well as other measures by developed countries to help them in their efforts for economic development.

103. In view of the existence of substantial trade barriers of one kind or another in the markets of the principal industrial countries, the representative of one developing country put forward the concept of reallocation of the world's industrial capacity. Thus, manufacturing activities requiring simpler techniques and processes would be reserved for developing countries, while the developed countries would be left with manufacturing activities which employed complex and highly sophisticated techniques and processes. This would lead to an automatic elimination of substantial barriers to imports of manufactures from developing countries.

104. The representatives of some developed market economy countries pointed out that developing countries should make adequate efforts to mobilize available resources for diversification of production and reorient their national, economic and financial policies to this end. They also noted the importance of the work of the UNCTAD/GATT International Trade Centre, as well as other technical assistance programmes aimed at the marketing and promotion of exports of developing countries. These representatives mentioned that they were elaborating national programmes, including the organizing of seminars to help developing countries to take fuller advantage of market opportunities in their countries.

14/ See Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329/Rev.1), part two, para. 192.

(iii) Non-tariff barriers

105. The representatives of many countries stated that high priority should be attached to the removal of non-tariff barriers on products of interest to developing countries.

106. The representatives of several developing countries stated that the reduction and removal of non-tariff barriers constituted one of the most effective ways of providing improved access to markets of developed countries. The representatives of many of these countries drew attention to the standstill called for in the Strategy with regard to the application of tariff and non-tariff barriers. They recalled that 31 December 1972 had been set as a deadline for implementation of measures for the progressive elimination of non-tariff barriers affecting trade in manufactures and semi-manufactures of interest to developing countries. In view of the fact that this deadline had long since been reached they felt that adequate steps had not yet been taken to remove the many non-tariff barriers which still obstructed the access of goods from developing countries to the markets of developed countries and, on the contrary, that the trend had been towards the intensification of non-tariff barriers seriously affecting the trade of developing countries. The highest priority should, therefore, be attached to the removal of non-tariff barriers on a preferential basis in favour of developing countries.

107. With regard to adjustment assistance, the representative of the United States pointed out that his country was one of only two countries with a programme specifically designed to deal with injury from import competition. He felt that it was for this reason that the effect of adjustment assistance as an alternative to restrictive trade action was not widely understood. Most adjustment assistance awards by his country had been made in cases involving products of interest to developing countries and tighter tariff or quota provisions had been avoided. Under the newly proposed Trade Reform Act of 1973, authority was being sought by his Government to make increased assistance more readily available to workers displaced by import competition. Therefore, while not being prepared to engage in programmes of anticipatory adjustment, his Government was actively dealing with problems of trade adjustment.

108. The representative of another developed market economy country stated that her authorities had re-examined their reservations on certain paragraphs of the Strategy and had concluded that they must stand: for instance, they continued to believe that it was neither possible nor necessary to work out detailed programmes for adjustment assistance measures in advance, although in appropriate circumstances adjustment assistance could be useful in enabling domestic industry to adapt to changes.

(iv) Textiles

109. In the view of the representatives of several developing countries, one of the most important examples of non-tariff barriers was the GATT Long-Term Arrangement Regarding International Trade in Cotton Textiles. They felt that an arrangement of this type did not contribute to providing adequate increased access to the markets of developed countries in a sector which was of specific export interest to developing countries. The representative of one of these countries said that the Arrangement had demonstrated that once a developing country managed to

attain a comparative advantage in a particular sector, its exports to developed countries would be restricted on grounds of market disruption, whereas developed countries (with the exception of Japan) enjoying a similar comparative advantage for their exports did not face the same limitations on their exports. Moreover, developed countries, unlike developing countries, had facilities for reallocating their production resources.

110. The representatives of several developing countries stated that, given the major importance of textiles to many developing countries, the exercise shortly to be undertaken in GATT with regard to the problems of trade in textiles ought to lead to a significant improvement in conditions of access for exports from developing countries.

111. The representative of one developed market economy country did not agree that the Long-Term Arrangement had constituted a severe restraint on the growth of textile exports from developing countries. He cited statistics which showed that there had been a 40 per cent growth in such exports from 1967 to 1970, which indicated that the Long-Term Arrangement had helped to provide for orderly growth with a constant share of a rapidly expanding market, and to assure a portion of the market to developing countries (including the least developed), whose products might be less competitive. He also referred to the work which was currently going on in the GATT Working Party on Trade in Textiles.

(v) Restrictive business practices

112. The representatives of a number of developing countries referred to the adverse effects of restrictive business practices on their trade and development and supported the Secretary-General's view (as contained in his statement to the Board) that "there is an urgent need for a set of guidelines to regulate the restrictive business practices of transnational corporations which adversely affect the trade and development of developing countries". ^{15/} They also considered that the time was ripe for such action at governmental and intergovernmental levels.

113. In this regard, the representatives of a number of developing countries called for action in line with paragraph 37 of the Strategy and Conference resolution 73 (III). They stressed that corrective measures were required in developed countries under their anti-trust laws and in developing countries, and also at the international level. In this connexion, they stated that abuses of market power, such as in the fields of transfer pricing, currency speculation and territorial market and production allocation arrangements limiting production and exports from developing countries, required concerted action at the above-mentioned three levels. Action in developing countries alone was not sufficient.

114. The representatives of some developed market economy countries said that it was premature at the present session of the Board to examine the problem of restrictive business practices, since the report of the UNCTAD Ad Hoc Group of Experts on Restrictive Business Practices had not yet been circulated. ^{16/} The representative of one of these countries considered that the report should provide a good basis for future discussions of problems in this area.

^{15/} See paragraph 13 above.

^{16/} Subsequently issued under the symbol TD/B/C.2/119.

115. The representatives of some socialist countries of Eastern Europe stated that a set of guidelines to regulate restrictive business practices of multinational corporations and other enterprises was necessary and called for further in-depth studies of the problems and appropriate remedial action in this area. In their opinion, practical measures in this direction should include the adoption of effective legislation regulating the activity of foreign private capital in the interests of national economic development.

(vi) Multilateral trade negotiations

116. The representatives of several developing countries said that the forthcoming multilateral trade negotiations were of vital concern to developing countries. They stated that the objectives of the Strategy should be taken into account in the arrangements for the trade negotiations in order to ensure that the developing countries would secure substantial net benefits for their export trade. In this connexion, it was necessary, in their opinion, to give greater precision to the principles and objectives of the trade negotiations, as well as to define a basic approach to the problems of the developing countries. Only if satisfactory progress were made in line with Conference resolution 82 (III) would developing countries be able to take the necessary political decisions concerning their participation in the negotiations.

117. One of the major problems raised by the representatives of several developing countries with regard to the forthcoming trade negotiations was that, in their view, the realization of most-favoured-nation tariff reductions would certainly mean erosion of preferential margins currently enjoyed by developing countries under the generalized system of preferences. Furthermore, the representative of one developing country pointed out that, even if positive results could be achieved in the negotiations, they would not take effect until some time after the negotiations had been completed.

118. The representatives of some developing countries stated that, although some assurances had been given that the developing countries would be able to participate fully in the negotiations and that their interests would be taken into account, there was thus far little practical evidence that those assurances were going to be fulfilled. Prior to the Kennedy Round, similar assurances had been given by developed market economy countries and the benefits resulting from those negotiations for the developing countries were marginal. Moreover, the scope of the multilateral trade negotiations would go beyond mere tariff reductions and the removal or relaxation of non-tariff barriers to embrace a fundamental reform of the rules governing international trade. There was, therefore, all the more reason to take the objectives of the International Development Strategy into account in the trade negotiations.

119. The representatives of several developed market economy countries restated their intention that the multilateral trade negotiations should aim at securing additional benefits for the international trade of developing countries so as to achieve a substantial increase in their foreign exchange earnings, diversification of exports and accelerated rates of growth of their trade, taking into account their development needs. They also expressed satisfaction that the right of developing countries, both Contracting Parties and non-contracting parties to GATT, to take a full and active part in the forthcoming multilateral trade negotiations had been established, and that arrangements had been made to that end.

120. The representative of one developed market economy country said that this administration was seeking legislative authority to negotiate tariff reductions, which could provide direct and indirect benefits to developing countries, and also to negotiate the reduction or removal of non-tariff trade barriers as well.

121. The representatives of some socialist countries of Eastern Europe underlined the importance of UNCTAD's role in the preparation of the multilateral trade negotiations, which should aim at increasing all flows in international trade.

2. Trade and economic co-operation between developing countries and socialist countries of Eastern Europe

122. The representatives of socialist countries of Eastern Europe drew attention to the growing interest of a number of developing countries in co-operation with socialist countries and declared their intention further to expand economic relations with developing countries based on the principles of equality, mutual benefit and non-discrimination. They described the results achieved in trade and other forms of dynamic economic co-operation between socialist and developing countries. The tangible diversification of socialist countries' purchases, manifested by the increasing share of manufactures and semi-manufactures in the growing import trade from the developing countries, contributed to the industrialization of developing countries.

123. Socialist countries that had customs tariffs had granted tariff preferences to practically all goods imported from the developing countries. The representatives of several socialist countries of Eastern Europe drew particular attention to the fact that they had also taken other measures of a preferential nature which they considered to be effective in stimulating imports from developing countries. To this end, in some countries the long-term economic plans had anticipated the introduction of structural changes in the industrial sectors geared to the limitation or the phasing-out of production of certain manufactures and semi-manufactures and their replacement by imports of goods of interest to developing countries. Implementation of the "Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration" of the Council for Mutual Economic Aid was a new positive factor which would contribute to further expansion of trade and economic co-operation between socialist and developing countries.

124. A stage of broader co-operation had been reached in the relations between socialist and developing countries, founded on a long-term and integrated approach. The representatives of socialist countries of Eastern Europe emphasized the importance of the combined expansion in the fields of economic co-operation, trade, industrial, scientific and technical co-operation, technical assistance, development, of transport, tourism and cultural exchanges. Intensive co-operation with certain developing countries had warranted the creation of mixed intergovernmental committees representing more elaborate stages of economic co-operation. The socialist countries were ready to enter, wherever appropriate, into production agreements directed towards planned reshaping of the division of labour between them and developing countries.

125. The representatives of socialist countries of Eastern Europe indicated that, in order to increase trade with developing countries, it was essential that the latter not treat socialist countries' exports less favourably than products imported from developed market economy countries. In parallel with the missions which the socialist countries were sending to developing countries to study possibilities of increasing their imports of manufactures, the developing countries were invited to promote their products more actively in the markets of socialist countries. The bilateral form of trading had favoured the expansion of trade flows with those developing countries which were experiencing balance-of-payments difficulties; the socialist countries of Eastern Europe were ready, in principle, to adopt multilateral forms of payments whenever it would be conducive to trade expansion and/or is desired by the partner developing country. The representative of one of these countries stressed the importance of avoiding the erroneous over-simplification of not differentiating duly between socialist countries and developed market economy countries.

126. The representatives of socialist countries of Eastern Europe stressed the need to abolish the remaining discrimination in trade between countries having different economic and social systems and to grant the socialist countries most-favoured-nation treatment, so that they could fully develop the potential of their participation in international trade. In their view, normalization and improvement of the conditions of international trade, as well as the economic development of the developing countries, were largely dependent upon the strengthening of peace and the creation of a climate of mutual trust and understanding. The socialist countries of Eastern Europe had given their full support to improving the international political and economic situation, thereby promoting a favourable external political and economic environment for solving development issues. The ending of the war in Viet-Nam and the encouraging perspective of a political and military détente in Europe created such an opportunity.

127. The representatives of socialist countries of Eastern Europe considered that the increasing exports of industrial plant to the developing countries, in respect of which no control or profit-sharing was sought, contained a built-in element of technological transfer. Exports of integrated plants to developing countries were associated with long-term credits, at low interest rates, and were usually reimbursed through deliveries of traditional exports and products of the newly-installed plants. The socialist countries of Eastern Europe were active in the field of scientific and technical co-operation with developing countries and were prepared to implement new programmes aimed at developing the productive forces and the export potential of the developing countries.

128. The representatives of these countries reiterated their support for the stabilization of international commodity markets and offered to supplement this by long-term bilateral arrangements and contracts incorporating a stabilization mechanism.

129. The representative of a socialist country of Eastern Europe stated that his country, as a developing country, attached great importance to the extension of economic co-operation to other developing countries and pointed to the positive results so far achieved in this field.

130. The representatives of some developing countries referred to the expansion of their trade with the socialist countries of Eastern Europe. One of these representatives emphasized that the trend towards an increase of the proportion of manufactures originating in Latin American countries in the total imports of the socialist countries of Eastern Europe had been proceeding at an accelerated pace for the past two years. He believed that the relations of his country with the socialist countries were a source of great possibilities which should supplement those offered by traditional markets. He considered it important that the socialist countries progressively introduce elements of flexibility and multilateralism in their commercial transactions with the developing countries. The representatives of two developing countries stated that their countries were normalizing their economic relations with the socialist countries of Eastern Europe. They also pointed out that trade agreements with most of these countries had been concluded and hoped that trade relations would be established with the other socialist countries of Eastern Europe in the near future.

131. The representative of another developing country referred to the negative effect that the social and economic changes in his country had had on its economic relations with a developed market economy country and praised the economic co-operation it had received from the socialist countries of Eastern Europe. Long-term agreements concluded with socialist countries guaranteed his country stable and remunerative prices for the export of key commodities. A moratorium had been agreed with a socialist country of Eastern Europe providing for repayment of past debts, free of interest, to commence long after the end of the present Decade, while new credits would be granted to cover expected balance-of-payments difficulties. In addition, his country benefited from substantial industrial and technical co-operation provided by the socialist countries of Eastern Europe.

D. Trade expansion, economic co-operation and regional integration among developing countries

132. The representatives who participated in the debate generally agreed that some progress has been made in the field of trade expansion, economic co-operation and regional integration among developing countries. They stressed the importance that action in this area might have in helping to improve the economic situation of developing countries, and suggested that a time-bound programme of action be drawn up and implemented for intensifying co-operation among developing countries. The representatives of several developed market economy countries welcomed the intention expressed by some of the more advanced developing countries to assist the least developed among the developing countries and to grant them preferential treatment either within a regional framework or at the world level.

133. The representatives of some developing countries also pointed to the need for the creation by developing countries of associations of producing countries of raw materials in view of the growing world requirements of petroleum and other key commodities.

134. The representatives of two developing countries members of the Andean Group mentioned the steps taken by the countries concerned to strengthen their joint and integrated economic action. In this connexion, they said that, since its imports totalled \$6,000 million, the Andean Group constituted the most powerful commercial unit in the third world. One of these representatives stated that the Group's successful integration process had not only greatly accelerated trade

liberalization in a market of 60 million consumers, but had also initiated joint industrial programming at the subregional level; approved a uniform régime on foreign investment so as to prevent transnational companies from taking undue advantage of the benefits derived from the enlargement of the market; controlled the terms for the transfer of technology from abroad; and, lastly, affirmed and consolidated the sovereignty and jurisdiction of the countries members of the Andean Group over their own economies. The other representative stated that the gradual and rational process of import substitution within the subregional market would be undertaken on the basis of a balanced and fair distribution of opportunities. He added that this process of joint industrialization at the subregional level would not only promote trade among the six members of the grouping, but would also make it possible to export manufactures to the rest of the world. For this purpose, a number of enterprises from developed market economy countries had already started investing in the subregional market, which, besides being a secure and growing market, also applied uniform treatment to foreign private investment. In view of the conditions offered by this market (stability, equity and clearness), it would be possible to ensure a fruitful combination of foreign private interests and the national interests of the host countries.

135. The representatives of two developing countries members of the Association of South-East Asian Nations (ASEAN) referred to the progress accomplished by this subregional grouping. One of these representatives stated that the member countries had pledged themselves to co-operate and co-ordinate their policies in order to accelerate economic and social development in the subregion, and that the underlying philosophy of the Association was that stable economic growth would ensure political stability. He added that, six years after the establishment of the grouping, substantial progress had been achieved in various economic sectors, such as tourism, trade and shipping, and he expressed the hope that other countries in the region would become members of the Association.

E. Financial resources for development

136. The representatives of some developing countries pointed to the opportunities provided by the forthcoming discussions on the reform of the international monetary system and the need for active participation by developing countries in order to ensure that their interests were not overlooked. The reformed system must be based on Special Drawing Rights as the primary reserve asset in order to protect the real value of developing countries' reserves from recurrent crises brought about by currency realignments and to protect these countries from the adverse impact of fluctuating exchange rates. Such a system must also exclude developing countries from capital restrictions imposed by developed countries for balance-of-payments reasons.

137. The reform of the monetary system would be a useful step forward if it included provisions for linking Special Drawing Rights with additional financial assistance for the developing countries. The provision of a greater volume of development assistance to developing countries was essential to maintain a stable and durable monetary order. Representatives of developing countries noted that the idea of the link had gained a certain measure of acceptance.

138. The representatives of some developing countries said that the fears of some developed market economy countries that the creation of such a link might have an

inflationary impact were unjustified, since there was agreement that the creation of such reserves should be based solely on the liquidity requirements of world trade and not on the development needs of developing countries. The establishment of such a link had now become even more important, particularly in the light of the growing debt situation of developing countries and the decline in the proportion of GNP allocated to official development assistance. They stated, however, that such a link, to be useful, must provide an additional source of assistance and not be a substitute for other forms of assistance.

139. The representatives of developing countries pointed out that an issue deserving priority attention was the increasing debt problems of many developing countries. The total external debt of these countries had reached the figure of \$60,000 million and was continuing to increase annually at an alarming rate. The developing countries had consistently argued that a situation should not be allowed to assume crisis proportions before consideration was given to debt relief and rescheduling. The impact of debt on the development objectives of these countries must also be taken into account. The problem of debt relief should be considered in multilateral forums rather than on a bilateral basis.

140. While recognizing that some individual developed countries had already reached the 1 per cent target for financial transfers, they expressed deep concern at the over-all failure of developed countries to meet this target. However, what was really serious was the fact that the target for official development assistance, which was even more important, had not been met. On the contrary, there had been an over-all decline from 0.53 to 0.35 per cent of GNP. It seemed most unlikely that the official development assistance target would be met by 1975, particularly as many countries had not accepted any time target. This was particularly unfortunate, as it would mean that developing countries might be forced to resort to commercial credit at high rates of interest to meet their development goals, thus further aggravating their serious debt position, which had already been adversely affected by the deterioration in the terms and conditions of aid and the recent currency realignments. If the objectives of the Strategy were to be met, it was essential that improvements should be made in both the quality and quantity of financial transfers to developing countries.

141. With regard to the role of private investment, the representatives of some developing countries pointed to the Cartagena Agreement, which had provided a common basis for the control of foreign private investment in countries members of the Andean Group.

142. The representative of one developing country drew attention to the need for modifications in the present compensatory financing facility of the International Monetary Fund and the need for improved assistance for financing buffer stocks.

143. The representative of a developing socialist country of Asia said that any financial aid, whether bilateral or multilateral, should be provided on a basis which would genuinely assist developing countries and not exploit them. His own Government provided loans at zero or very low rates of interest and did not press for repayment. In his view, the purpose of aid should not be to exploit the economy of the recipient country, but to promote self-reliance.

144. The representative of one developing country suggested a method that could be used to great advantage to boost the flow of investible funds from developed to developing countries, that is, the guarantee by Governments of developed market

economy countries of portfolio investments made by their nationals in developing countries. This device could well be applied successfully in support of bonds floated in developed market economy countries by Governments of developing countries. He expressed the hope that the Board would recommend such a scheme for consideration by the developed countries. He also suggested the setting-up of regional payments systems, which might provide some protection to the currencies of developing countries from the violent movements in and between the exchange rates of the "monetary giants".

145. Representatives of individual developed market economy countries provided information on the flow of financial resources to developing countries. The representative of one such country pointed out that, whereas the over-all flow of aid from Development Assistance Committee member countries had declined as a percentage of GNP, total flows in absolute terms had increased to \$16,500 million in 1971.

146. The representatives of a number of developed market economy countries expressed grave concern at the lack of progress in achieving the official development target, which was the better yardstick for measuring development assistance. The representative of one developed market economy country said that this was the most unsatisfactory part of the implementation of the Strategy. While private investment in many cases had beneficial effects, his Government believed that public appropriations were the most valid form of assistance. His Government had now passed a measure in Parliament for a programme which aimed at reaching the target of 1 per cent of GNP for official development assistance by the end of 1978. The financial resources would, with minor qualifications, be untied and half of them would be disbursed through multilateral agencies. The representatives of two developed market economy countries pointed out that their Governments had already reached the figure for official development assistance of 0.67 per cent of GNP.

147. Representatives of a number of developed market economy countries which had been unable to accept a specified time target provided details of increases in their countries' official development assistance. Representatives of a number of other developed market economy countries stated that their countries hoped to meet the target by 1975.

148. Representatives of a number of developed market economy countries gave information on measures they had taken to improve the conditions on which aid was supplied, particularly to the least developed countries. Information on increased contributions to multilateral organizations was provided by representatives of several developed market economy countries.

149. With regard to the creation of a link between Special Drawing Rights and additional development finance, the representatives of some developed market economy countries reiterated their concerns about this scheme, in the light of the impact it might have on the primary role of Special Drawing Rights as a reserve currency. One of these representatives suggested that it would be premature to try to settle the issue now, since decisions were to be taken at the meeting in May 1973 of the Committee on Reform of the International Monetary System and Related Issues. Another of these representatives said that, if such a proposal were consistent with general international monetary reform and were not inflationary and did not lead to the creation of Special Drawing Rights at a level which prudent,

internationally agreed judgement would regard as inappropriate, her Government would be in favour of providing some kind of link within the context of general international monetary reform.

150. The representative of a developed market economy country said that a scheme on supplementary financing measures had the full support of his Government. The study prepared by the staff of the International Bank for Reconstruction and Development (IBRD), entitled "Development policy for countries highly dependent on exports of primary products", of 2 January 1973, could not, in his view, be considered as a response to the request for further consideration by IBRD of adoption of this scheme in response to the request of UNCTAD and other United Nations bodies.

151. With regard to the question of indebtedness, the representatives of some developed market economy countries, while appreciating the serious nature of this problem, particularly for some developing countries, felt that it was an oversimplification to assume that larger and softer supplies of official development assistance would solve the debt problem; one of them added that increased export earnings would better help the developing countries to lighten their debt. The major responsibility for debt management lay with the developing countries themselves. Moreover, since the situation of each individual country was unique, it was necessary to deal with the problem of indebtedness on a case-by-case basis.

152. The representatives of socialist countries of Eastern Europe gave details on the terms on which their countries provided financial assistance to developing countries, mentioning the fact that rates of interest were low and that, in many cases, developing countries were able to repay these credits with products produced in factories set up with aid provided by the socialist countries.

153. The representatives of a number of these States said that their countries had progressively introduced elements of flexibility in their financial relations and were ready to multilateralize payments arrangements when this was considered appropriate by the developing countries concerned.

154. The representatives of some socialist countries of Eastern Europe said that the importance of external financing in accelerating economic growth had been exaggerated in the Secretary-General's report. They pointed out that the mobilization of internal resources and the prevention of their outflow were decisive factors for the successful implementation of development programmes.

155. The representative of one socialist country of Eastern Europe stated that his country's economic capacity and pressing import requirements limited the possibility of granting financial assistance to developing countries.

156. The representatives of some socialist countries of Eastern Europe members of the Council for Mutual Economic Assistance (CMEA) informed the Board that a Special Fund had recently been established within the framework of the International Investment Bank of CMEA designed to provide credits for economic and technical assistance to developing countries. This Special Fund would enter into operation on 1 January 1974.

157. The representatives of the socialist countries of Eastern Europe shared the views expressed by developing countries on the need for their interests to be taken fully into account in any new international monetary system that might be established and for full participation in such discussions to be ensured not only to developing countries but to all countries.

F. Shipping

158. Representatives of developing countries expressed great concern regarding the slow growth of the shipping industry in their countries and of its participation in the carriage of their countries' trade. One of these representatives pointed out that the share of developing countries in world tonnage had fallen from 6.3 per cent in 1970 to 5.5 per cent in 1972, a trend which he said was at variance with the objective of a 10 per cent share of the world fleet for developing countries by the end of the Second Development Decade.

159. Some of these representatives stated that liner freight rate increases were particularly harmful to the trade of developing countries and to their efforts to diversify their export products and markets. One of these representatives referred to rising freight rates, the expansion of merchant marines of developing countries, improved credit terms for ship acquisition, port development and insurance and reinsurance of ships as areas in which improvements were imperative.

160. The formulation of a code of conduct for liner conferences was strongly welcomed by the representatives of developing countries who spoke on this subject. They hoped that such a code would be drawn up soon.

161. The representatives of some developed market economy countries who referred to this subject said that the absolute growth of the shipping industries of developing countries, especially of their participation in liner trades, was not reflected in the developing countries' percentage of total world shipping, which was noted in the Secretary-General's report. ^{17/} In their view, evidence had not been presented that increases in freight rates had actually damaged the trade of developing countries. In the view of one of these representatives, fixing of freight rates should be left with the carriers themselves.

162. Another of these representatives said that her authorities had carried out the provisions of paragraph 53 of the Strategy as regards ship exports and relations with shipping lines. She considered that the actual rate of growth of shipping in developing countries was largely a reflection of the low priority which these countries accorded to investment in shipping. She stated that her country had given developing countries a large amount of aid for the acquisition of ships. Regarding the regulation of liner conferences, she said that the principles of the International Development Strategy were being implemented through the work which was now going on towards the evolution of a universally acceptable code of conduct for liner conferences.

163. The representatives of socialist countries of Eastern Europe supported efforts to eliminate restrictive practices in the field of shipping to develop the merchant marines of the developing countries, as well as to improve their port and loading facilities. One of these representatives said that his country, as a developing socialist country, was in favour of measures for expanding the merchant fleets of developing countries and other measures for reducing the negative effects of the use of foreign tonnage on the balance-of-payments position of developing countries.

^{17/} United Nations publication, Sales No.: E.73.II.D.14.

G. Special measures in favour of the least developed and land-locked developing countries

164. The representatives of many countries emphasized the very serious problems encountered by the least developed and land-locked developing countries and expressed their appreciation of the careful analysis of the situation of these countries in the secretariat documentation. ^{18/} They noted with deep concern that the rates of growth of real product achieved by these countries, which were very low during the 1960s, had even decreased in the first two years of the present Decade. They felt, therefore, that much remained to be done in the area of special measures in favour of the least developed and land-locked countries and that this area deserved priority attention. They referred, in this connexion, to Conference resolutions 62 (III) and 63 (III).

165. The representatives of some developing countries stressed that it was essential not only to speed up implementation of the recommendations adopted by the Conference at its third session, but also to undertake new and more effective measures in favour of the least developed and the land-locked developing countries.

166. The representatives of some developed market economy countries expressed the view that the problems of the least developed and land-locked countries would be better dealt with on the basis of a country-by-country approach, rather than in one single over-all action programme. The representatives of some other developed market economy countries stressed that these special measures should comprise, on the one hand, an improvement in the quality of the efforts to provide material and human assistance to the least developed countries and, on the other hand, a continuous increase of their financial receipts which, at the present stage, could only come for the greater part from their exports of primary commodities.

167. Among the kind of exceptional measures required in favour of the least developed and land-locked developing countries, the representatives of several countries stressed the primary and essential need for additional capital and technical assistance, as well as for improved terms and conditions of financial assistance, in order to ensure their economic development. The representatives of some developed market economy countries gave details of the support recently provided, as well as planned, by their countries in the form of official development assistance through multilateral and bilateral channels.

168. The representatives of several developed market economy countries expressed their appreciation of the action taken by UNDP in favour of the least developed countries and their countries' willingness to give further support to such action. One of these representatives, in particular, stressed that an increase in the indicative planning figures would be a valuable step towards helping these countries effectively. Another of these representatives said that his Government had provided for a specific contribution to UNDP in favour of these countries, in addition to its annual contribution. The representative of one developed market economy country also noted with appreciation that the International Development Association funds extended to its least developed members had also risen, so that they were now receiving above-average treatment. Another of these representatives indicated that his country, while already the leading contributor of resources for the least developed countries, had under consideration further measures for special assistance for these countries.

^{18/} Ibid. and E.74.II.D.3.

169. Other special measures in favour of the least developed and land-locked developing countries mentioned included the liberalization of world trade and the rectification of market instability, in particular for trade in primary commodities of these countries. The particular importance of such measures, which were to be considered on an equal footing with increased financial assistance, was stressed by the representatives of some developing countries, as well as by the representative of a developed market economy country. The representative of a developed market economy country expressed the view that the Long-Term Arrangement Regarding International Trade in Cotton Textiles had helped to assure a portion of the market to developing countries, including the least developed, whose products might be less competitive.

170. The representatives of some developed market economy countries underlined the benefits which might accrue from the extension of trade preferences by the more advanced developing countries to the less developed, in particular the least developed, and welcomed the intention expressed by some of the more advanced developing countries along these lines.

171. The representatives of socialist countries of Eastern Europe expressed their support for special measures in favour of the least developed countries. One of these representatives provided information on the special preferences given by his country to developing countries. He underlined that these included processed agricultural products and were also of benefit to the least developed among these countries.

172. The representative of a developed market economy country noted with interest the tendencies within regional economic groupings of developing countries to take special measures in favour of the least developed of their members in order to achieve a more equitable distribution of the benefits of such co-operation.

173. The representative of a country member of Group B, stating that his was a developing country, said it was prepared to consider the proposal made at the third session of the Conference that the more advanced developing countries should adopt a set of measures in favour of the less developed developing countries, particularly the least developed among them. He considered, however, that to be put into practice this proposal should be elaborated and implemented multilaterally, and therefore developed countries should in turn show their interest in this multistage ("cascade") co-operation by taking appropriate action in favour of developing countries. He added that, depending on the reaction of other developing countries with a similar level of development, his country was ready to put forward this proposal within the framework of the GATT Protocol relating to Trade Negotiations among Developing Countries. ^{19/} He also stated that the possibility of undertaking such action within the multilateral trade negotiations should not be discarded. His country would, in any case, continue to give the greatest possible support to development programmes in favour of the relatively less developed among the developing countries, as was evidenced by its contribution to the African Development Fund recently established by the African Development Bank.

^{19/} GATT, Basic Instruments and Selected Documents, Eighteenth Supplement (Geneva, April 1972) (Sales No.: GATT/1972-1), p. 11.

174. The representatives of some developed market economy countries stressed the importance of a population policy for the poorer sections of the population, stating that this was particularly relevant to the poorest countries.

H. Transfer of technology

175. The representatives of developing countries participating in the discussion expressed their general support for the implementation of national, regional and international policies to improve the access of developing countries to appropriate technology under fair and reasonable terms and conditions and to improve their scientific and technological infrastructure. They noted with satisfaction the agreed programme of work in this field drawn up by the Intergovernmental Group on the Transfer of Technology 20/ and urged that the programme be put into effect as soon as possible. The representatives of many developing countries, pointing to the adverse conditions under which technology was sometimes transferred to developing countries by transnational corporations, specifically welcomed the statement of the Secretary-General of UNCTAD contained in paragraph 105 of his report 21/ emphasizing that the time was now ripe for the international community to work towards designing an international code of conduct on transfer of technology which might benefit all countries, particularly the developing countries.

176. Commenting on the heavy cost of imported technology, the representative of another developing country criticized the practice of multinational corporations, which took advantage of recent inflationary conditions to raise the prices of industrial raw materials and machinery imported by developing countries. He considered that a review of anti-trust laws dealing with such behaviour was called for in developed market economy countries.

177. The representatives of some developed market economy countries felt that the Secretary-General's report, in paragraphs 101 to 105, presented only one aspect of the problem in putting forth the idea of rules of conduct for foreign investors supplying technology, designed to further the interests of developing countries. They stated that it was always possible to impose numerous obligations on foreign investors, but that they could not be obliged to invest if there were no commercial incentive to do so. Therefore, the attention of developing countries should also be drawn to the fact that it was in their interest to avoid taking measures which might provoke a flight of foreign capital, whether private or public.

178. The representative of one developed market economy country said that insufficient time had elapsed since the adoption of Conference resolution 39 (III) on 16 May 1972 for a realistic evaluation to be made of a subject as complex as that of transfer of technology. Moreover, technological transfer was a process which was inevitably slow and conditioned by the extent to which it was possible to absorb technology, that is, by the economic and human milieu.

179. The representative of another developed market economy country stated that it seemed to her unfortunate that the Secretary-General's report prejudged the outcome

20/ See Official Records of the Trade and Development Board, Eleventh Session, Annexes, agenda item 7, document TD/B/365, annex I, appendix.

21/ United Nations publication, Sales No.: E.73.II.D.14.

of the controversial issue of an international code of conduct on the transfer of technology when, in fact, this was an item on the agenda of the thirteenth session of the Board and did not require discussion at the special session. She also pointed out that paragraph 102 of the report criticized developed market economy countries in connexion with the transfer of technology while, in her view, ignoring the fundamental distinction between commercial and other forms of transfer, notably long-range co-operation in applied science and aid-assisted transfer. As regards the commercial transfer of technology, she felt that this was largely a matter of private property and that increased transfer was unlikely if commercial criteria were not satisfied. Government action was very much limited to liaison and information services.

180. The representatives of the socialist countries of Eastern Europe referred to their contribution to the transfer of technology to developing countries on a bilateral as well as a multilateral basis. One representative said that, in view of the adverse effects of foreign monopolies on the economic development of developing countries, an international code of conduct regulating the transfer of technology could be usefully complemented by domestic measures in the developing countries, aimed at regulating the activities of these multinational corporations. Another stated that his country had 45 such agreements with developing countries in Africa and Asia. His Government helped to train local staff to man the factories constructed under such agreements, but did not share in the profits. Another of these representatives said that, in a desire to offer a link between the transfer of technology and trade, his country was interested in undertaking joint ventures with developing countries for the manufacture of products for local consumption or for export. The representatives of most of the socialist countries of Eastern Europe emphasized the importance of UNCTAD's work in the transfer of technology.

I. Statement by the Secretary-General of UNCTAD at the close of the debate on item 3

181. In his statement on the conclusion of the debate on agenda item 3, the Secretary-General of UNCTAD said that the discussion has shown how much importance Governments attached to this first review and appraisal and how seriously all countries, both developed and developing, took their commitments as embodied in the Strategy. The debate had been part of a continuing dialogue necessary to identify areas of agreement and disagreement, in order that attempts could be made to achieve further meaningful progress in the whole area of activities within the competence of UNCTAD as set out in the Strategy.

182. In dealing with comments made concerning the secretariat documentation, he stated that positive progress on some fronts had certainly not been overlooked, but that it had been necessary to take a general view of the whole field of UNCTAD's responsibility and point to existing policies of both developed and developing countries which were not adequate to ensure the fulfilment of the objectives of the Strategy. He expressed the hope that Governments would regard the general tone of the documentation not as pessimistic or one-sided, but as realistic, providing an objective basis for, and imparting a sense of urgency to, a review of the whole range of existing policies. He felt that this was fully appreciated by most of the representatives who had participated in the debate.

183. Dealing with the attempt made by the secretariat to reflect more adequately the actual conditions in developing countries by dividing them into four categories, he said that this classification had brought into relief the fact that the economic experience of developing countries containing the majority of the population of that group of countries had been generally inadequate in relation to the objectives of the Strategy. This was the core of the problem and one to which the Board must pay urgent attention in order to reach decisions on necessary further action.

184. He emphasized that the Strategy was essentially a joint effort on the part of both developed and developing countries, to enable the latter, the majority of which were lagging behind, to accelerate their progress as compared with the way in which they would have developed in the absence of such additional efforts.

185. The debate had shown that developing countries accepted the view that economic and social development was primarily their own responsibility, but, as many representatives had pointed out, these efforts were subject to many external constraints, the removal of which was the responsibility mainly of developed countries, particularly the economically most powerful ones.

186. Dealing with the points made by representatives of some countries regarding the overlapping of the work of UNCTAD on certain issues with work proceeding in other bodies (such as disarmament, the mineral resources of the sea-bed and the Long-Term Arrangement), he said that this was inevitable since all these issues had important implications for the future trade and development of developing countries, and the secretariat had felt that, by expressing views on these issues, the Board would ensure that the development aspect of these problems would not be overlooked. Moreover, under General Assembly resolution 2750 (XXV), UNCTAD had a special responsibility with regard to mineral production from the sea-bed, which was also reflected in Conference resolutions 51 (III) and 52 (III).

187. The views expressed by the representatives of some countries on certain factual points, such as the categorizing of countries, shipping and the transfer of technology, would be taken fully into account in the revision of the documents.

188. Dealing with the comment that the secretariat documentation had not taken note of the strong rise in commodity prices towards the end of 1972, he pointed out that this matter had been referred to in some detail in paragraphs 25 and 26 of the report by the UNCTAD secretariat. 22/ The relevant reference had not appeared in the report by the Secretary-General 23/ because it was concerned not with temporary phases of the price cycle, but rather with the general underlying tendencies in the commodity markets likely to continue to have an important impact in the coming years of the Decade. He expressed the view that, unless much more action were taken in the field of commodity price stabilization and market access, even those commodities which at present had registered price rises would not benefit in the long run.

189. On the question of procedures, he said that the secretariat had found the method of requesting replies to a questionnaire extremely valuable and hoped that the analysis of such replies could remain a feature of future review and appraisal exercises.

22/ United Nations publication, Sales No.: E.74.II.D.3, part two.

23/ United Nations publication, Sales No.: E.73.II.D.14.

190. The debate, in his opinion, had been most useful in helping to identify areas of consensus as well as those areas in which further efforts were required. He expressed the hope that the Board would reach positive conclusions, supported by all, of a meaningful character, which would help to inject a new dynamism into the coming efforts to achieve the goals and objectives of the Strategy.

J. Action by the Board

191. At its 352nd plenary meeting, the Board agreed, on the proposal of the President, to include the following text in its report:

(a) The Board has taken note of the importance given by members to the review and appraisal of the implementation of the International Development Strategy. It has also taken note of the hope that a meaningful exercise will be undertaken in connexion with the second biennial review, which will be in the nature of a mid-term review.

(b) The Board has likewise taken note of the intention of the developing countries to prepare for the mid-term review at the highest possible level of political representation on the occasion of the Third Ministerial Meeting of the Group of Seventy-Seven.

(c) Under the terms of the Strategy, the mid-term review is scheduled for 1975. The question has been raised by developing countries as to what machinery in UNCTAD would be most effective in conducting the mid-term review; and it has been asked whether such mid-term review for UNCTAD should be undertaken by the Board in a special session or by the Conference itself, to be held in 1975 or 1976, subject to the decision of the General Assembly. Other countries stressed that General Assembly resolution 2801 (XXVI) and Conference resolution 79 (III) provided suitable arrangements for the mid-term review.

(d) The Board requests the Secretary-General to report to its thirteenth session with respect to the technical and procedural implications of alternative arrangements, including those mentioned above, concerning the mid-term review in the light of General Assembly resolution 2801 (XXVI) and Conference resolution 79 (III).

192. The representative of the United Kingdom said that, in her opinion, Conference resolution 79 (III) provided a suitable basis for the mid-term review. It was neither timely nor advisable at so early a stage to consider changes. Had this text been put to the vote, her delegation would have abstained.

193. The representative of the United States of America also said that, had the text been put to the vote, he would have abstained, because in his view delegations should not be asked to take decisions on important issues which were not on the agenda without being in a position to consult their capitals. He believed it was premature to make changes at the present time. He pointed out that the global review was within the competence of the Economic and Social Council and the General Assembly; Conference resolution 79 (III) laid down that the Board should meet in a special session every two years and he supported this idea, as well as that contained in Conference resolution 80 (III) suggesting that the Conference should meet once every four years. He was prepared to accept the text without prejudice to the position that might be taken by his delegation at the thirteenth session of the Board.

194. The representative of Japan said that the third sentence of paragraph (c) of the text represented the views of his Government. He would not like to see decisions reached in Conference resolution 79 (III) reopened, particularly as that resolution had been adopted less than a year ago.

195. The representative of Denmark said that his Government would wish to study the new proposals very closely, as they differed from the provisions of General Assembly resolution 2801 (XXVI) and Conference resolution 79 (III). His Government would like to make sure that any change would not be to the detriment of the review and appraisal exercise.

196. The representative of Sweden pointed out that General Assembly resolution 2801 (XXVI) stated that the main responsibility for the global review and appraisal rested with the General Assembly and the Economic and Social Council. The review and appraisal within UNCTAD had been made the responsibility of the Board which, as decided in Conference resolution 79 (III), was to meet in a special session once every two years. His Government was not at this stage prepared to commit itself to any changes in these agreed arrangements, but would study the proposals carefully.

197. The representative of Norway also referred to the implications of General Assembly resolution 2801 (XXVI) and said that he would like to underline the fact that, even though he had agreed to the inclusion of the text, he could not commit his Government to any change in the procedure laid down in Conference resolution 79 (III).

198. The representative of Finland stated that his delegation took the same position as that of Norway and Sweden.

199. The representatives of Brazil and Argentina stated that acceptance of paragraph (b) of the text adopted by the Board (see para. 191 above) implied no commitment on the part of their Governments with regard to the questions to be studied. 24/

200. The President stated that, after intensive informal consultations, an understanding had been reached that the Board's report should also include texts submitted by groups of countries setting forth their views on the review and appraisal exercise, and invited the spokesmen for the various groups to introduce their respective texts.

201. The spokesman for the Group of Seventy-seven, introducing the document submitted by Jamaica on behalf of countries in the African, Asian and Latin American groups of the Group of Seventy-seven (TD/B/L.316/Rev.1 and Corr.1), 25/ said that it had been submitted unanimously by all the countries members of the Group of Seventy-seven represented in the Board and was co-sponsored by Romania. In view of the fact that this was the first review and appraisal exercise to be conducted on the Strategy, the unanimous support of the whole Group - despite inner conflicts - was of particular importance; it illustrated the determination of developing countries to fulfil the goals of the Strategy and underlined the recognition of further general efforts to improve the lot of mankind.

24/ See TD/B/SR.357.

25/ See annex I below, resolution 94 (S-V), annex A.

202. The representative of Romania confirmed that his country was a co-sponsor of the document and stated that this action was in line with the long-standing position taken by his Government and reflected in statements made at sessions of the Trade and Development Board.

203. Introducing the submission by the representative of Switzerland on behalf of Group B countries members of the Board (TD/B/L.318), 26/ the spokesman for Group B said that the document was self-explanatory. It pointed out that the text reflected the position of Group B, with the proviso that some members, given their level of economic development, had somewhat different points of view on certain aspects of the statement, which also dealt with the spirit in which Group B countries had approached the question of the review and appraisal. Paragraphs 3 and 4 contained general observations, paragraphs 5 to 7 dealt with general objectives, paragraphs 8 to 24 contained specific comments on policy measures on items of interest to UNCTAD included in the Strategy and paragraph 25 dealt with the question of the mobilization of public opinion. Finally, the statement included a section on the multilateral trade negotiations and the reform of the international monetary system.

204. The spokesman for Group D, introducing document TD/B/L.321, 27/ said that he had been pleased to note the positive comments expressed during the debate on review and appraisal concerning the efforts made by the socialist countries of Eastern Europe to fulfil the objectives of the Strategy. These countries would continue to adopt a positive approach. They were convinced that developing countries could do more to increase co-operation with the socialist countries of Eastern Europe and that special opportunities for so doing arose from the planned economic development of the latter countries. In their view, fulfilment of the objectives of the Strategy involved the normalization of economic and trade relations between all countries of the world. He said that the present wording of paragraph 13 (f) of the document submitted on behalf of the Group of Seventy-seven 24/ which stated that the socialist countries of Eastern Europe had not as yet introduced significant improvements in their trade and payments arrangements with developing countries, was misleading. He pointed out that, in a report prepared by the UNCTAD secretariat, the flexible attitude of the socialist countries of Eastern Europe in this respect had already been noted. He wished to reaffirm that these countries did not, and would not adopt a rigid approach to trade and payments arrangements, which were negotiated to suit the needs of developing countries. He reiterated the intention of the socialist countries of Eastern Europe to assist the endeavours of developing countries.

205. A draft resolution (TD/B/L.322) was submitted to the Board by the President and, in introducing it, he stated that the documents reflecting the group positions, which had just been introduced by the spokesmen for the various groups, would be annexed to, and form an integral part of, the resolution.

206. The resolution was adopted by consensus. 28/ In view of its adoption, a draft decision submitted by Jamaica on behalf of countries in the African, Asian and Latin American groups of the Group of Seventy-seven (TD/B/L.319) and a draft

26/ Ibid., annex B.

27/ Ibid., annex C.

28/ For the text of the resolution, see annex I below.

resolution submitted by Jamaica on behalf of countries in the African, Asian and Latin American groups of the Group of Seventy-seven (TD/B/L.320), which had been circulated earlier, were withdrawn.

207. The Secretary-General of UNCTAD said that, in accordance with the resolution which had just been adopted, he would transmit it, together with its annexes, to the General Assembly through the Economic and Social Council, and would also make available, as soon as possible, to the United Nations bodies concerned all the documentation prepared by the Secretariat, as well as the report of the present session of the Board.

208. The spokesman for Group B stated that, while the Group B countries had accepted the resolution submitted by the President, they felt it would have been more appropriate to include paragraphs 3 and 4 of document TD/B/L.320, which read as follows:

- "3. Invites States members of UNCTAD to undertake additional efforts to implement the policy measures embodied in the Strategy so as to contribute to the achievement of its goals and objectives;
- "4. Reiterates the need for the intensification of public information activities on the part of both Governments and the international agencies concerned, including UNCTAD, in order to mobilize the active support of public opinion for the Strategy."

He regretted that it had not been possible to reach a consensus on those two paragraphs.

209. The representative of Peru said that, in the light of the statement made by the spokesman for Group B, he would like to state as clearly as possible that the fact that the only result of the present review and appraisal exercise was a resolution which was purely procedural in character pointed to the disagreement of the developing countries with the basic approach adopted by the developed countries towards the Strategy, and their dissatisfaction with the meagre results achieved so far in the Decade as a result of the lack of political will on the part of the developed countries, which in the past had shown what could be achieved in less than a decade by the "economic miracle" of the reconstruction of Europe. If the developing countries had been unable to accept the paragraphs referred to by the spokesman for Group B, it was to avoid giving the erroneous impression that the implementation of the Strategy had in any way been a successful process and that all that was needed was to undertake additional efforts or to intensify public information activities. The facts of the situation were quite different. It was not possible for the Board to play with words or with the hopes and good faith of the peoples of the developing countries. The resolution as adopted was a clear and eloquent reflection of the judgement which the developing countries were forced to make at the present review and appraisal exercise.

210. The spokesman for the countries members of Group B refuted the assertion that there had been a lack of political will on the part of the developed market economy countries. This assertion was, in his view, not borne out either by the facts or by the statements made during the debate by the representatives of developed market economy countries and by the representatives of many developing countries, which had shown that efforts to implement the Strategy were being made by all States members of UNCTAD, developed and developing alike. Moreover, the position of the Group B

countries as a whole on the first review and appraisal of the Strategy was reflected in the submission by Switzerland on behalf of Group B members of the Board (TD/B/L.318).

211. The representative of Chile said that he fully endorsed the views that had been stated by the representative of Peru. He added that he had been disturbed that developing countries had received no response to the negative points they had made concerning the implementation of the Strategy, or to the questions that they had raised. He said that, in his view, this was a poor response to the sober and serious manner in which developing countries had put forward their problems. With a few honourable exceptions, the statements made by countries members of Group B had been not only defensive, but offensive as well. He pointed out that, with the present détente, the developed countries were now trying to establish zones of influence and vertical relationships vis-à-vis developing countries. He drew the attention of the Board to the reservations made by the representative of Chile at the time of the adoption of the Strategy, when his delegation had stated that the lack of any political commitment would lead only to frustration in developing countries. Those reservations had, unfortunately, proved to be only too true.

212. The representative of the Sudan reaffirmed the confidence of his Government in UNCTAD as the appropriate organ for helping developing countries to attain the goals of the Strategy. However pessimistic developing countries might be, the task was, and remained, primarily one for those countries themselves.

213. The representative of Kenya made a formal offer to the Board, on behalf of his Government, that Nairobi should be the venue for the next session of the Conference.

214. The representative of Japan took note of the offer made by Kenya and said that he would transmit it to his Government. The representative of Jamaica also noted the offer with pleasure and said that serious consideration should be given to this generous offer. The spokesman for Group B thanked the representative of Kenya for this invitation and said that all the countries members of Group B had taken note of the offer and would forward it to their Governments for consideration. The representative of the Sudan welcomed the generous offer made by the Government of Kenya.

215. The President, on his own responsibility, made a concluding statement. 29/

29/ For the text of this statement, see annex II below.

CHAPTER II

DISSEMINATION OF INFORMATION AND MOBILIZATION OF PUBLIC OPINION RELATIVE TO PROBLEMS OF TRADE AND DEVELOPMENT

(Agenda item 4)

216. The Board considered this item at its 351st meeting, on 1 May 1973. The documents before the Board were an interim report by the Secretary-General of UNCTAD (TD/B/430), prepared pursuant to the Board's agreed conclusion 89 (XII), and a report by the Secretary-General of the United Nations (TD/B/431) concerning arrangements for World Development Information Day, 1973.

217. Introducing his interim report, the Secretary-General of UNCTAD stated that he intended to give high priority to public information and to make the best use of existing resources. He stressed, however, that additional resources would be required to carry out a programme along the lines envisaged in the report. He stated that a new orientation and a greater promotional impetus to respond to a variety of situations affecting matters within the competence of UNCTAD were required, but with the necessary emphasis in developed countries. In particular, efforts should be made to reach audiences which were not necessarily sympathetic to these concerns. The UNCTAD Monthly Bulletin would be improved. Dialogues between those favouring more active development policies and the critical and sceptical sectors of public opinion would be encouraged. Other activities might comprise encounters and seminars, and the co-production of a film on UNCTAD issues with a major television network.

218. The Director of the Centre for Economic and Social Information, presenting the report by the Secretary-General of the United Nations, said that a special effort should be made to mark "World Development Day" on 24 October. The Secretary-General proposed that leading public figures, as well as journalists and other opinion-makers be invited to United Nations Headquarters to discuss the current situation as regards development. He said that the Centre would be able to provide the necessary funding for the projects suggested for 1973 in the report of the Secretary-General, with, in some cases, financial help from other organizations in the United Nations system. In addition, the Director of the Centre would recommend that the Inter-Department Committee make a financial contribution to two projects in the UNCTAD information programme, namely, the proposed film for television and the improvement of the Bulletin.

219. References to the subject of information and public opinion were made by many representatives during the discussion of agenda items 3 and 4.

220. The representatives of developed market economy countries who spoke on this subject considered that the positive achievements in development co-operation should be adequately reflected in the Board's assessment of the results of the International Development Strategy in order that the support of public opinion in the developed countries could be enlisted.

221. Several representatives said that the professional information services of national Governments were best qualified to enlist public support for development

objectives at home and abroad. They described efforts being made through both official and non-governmental activities. The need for an over-all co-ordination of United Nations information about development was stressed, particularly by representatives of developed countries. The central and co-ordinating function of the Secretary-General of the United Nations and the Centre for Economic and Social Information was pointed to by some of these representatives.

222. On the other hand, representatives of developing countries urged the strengthening of UNCTAD's own information services, with particular emphasis on audio-visual projects. Several other speakers underlined the role of television and commended the project of producing a film dealing with matters under consideration in UNCTAD.

223. The representatives of some developed market economy countries stated that the primary responsibility for dissemination of information rested upon Governments. One of these representatives said that for this reason it was essential for the focal points of information, such as the Centre, the Office of Public Information and UNCTAD, to establish closer co-operation with governmental information services and non-governmental organizations in carrying out their activities.

224. The representative of one developed country said it would be a great mistake to think that the support - or lack of support - of public opinion was merely a function of information services. A great deal more, as was proposed, should be done. The state of public opinion was profoundly affected by social and psychological factors, such as population and environment problems. Public opinion was also influenced greatly by the concern that present development policies did not necessarily lead to an improvement in the condition of human life and that those most in need were not necessarily the ones most likely to benefit from international efforts.

225. The representative of another developed market economy country, while commending the UNCTAD secretariat for its information policy programme as outlined by the Secretary-General of UNCTAD in his interim report (TD/B/430), wondered if the present information service of UNCTAD were sufficiently staffed to implement it. He suggested that several officers be transferred from substantive divisions to this service. Offering the co-operation of permanent missions in Geneva, he added that this would be easier if personal contacts existed between the information service and the missions and if booklets and leaflets prepared by it were regularly delivered to the mission.

226. The representative of another developed market economy country stressed both the permanent character of the information work and the fact, related to the former, that public opinion tended to get somewhat tired of it. He pointed out that the main role of information should be to explain problems and to transmit knowledge in such a way as to facilitate the understanding of events and of the need for efforts. The same representative expressed the wish to see more information made available on developing countries' internal actions in the economic and social fields. That would lead to a wider and deeper public understanding of the problems of development and of the necessity of the measures taken by the international community to solve them.

227. Other representatives made specific comments and suggestions regarding the future information activities of UNCTAD. One of them said that no United Nations information service could reach the general public directly. Action should be

taken by means of assisting the information media, especially those which reached young people as well as persons who participated in the decision-making process. The information material of UNCTAD should also be published in languages other than English and French.

228. The representatives of socialist countries of Eastern Europe who spoke on this subject stressed that dissemination of information and mobilization of public opinion on problems of trade and development were matters within the competence of the countries concerned, and that improvement of the information services of UNCTAD should be achieved by increasing their efficiency and without incurring any additional expense.

CHAPTER III

ORGANIZATIONAL MATTERS

A. Opening of the session

229. The fifth special session of the Trade and Development Board was opened on 24 April 1973 by the President of the Board, Mr. Diego Garcés (Colombia).

B. Adoption of the agenda and organization of the work of the session (Agenda item 1)

230. At its 343rd meeting, on 24 April 1973, the Board adopted without discussion the provisional agenda submitted by the UNCTAD secretariat (TD/B/425). The agenda as adopted (TD/B/437) read as follows:

1. Adoption of the agenda and organization of the work of the session.
2. Adoption of the report on credentials.
3. Review of the implementation of the policy measures within UNCTAD's competence as agreed upon within the context of the resolutions and other decisions of UNCTAD (Conference resolution 79 (III)).
4. Dissemination of information and mobilization of public opinion relative to problems of trade and development (Conference resolution 43 (III), agreed conclusion 89 (XII) of the Board and General Assembly resolution 3038 (XXVII)).
5. Other business.
6. Adoption of the report of the Board on its fifth special session.

231. The Board also broadly endorsed the secretariat's suggestions for the organization of the work of the session (TD/B/425/Add.1/Rev.1), including the proposed schedule of meetings.

C. Replacement of two Vice-Presidents

232. Two Vice-Presidents, who had been previously elected, had indicated that they would be unable to attend during the session. ^{30/} The Board, at its 346th meeting on 26 April 1973, on the nomination of the delegations concerned, unanimously

^{30/} In accordance with the procedure established at the Board's third session, a notification stating that a vice-president will be unable to attend a session during his term of office is construed as a resignation and the substitute elected by the Board serves for the remainder of his unexpired term (see Official Records of the General Assembly, Twenty-first Session, Supplement No. 15 (A/6315/Rev.1), part two, para. 183).

elected Mr. B. Pontoppidan (Denmark) to replace Mr. Ole Koch (Denmark) and Mr. J. Michalski (Poland) to replace Mr. Z. M. Rurarz (Poland).

D. Adoption of the report on credentials
(Agenda item 2)

233. At its 352nd meeting, on 4 May 1973, the Board adopted the report of the Bureau on credentials (TD/B/438).

E. Membership and attendance 31/

234. The following States members of the Board were represented at the fifth special session: Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Czechoslovakia, Denmark, Ecuador, Ethiopia, Finland, France, Gabon, Germany (Federal Republic of), Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran, Iraq, Ireland, Italy, Japan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Romania, Rwanda, Senegal, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

235. The following other States members of UNCTAD not members of the Board also sent representatives: Algeria, Bangladesh, Cuba, Dominican Republic, Egypt, El Salvador, German Democratic Republic, Holy See, Honduras, Ivory Coast, Jamaica, Kuwait, Lebanon, Malta, Mongolia, Morocco, Panama, Republic of Korea, Republic of Viet-Nam, South Africa, Trinidad and Tobago, Tunisia, Zambia.

236. The Economic Commission for Latin America and the United Nations Development Programme were represented at the session.

237. The following specialized agencies were represented at the session: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund. The Contracting Parties to the General Agreement on Tariffs and Trade were represented.

238. The following intergovernmental organizations were represented at the session: African Development Bank, European Economic Community, Organization for Economic Co-operation and Development, Organization of American States, Maghreb Permanent Consultative Committee, Permanent Secretariat of the General Treaty on Central American Economic Integration, World Intellectual Property Organization.

239. The following non-governmental organizations were represented at the session:

(a) General category

International Bar Association, International Confederation of Free Trade Unions, International Co-operative Alliance, International Council of Voluntary Agencies, International Law Association, World Federation of Trade Unions, World Federation of United Nations Associations;

31/ For the list of participants in the session, see TD/B/INF.43.

(b) Special category

European Insurance Committee, International Hotel Association,
International Rayon and Synthetic Fibres Committee, Latin American
Association of Finance Development Institutions.

F. Other business
(Agenda item 5)

240. At its 343rd meeting, the Board decided, pending action by the Conference at its fourth session in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX), that the German Democratic Republic, which had become a member of UNCTAD on 22 February 1973, should for purposes of elections be treated as if it were in the group of countries listed in part D of the annex to that resolution as amended.

G. Adoption of the report of the Board on its fifth special session
(Agenda item 6)

241. At its 357th meeting, on 9 May 1973, the Board adopted its report on its fifth special session.

H. Closure of the session

242. At the same meeting, the President declared the fifth special session of the Board closed.

ANNEX I

RESOLUTION ADOPTED AND DECISION TAKEN BY THE TRADE AND DEVELOPMENT BOARD AT ITS FIFTH SPECIAL SESSION

RESOLUTION

| | <i>Page</i> |
|--|-------------|
| 94 (S-V) Review and appraisal of the implementation of the International Development Strategy (agenda item 3) Resolution of 4 May 1973 | 54 |
| <i>Annex A.</i> Document submitted by Jamaica on behalf of countries in the African, Asian and Latin American groups of the Group of 77 and Romania | 55 |
| <i>Annex B.</i> Considerations arising from the Trade and Development Board's first biennial review and appraisal of the International Development Strategy: Submission by the representative of Switzerland on behalf of Group B countries members of the Board | 58 |
| <i>Annex C.</i> Document submitted by the Polish People's Republic on behalf of Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics | 61 |

DECISION

| | |
|---|----|
| Treatment of the German Democratic Republic for purposes of elections | 63 |
|---|----|

**RESOLUTION ADOPTED AND DECISION TAKEN
BY THE TRADE AND DEVELOPMENT BOARD**

at its fifth special session

RESOLUTION

**94 (S-V) Review and appraisal of the implementation of
the International Development Strategy**

The Trade and Development Board,

Recalling resolution 79 (III) of the United Nations Conference on Trade and Development,

Having considered the report of the Secretary-General of UNCTAD on review and appraisal of the implementation of the International Development Strategy, ^{a/}

Having conducted its first biennial review and appraisal of the Strategy in accordance with section D of the Strategy, General Assembly resolution 2801 (XXVI) and Conference resolution 79 (III),

1. *Takes note* of the report of the Secretary-General of UNCTAD and of the comments made thereon;
2. *Acknowledges* the documents submitted by:
 - (a) The Group of 77 and Romania (Annex A),
 - (b) Group B (Annex B),
 - (c) Group D (Annex C);
3. *Decides* to transmit this resolution, together with its annexes, to the General Assembly through the Economic and Social Council.

*352nd meeting
4 May 1973*

^{a/} See *Trade and development policies in the 1970s: Report by the Secretary-General of UNCTAD for the first review and appraisal of the implementation of the International Development Strategy* (United Nations publication, Sales No. E.73.II.D.14), and *The Second United Nations Development Decade - Trends and policies in the first two years: background papers presented by the Secretary-General of UNCTAD for the first review and appraisal of the implementation of the International Development Strategy* (United Nations publication, Sales No.: E.74.II.D.3).

ANNEXES

ANNEX A

Document submitted by Jamaica on behalf of countries in the African, Asian and Latin American groups of the Group of 77 and Romania

The Trade and Development Board has conducted the first biennial review and appraisal of the International Development Strategy for the Second United Nations Development Decade within the field of competence of UNCTAD in accordance with paragraphs 79 to 83 of the Strategy adopted by the General Assembly in resolution 2626 (XXV) and resolution 79 (III) of the United Nations Conference on Trade and Development, as a part of its continuous efforts in a dynamic context to assess any progress in the achievement of the goals and objectives and in the implementation of the policy measures embodied in the Strategy.

This review and appraisal was based on the report of the Secretary-General of UNCTAD, which contains a comprehensive analysis of the trade and development policies in the 1970s in relation to the review and appraisal of the Strategy, and within the context of recent world developments.

I

1. The primary responsibility for the development of the developing countries rests upon themselves. The developing countries have generally improved their efficiency with regard to the use of development resources. The ratio of gross domestic savings to the gross domestic product of developing countries has shown a significant increase.

2. In the majority of cases, the internal efforts made by the developing countries have not been accompanied by an adequate international effort of co-operation, nor have the external conditions been acceptable. Consequently, a vital proportion of the resources needed for their national development is affected by circumstances external to the developing countries.

3. Considerable progress has been made in recent years with planning systems. In some cases the influence of planning bodies in the most important economic and social decisions has been increased. There has also been progress in the techniques of planning and programming, and their

^{b/}See *Trade and development policies in the 1970s: Report by the Secretary-General of UNCTAD for the first review and appraisal of the implementation of the International Development Strategy* (United Nations publication, Sales No. E.73.II.D.14), and *The Second United Nations Development Decade - Trends and policies in the first two years: background papers presented by the Secretary-General of UNCTAD for the first review and appraisal of the implementation of the International Development Strategy* (United Nations publication, Sales No.: E.74.II.D.3).

relationship with the political processes and particular circumstances of individual countries has been made clearer.

4. With respect to natural resources, institutional changes have been introduced in recent years to achieve more efficient resource utilization and greater participation by the State in resource development. In some developing countries, nationalization, the association of the State with foreign enterprises and modification of concessions and régimes for the development, marketing and transport of natural resources have been the principal means employed in order to effect such changes.

5. Agrarian reform has proceeded at a more rapid pace, but, despite this progress, the systems of land tenure, use and development are still largely inadequate to satisfy the increasing needs arising from economic and social development.

6. Traditional structures, in so far as they constitute obstacles to change, impede social progress and economic development. In the circumstances, even more intensive efforts are required in order to carry out the qualitative and structural reforms envisaged in the Strategy.

7. As far as the redistribution of income is concerned, further efforts are necessary in many cases to achieve the objective established in the International Development Strategy.

8. To sum up, it may be concluded that, in general, Governments are making significant efforts to introduce institutional changes and to give impetus to economic and social development. In many cases, however, their action is limited by external factors, including the deterioration in the terms of trade, and the inadequacy of development financing, transfer of technology and technical assistance.

II

9. Two years after the adoption of the Strategy most developed countries have not as yet introduced major policy changes in its support. This reflects the low priority accorded by these countries to the development problems of the developing countries. Moreover, there is a real and imminent danger that, owing to the preoccupations of developed countries with the readjustment of their own mutual relations, the urgent need for implementing the policy measures embodied in the Strategy will be disregarded.

10. The commitment to assist the developing countries does not conflict with the demand for increased attention by developed countries to their own problems. With the

continuing trend towards political *détente* in international relations, it should be possible for developed countries to accord higher priority and to allocate greater resources and to adopt more favourable economic and commercial policies to meet the development needs of developing countries, and those of the least developed among developing countries.

11. The task of the review and appraisal process is not to analyse isolated examples of progress or to study certain indicators but to assess progress in achieving integrated economic and social development.

12. The balance sheet of the first years of the Second United Nations Development Decade shows that the development problems, far from being solved, have become increasingly acute, and in many cases there has been a set-back when compared with the situation prevailing at the end of the last decade. In particular:

(a) The average annual growth rate of gross domestic product for all developing countries declined from 6.2 per cent over the period 1968-1971 to about 5.9 per cent over the first two years of the 1970s. The decline was much greater and more severe for the least developed among developing countries.

(b) The average annual growth rate in gross product per head for developing countries declined from 3.4 per cent in 1968-1971 to 3 per cent in 1970-1972.

(c) For the least developed countries there was no rise in real product per head during the first two years of the present decade, while for the period 1968-1971 the rate of growth was about 1.5 per cent a year.

(d) The *per capita* food production in developing countries showed a marginal decline and the lack of adequate solution to the problems of poverty and over-population in the agricultural sector led to a continuing migration from rural areas to towns, aggravating unemployment and under-employment problems. Dietary data clearly show that the quantity of calories and proteins available *per capita* is still below international norms. In the case of children below five years of age in particular, undernourishment and malnutrition will have the most serious consequences.

(e) Neither the 4 per cent target for annual expansion in agricultural output nor an acceptable growth in exports of agricultural products of developing countries has taken place owing, *inter alia*, to the sharp deterioration in terms of access and other policies followed by the developing countries.

(f) Neither the target of 1 per cent of gross national product for total net financial transfers to developing countries nor the target of 0.7 per cent of gross national product as official development assistance is likely to be reached on the dates envisaged in the Strategy. The total net financial transfer to developing countries declined from 0.84 per cent of gross national product in 1960-1961 to 0.73 per cent in 1970-1971 and the official development assistance of the member countries of the Development Assistance Committee of the Organisation for Economic Co-operation and Development declined from 0.53 per cent of their gross national product in 1960-1961 to 0.35 per cent in 1970-1971. The prospects for the next few years

with regard to the official assistance target are particularly disappointing. The unfavourable over-all level of official assistance has compelled the developing countries to finance their foreign savings deficit through more extensive borrowing, usually from private sources and on increasingly harder terms. This clearly distorts and contradicts the desired objective.

13. The situation has been equally unsatisfactory in the implementation of practical measures in the field of international trade of developing countries, particularly those of the least developed among them.

(a) No agreement was achieved on a set of general principles on a pricing policy and access to markets for commodities by the date set in the Strategy. This strengthens the conclusion that a pricing policy for commodities, in those cases where the conclusion of an agreement is not possible, must be considered the responsibility of the exporting developing countries.

(b) The sole achievement was the conclusion of the International Cocoa Agreement, the preparation of which extended over more than 16 years and which has not yet universally been adhered to. Several commodities of interest to a large number of developing countries still suffer from a lack of access to markets and an acceptable non-discriminatory pricing policy. Practical results with regard to exports from developing countries of natural materials facing competition from synthetics have been extremely limited.

(c) Although the preferential schemes introduced by developed countries within the generalized system of preferences represent a break-through in the traditional concept of international trade and co-operation, their benefit to developing countries is limited, particularly in the case of the least developed, owing especially to the general non-inclusion of items falling within chapters 1-24 of the Brussels Tariff Nomenclature, the exclusion of a number of items in chapters 25-99 and also the introduction in these schemes of such obstacles as safeguard clauses, ceilings and other non-tariff barriers and discriminatory clauses.

(d) Moreover, the system has not yet become fully operational and even the meagre benefits secured so far stand in danger of erosion as a result of the enlargement of the preferential arrangements among developed countries and the prospects of most-favoured-nation reduction in tariffs as a result of the multilateral trade negotiations in GATT.

(e) Even the commitment to maintain a standstill has been disregarded. Non-tariff barriers instead of being liberalized have been intensified or are proposed to be intensified by developed countries against products of export interest to developing countries, as witnessed for example in the arrangements for textiles in the General Agreement on Tariffs and Trade.

(f) While the value of trade between developing countries and the socialist countries of Eastern Europe has continued to grow, these countries still represent only a relatively small market for developing countries. They have not as yet introduced significant improvements in their

trade and payments arrangements with developing countries.

(g) On the whole, adequate action has not been taken to implement the provision in the Strategy that developed countries, through joint or unilateral action, must accord priority to reducing or eliminating barriers to the export trade of the developing countries.

14. There has been a decline in the proportion of grants and soft loans. The terms and conditions have become harder. Little progress has been achieved towards the goal of untied loans. All these have contributed to a critical situation in the debt servicing and repayment problems of developing countries. By the end of 1970 the external debt of the developing countries amounted to approximately \$64 billion.

15. No progress has so far been made towards the achievement of the main Strategy objectives relating to invisibles including shipping. The share of developing countries in world shipping tonnage declined from 6.3 per cent in 1970 to 5.5 per cent in 1972. The number of sharp increases in freight rates charged by liner conferences in 1971 was unprecedented and often unrelated to actual increases in costs, and has aggravated the trade and development problems of developing countries.

16. Restrictions on trade and development of developing countries continue to be experienced on account of:

(a) The marketing and distribution systems still operating, which work against the interest of the producers in developing countries;

(b) Those activities of transnational corporations, whose power is increasing, which militate against economic development of developing countries, thus impeding further their growth;

(c) Various restrictive business practices of enterprises of developed countries.

17. In spite of the adoption of the relevant provisions of the Strategy and of many resolutions in various organs of the United Nations system in favour of the least developed countries, no progress has been made in evolving and implementing special measures in their favour.

18. Although progress has been made in some cases, the development efforts of many of the land-locked developing countries continue to face special difficulties in relation particularly to transit facilities and adequate access to seaports.

19. No significant new action has been taken by the developed countries in implementation of the programme of action to facilitate access to, and transfer of, technology to developing countries on fair and equitable terms. In their endeavour to acquire technology from developed countries, developing countries — particularly the least developed among them — continue to suffer from:

(a) The burden of adverse balance of payments;

(b) Effects of tied purchases of imported intermediate equipment and spare parts;

(c) Limitation on exports;

(d) Restrictions on potentially competitive imports.

20. While there has been a continuing trend towards trade expansion, economic co-operation and regional integration among developing countries, the necessary support from developed countries and international institutions has not been forthcoming.

21. The failure to make necessary adjustments in bringing about a rational system of international division of labour has aggravated the economic independence of developing countries. Such policy changes and adjustments by developed countries on the basis of political will, must be made immediately if they are to be effective instruments for achieving the objectives of the Strategy.

III

22. Urgent action must be taken to implement the policy measures embodied in the Strategy which have not been implemented so far. To this end, it is essential that the developed countries display the necessary political will to accord high priority to the implementation of these measures.

23. There is urgent need for more specific agreements on issues which have not been fully resolved within the context of the International Development Strategy. To this end, the developed countries should re-examine their national policies and priorities with a view to bringing them in line with the provisions of the Strategy and should withdraw the reservations expressed at the time of its adoption. Such action is vitally necessary in order to make the Strategy an effective instrument for international co-operation for development.

24. Additional measures should be taken, as envisaged in Conference resolution 63 (III), in favour of the land-locked developing countries.

25. All developed countries should give the highest priority to the immediate implementation of the special measures in favour of the least developed countries envisaged by Conference resolution 62 (III) and, in the light of its paragraphs 1 and 2, especially in the commercial policy field, and endeavour to evolve and implement new measures in all fields, particularly in trade and financing, so as to enable the least developed countries to derive equitable benefits from the general measures envisaged in favour of all developing countries.

26. International action to achieve the goals and objectives of the Strategy must be regarded as part of a continuing effort by the world community to assist the economic and social progress of developing countries in the context of a rapidly changing world situation. To this end it is essential not only to implement the policy measures already agreed upon, but also to seek new areas of agreement, widen the existing ones, evolve new concepts and seek agreement on additional measures within a time-bound programme of action. Since the adoption of the Strategy several developments have taken place on the international economic scene which have a direct bearing on the achievement of the goals and objectives and the implementation of the policy measures embodied in the International Development Strategy. Therefore:

(a) It is essential to ensure that the multilateral trade negotiations in GATT result in substantial and lasting gains for the export trade of developing countries. It is therefore of paramount importance that the objectives of the Strategy should be fully integrated in the arrangements for the negotiations. Even if the developing countries play an active part in the multilateral trade negotiations, such results as may be achieved will not begin to take effect until the negotiations are concluded, which may be well into the Second United Nations Development Decade. During this period there should be no freeze on action in favour of the developing countries' trade and significant targets such as those fixed in the International Development Strategy must be met, since otherwise the implementation of the Strategy will be most adversely affected.

(b) Special attention should be paid to the effect of the international monetary crisis on the developing countries, with particular reference to the adequacy and value of their reserves, sustained growth of their export earnings, the prices of their export products and their terms of trade. The measures and solutions so far adopted have responded to the interests of the developed countries alone. These countries have even gone so far as to resort to trade reprisals in an attempt to force changes in monetary parities. The latest devaluation of the United States dollar and the floating of major currencies have again clearly shown that there is a structural relationship between international trade and finance. Important decisions regarding monetary matters in which developing countries have vital interests have been taken without the participation of developing countries — and recently even outside the framework of the International Monetary Fund — with unfavourable effects on developing countries. Unless a satisfactory settlement of international monetary problems is soon reached in which the interests of the developing countries are taken fully into account, protectionist trends in the developed countries may gather momentum, to the detriment of the developing countries.

(c) In the discussions regarding the reform of the monetary system as a whole which is being undertaken by the Committee of Twenty, full consideration should be given to the role to be played by internationally established and regulated special drawing rights in the creation of future liquidity, and to the equitable distribution of these special drawing rights.

(d) In any discussion regarding reforms of the international monetary system, urgent action should be taken with respect to the following matters connected with international monetary reform which, among others, are of particular concern to the developing countries:

- (i) Review of the voting system to ensure greater participation by developing countries. There should be a higher ratio of borrowing facilities to quotas for developing countries.
- (ii) Recognition of the specific structural economic problems of the developing countries and the need for appropriate flexibility in the system, having regard to the different situations of these countries.
- (iii) Review of the methods of operation of the International Monetary Fund, in particular longer

terms for both loan repayments and "stand-by" agreements; modification of the system of compensatory financing, and more flexible and liberal terms in the financing of commodity buffer stocks.

- (iv) Review of the quota structure to ensure a larger share for developing countries.
- (v) Establishment of a link between new allocations of special drawing rights and additional development financing.
- (vi) Authorization by the International Monetary Fund, in view of the pressing liquidity needs of developing countries, as it had planned, of the allocation of special drawing rights during the second basic period.
- (vii) Examination of ways and means to channel excessive liquidity holdings of developed countries to increase long-term financing to the developing countries.
- (viii) Exempting the developing countries from capital controls imposed by developed countries for their balance-of-payments purposes.

(e) Developing countries are apprehensive that the major preoccupation of the developed countries in recently concluded or projected arrangements is to plan particularly for expanded trade among themselves on preferential and concessional terms, disregarding the needs and interests of developing countries. These fears should be allayed immediately.

(f) A legally binding code of conduct for liner conferences should be urgently formulated and implemented as an important element in improving the position of developing countries in the field of shipping and in assisting them to increase their export earnings through the provision of fair freight rates.

(g) New international legislation on transfer of technology, including a code of conduct for the transfer of technology to developing countries, should be drawn up to facilitate the implementation of the provisions contained in the Strategy as well as in the relevant resolutions of the United Nations Conference on Trade and Development.

(h) Effective arrangements should be made so that the problems in the monetary trade and finance spheres are resolved in a co-ordinated manner, taking into account their interdependence, with the full participation of developed and developing countries.

ANNEX B

Considerations arising from the Trade and Development Board's first biennial review and appraisal of the International Development Strategy: Submission by the representative of Switzerland on behalf of Group B countries members of the Board ^{a/}

^{a/}This text reflects the position of Group B as a whole on the question of the review and appraisal of the International Development Strategy, on the understanding that certain developing countries belonging to this geographical group have somewhat different points of view on certain aspects of this statement, given their level of economic development. Some of these countries have, moreover, expressed their individual views during the general debate on item 3 of the agenda.

1. Countries members of Group B, recalling that UNCTAD has been given responsibility for reviewing progress in its sector and recognizing the importance of keeping under systematic scrutiny the progress made towards achieving the goals and objectives of the Second United Nations Development Decade, have participated actively in the first biennial review within UNCTAD. The Strategy is based on the concept of one world — on interdependence, solidarity and partnership — the ultimate objective of our common efforts being the sustained improvement in the well-being of the individual. It is against this background and in a wish to maintain a climate of confident partnership in the development process that members of Group B wish to comment on the salient points emerging from this first biennial review and appraisal within UNCTAD.

A. GENERAL

2. The report of the Secretary-General of UNCTAD on trade and development policies in the 1970s^{d/} contains much valuable information. It was welcomed as a useful contribution to the review and appraisal process. The detailed views expressed by delegations, both on this report and on the review and appraisal exercise in general, are reflected in the report on the Board on its fifth special session. ^{e/}

3. Although the time period since the adoption of the Strategy is not long enough to permit reliable identification of long-term trends during the Second Development Decade, it is clear that progress towards the goals and objectives of the International Development Strategy is being made. The progress illustrated by statistical data is complemented by a number of actions, since the inception of the Decade, which should further assist in the attainment of its objectives. The documentation and the statistics, to the extent that they are available, also show that there have been shortfalls as well as gains. Consequently, further and continuing efforts by all countries will be required if the goals and objectives of the Strategy are to be achieved by 1980.

4. The developing countries have themselves reaffirmed that primary responsibility for their development rests upon them, which in turn implies respect for their own priorities and development objectives. It is clear that the success of developing countries in their development efforts will represent a major contribution towards achieving the objectives of the Decade. A more substantial body of basic data on all aspects of their development would be helpful in assessing the progress made by developing countries. Nevertheless, however great the efforts of developing countries, these will not be sufficient unless they are assisted through

^{d/} See *Trade and development policies in the 1970s: Report by the Secretary-General of UNCTAD for the first review and appraisal of the implementation of the International Development Strategy* (United Nations publication, Sales No. E.73.II.D.14), and *The Second United Nations Development Decade - Trends and policies in the first two years: background papers presented by the Secretary-General of UNCTAD for the first review and appraisal of the implementation of the International Development Strategy* (United Nations publication, Sales No.: E.74.II.D.3).

^{e/} See part one above.

increased financial resources and more favourable economic and commercial policies on the part of developed countries.

B. GOALS AND OBJECTIVES

5. It is noted that the over-all growth rate target contained in the Strategy for gross national product was reached in 1972 and was virtually achieved over the two-year period. It is interesting to note that the developing countries as a whole have reached this global target although they may not have fully reached all the related targets set out in paragraphs 16 and 17 of the Strategy. Nevertheless, continued efforts by all concerned will be necessary if this growth rate is to be maintained. While it is to be expected that the performance of some countries will exceed the target and that that of others will fall short, it is cause for particular concern that those countries whose performance falls short include many of the more populous and poorer countries, notably, according to available data, the least-developed countries. It is also noted with concern that the growth rate for agricultural production is at present well below the figure of 4 per cent mentioned in paragraph 16 of the Strategy. On the other hand, the growth rate of manufacturing output has been greater than the 8 per cent mentioned in the same paragraph. It is also pointed out that, had the population growth rate not exceeded by 0.2 per cent the figure assumed in the Strategy, not only would the average target growth rate per head have been approximately attained, but also the volume of resources available for productive investment would have been increased. In this context the provisions of paragraph 15 of the Strategy are recalled.

6. One of the subjects on which the available data permit no full conclusion is that of the mobilization of domestic resources. Yet available documentation on the situation in many developing countries suggests that appropriate changes in the economic and social structures would be conducive to a more efficient use of available resources. A significant measure of the ultimate success of the Decade will be the extent of progress towards the human and social objectives of the Strategy. It is for the competent bodies of the United Nations to take up these aspects for review and appraisal.

7. As far as the objectives for exports and imports set out in paragraph 17 (b) of the Strategy are concerned, it is noted that the dollar value of exports increased by 16.5 per cent between 1971 and 1972, and that slightly less than half of the increase was accounted for by an increase in the dollar unit value, implying a volume increase somewhat greater than the objective in paragraph 17 (b). On the other hand, while the figures made available by the Secretary-General do not permit a full comparison, there seems to have been a tendency for imports also to expand at a rate greater than that envisaged in paragraph 17 (b).

C. POLICY MEASURES

1. International trade

8. The deep-rooted and complex problems in the area of trade in commodities are well known. Further measures

should be taken to solve problems in the field of access to markets and pricing policy. Since the start of the Decade, however, under UNCTAD auspices, there has been progress in negotiating or re-negotiating commodity agreements on cocoa and olive oil and in the adoption of resolution 7 (VII) of the Committee on Commodities, which will lead to a series of intensive consultations with the aim of reaching concrete and significant results in this field.

9. The extent of the expansion and diversification which is taking place in the export trade of developing countries is illustrated by the high growth rates in their exports of manufactures and semi-manufactures. These high growth rates have, however, been unevenly shared among the developing countries and further efforts will be required if the high rates are to be sustained and to be of benefit to a greater number of developing countries.

10. A significant development has been progress in the implementation of the generalized system of preferences. It is under continuous review by the preference-giving countries which have already implemented it, with the objective of improving their schemes, while other countries have initiated constitutional procedures for implementation of their schemes, which it is hoped can be achieved as soon as practicable.

11. The importance of furthering the export promotion efforts of the developing countries is recognized. The increasing use of export promotion techniques, with the assistance of developed market-economy countries, notably through the UNCTAD/GATT International Trade Centre, has contributed to the rise in exports of manufactures from developing countries.

12. The identification of restrictive business practices particularly affecting the trade and development of developing countries is proceeding and the report of the *ad hoc* Group of Experts which met recently should provide a basis for future consideration.

2. Trade expansion, economic co-operation and regional integration among developing countries

13. Continuing efforts by the developing countries to put into effect trade expansion, co-operation and integration schemes, and to provide for the equitable distribution of the benefits of such schemes, can make an important contribution to development. Developed market-economy countries have had occasion, since the start of the Decade, to provide assistance to such schemes, directly and through participation in regional development banks. They remain prepared to consider what help can be given to any concrete proposals that may be put forward by developing countries.

3. Financial resources for development

14. In relation to paragraphs 42 and 43, of the Strategy, it is noted that, while major conclusions should not be drawn from year-to-year fluctuations, the total resource flow in 1971 increased substantially in absolute terms and,

as a percentage of combined donor gross national product, showed a slight increase over the average of the late 1960s. The ratio of official development assistance to gross national product has remained roughly unchanged in spite of considerable efforts by developed market-economy countries which have resulted in increases in absolute amounts and, for a number of countries, in the percentages of gross national product. It is recognized that determined efforts are needed to increase the absolute and relative volume of financial flows to developing countries, and especially of official development assistance.

15. It is noted that the average terms of official development assistance hardened slightly in 1971 but remained relatively favourable, with 60 per cent of commitments in the form of grants and with average loan terms of 2.8 per cent interest rate, 28.7 years' maturity and 6.5 years' grace period. The new Development Assistance Committee Recommendation on Terms and Conditions of Aid, adopted on 17 October 1972, ^{f/} sets a grant element target for individual countries which exceeds the average achieved in 1971 and takes special account of the problems of the least developed countries.

16. While it has not been possible to reach a collective agreement among developed market-economy countries on the joint untying of bilateral loans, a considerable proportion of official development assistance is already untied and numerous unilateral actions have recently been taken by donors to mitigate the harmful effects of tying, especially by opening procurement to sources in the developing countries themselves. ^{g/}

17. Although a considerable part of the debt problems of developing countries is accounted for by flows over which donor governments have no direct influence, notably private export credits, donors are studying ways of arriving at rational solutions of the problems in individual cases and note that these questions are to be discussed in UNCTAD and are under active consideration in the International Bank for Reconstruction and Development.

18. It is noted that net flows to developing countries from multilateral agencies have increased on average during the First Development Decade by 15 per cent a year, while contributions by developed market-economy countries to those agencies in 1971-1972 were more than three-and-a-half times the 1965-1966 figure. This increase has been brought about not only by the introduction of new organizations in the development field but also by increased flows to established organizations such as the United Nations Development Programme and the International Bank for Reconstruction and Development group.

19. It is noted that private direct investment is one element in total flows to developing countries which has been rising particularly rapidly in recent years, partly as a result of measures taken by both host and exporter countries, in accordance with paragraph 50 of the Strategy.

^{f/} For the text of the recommendation, see United Nations publication, Sales No.: E.74.II.D.3, part one, annex, sect. C.

^{g/} See *ibid.*, part one, para. 135.

20. It is noted that one of the questions which is being considered by the Committee of Twenty, in the context of the reform of the international monetary system, is that of the establishment of a link between the allocation of special drawing rights and the provision of additional development finance; this question has also been extensively discussed in UNCTAD.

4. Invisibles, including shipping

21. In pursuance of the objectives of paragraph 53 of the Strategy and bearing in mind the commercial basis of freight rate fixing, the Governments concerned have requested their shipping lines to take into account developmental considerations in this area, as commercially possible and/or appropriate. Developed market-economy countries have also given significant financial and technical assistance in the shipping field, including port development. Subject to the over-all development priorities established by the developing countries, the maintenance of such bilateral and multilateral assistance can make an important contribution to the development of shipping and ports. Work is proceeding in UNCTAD on the elaboration of a universally acceptable code of conduct for liner conferences, with the full participation of members of Group B. In general, efforts are being made, in pursuance of paragraph 53, to enhance international co-operation in shipping, bearing in mind the interests of developing countries as users and suppliers of shipping services.

5. Special measures in favour of the least developed among the developing countries

22. Developed market-economy countries welcome the approval by the General Assembly of criteria for the identification of the least developed among developing countries and the adoption of an action programme in their favour (General Assembly resolution 2768 (XXVI)). The flow of aid to these countries has been increasing. Further developments include the decision, within the United Nations Development Programme, to revise its indicative planning figures in a way which will benefit these countries and the decision taken by some countries to earmark funds for them. In general, however, their rates of growth remain below the average. Consequently, it remains important that the developed countries should increase both bilateral and multilateral financial and technical assistance to the least developed countries. Special assistance to them should also be considered by other developing countries, notably in the framework of regional arrangements.

6. Special measures in favour of the land-locked developing countries

23. It is noted that, in addition to the assistance being given to the least developed countries – which include a large number of land-locked countries – special assistance is being provided to the land-locked countries in the fields of communications and transport.

7. Science and technology

24. The work of UNCTAD in the area of transfer of technology and know-how has been progressing since the adoption of the Strategy, especially in considering means of facilitating the transfer of appropriate operative technology to developing countries.

D. MOBILIZATION OF PUBLIC OPINION

25. The mobilization of public opinion is recognized as an important element in achieving the objectives of the Strategy and developed market-economy countries have undertaken a number of activities in this connexion. It is noted that an increase in the UNCTAD programme in this area is under consideration in the Trade and Development Board. Continued efforts will be needed to ensure support for international development.

E. MULTILATERAL TRADE NEGOTIATIONS AND THE REFORM OF THE INTERNATIONAL MONETARY SYSTEM

26. Finally, the following remarks deal with two subjects which will be of high importance for international co-operation during the coming years of the Decade.

27. Group B countries recall that arrangements have been made for the full participation of developing countries in the discussions on the reform of the international monetary system, notably by the creation of the Committee of Twenty, which at its meeting of May 1973 is expected to deal especially with points of interest to the developing countries.

28. It is noted that developing countries members and non-members of GATT have the opportunity to take a full and active part in the preparations for the forthcoming multilateral trade negotiations and arrangements have been made to that end. It has also been agreed that the multilateral trade negotiations should aim to secure additional benefits for the international trade of developing countries, so as to achieve a substantial increase in their foreign exchange earnings, diversification of their exports and an acceleration of the rate of growth of their trade, taking into account their development needs.

ANNEX C

Document submitted by the Polish People's Republic on behalf of Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics

1. The socialist countries support the idea and aims of the Second United Nations Development Decade, as was made clear in their joint statements to the United Nations

General Assembly at its twenty-fifth session^{h/} and to the Trade and Development Board at its ninth session^{l/} and in their joint declaration at the third session of the United Nations Conference on Trade and Development. ^{1/}

2. The measures to be applied by UNCTAD in the Second Development Decade should be consistent with its competence and designed to regularize and develop international commercial and economic relations on the basis of application of the progressive principles governing international trade relations and trade policies conducive to development. ^{2/} Those measures should help to strengthen the political and economic independence of developing States and to convert inter-State economic ties into an effective means of speeding up social and economic progress. In addition the interests of all countries should be taken into account, irrespective of differences in their social and economic systems, and provision should be made for equal participation by States in international economic co-operation and in the development of trade on a basis of mutual advantage and without discrimination.

3. Economic progress for the developing countries can be successfully achieved only if the international political situation is restored to normal, if peace is strengthened throughout the world, and if all States resolutely struggle for universal and complete disarmament, for security and for co-operation among the countries of the world.

4. The experience of the socialist and many developing countries shows that the decisive prerequisites for successful economic development include drastic social and economic transformations, the strengthening of political and economic independence and, in addition, the complete mobilization of domestic resources and steps to prevent them from draining away. External sources of development financing can be regarded only as auxiliary and supplementary to the efforts of the developing countries themselves.

5. An important factor in attaining the aims of development is international economic co-operation on a sound, equal footing, including co-operation between developing countries on a regional and inter-regional scale. The basic external economic means of fostering the economic progress of all countries, and of the developing countries in particular, should be international trade.

6. Foreign trade problems of the greatest importance at the present time include stabilization of the markets for raw materials and foodstuffs; expansion of trade in semi-manufactures and manufactures; and the removal of discriminatory tariff and non-tariff restrictions of all kinds from all flows of international trade.

7. The deepening crisis of the capitalist monetary system has created serious additional difficulties for international trade and has substantially worsened the economic and

^{h/} See *Official Records of the General Assembly, Twenty-fifth Session, Annexes*, agenda item 42, document A/8074.

^{l/} See Board decision 64 (IX), appendix C.

^{1/} TD/154. See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex VIII, G.

^{2/} See *Proceedings of the United Nations Conference on Trade and Development, First Session*, vol. I, *Final Act and Report* (United Nations publication, Sales No. E.64.II.B.11), *Final Act, Third Part*, annex A.I.1.

foreign exchange position of the developing countries. The existing machinery of the capitalist monetary system and the measures and decisions adopted through it serve the interests of leading capitalist States alone.

8. A prerequisite for the successful accomplishment of the Development Strategy is that world currency problems should be settled with due regard for the interests of every country in the world. In dealing with these problems, arrangements should be made to enable all interested countries to participate on an equal footing; this can be done in UNCTAD or other United Nations bodies.

9. The measures taken by the socialist countries to place the international situation on a normal footing and to develop equal, mutually advantageous trade relations with other countries constitute a practical contribution by the socialist countries to the achievement of the aims of the Second Development Decade.

10. The trade turnover of the socialist countries with the developing countries in 1970-1972 features high rates of growth, an increase in the number of trading partners among developing countries, an increase in purchases of traditional export goods from developing countries and a widening range of purchases, especially of manufactures and semi-manufactures.

11. The socialist countries are consistently applying the provisions of Conference resolution 53 (III) designed to expand mutually advantageous economic, scientific and technical co-operation with developing countries, including measures for the transfer of technology to developing countries and the provision of access to advanced technical experience and knowledge in fields of interest to them, on fair and reasonable terms. Besides providing economic, scientific and technical co-operation on a bilateral basis, the socialist countries are rendering assistance to developing countries through international organizations, especially those of the United Nations system. Further specific measures on the part of individual socialist countries to develop their trade and their economic, scientific and technical co-operation with developing countries are described in their replies ^{1/} to the *note verbale* from the Secretary-General of UNCTAD ^{2/} in connexion with the preparations for the fifth special session of the Board.

12. The socialist countries reaffirm their readiness for the further expansion of foreign trade and of durable economic, scientific and technical ties with the developing countries of Asia, Africa and Latin America on terms of mutual advantage and in the interests of further strengthening their economic independence and of supporting their struggle for a fair international division of labour. In the field of trade in raw materials, the socialist countries reaffirm their support for measures to stabilize raw-material markets — measures which should be applied in the interests both of the producers and of the consumers of those materials.

13. However, the development of economic ties between the socialist States and the developing countries is not

^{1/} TD/B/S(V)/Misc.1 and Corr. 1.

^{2/} TDO 321 (17 July 1972).

conditioned exclusively by the growing economic potential of the socialist countries and their readiness to co-operate. It depends in equal measure on the developing countries' own efforts to expand their trade with the socialist countries constructively and, for that purpose, to create conditions which are not inferior to those they offer their trading partners among the developed capitalist countries; it also depends on the general creation of normal conditions for all flows of international trade.

14. The implementation of the Council for Mutual Economic Assistance Comprehensive Programme for the Further Extension and Improvement of Co-operation and Development of Socialist Economic Integration is creating additional opportunities for the further development of economic, scientific and technical ties between the countries members of CMEA and other countries, irrespective of their social systems, based on the principles of equal rights, mutual advantage and respect for sovereignty.

15. The socialist countries consistently support the struggle of the developing countries for political and economic independence. While fully acknowledging the indisputable rights of the developing countries to compensation for material damage from the former colonial Powers and also from capitalist States which continue to exploit the human and natural resources of the developing countries, the socialist countries regard as illegal any attempt to foist on them the responsibility for the economic backwardness of the developing countries, which is a consequence of colonial and neo-colonialist exploitation.

16. The tasks of informing and mobilizing public opinion on questions of development fall within the competence of national Governments. It is therefore necessary, in particular, that improvements in the information activity of UNCTAD should be achieved by increasing its efficiency and should not entail any additional expenditure.

DECISION TAKEN BY THE BOARD

at its fifth special session

Treatment of the German Democratic Republic for purposes of elections

At its 343rd meeting, on 24 April 1973, the Trade and Development Board decided that, pending action by the United Nations Conference on Trade and Development in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX), the German Democratic Republic should, for the purposes of elections, be treated as if it were one of the group of countries listed in part D of the annex to the said resolution.

ANNEX II

Statement made by the President of the Board at the conclusion of the debate on agenda item 3

1. I would like to put before the Board what appears to me to have been the main points which emerged from the general debate on item 3. I shall not attempt to present a summary of that debate, which will be given in the report of the session, but rather to highlight the principal issues involved.
2. This first review and appraisal exercise by UNCTAD is an important occasion, not only because it is the first in a series of such reviews to be undertaken this year in the United Nations, but also because it sets the stage, so to speak, for the more important mid-term review which will take place in 1975. The discussion that has taken place in the Board on this item has been a fruitful one, revealing not only the positive measures which have already been taken in support of the objectives of the International Development Strategy for the Second United Nations Development Decade, but also the major areas in which much more has to be done.
3. This discussion was undoubtedly assisted greatly by the secretariat documentation, a/ which provided the Board with an up-to-date factual review of the situation in the various areas of UNCTAD's competence, as well as with an analytical appreciation of the major trade and development problems currently confronting the developing countries.
4. In some respects the present moment may, perhaps, be too early in the Decade to reach definitive conclusions concerning the extent to which the objectives of the Strategy are being met in particular areas. It did not prove possible, during the present special session of the Board, for the same interpretation to be placed by the various Groups - developed and developing - on the situation as it has evolved over the first two years of this Decade. Separate statements of their positions have been submitted by the Group of Seventy-Seven and Romania, Group B and Group D, which will be incorporated in the report of the session.
5. In reviewing these documents and statements, I have been impressed by the fact that, apart from a relatively small number of countries which are successfully expanding their exports at a rapid rate, the majority of developing countries are lagging behind the growth targets embodied in the Strategy, with the least developed countries doing worst of all. While it is generally acknowledged that the economic and social development of the developing countries must remain primarily the responsibility of these countries, the essence of the Strategy is that the efforts of the developing countries should be supported by complementary efforts by developed countries, so that the economic and social objectives of the Strategy can be achieved.

a/ United Nations publications, Sales Nos.: E.73.II.D.14 and E.74.II.D.3.

6. Generally speaking, it appears that the national policies of both developing and developed countries have not yet been adequately reoriented in support of the Strategy. As regards developing countries, there is need for many of them to review their efforts to mobilize effectively their internal economic resources, paying particular attention to the structural and institutional changes which they may deem necessary to achieve this objective. More attention also needs to be given, on an urgent basis, to policies and programmes designed to increase domestic food production, to provide greater employment opportunities in all fields, including industrial development, and a more equitable share in the benefits of growth for the poorer sections of the population.

7. As regards the policies of developed countries, some positive steps have, it is true, already been taken by a number of them, both developed market economy countries and socialist countries. Among these can be included their active participation in the negotiation of the International Cocoa Agreement, and in the establishment of the Committee of Twenty: b/ the new Recommendation of the Development Assistance Committee on terms and conditions of aid; the efforts of some developed countries to meet the aid targets of the Strategy; and the new emphasis in their lending policies on the problems of the least developed countries, as well as the development assistance provided by the socialist countries. However, it is perhaps too early to see the benefits of these policy measures in terms of the export earning of developing countries or in their rate of economic growth.

8. None the less, it appears clear that, in relation to the pressing trade and development needs of the developing countries, and to the policies envisaged in the Strategy, the measures so far taken, welcome as they are, do not add up to a combined effort sufficiently great or widespread to alleviate, to a significant extent, the continuing foreign exchange constraints on the economic growth of the majority of developing countries.

9. Of particular concern in this regard (as it emerged from the general debate) are the fact that the generalized system of preferences has not yet been fully implemented and, moreover, is subject to serious quantitative limitations in terms of escape clauses and ceilings; the failure of developed market economy countries as a group to meet more than half the Strategy target for official development assistance (though some of these countries are admittedly making great efforts to meet their individual targets); and the continuance of substantial and widespread impediments to market access for primary and processed commodities. One must note, however, the expressed intention of the developed countries, which all hope will be effectively realized, to take fully into account the interests of developing countries in the forthcoming multilateral trade negotiations. Finally, there is also growing concern, expressed by many delegations, about the adverse effects on the economies of their countries of the operations of transnational corporations.

10. There appears to be a real danger that, without the required political will on the part of all countries, and more particularly of the developed countries, and unless urgent steps are now taken to ensure the effective and dynamic implementation of the policy measures embodied in the Strategy, the economic performance targets

b/ Committee on Reform of the International Monetary System and Related Issues established by the Board of Governors of the International Monetary Fund.

for developing countries will not be achieved. In view of the time-lag involved, action is needed now, so that at least the main elements of the Strategy can be seen to be operating by the time the mid-term review and appraisal exercise is commenced.

11. In the course of the debate, as well as in the policy statements presented by the Groups, reference has been made to a number of key areas in which urgent action must be taken before the mid-term review if the Strategy is to succeed, such as the importance of reaching the 0.7 per cent official development assistance target; the need for improvement of the existing GSP schemes; the need for providing substantially greater access to markets, together with policies to improve the price situation for the exports of developing countries; the need for the interests of developing countries to be taken fully into account in the forthcoming multilateral trade negotiations to which I have referred, and in the reform of the international monetary system; and the need to give continuing and urgent attention to the special problems of the least developed and the land-locked developing countries.

12. In my view, the present international situation, with impending negotiations on trade barriers and a reformed monetary system, provides a new opportunity for concerted action to introduce policy measures in support of the Strategy objectives. This opportunity should not be lost. What is indeed required is that a new dynamism should be instilled into the efforts of Governments to implement the Strategy, so that it is generally felt that a real common endeavour of both developing and developed countries is being undertaken. In injecting this new sense of urgency and purpose, UNCTAD has an important part to play, along with the other competent bodies of the United Nations. On such a basis, we could have confidence that real progress in achieving the Strategy objectives will have become apparent by the time of the 1975 mid-term review and that, on that occasion, it will prove possible to arrive at a common assessment.

13. In speeding up the necessary process of policy changes, an intensification of public information activities, on the part of both Governments and the international agencies concerned, including UNCTAD, is indispensable to mobilize the active support of public opinion in this process. Towards this end, the resources available to the United Nations in the field of information should be utilized to the fullest possible extent.

Part Two

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE SECOND PART
OF ITS TWELFTH SESSION

Held at the Palais des Nations, Geneva,
from 7 to 11 May 1973

INTRODUCTION

1. At the first part of its twelfth session, the Trade and Development Board, in decision 93 (XII) concerning the calendar of UNCTAD meetings for 1973, 1/ decided that the second part of the twelfth session should be convened immediately after the fifth special session to consider the report of the Working Party on the work programme of UNCTAD. It also decided 2/ that consideration of the texts in documents TD/B/L.304 and TD/B/L.311 be deferred until the second part of the twelfth session. Accordingly, the Board held the second part of its twelfth session from 7 to 11 May 1973. The present report contains an account of the Board's deliberations and decisions during the second part of the twelfth session.

2. The second part of the twelfth session was opened by the President of the Board, Mr. Diego Garcés (Colombia), on 7 May 1973.

1/ See Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part one, annex I, p. 77.

2/ Ibid., p. 81.

CHAPTER I

MATTERS ARISING FROM THE RESOLUTIONS, RECOMMENDATIONS AND OTHER DECISIONS ADOPTED BY THE CONFERENCE AT ITS THIRD SESSION REQUIRING ATTENTION AND ACTION BY THE TRADE AND DEVELOPMENT BOARD

(Agenda item 4)

Interdependence of problems of trade, development finance and the international monetary system

3. In introducing this item at the 353rd plenary meeting, the Secretary-General of UNCTAD referred to the documentation before the Board, 3/ and said that the States members of UNCTAD could derive some satisfaction from the role they had played in drawing the attention of the international community to the essential interrelationship between problems in the monetary, trade and financial spheres. The resolutions adopted by the Conference at its third session had played a crucial role in this regard and had influenced discussions in a number of international fora. Further evidence of this trend could be found in the recent letter received from the Chairman of the Deputies of the Committee on Reform of the International Monetary System and Related Issues established by the Board of Governors of the International Monetary Fund, 4/ who had requested to be kept informed of the broad lines of activities in UNCTAD and, in particular, in the Trade and Development Board, since several aspects of these activities were specially relevant to the work of the Committee.

4. The Secretary-General of UNCTAD drew attention to the press communiqué issued by the Committee on Reform of the International Monetary System and Related Issues on 27 March 1973, 5/ especially the statement that:

"There should be a strong presumption against the use of trade controls for balance of payments purposes. Developing countries would, however, be exempt wherever possible from trade and capital controls imposed by other countries and their particular circumstances would be taken into account in assessing controls that they themselves felt it necessary to apply".

In his view, this was a highly significant statement, expressing a unanimous policy declaration of ministers on a matter which had been of great concern in UNCTAD for many years. If this declaration were fully implemented, it would represent meaningful progress from the unsatisfactory situation which had obtained till now.

3/ TD/B.427 and Add.1-3.

4/ TD/B/427/Add.2

5/ TD/B/427/Add.3, para. 4 (d).

5. On the other hand, he referred to a paragraph which appeared to him to be much less forthright than was desirable: 6/

"The members of the Committee recognized the concerns of developing countries under current conditions and their interests in a reformed system. They affirmed the desirability on the occasion of the reform of promoting economic development and the flow of real resources from developed to developing countries."

This, in his view, reflected no advance upon decisions reached a year ago at the third session of the Conference.

6. Since it was hoped that an outline agreement on international monetary reform would be reached by the end of July in time for presentation to the International Monetary Fund at its annual meeting in Nairobi, the next few weeks could well be decisive in determining whether the outline agreement contained an express undertaking by Governments to promote the flow of real resources from developed to developing countries as an integral element in a reformed international monetary system.

7. Dealing with the question of machinery, he noted that Governments were still not in agreement on this matter, and suggested that the dialogue should continue. The executive heads of UNCTAD, IMF and GATT were at the disposal of their respective agencies for any task that might be assigned to them. At their latest meeting, substantive questions involved in the relationships between their respective spheres of activity had been examined. The trade aspects of the adjustment process had been discussed and satisfaction was expressed by all three on the important decision made by the Committee on Reform of the International Monetary System and Related Issues regarding the use of trade and capital controls for balance of payments purposes. He had pointed out that it was inconsistent for the international community to seek greater flexibility in exchange rates while at the same time subjecting so large a proportion of the export trade of developing countries to controls that reduced the effectiveness of that mechanism. He had also raised the question of providing more adequate and longer-term assistance to developing countries when faced with difficulties in commodity markets for reasons beyond their control.

8. One aspect of the issue of machinery that gave some grounds for concern was that recent decisions on international monetary relationships having world-wide implications had been adopted by a restricted group of countries outside the Fund. The interests of developing countries were profoundly affected by such decisions and it would be intolerable if they continued to be excluded from effective decision-making. Decisions on these matters should be taken only in fully representative fora.

9. It was in the interests of members and non-members of the Fund alike that decisions on international monetary reform should be of such a character that they made it easier, and not more difficult, to envisage a true integration of the world economy.

6/ Ibid., para. f, subpara. 5.

10. The Secretary-General said that the goal was clear, namely, an over-all restructuring of the existing international trade and monetary system, which should be so designed as to bring balanced benefits to all countries and groups of countries without exception.

11. The spokesman for the Asian countries members of the Group of 77 said that 1973, which had been described as a crucial year for a new Atlantic Charter, was undoubtedly also a crucial year for developing new relationships, which should not be confined to developed countries. What was needed was not merely an Atlantic Charter, but a new World Charter. The year 1973 might well be a watershed in developing new relationships in trade, development finance and the reform of the international monetary system.

12. The trends of the last seven years had indicated that the ratio of official development assistance to gross national product (GNP) was not increasing towards the target of 0.7 per cent. This made it essential to introduce a link between Special Drawing Rights and additional development finance. The latest IMF study of this matter should dissipate the doubts which had existed in certain countries on the possibility that this scheme would have adverse effects on the reform of the international monetary system. The fears expressed by some developed countries that the link would lead to excess liquidity and further inflation were not supported by the expert opinion of the Fund.

13. Dealing with the problem of the sharp increase in official holdings of United States dollars, he proposed that these should be funded or converted into Special Drawing Rights and allocated to developing countries as long-term loans tied to purchases in the United States of America. This would help to achieve the desired United States export surpluses. It could thus be a device to increase financial flows to developing countries as well as to reconcile the trade objectives of the developed countries.

14. While welcoming the formation of the Committee on Reform of the International Monetary System and Related Issues, he regretted that recent events in the international monetary sphere had gone against the spirit and purpose for which the Committee had been founded.

15. Dealing with the serious decline in the sphere of developing countries in world trade (from 30 per cent in 1950 to 17 per cent in 1970 - 5 of this 17 per cent being accounted for by oil exports), he pointed out that the various rounds of GATT trade negotiations had served only to increase exports of developed countries. In order to reverse these trends, developing countries must have greater access to markets and an improved pricing policy on an over-all basis rather than on a few selected items, as in the case of the Generalized System of Preferences; even these preferences might be eroded by the forthcoming multilateral trade negotiations. The removal of non-tariff barriers had assumed a more important role.

16. Conference resolution 84 (III) and General Assembly resolution 3041 (XXVII) acknowledged the interdependence of problems of trade, development finance and the international monetary system, urging that these should be solved in a co-ordinated manner and with the full participation of developed and developing countries at all stages of discussion and decision-making. Existing arrangements for co-ordination between GATT, UNCTAD and IMF at the secretariat level were for executive heads to

meet as and when necessary. Such meetings could serve a useful purpose only if they were held at regular intervals, if the latest positions in the fields of trade and finance were fully examined and if the results of such meetings were made known to member States in an appropriate manner. The participation of UNCTAD in GATT and IMF should be made more effective.

17. He reiterated the suggestion made by several members of the Board at the first part of the twelfth session that the Board should hold a special session to ensure its effective contribution to the solution of monetary, trade and financial problems. Arrangements for co-ordination at the secretariat level should be further strengthened and improved and possibilities for co-ordination at the intergovernmental level should be explored and kept under constant review.

18. The spokesman for the Group B countries members of the Board said that those countries considered that things were moving in the right direction, both in the preparations for the multilateral trade negotiations and in work on international monetary reform. They took satisfaction in the evidence in the Secretary-General's report that the organizations principally concerned were keeping in close touch.

19. Assuming that agreement could be reached on the necessary adjustments to take account of the lapse of time, Group B would not oppose draft resolution TD/B/L.311 if it commanded the unanimous support of other groups, although there might be a need for individual delegations to clarify their positions on any resolution eventually adopted.

20. The representatives of some developed market economy countries stated that they were conscious of the interdependence of trade and monetary matters. The results it was hoped to achieve thus required effective liaison, at the technical level, between the organizations concerned. However, it was particularly urgent to find a solution to the monetary problem, and this should not be delayed by trade discussions which were dealt with in different forums. The most significant outcome of the third session of the Conference had been the agreement to provide for the full participation of developing countries in the forthcoming multilateral trade negotiations and the reform of the international monetary system.

21. These representatives appreciated the fact that developing countries had a major stake in the proper functioning of a stable monetary system. A distinction should, however, be made between crisis management, which had called for the emergency decisions adopted at Paris in March 1973, and the long-run reform of the system, which was the business of the Committee on Reform of the International Monetary System and Related Issues, in which both developed and developing countries were participating. It was noted that the decisions adopted in Paris had helped to stabilize the monetary situation and had thus provided a temporary solution to difficulties affecting the interests of both developed and developing countries. The Group of 10 ^{7/} had, indeed, urged that the work of the Committee on Reform of the International Monetary System and Related Issues in the field of monetary reform should be speeded up. This was a clear indication that they did not wish to replace this forum. The representative of one developed market economy country

^{7/} The Group of 10 comprises six of the member countries of the European Economic Community (Belgium, France, Germany, the Federal Republic of, Italy, the Netherlands, and the United Kingdom of Great Britain and Northern Ireland), as well as four other countries (Canada, Japan, Sweden, and the United States of America).

noted, however, that progress in monetary reform was likely to be accomplished step-by-step; hence the setting of unrealistic deadlines would be counter-productive and should be avoided.

22. The representative of one developed market economy country said that any new monetary system must provide the basis for the development of all countries and should also improve the transfer of financial resources to developing countries. His Government was in favour of the scheme for a link between Special Drawing Rights and additional development finance on conditions which took into account the concerns of the one side and the needs of the other. This scheme could provide new flows of resources to developing countries, especially from those developed countries which had not thus far achieved the target of 1 per cent of GNP for financial assistance.

23. Representatives of some developed market economy countries said that the interests of developing countries should and must be taken fully into consideration in the forthcoming multilateral trade negotiations and welcomed steps taken to facilitate the participation of developing countries in those negotiations.

24. Dealing with the question of co-ordination, representatives of some developed market economy countries said that the present arrangements between the Secretary-General of UNCTAD, the Director-General of GATT and the Managing Director of IMF were promising channels of communication. There was no need or justification for the establishment of institutional mechanisms which would be unable in any case to perform a co-ordinating role under present conditions.

25. The representative of one developed market economy country said that the most effective way of securing co-ordination would be for each country individually to co-ordinate its instructions to its representatives in each forum in which monetary and trade matters were discussed. The Fund and GATT were the institutions with primary responsibility for monetary and trade questions, respectively, but his Government was willing to examine the possibility that trade and monetary matters might be discussed together when both were at a more advanced stage.

26. The spokesman for the Group D countries members of the Board pointed out that their views had been set out at previous sessions of the Board and that their appraisal of the situation had been confirmed by recent events. Decisions on international monetary problems had been taken by a few countries solely in their own interests under a system which took no account of the position of the majority of countries engaged in international trade and economic relations.

27. The United Nations system of organizations, and particularly UNCTAD, should ensure appropriate conditions and arrangements to observe the principles of universality and equality in any important decisions taken in the monetary field. In their view, UNCTAD was particularly competent to settle interdependent international trade and monetary problems with the participation and co-operation of all countries irrespective of their economic and social systems.

28. Periodic inter-secretariat consultations were not enough to ensure that UNCTAD could play its statutory role in the field of trade and monetary problems related to trade. It was indispensable for the Trade and Development Board and its Committees to consider these problems regularly so that all countries could participate and contribute to the decision-making process.

29. Representatives of socialist countries of Eastern Europe said that the establishment of the Committee on Reform of the International Monetary System and Related Issues had not changed the situation whereby international monetary problems were settled by a small group of developed market economy countries. In their view, IMF was not the appropriate forum for discussion of the problems of the reform of the international monetary system, as its membership was not fully representative; moreover, it had shown itself unable to sustain a normally working monetary system. Accordingly, it was necessary to increase the role of UNCTAD as a universal and representative organization in the restructuring of the international monetary system. The interrelationship of trade and monetary problems could not be isolated from the problems of economic development in general, because the recent monetary crises were only a superficial reflection of a more profound malady and disequilibrium inherent in the present systems of many countries of the world. No partial measures of a technical nature, such as currency realignment, could remove the contradictions in the capitalist monetary system.

30. The representative of one socialist country of Eastern Europe stressed the important role of gold in any reformed monetary system, which should not permit one or a few reserve currencies to occupy a monopoly position. Normalization of the price of gold at an economically-based level was necessary.

31. The representative of another socialist country of Eastern Europe doubted whether the adoption of stable but adjustable exchange rates would in reality lead to stabilized monetary conditions. He was not convinced that Special Drawing Rights provided a panacea for overcoming the international monetary crisis. Nor did he share the hope that these would provide -- through the adoption of a link -- additional resources to developing countries.

32. The representatives of socialist countries of Eastern Europe said that, in the light of Conference resolution 82 (III), the forthcoming multilateral trade negotiations, with the participation of all interested countries, should lead to an expansion and liberalization of trade that would help all countries and all flows of trade, including the trade of developing countries.

33. In their view, the draft resolutions contained in documents TD/B/L.304 and TD/B/L.311 8/ were worthy of careful consideration. A co-ordinating committee of GATT, IMF and UNCTAD was not enough to deal with problems arising from the multilateral trade negotiations and the reform of the international monetary system. The best solution would be for the Trade and Development Board to deal with these matters and ask the Secretary-General of UNCTAD to prepare, on a regular basis, a review of developments, as provided in Conference resolution 82 (III). These might be examined, if necessary, at special sessions of the Trade and Development Board, thus ensuring consideration of the matter by a large number of countries at a high level. They also noted that UNCTAD should be represented in the Preparatory Committee on the Multilateral Trade Negotiations at an appropriate level.

8/ See Official Records of the General Assembly, Twenty-Seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part one, annex IV.

Action by the Board

34. At the 358th plenary meeting of the Board, on 10 May 1973, the President submitted a draft resolution (TD/B/L.324), which was the result of intensive informal consultations, and a representative of the Secretary-General made a statement on the financial implications. 9/

35. The resolution was adopted by consensus, 10/ and the Board took note of the financial implications.

36. The representative of the United States of America said that his delegation did not wish to be associated with the resolution just adopted by the Board. It could not support the decision in paragraph 5 of the resolution to hold a special session of the Board before or after the thirteenth regular session. At the first part of the twelfth session, his delegation had expressed the view that holding such a session should depend on the circumstances. This was still its view. His delegation would have been ready to agree to the resolution if paragraph 5 had included the phrase "if necessary or if circumstances so require". Since this qualification had been rejected, his delegation was not willing to decide now to hold a special session, whether it was needed or not. It would be soon enough to decide at the thirteenth session of the Board if a special session would be necessary. Moreover, the resolution could be construed as aiming towards an institutionalized UNCTAD role in co-ordinating the work of other organizations with primary responsibility for trade negotiations and monetary reform. This was a general implication which his delegation could not accept.

37. The representative of Poland, speaking on behalf of Group D countries members of the Board, expressed those countries' satisfaction that the resolution just adopted stated, in paragraph 3, that in the preparations for the multilateral trade negotiations, the interests of all kinds of flows of international trade should be taken into account and special attention should be given to the interests of the developing countries. They also supported the proposal that problems in the monetary, trade and financial spheres should be discussed in the Trade and Development Board. However, they felt that the resolution was inadequate because it did not take into account UNCTAD's role as the most universal organization in those fields, nor did it provide for all interested parties to participate in the talks, thereby violating the principle of non-discrimination. In their view, monetary reform should not be centred in IMF, as its membership was not fully representative; moreover, it had shown itself unable to ensure the proper functioning of the international monetary system. Bearing in mind the position which the Group D countries had taken on Conference resolution 84 (III), if the resolution just adopted had been put to the vote, those countries would have abstained.

38. The representative of Switzerland, speaking on behalf of the majority of Group B countries members of the Board, said that, in reference to the statement

9/ For the text of the statement, see annex III, section A below.

10/ Trade and Development Board resolution 95 (XII) (see annex I, below).

in paragraph 5 (b) of the resolution that "future arrangements, as necessary, should be agreed upon at this special session or at the thirteenth session, whichever is held earlier", these countries had already agreed to a special session of the Board: in considering "future arrangements", the Secretary-General of UNCTAD and the President of the Board would clearly have to have latitude to conduct the consultations that they had been requested to undertake; the countries on whose behalf he was speaking expected, however, that, in the future, the regular sessions of the Board should provide sufficient opportunity for continuing discussions on these important questions. Their understanding of paragraph 9 was that the "existing arrangements" mentioned were the periodic consultations held between the Secretary-General of UNCTAD, the Director-General of GATT and the Managing Director of IMF, and that any improvements and modifications that might be proposed would be aimed at making these arrangements more effective.

39. The representative of China said that, since IMF had refused to implement General Assembly resolution 2758 (XXVI), his delegation made reservations on all parts of the resolution just adopted by the Board referring to the Fund. He reminded the Board that, for the same reason, China had not participated in the vote on Conference resolution 84 (III).

40. The representative of Kenya, speaking on behalf of the countries members of the Group of 77 members of the Board, said that those countries could not accept the interpretation of paragraph 9 of the resolution given by the representative of Switzerland. In their view the words in that paragraph meant what they said, namely, all existing arrangements. Moreover, many developing countries were of the view that the paragraph could not be interpreted as referring to inter-secretariat arrangements only.

41. The Secretary-General of UNCTAD referred to the significance of the resolution that the Board had just adopted and expressed his conviction that it would be an instrument for the effective contribution of UNCTAD, within its competence, to the solution of problems in the monetary, trade and financial spheres, in accordance with Conference resolution 84 (III). He said that he would, of course, keep in touch, as requested by the Board, on matters of this type, with the Managing Director of the Fund and the Director-General of GATT, and he was sure that those contacts would prove as useful as in the past, if not more so. However, it was his understanding of paragraph 9 of the resolution that the proposals he would submit to the Board with a view to making the present arrangements more effective would be on his own responsibility. He hoped that he would be able to count on the widest possible support in that regard.

CHAPTER II

WORK PROGRAMME OF UNCTAD AND ITS BUDGETARY REQUIREMENTS, INCLUDING QUESTIONS OF THE CO-ORDINATION OF THE ACTIVITIES OF UNCTAD WITH THOSE OF OTHER BODIES IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 8 (a))

42. At the Board's 360th plenary meeting, on 11 May 1973, the Chairman of the Working Party of the twelfth session of the Board on the work programme of UNCTAD and its budgetary requirements, which had met to consider the programme of work and budget for the biennium 1974/1975, submitted the report on its work, the text of which forms an integral part of the present report. 11/

Action by the Board

43. At the same meeting, the Board took note of the biennial programme budget of UNCTAD for 1974 and 1975, prepared in accordance with the new budgetary cycle and procedures established by the General Assembly in resolution 3043 (XXVII) and of the report of the Working Party. It requested the Secretary-General of UNCTAD to transmit that report, and the report prepared by the Working Party during the first part of the twelfth session, 12/ which together constituted the Board's review of the work programme for 1972-1975, to the appropriate United Nations bodies for their consideration.

44. The Board also decided, in accordance with the recommendation contained in paragraph 83 of the report of the Working Party, 11/ to request the Secretary-General of UNCTAD to investigate delays in the preparation and processing of UNCTAD documentation and to report thereon to the Board at its thirteenth session. 13/

45. The spokesman for the Group of Seventy-seven welcomed the report of the Working Party and drew particular attention to appendix I to that report, which he endorsed on behalf of all members of the Group of Seventy-seven. The Group of Seventy-seven felt strongly that UNCTAD, as a body which was particularly fitted to assist in the advancement of the developing countries, should have adequate funds for the efficient performance of the duties within its competence.

46. The spokesman for Group D said that the countries members of Group D endorsed the statement made in the Working Party by the spokesman for the members of Group D

11/ See annex II below.

12/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part two.

13/ See annex I below, "Other decision taken by the Board during the second part of its twelfth session."

members of the Working Party (appendix II to annex II below). The countries members of Group D considered that the proposals in documents TD/B/L.315 and TD/B/434 with regard to trade with the socialist countries of Eastern Europe were unsatisfactory. One of UNCTAD's principal functions, as defined by the General Assembly in its resolution 1995 (XIX), was to promote international trade, especially with a view to accelerating economic development, particularly trade between countries at different stages of development, between developing countries and between countries having different economic and social systems. Its activities in connexion with trade with the socialist countries of Eastern Europe were therefore among its most important functions. It was to be hoped that the necessary steps would be taken to restore the resources of the Division for Trade with Socialist Countries to the level which had been proposed in the report by the Secretary-General of UNCTAD (TD/B/407/Add.1).

47. The spokesman for Group B said that the substance of the matters raised by the spokesmen for the Group of Seventy-seven and Group D had been thoroughly discussed in the Working Party. The views of the Group B countries were amply reflected in paragraphs 92 to 95 of the report of the Working Party.

CHAPTER III

OTHER BUSINESS

(Agenda item 10)

A. United Nations export promotion efforts

48. For the consideration of this item, the Board had before it the report of the Secretary-General of the United Nations on United Nations export promotion and development efforts (TD/B/428 and Add.1 and TD/B/428/Add.1/Corr.1). 14/

49. The representative of one developing country said that, since the report prepared by the Secretary-General covered the period 1971-1972, it should indicate not only what had been done, but also what should be done in respect of the new responsibilities of UNCTAD in various fields of export promotion, resulting from the resolutions adopted by the Conference at its third session. Conference resolution 74 (III) requested the UNCTAD secretariat to continue its work on international subcontracting; specific steps in this field offered promising possibilities for expanding and diversifying exports of manufactures from developing countries. He emphasized that, while the export promotion efforts undertaken by the United Nations were of considerable help to the developing countries, these efforts would be frustrated if the developed countries were not willing to take positive steps to facilitate imports from developing countries.

50. The present uncertainty in the exchange markets had posed serious problems for the developing countries. They did not have the necessary expertise in conducting export transactions under the present conditions of monetary fluctuations, and they therefore required technical and institutional assistance. Another aspect of export promotion in which the United Nations agencies could play an important role was the refinancing in foreign exchange of export credits granted by developing countries. Such a facility would stimulate exports from developing countries and was particularly significant in the context of the generalized system of preferences.

51. The representative of another developing country expressed his appreciation of the report by the Secretary-General of the United Nations, which gave a clear picture of the activities of the United Nations system in the field of export promotion. He drew the attention of the Board to the findings of ECAFE at its twenty-eighth session. This Commission considered the role of the Trade Promotion Centre of ECAFE to be particularly important in assisting the countries of the region in developing their export trade, within the framework of the Asian Trade Expansion Programme. It had also stressed the urgent need to augment the resources of the ECAFE Trade Promotion Centre.

14/ Also issued under the symbol E/5254 and Add.1 and E/5254/Add.1/Corr.1.

52. The representative of another developing country emphasized that the export promotion problems of the developing countries were so numerous and distressing that they required more efforts to be undertaken within the United Nations system. He urged the developed countries to make substantial increases in their technical and financial support for the UNCTAD/GATT International Trade Centre and the other relevant United Nations bodies, and also to expand their bilateral and multilateral programmes of assistance in the field of export promotion.

53. The spokesman for the Nordic countries said that the Governments of these countries considered that trade promotion measures for the export products of developing countries were a necessary complement to the reduction of trade barriers. In order to make efforts in this field as effective as possible, co-ordination of the activities of the different United Nations bodies involved in export promotion was of crucial importance. In this connexion, the need for better co-ordination between the International Trade Centre and UNIDO was stressed. Referring to the conclusions on the question of co-ordination in the report of the Secretary-General of the United Nations, he expressed the view that there was no need for a new central co-ordinating body. At the operational level, the Centre had become the focal point for United Nations activities in the field of export promotion. At the substantive level within the United Nations system, the co-ordinating function of the Economic and Social Council should not be overlooked, particularly with regard to possible conflicts of competence between the specialized agencies.

54. With regard to the activities of the various organizations, he stressed the importance of integrated export promotion assistance programmes, such as those undertaken by the International Trade Centre, which were of special value for the least developed among the developing countries and could also strengthen the position of developing countries in commodity markets. The Nordic countries were giving increasing support to the Centre, partly by regular budget contributions through UNCTAD and GATT, and partly by voluntary contributions. In their view, it was essential to increase the Centre's resources so as to enable it to fulfil its functions and obligations. In his capacity as representative of his Government, he referred to certain changes which his Government had made with regard to its support for the Centre to bring it into line with the concept of country programming based on the priorities of the receiving countries.

55. The spokesman for the Group D countries members of the Board said that the socialist countries of Eastern Europe considered export promotion to be one of the important problems discussed within UNCTAD. The report of the Secretary-General of the United Nations was, in their view, a good reflection of recent efforts of the United Nations Conference on Trade and Development to help solve the problem of how to increase the exports of developing countries. The socialist countries of Eastern Europe had contributed to this end not only by granting tariff preferences but also through co-operative efforts to increase the total volume of their imports from developing countries, which had been intensified by special measures giving priority to the expansion of trade with developing countries. Such efforts could not, however, be successful unless the developing countries made a corresponding effort and adopted a flexible approach to the strengthening of their economic links with the socialist countries of Eastern Europe.

56. The representative of one socialist country of Eastern Europe said that his country, as a developing country, was faced with a number of special problems as regards exports. In his view, there was a need for specific measures to increase

international support for export promotion. Such measures should provide better access to markets, in particular through a lowering of existing tariff and non-tariff barriers. This representative also suggested that ECE should give more importance to its export promotion efforts in favour of developing countries of Europe.

Action by the Board

57. At its 356th plenary meeting, on 8 May 1973, the Board took note of the report of the Secretary-General of the United Nations (TD/B/428 and Add.1 and TD/B/428/Add.1/Corr.1), and requested the Secretary-General of UNCTAD to transmit to the Economic and Social Council, at its fifty-fifth session, the relevant section of the Board's report.

B. Convention on international intermodal transport: actions arising from Economic and Social Council resolution 1734 (LIV)

58. For its consideration of this item, the Board had before it a note by the UNCTAD secretariat containing background information and suggestions for action by the Board and by the UNCTAD secretariat (TD/B/L.314), and a statement on financial implications (TD/B/L.314/Add.1 and Corr.1). 15/

59. Most of the representatives who spoke on this subject welcomed the recommendations contained in Economic and Social Council resolution 1734 (LIV), and all those who spoke accepted the proposal for the establishment in UNCTAD of an intergovernmental preparatory group for the elaboration of a preliminary draft of a convention on international intermodal transport.

60. The representative of one developing country said that the membership of the proposed intergovernmental preparatory group should follow the pattern of the Preparatory Committee for the United Nations Conference on a Code of Conduct for Liner Conferences. The spokesman for the developed market economy countries, underlining the great interest of those countries in this subject, stated that he could accept a membership of 48 for the intergovernmental preparatory group, but he believed that the geographical distribution should follow the normal UNCTAD pattern; this would mean that one third of the seats would be allocated to developed market economy countries. He was prepared, however, to consider an increase in the total membership of the intergovernmental preparatory group.

61. The representative of another developing country said that the schedule of meetings for the intergovernmental preparatory group indicated in document TD/B/L.314 was logical and pragmatic. The spokesman for the developed market economy countries drew attention to the heavy load of meetings involving shipping matters proposed by the secretariat for the last three months of 1973, including the first meeting of the intergovernmental preparatory group, the regular session of the Committee on Shipping and the Conference on a Code of Conduct for Liner Conferences. As to the implications of this programme and measures to be taken, he suggested that the Secretary-General could have informal consultations with member States. Moreover, he was of the view that, if the meetings of the intergovernmental

15/ See annex III, section B, below.

preparatory group itself were to be properly prepared and serviced, it would be necessary for them to be more spread out. This would give more time for study and consideration of the important questions involved.

62. The representative of a socialist country of Eastern Europe, while supporting the substance of the studies to be carried out under the auspices of the UNCTAD secretariat, asked whether the studies would be financed out of the regular UNCTAD budget. In reply to this question, the Secretary-General of UNCTAD stated that the UNCTAD secretariat did not have some of the highly specialized expertise required to complete certain parts of the studies called for by the Economic and Social Council in connexion with the preparation of the draft convention on international combined transport of goods, and intended appointing temporary consultants as appropriate instead of augmenting the strength of the secretariat. He referred to the statement of financial implications submitted by the UNCTAD secretariat (TD/B/L.314/Add.1 and Corr.1) and said that it was not in a position to absorb the additional amounts of \$56,000 and \$275,000 in the regular UNCTAD budget. The spokesman for the developed market economy countries stated that the acceptance of the establishment of an intergovernmental preparatory group did not imply a commitment to a net increase in the UNCTAD budget. He pointed out that a spreading of the programme of meetings for the group and the Conference, as suggested by him, might also alleviate the financial pressures to which the Secretary-General of UNCTAD referred.

63. The observer for the Inter-Governmental Maritime Consultative Organization (IMCO) stated that it had a great interest in the subject of intermodal transport in so far as such transport included the maritime leg. The liability and documentary régime of combined transport, the technical and facilitative aspects of intermodal container transport, were general areas in which IMCO had done work in the past and could contribute in the future. It was willing to contribute to the work to be undertaken and co-ordinated by UNCTAD and to the work of the intergovernmental preparatory group. It was prepared, subject to the decisions to be taken by the governing bodies of IMCO, (a) to study those aspects of international combined transport of goods which were of a distinctly legal or technical character as part of an over-all study to be co-ordinated by UNCTAD; (b) to assist, within its competence, the UNCTAD secretariat in the review of the completed studies; and (c) to assist the intergovernmental preparatory group in the development of a draft convention on international intermodal transport.

64. The spokesman for the developed market economy countries suggested that full advantage be taken by the UNCTAD secretariat of the information and expertise on international intermodal transport available in ECE, IMCO and ICAO.

65. The representative of one developing country also welcomed the offer of co-operation from IMCO.

Action by the Board

66. At the 359th plenary meeting of the Board, on 10 May 1973, the President submitted a draft decision (TD/B/L.325 and Corr.1), which was the result of intensive informal consultations.

67. This decision was adopted by the Board without dissent. 16/

16/ Decision 96 (XII) (see annex I below).

68. The Secretary-General of UNCTAD informed the Board of the desire of the President that the international organizations concerned should be invited to participate in the meetings of the intergovernmental preparatory group, and that arrangements should be made to facilitate co-operation with those organizations. Some delegations had expressed concern about the number of consecutive meetings in the field of shipping towards the end of 1973. He assured the Board that he would consult with member Governments with a view to accommodating the various wishes in this respect, and that he would report to the Board at its thirteenth session under the item dealing with the review of the calendar of UNCTAD meetings.

CHAPTER IV

INSTITUTIONAL, ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

A. Opening of the second part of the twelfth session

69. The second part of the twelfth session of the Trade and Development Board was opened by the President, Mr. Diego Garcés (Colombia), on 7 May 1973.

B. Organization of the work of the second part of the twelfth session

70. At its 353rd (opening) meeting, on 7 May 1973, the Board broadly endorsed the secretariat's suggestions for the organization of the work of the second part of the twelfth session (TD/B/426 and Add.1), including the tentative time-table.

71. The Working Party of the twelfth session of the Board on the work programme of UNCTAD and its budgetary requirements 17/ met to consider the programme of work and budget for the biennium 1974/1975. The Working Party held six meetings from 3 to 10 May 1973. The report of the Working Party was considered at the Board's 360th meeting, on 11 May 1973. 18/

C. Adoption of the report on credentials (Agenda item 3)

72. At its 358th meeting, on 10 May 1973, the Board adopted the report of the Bureau on credentials (TD/B/439).

D. Membership and attendance 19/

73. The following States members of the Board were represented at the second part of the twelfth session: Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Czechoslovakia, Denmark, Ecuador, Ethiopia, Finland, France, Gabon, Germany, Federal Republic of, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran, Iraq, Ireland, Italy, Japan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Romania, Rwanda, Senegal, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand,

17/ The members were Argentina, Bulgaria, Canada, Chile, China, Ethiopia, France, India, Jamaica, Japan, the Netherlands, Pakistan, Romania, Uganda, the United Kingdom of Great Britain and Northern Ireland, the United States of America, the Union of Soviet Socialist Republics, Yugoslavia and Zaire.

18/ See chapter II above.

19/ For the list of participants, see document TD/B/INF.43.

Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

74. The following other States members of UNCTAD not members of the Board also sent representatives: Algeria, Bangladesh, Costa Rica, Cuba, Dominican Republic, Egypt, El Salvador, German Democratic Republic, Holy See, Honduras, Ivory Coast, Jamaica, Kuwait, Lebanon, Malta, Mongolia, Morocco, Panama, Republic of Korea, Republic of Viet-Nam, South Africa, Trinidad and Tobago, Tunisia, Zambia.

75. The Economic Commission for Latin America and the United Nations Development Programme were represented at the session.

76. The following specialized agencies were represented at the session: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund, Inter-Governmental Maritime Consultative Organization. The Contracting Parties to the General Agreement on Tariffs and Trade were also represented.

77. The following intergovernmental organizations were represented at the session: European Economic Community, Organization for Economic Co-operation and Development, Organization of American States, Maghreb Permanent Consultative Committee, Permanent Secretariat of the General Treaty on Central American Economic Integration, World Intellectual Property Organization.

78. The following non-governmental organizations were represented at the session:

(a) General category: International Bar Association, International Confederation of Free Trade Unions, International Co-operative Alliance, International Council of Voluntary Agencies, International Law Association, World Federation of Trade Unions and World Federation of United Nations Associations;

(b) Special category: European Insurance Committee, International Hotel Association, International Rayon and Synthetic Fibres Committee, Latin American Association of Development Finance Institutions.

E. Determination of the composition of main Committees at their forthcoming sessions

79. Since the determination of the composition of the main Committees by the Board during the first part of its twelfth session, 20/ the Secretary-General of UNCTAD has been notified that Algeria wishes to be a member of the Committee on Commodities and the Committee on Invisibles and Financing related to Trade; Belgium wishes to be a member of the Committee on Commodities, the Committee on Manufactures and the Committee on Invisibles and Financing related to Trade; the German Democratic Republic wishes to be a member of all four main Committees of the Board; Ireland wishes to be a member of the Committee on Commodities; and Jamaica wishes to be a member of the Committee on Shipping.

20/ See Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part one, annex X.

/...

80. The Board, at its 358th meeting on 10 May 1973, declared these States elected members of the main Committees indicated above for their forthcoming sessions, thus bringing the total membership of the Committee on Commodities to 82 States; of the Committee on Manufactures to 72 States; of the Committee on Invisibles and Financing related to Trade to 77 States; and of the Committee on Shipping to 73 States.

F. Review of the calendar of meetings
(Agenda item 9 (b))

81. The Board considered this item at its 359th and 360th meetings, on 10 and 11 May 1973. The Director of the Division for Conference Affairs and External Relations informed the Board that, after consultations with interested Governments, it had not been found possible to reschedule and extend the second session of the Working Group on the Charter of Economic Rights and Duties of States, as had been suggested by some delegations at the first session. However, additional services would be provided to give the Group approximately 18 hours of additional meeting time in the scheduled two-week period of its session.

82. He stated that an entry would be made in the calendar of meetings for 1973, approved by the Board at the first part of its twelfth session (decision 93 (XII)), to reflect the decision taken by the Board at its 358th meeting to hold a special session before or after its thirteenth session. 21/

83. The Board was also advised that the first session of the Intergovernmental Preparatory Group on International Intermodal Transport, which the Board had agreed should be held from 29 October to 2 November, and the fourth session of the Working Group on Rules of Origin, approved by the Special Committee on Preferences at its fifth session, which it was proposed to convene from 5 to 9 November 1973, would be included in the calendar of meetings for the remainder of 1973, together with the first session of the International Cocoa Council, which it was proposed should be held from 30 July to 10 August 1973, as called for in resolution II of the United Nations Cocoa Conference, 1972. 22/ The Board was also informed that it was proposed to convene the seventh session of the Committee on Tungsten for one week in October/November 1973.

84. The representative of one developing country suggested that, in order to enable delegations to hold informal consultations during the weekend, the Working Group on the Charter of Economic Rights and Duties of States should begin on Friday, 13 July 1973, using some of the time and services allotted to the Committee on Invisibles and Financing related to Trade.

Action by the Board

85. After informal consultations, the Board agreed, at its 360th meeting on 11 May 1973, that the Working Group on the Charter of Economic Rights and Duties of States should hold a brief opening meeting in the afternoon of 13 July 1973. The Board took note of the changes in the calendar of meetings for 1973 referred to in paragraphs 82 and 83 above (see TD/B/INF.42).

21/ See annex I, resolution 95 (XII).

22/ United Nations publication, Sales No.: E.73.II.D.9, p. 5.

G. Adoption of the report of the Board to the General Assembly
(Agenda item 11)

86. At its 360th meeting, on 11 May 1973, the Board adopted the present report to the General Assembly.

H. Closure of the session

87. At the same meeting, the President declared the second part of the Board's twelfth session closed.

ANNEX I

**RESOLUTION AND DECISION ADOPTED BY THE TRADE AND DEVELOPMENT BOARD
DURING THE SECOND PART OF ITS TWELFTH SESSION**

RESOLUTION

| | <i>Page</i> |
|---|-------------|
| 95 (XII). Interdependence of problems of trade, development finance and the international monetary system (agenda item 4) | |
| Resolution of 10 May 1973 | 89 |

DECISION

| | |
|---|----|
| 96 (XII). Actions arising from Economic and Social Council resolution 1734 (LIV) on recommendations of the United Nations/IMCO Conference on International Container Traffic (agenda item 10) | |
| Decision of 10 May 1973 | 90 |

**OTHER DECISION TAKEN BY THE BOARD DURING THE
SECOND PART OF ITS TWELFTH SESSION**

| | |
|--|----|
| Delays in the preparation and processing of UNCTAD documentation | 91 |
|--|----|

RESOLUTION AND DECISION ADOPTED BY THE TRADE AND DEVELOPMENT BOARD

during the second part of its twelfth session

RESOLUTION

95 (XII). Interdependence of problems of trade, development finance and the international monetary system

The Trade and Development Board,

Recalling resolution 84 (III) of the third session of the United Nations Conference on Trade and Development concerning the international monetary situation, in which it, *inter alia*, took note of the "interdependence between problems of trade, development finance and the international monetary system", acknowledged "that decisions taken in any one of these fields will have repercussions on others" and urged "that problems in the monetary, trade and finance spheres should be resolved in a co-ordinated manner, taking into account their interdependence, with the full participation of developed and developing countries",

Noting its resolution 84 (XI) of 20 September 1971 on the impact of the present international monetary situation on world trade and development, especially of the developing countries,

Recalling also that, as stated in General Assembly resolution 1995 (XIX), one of the principal functions of UNCTAD is "to promote international trade, especially with a view to accelerating economic development" and "to be available as a centre for harmonizing the trade and related development policies of Governments and regional economic groupings in pursuance of Article 1 of the Charter",

Having in view that UNCTAD plays, within its competence, an important role in the implementation of the International Development Strategy and in reviewing the progress in that implementation,

Taking note of the terms of reference of the *ad hoc* Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues ^{a/}whereby the Committee is to give full attention to the interrelation between the reform of the international monetary system and existing or prospective arrangements among countries, including those that involve international trade, the flow of capital, investment, or development assistance,

Taking note further of the measures taken within GATT for the preparation of the multilateral trade negotiations as

well as relevant information contained in the report of the Secretary-General of UNCTAD, ^{b/}

Having in mind the need for UNCTAD to be in a position to contribute effectively, within its competence and in pursuance of Conference resolutions 84 (III) and 82 (III), to the solution of the problems in monetary, trade and finance spheres in a co-ordinated manner,

Conscious of the need for the scope of the forthcoming multilateral negotiations involving the international monetary system, international trade and the flow of capital investment or development assistance to be defined in a manner which would provide equitably for the requirements of developed and developing countries alike,

Recalling resolution 80 (III) on review of the institutional arrangements of UNCTAD, in which the Conference "Reiterates that the task of negotiation, including exploration, consultation and agreement on solutions, is a single process, and in the context of such a process the achievement of solutions, as emphasized in Board decision 45 (VII), is and remains the primary objective of UNCTAD, which should be vigorously pursued",

Recalling further General Assembly resolution 3041 (XXVII) and in particular paragraphs 7, 8 and 9,

Having considered the report by the Secretary-General of UNCTAD, "Interdependence of problems of trade, development finance and the international monetary system", ^{c/}

1. Takes note of the establishment of the *ad hoc* Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues, as recommended in Conference resolution 84 (III);

2. Takes note further of the association of the Secretary-General of UNCTAD with the Committee mentioned in paragraph 1 above, as well as with the work proceeding in GATT;

3. Urges the Contracting Parties to the General Agreement on Tariffs and Trade, in making arrangements for the multilateral trade negotiations, that the interests of all

^{b/} See Official Records of the Trade and Development Board, Twelfth Session, Annexes, agenda item 4, document TD/B/412, paras. 8-10.

^{c/} TD/B/427 and Add.1-3.

^{a/} Known as the Committee of Twenty.

flows of international trade be taken into account and special attention be given to the interests of the developing countries and that all developing countries be given the opportunity to participate fully, effectively and continuously in all stages of these negotiations;

4. *Decides* that the Trade and Development Board, in the period before and during the trade negotiations and discussions on monetary reform to take place in GATT and the International Monetary Fund respectively, should keep under review the progress being made in these fields, with a view to ensuring the effective contribution of UNCTAD, within its competence, to the solution of the problems in the monetary trade and financial spheres in accordance with Conference resolution 84 (III);

5. *Decides* to this end:

(a) To consider this matter at its thirteenth regular session on the basis of a comprehensive report by the Secretary-General of UNCTAD;

(b) To hold a special session of the Board, before or after the thirteenth regular session, the exact date to be decided by the Secretary-General of UNCTAD and the President of the Board, after appropriate consultations. Such a session should not last for more than five days. Future arrangements, as necessary, should be agreed upon at this special session or at the thirteenth session, whichever is held earlier;

6. *Expresses* its appreciation for the efforts undertaken by the Secretary-General of UNCTAD in pursuance of paragraph 7 of resolution 84 (III) and requests him to continue and further develop his consultations with the Managing Director of the International Monetary Fund and the Director-General of GATT, as required;

7. *Requests* the Secretary-General of UNCTAD to submit reports to members of UNCTAD when he considers it necessary and, in the intervals between sessions of the Trade and Development Board, to utilize fully existing procedures and mechanisms for consultations;

8. *Requests* the Secretary-General of UNCTAD to submit reports to the Trade and Development Board as appropriate, which should, together with the relevant reports of the main Committees, assist it in discharging its functions;

9. *Requests* the Secretary-General of UNCTAD to keep under constant review the existing arrangements for the solution of the interrelated problems of trade, development finance and monetary issues in a co-ordinated manner, bearing in mind paragraph 7 of Conference resolution 84 (III) and in the light of subsequent experience, with the aim of proposing any improvements and modifications that may be necessary to make the arrangements more effective, and to report thereon to the Board as soon as possible.

358th meeting
10 May 1973

DECISION

96 (XII). Actions arising from Economic and Social Council resolution 1734 (LIV) on recommendations of the United Nations/IMCO Conference on International Container Traffic

1. The Board took note of the document entitled "Actions arising from Economic and Social Council resolution 1734 (LIV)" ^d and of the statement of financial implications ^e and of comments on these documents recorded in the report of the Board. ^f

2. The Board decided:

(a) To establish an Intergovernmental Preparatory Group, under the auspices of UNCTAD, to elaborate a preliminary draft of a convention on international intermodal transport, bearing in mind particularly the needs and requirements of developing countries and taking into

account the report of the Third Main Committee of the United Nations/IMCO Conference on International Container Traffic, other relevant reports and the studies to be prepared by the UNCTAD secretariat, ^g the Group to consist of 67 members ^h to be appointed by the Secretary-General of UNCTAD in accordance with the distribution of seats in the Trade and Development Board;

(b) To authorize the Intergovernmental Preparatory Group to meet in Geneva for its first session, from 29 October to 2 November 1973;

(c) To consider this subject at its fourteenth session in the light of progress made in the Intergovernmental Preparatory Group and report to the General Assembly at its twenty-ninth session, through the Economic and Social Council, with a view to carrying out the mandate in Economic and Social Council resolution 1734 (LIV);

(d) To request the UNCTAD secretariat to propose suitable dates for the second and third sessions of the Intergovernmental Preparatory Group in 1974 and tentative

^d/TD/B/L.314.

^e/TD/B/L.314/Add.1 and Corr.1.

^f/See paras. 58-65 of part 2 above.

^g/See sub-paragraph 2, e, below.

^h/It was understood that should China wish to participate in the Intergovernmental Preparatory Group, the size of the Group would be increased to 68 members.

dates for a four-week plenipotentiary conference in Geneva in 1975, and to include these dates in the calendar of meetings for 1974 and tentative schedule of meetings for 1975 to be presented to the Board at its thirteenth session, subject to further consideration in the light of the report of the first session of the Intergovernmental Preparatory Group;

(e) To request the UNCTAD secretariat to prepare the studies referred to in paragraph 1 of Economic and Social Council resolution 1734 (LIV) in co-ordination with the regional economic commissions and with the co-operation of the appropriate regional and sub-regional bodies and other international organizations, in particular the Inter-

governmental Maritime Consultative Organization and the International Civil Aviation Organization, taking into account any additional guidance which the Intergovernmental Preparatory Group, at its first session, may give to the secretariat concerning the studies, and with a view to making these studies available to the Intergovernmental Preparatory Group at its second session, and to circulate the studies to other appropriate international organizations so that they may submit their comments to the secretariat for transmittal to the Intergovernmental Preparatory Group.

*359th meeting
10 May 1973*

OTHER DECISION TAKEN BY THE BOARD

during the second part of its twelfth session

Delays in the preparation and processing of UNCTAD documentation ^{1/}

At its 360th meeting, on 11 May 1973, the Board decided, on the recommendation of the Working Party in paragraph 83 of its report, to request the Secretary-General of UNCTAD to investigate delays in the preparation and processing of UNCTAD documentation and to report thereon to the Board at its thirteenth session.

^{1/} See para. 44 of part 2 above.

ANNEX II

REPORT OF THE WORKING PARTY OF THE TWELFTH SESSION OF THE BOARD

UNCTAD work programme and budget for the biennium 1974-1975*

CONTENTS

| | <u>Paragraphs</u> | <u>Page</u> |
|---|-------------------|-------------|
| Introduction | 1 - 4 | 93 |
| A. Statement by the Secretary-General of UNCTAD. | 5 - 8 | 93 |
| B. UNCTAD and the biennial budget cycle of the United Nations. | 9 - 17 | 95 |
| C. General review of the work programme. | 18 - 45 | 96 |
| D. Questions concerning specific programmes. | 46 - 73 | 103 |
| E. Programme support | 74 - 87 | 109 |
| F. Adoption of the report of the Working Party | 88 - 96 | 111 |

APPENDICES

| | |
|---|-----|
| I. Statement by the spokesman for the members of the Group of Seventy-Seven members of the Working Party at the 20th meeting of the Working Party, on 10 May 1973, on adoption of the report | 113 |
| II. Statement by the spokesman for the members of Group D members of the Working Party, at the 20th meeting of the Working Party, on 10 May 1973, on adoption of the report. | 114 |

* The Working Party decided that its previous report, adopted during the first part of the twelfth session of the Board and covering the work programme for 1970-1974, should be regarded as an integral part of the present report. At its 360th meeting, on 11 May 1973, the Board took note of the present report of the Working Party and requested the Secretary-General of UNCTAD to transmit both reports to the appropriate United Nations bodies for their consideration (see chap. II above).

INTRODUCTION

1. In adopting the provisional calendar of meetings for the United Nations Conference on Trade and Development for 1973 at the first part of its twelfth session (decision 93 (XII)), the Trade and Development Board made provision for a possible reconvening of the Working Party on the work programme during the Board's fifth special session in order to consider the programme of work and budget for the biennium 1974-1975, should the General Assembly adopt the principle of a biennial programme budget, as was then envisaged.
2. At its twenty-seventh session, the General Assembly, on 19 December 1972, adopted resolution 3043 (XXVII) approving on an experimental basis the introduction of a biennial budget cycle and requesting the Secretary-General of the United Nations to implement the new procedures for the regular budget of the United Nations.
3. Accordingly, the Working Party met during the fifth special session of the Board, from 3 to 10 May 1973, and held six meetings. The documentation before the Working Party consisted of:
 - (a) Section 14 of the United Nations budget estimates for 1974 and 1975 (United Nations Conference on Trade and Development); a/
 - (b) An orientation paper by the UNCTAD secretariat (TD/B/434) designed to assist the Board in its consideration of the UNCTAD programme budget 1974-1975 by providing some brief indications of the main features of the new exercise and of the link between its contents and the work programme 1970-1974 submitted to the Board at the first part of its twelfth session; b/
 - (c) A set of tables (UNCTAD/ADMIN/318) providing more detailed information submitted to United Nations Headquarters in connexion with the preparation of Section 14 of the United Nations budget. These tables were made available by the UNCTAD secretariat for purposes of background information.
4. Since a comprehensive review of the work programme had only recently been undertaken, during the first part of the Board's twelfth session in October 1972, and in view of the short time available, the Working Party agreed that its discussion should be confined to general considerations concerning both the form and content of the new presentation, taking into account the views that had already been expressed in its previous report. It further decided that its previous report, covering the work programme for 1970-1974, should be regarded as an integral part of its present report, covering the programme for 1972-1975.

A. Statement by the Secretary-General of UNCTAD

5. Addressing the Working Party at its opening meeting, the Secretary-General of UNCTAD apologized for the late circulation of the documentation and, in particular,

a/ Circulated under the symbol TD/B/L.315 and hereinafter referred to as the "budget document".

b/ TD/B/407, TD/B/407/Add.1 and TD/B/407/Add.1/Corr.1 and 2. For the printed text of part one of TD/B/407, see Official Records of the Trade and Development Board, Twelfth Session, Annexes, agenda item 8 (a), document TD/B/407.

of the budget estimates concerning UNCTAD and the supplementary documentation relating thereto. He fully appreciated the necessity for Governments to have adequate time to digest the documentation, but pointed out that the present exercise was a new one in the United Nations. There had been very little time between the decision of the General Assembly and the reconvened session of the Working Party and there had inevitably been many teething troubles in preparing a biennial programme budget covering the many departments of the United Nations. He was sure that delegations would appreciate the difficulties which confronted the secretariat and was confident that the experience of this first exercise and the views expressed by the Working Party on the new procedures would be put to good use in the preparation of future biennial programme budgets.

6. He said that one of the major purposes of the new approach was to integrate into a single document information and data on programmes of work and the necessary or available budgetary resources for them and so avoid the disassociation which had so far prevailed through the separate notions of budgets and programmes. By the same token, the new exercise should facilitate co-ordination between the United Nations bodies responsible for programme formulation, on the one hand, and administrative and budgetary questions on the other.

7. Referring to the work programme for 1970-1974, which the Working Party had considered at the first part of the Board's twelfth session and which reflected so far as possible the adjustments and reorientation of UNCTAD's activities necessitated by decisions taken by the third session of the Conference, he stressed that the programme budget for 1974-1975 implied no significant change in the general direction of work and the structure of UNCTAD's substantive activities, except for certain adjustments which had been necessary on two counts: first, since the first part of the Board's twelfth session, the General Assembly had voted appropriations for 1973 and these were reflected in the new document; and, second, the estimated requirements for 1974, and in fact also 1975, took into account the continued policy of budget austerity decided upon by the Secretary-General of the United Nations. He particularly wished to point out that, over the five-year period 1970-1975, the expectation was of a growth in real terms (that is, allowing for the effects of inflation and currency realignment) of not more than about 1.5 per cent a year. Such modest growth reflected the austerity imposed upon the United Nations as a whole, but within those constraints the secretariat would continue to do its best to carry out its responsibilities. While the performance of the secretariat might well be judged by its efficiency rather than by its size, he was bound to remind the Board of the considerable strain placed on the work programme at the very time when the preparation and elaboration of far-reaching decisions concerning international economic relations demanded an increased contribution from UNCTAD.

8. He hoped that the Working Party, apart from its consideration of any particular matters, would pay attention to the new format and content of the budget document in order to assist the competent United Nations bodies in improving the usefulness of an exercise which, even though it was not a complete innovation for UNCTAD, contained new features which were still of an experimental nature.

B. UNCTAD and the biennial budget cycle of the United Nations

9. It was generally considered that the new budget programme presentation constituted a significant improvement, which facilitated review both by the Board and by the budget and programme organs of the United Nations. However, some representatives felt that, in future exercises, certain of the details which were lost in the mass contained in the worksheets circulated as background information (UNCTAD/ADM/III/318) were of sufficient interest and importance to be incorporated either in the budget presentation as such or in some other document for the Working Party's consideration, similar to the orientation paper (TD/B/434), which had been prepared for the present session.

10. Several representatives considered that the orientation paper had been not only helpful in explaining the transition from the old to the new form of presentation and the differences between figures contained in them that related to the same or similar programme components, but also would be equally useful for future reviews.

11. The representative of one developing country said that the input tables (TD/B/434, annex II) should bring out clearly the following elements:

- (a) Figures for planned input in man-months in terms of established posts;
- (b) Actual or expected input in relation to the same posts; and
- (c) The consequential effective use of the posts in percentage terms.

12. The representatives of developed market economy countries raised several questions and made a number of suggestions relating to the clarity and accuracy of the presentation in the programme budget concerning, for example, co-ordination of the numbering of tables and notes, consolidation of all UNCTAD expenditures in one table, and the meaning of the terms "maintenance of the establishment" and "conversion of temporary assistance posts to established posts". They also asked whether the first medium-term plan, when available, would be submitted to the Board for its consideration.

13. Some representatives also stated that they were to some extent handicapped by the fact that the medium-term programme budget was not yet available, and looked forward to having such a document at future reviews. Some thought that it would also be desirable in future to give some indication of priorities, taking duly into account the observations made by the Secretary-General of UNCTAD on this question to the present and earlier sessions of the Working Party. In response, the representative of the Secretary-General of UNCTAD said that it did not seem possible for the secretariat to attach priorities to major programmes; nor was it easy to say that one specific activity was more important than another.

14. Questions were raised concerning the review by the Board, between the biennial sessions of the Working Party, of new programmes and requests for new resources arising from decisions of the permanent machinery. The representative of the Secretary-General of UNCTAD explained that requests by UNCTAD bodies for new work to be undertaken were always accompanied by a statement by the secretariat of the financial implications, if any, and, as appropriate, were the subject of supplementary budget appropriations. Hence, though it was true there would be no

other opportunity for the programmes in question to be reviewed before the Board's biennial review, the regular United Nations machinery remained in operation.

15. The representative of a developed market economy country suggested that, when giving the financial implications of a decision to an UNCTAD body, the secretariat should also indicate the effects on the existing work programme of absorbing the cost within available resources.

16. The spokesman for Group B asked why the work of the Division for Invisibles was shown in three separate programmes in the new presentation. The representative of the Secretary-General of UNCTAD said that the procedure was not new, since the three clearly distinct programmes of the Division had been shown separately in the documentation submitted to the Board at the first part of its twelfth session (TD/B/407 and Add.1). In addition, one of the purposes of the new exercise was to plan on the basis of programmes of work rather than of administrative structures.

17. The representatives of the socialist countries of Eastern Europe stated that the documentation presented by the secretariat (TD/B/434 and TD/B/L.315) contained in their view a number of gross irregularities, misleading tables based on data that were not comparable and, above all, substantial changes in comparison with the report of the Secretary-General of UNCTAD on the work programme for 1970 to 1974.c/

C. General review of the work programme

18. In the course of a general review of the work programme and of the form and content of the new presentation, many questions were put by individual representatives or by spokesmen for various groups, and most of these questions were answered by the Secretary-General of UNCTAD or his representatives. Some related to questions of fact and of clarification and others to policy considerations. Prominent among the latter were questions concerning the total availability of resources in relation to the policy of budgetary austerity and the effects of inflation and, in particular, of currency realignment, on the one hand, and the growing demands on the UNCTAD secretariat based on the decisions of the Conference and the permanent machinery, on the other; possible significant changes in priorities and in the general direction of work in comparison with the work programme presented at the first part of the Board's twelfth session; the legislative authority for certain programmes or projects; the relationship between the regular budget and the financing of operational programmes, including the question of UNDP overheads; and resources devoted to assisting the developing countries in preparations for the multilateral trade negotiations in GATT. In the latter context, the representatives of some developed market economy countries asked for a table giving a breakdown of the disposition of these resources.

19. The representatives of developing countries expressed concern that the various factors limiting available resources would prejudice the important work which UNCTAD was called upon to perform in accordance with the resolutions and decisions of the third session of the Conference and of the permanent machinery and inquired whether indeed the appropriations for 1973 and the estimates for 1974 and 1975 made adequate allowance for the effective implementation of those decisions. They

c/ Ibid.

referred to such major and growing activities as the assistance to developing countries in the multilateral trade negotiations; intergovernmental consultations on commodities; the effective implementation of the generalized system of preferences and the dissemination of information on the system and on the schemes of the preference-giving countries; questions relating to non-tariff barriers; efforts in the field of export and import promotion; international monetary issues; shipping; the transfer of technology; and marketing and distribution systems. They referred also to more recent activities which were acquiring great importance, such as environment and development, the activities of multinational corporations and restrictive business practices. Furthermore, they said UNCTAD also had an important role to play in many matters which were discussed in GATT, since they were relevant to the work of UNCTAD and many members of UNCTAD were not members of GATT.

20. The representatives of some developed market economy countries, while agreeing that there were many important tasks for UNCTAD to perform which should be duly reflected in the programme budget, emphasized that the task of the Working Party was to consider the subject from the point of view of the most efficient allocation of resources that were necessarily limited.

21. Replying to some of the major questions raised, the Secretary-General of UNCTAD emphasized that the secretariat had been requested by the Conference in resolution 82 (III) to assist the developing countries in their participation during the various stages of the multilateral trade negotiations, and to give priority to preparing documentation in this connexion. In the resolution, the Conference also requested UNDP and the appropriate organizations concerned, which included UNCTAD, to consider favourably requests for technical assistance for the effective participation of the developing countries in the negotiations. It was for the countries concerned to take the initiative with UNDP. The assistance which they received from the UNCTAD secretariat in the course of its regular work was additional to whatever might be provided by GATT. He and his colleagues were in regular consultation with the Director-General of GATT and his secretariat in order to avoid any unnecessary duplication. He pointed out that it had only recently become clear what was to be the scope and time-table of the negotiations, that secretariat resources were limited and there were also other priority areas, and that, in so far as assistance was to be provided through UNDP, it was necessary to abide by UNDP procedures.

22. Because of the close connexion between the multilateral trade negotiations and some of the major programmes and activities of UNCTAD, such as between the generalized system of preferences and intergovernmental commodity consultations, he said it was impossible to distinguish separately secretariat resources devoted exclusively to the multilateral trade negotiations. Much of that work would have had to be performed in any event in connexion with the various programmes carried out by the substantive divisions. The task force established under the Deputy Secretary-General of UNCTAD co-ordinated work on this subject within the secretariat and sought to tailor efforts to the requirements of the developing countries and available resources.

23. On the question of operational programmes in UNCTAD, he pointed out that, while UNCTAD was not an operational body like the United Nations Industrial Development Organization (UNIDO) and dealt mainly with policy formulation in the field of trade and development, there was a significant and growing technical assistance component in the secretariat's activities, and an appropriate balance

had to be struck. The secretariat's primary work on policy questions was, however, valuable support to its operational programmes, which in turn had a feed-back effect on policies. The increase in man-months devoted to substantive support for such projects, which was shown in the budget document, reflected the growing number of projects allocated to UNCTAD by UNDP, but the figures for 1974 and 1975 necessarily were tentative, since possible projects were still "in the pipeline". Tentative planning of that sort, however, was inevitable, as long as UNDP looked to UNCTAD for support of projects in the field of trade and development.

24. With specific reference to the legislative authority for convening expert groups, he felt it necessary to distinguish different situations. In some cases there was a specific request in a resolution for him to convene such groups; in others, he was requested to study a particular problem without its being specified by what most appropriate means. One such means could be the appointment of an expert group; another was the use of funds available for consultants in order to have the benefit of the possibly diverse views of different eminent persons. He stressed, however, that in all such cases the financial implications of such action were put before the competent UNCTAD body if it could not be undertaken within available resources. The Board would no doubt wish to leave him a measure of discretion in deciding on whether the convening of an expert group could help him in the execution of a task entrusted to him either through such groups making a report of their own or through their advising him on the preparation of his own report to the relevant UNCTAD bodies.

25. Replying to questions concerning possible changes in priorities between one year's programme and another, or even within a year, he considered that this was more a matter of emphasis and insisted on the need for secretariat flexibility, in the light both of developments in the world and of the various tasks assigned to the secretariat in the context of limited resources. Priorities could well change as new issues arose.

26. Several questions were raised as to whether the resources from the regular budget for substantive programmes for 1973 and 1974, as envisaged in the report of the Secretary-General of UNCTAD, d/ had been reduced in real terms in the new presentation on account of the continued policy of budgetary austerity, the effects of inflation and currency realignment. The representatives of some developed market economy countries asked why no attempt had been made, in table 14-4 of the budget document, to allow for the effect on the estimated expenditure of currency realignment in 1975, whereas such allowance was made in the estimates for 1974. They asked what was the basis for determining where the burden of adjustment would fall when the funds appropriated (for example for 1973) or the resources requested (for example for 1974) were smaller than had been planned on the basis of the report by the Secretary-General of UNCTAD. d/

27. The representatives of developing countries feared that the secretariat would be unable to carry out fully the obligations incumbent upon it as a result of the various decisions taken by the Conference at its third session and the continuing machinery of UNCTAD.

28. The representative of the Secretary-General of UNCTAD confirmed that (a) the policy of budgetary austerity which had been applied in 1972 and 1973 by the Secretary-General of the United Nations and by the General Assembly was also reflected in the estimates for 1974 and 1975 and that the Secretary-General of the

d/ Ibid.

United Nations expected UNCTAD to make its due contribution to the economies that would be called for; (b) it was true that available real resources had been affected by inflation and currency realignment, as could be seen from table I of the orientation paper (TD/B/434). The effects of currency realignment had not been so marked in 1972 as they would be in 1973 as a result of the substantial devaluation in the latter year of the dollar in relation to the Swiss franc, the rate of exchange of which was determined by agreement among the United Nations agencies, and of the fact that the bulk of UNCTAD's expenditures were in Swiss francs; (c) moreover, the freeze on recruitment in 1972, which it had originally been assumed, when preparing the documentation for the first part of the Board's twelfth session, would be temporary, had in fact continued throughout the year. The increase of 12 Professional posts in 1974 shown in table V of the orientation paper (TD/B/434) reflected, as was explained in paragraph 18 of that document, the conversion into established posts of the special credit granted in 1973. That credit was to cover partially the cost of the 12 posts which were referred to in the statement of financial implications of the actions of the Conference and of the Board at the first part of its twelfth session. e/ For all these reasons, it could not be said that the secretariat had been able to carry out fully and in all respects the many tasks incumbent upon it; it was bound to spread its available resources and postpone less urgent tasks. In view of the currency experience of 1972 and early 1973, which had already involved a complete reworking of the estimates in dollar terms of Swiss franc expenditures, it had been considered pointless to attempt to forecast the probable average rate of the dollar in 1975 and, in accordance with instructions from United Nations Headquarters, the same rate of exchange had been used as for the 1974 estimates.

29. The representatives of the Secretary-General of UNCTAD also confirmed, in reply to questions from the representatives of developed market economy countries, that the policy of budgetary austerity applied no less to the use of funds for temporary assistance and consultants than it did to regular staff.

30. The representative of a developing country stated that there was real danger that, because of the currency realignment which had taken place at the beginning of 1973, the real resources of UNCTAD for that year and for the biennium 1974-1975 would be reduced. He, and a few other representatives of developing countries, strongly insisted that in no event should the UNCTAD budget be cut in real terms and so bring about a reduction in the activities of UNCTAD.

31. The representative of a socialist country of Eastern Europe, inquiring about the criteria for consultants' fees, noted that they seemed to vary significantly from one division to another, if one analysed the data given in the budget document, and that there seemed to be possibilities for economies in that respect.

32. The secretariat explained that consultants' fees were established in each case in accordance with the background and qualifications of the expert.

33. The representatives of the socialist countries of Eastern Europe stated that an attempt to make a substantial change in priorities had been undertaken by the secretariat in disregard of the relevant discussion in the Working Party at the

e/ TD/178, annex IX and Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part one, annex IX.

first part of the Board's twelfth session and of the decisions of the Conference at its third session. In their opinion, the real resources, expressed in man-months of Professional staff, available for work on trade with socialist countries were much smaller in the new budget programme presentation than they had been in the work programme submitted to the Board at the first part of its twelfth session, and they compared in this respect the table which appears in the orientation paper (TD/B/434, annex II, p. 15) with the table on page 67 of the report by the Secretary-General of UNCTAD (TD/B/407/Add.1), which revealed wide differences between the planned increase in budgetary allocations and between the planned growth of real resources from one division to another. They proposed that a cover note or other suitable explanation for the presentation of Section 14 of the programme budget of the United Nations for 1974-1975 (TD/B/L.315) should be issued to the effect that comparisons of the growth of appropriations or estimates for different divisions on the basis of section 14 of the budget did not indicate a similar real growth of programmes in the relevant divisions, and they cited a few examples.

34. The representatives of some developed market economy countries noted there had been a change in the allocation of regular budget resources among the different substantive programmes in the biennium 1974-1975 (budget estimates), compared with the allocation in earlier years. They pointed out by way of example that, by 1974-1975, the resources for international trade research would exceed those devoted to work on financing related to trade. They considered that work on the mobilization of resources by developing countries (activity 9.2 in TD/B/434, annex II) should not suffer in consequence, since they attached importance to that work in the context of the International Development Strategy.

35. The representatives of some developed market economy countries drew attention to the figures in table 14-20 of the budget document, relating to the programme of trade with socialist countries, which showed an increase in dollar terms for "maintenance of the existing establishment" greater than the UNCTAD average. They considered that, in view of the prevailing austerity, the component within this programme dealing with trade between socialist and developing countries should receive higher priority than, and not be reduced to the benefit of, less important components - specifically, that concerning East-West trade, a subject which lay more appropriately within the competence of ECE than of UNCTAD.

36. The representatives of the Secretary-General of UNCTAD explained that the changes in question among substantive programmes reflected essentially the decisions of the Conference and of the Board to undertake new work or expand work in certain fields, notably in respect of the least developed and the land-locked developing countries, marketing and distribution systems, transfer of technology, restrictive business practices and international shipping legislation. With regard to the suggestion made by the representatives of the socialist countries of Eastern Europe that there should be a cover note to the budget document, they acknowledged that the comparisons of the growth for appropriations or estimates would not indicate a similar real growth of programmes for different divisions because the growth of appropriations and estimates took into account currency realignment, inflation and other factors that did not contribute to the real growth of programmes. This situation was reflected clearly in table I of the orientation paper (TD/B/434, p. 6), which analysed the budget increases in terms of currency realignment, inflation, and conference pattern and programme increases.

37. With respect to the other points raised by the representatives of the socialist countries of Eastern Europe, the representatives of the Secretary-General of UNCTAD drew attention to the following considerations, which were applicable to the comparisons made for any substantive programme between the present budget estimates and the figures in document TD/B/407/Add.1:

(a) The freeze on recruitment during 1972 had continued longer than had been anticipated when document TD/B/407/Add.1 was prepared;

(b) The 12 extra Professional posts in connexion with the financial implications of the decisions of the Conference and of the Board at the first part of its twelfth session had been only partly covered in the 1973 appropriations by a special temporary assistance credit;

(c) The additional 12 posts were incorporated in the estimates for established posts in 1974; however, the mandatory turnover factor of 40 per cent for new posts had been applied;

(d) In document TD/B/407/Add.1, it had been tentatively assumed that a further 10 extra Professional posts in 1974 would be necessary for the accomplishment of the expected workload in that year. In view of the continued need for budget austerity, no provision was made for these 10 extra posts in the budget estimates for the 1974-1975 biennium. One of the 10 posts in question was in the Division for Trade with Socialist Countries.

38. Returning to the question of multilateral trade negotiations, the representatives of developed market economy countries stated that they recognized the importance of work on this subject and it was for that reason that they thought an attempt should be made to estimate the time which the secretariat spent on it. One of these representatives hoped that it would be possible for the secretariat to indicate the resources devoted in support of the UNDP projects and, in general, the time spent by each of the substantive divisions in connexion with the negotiations. His question did not indicate opposition to the assistance being provided, but he considered that the work was of sufficient importance for the Board to be apprised of the resources being put into it. The representative of another developed market economy country, supporting these views, noted the assurance that there was no unnecessary duplication with GATT.

39. The representative of one developing country agreed that it might indeed be useful to know what had been done, or was envisaged, on multilateral trade negotiations. However, one should be realistic in one's requests. He wondered how the secretariat could envisage all its specific work in the field of the multilateral trade negotiations, since the scope, framework and objectives of these negotiations would probably be known only after the Ministerial Meeting at Tokyo. The involvement of the secretariat in helping the developing countries would depend greatly on the extent to which the vital interests of the developing countries were taken into account by the developed countries. He insisted that the UNCTAD secretariat was bound, by Conference resolution 82 (III), to give all necessary help to the developing countries in enabling them to prepare to take part fully and effectively in the forthcoming negotiations. The representative of another developing country stated that Conference resolution 82 (III) implied that UNCTAD was in partnership with GATT with respect to the negotiations, and he considered specific provision should therefore be made in the budget for the work

involved. The representative of another developing country stated that delegations which had supported the Conference resolution were hardly in a position to complain if increased resources were being devoted to the subject.

40. The representative of the Secretary-General of UNCTAD, while appreciating the interest in assessing, even in some detail, the time spent in connexion with the multilateral trade negotiations, stated that such estimates were hardly possibly for the reasons that the Secretary-General of UNCTAD himself had referred to earlier (see para. 22 above). Information concerning the UNDP projects on this subject would be made available as soon as it could be prepared.

41. The spokesman for Group B considered that table 14-3 of the budget document was a useful innovation, but that the term "legislative authority" for the convening of expert groups appeared to be loosely used. In certain cases there indeed did not appear to be any legislative authority in the form of decisions of the Conference or appear to be any legislative authority in the form of decisions of the Conference or the permanent machinery. He thought that more information was desirable on the costing of the meetings, since it was not clear how many expert-days were involved in each case and the cost of some groups appeared to be considerably greater than of others.

42. The representative of the Secretary-General of UNCTAD agreed that the term "legislative authority" was not appropriate and referred to the remarks made by the Secretary-General of UNCTAD on this matter (see para. 24 above). The estimate for all groups was based on a standard cost, since it could not be known in advance whether all experts invited would attend, whether attendance would be for the whole of a meeting, from which countries they would come, or whether they might be entitled to a fee.

43. The representative of the United Kingdom, noting that provision had been made for a second meeting in 1975 of the Ad Hoc Group of Experts on Restrictive Business Practices, drew attention to the reservation made by his delegation at the third session of the Conference concerning the possibility of a second meeting of the Group.

44. The spokesman for Group B stated that, from an examination of table 14-2 of the budget document, it was apparent that the expenditure of UNCTAD on operational programmes and other projects financed from extrabudgetary resources was by no means insignificant and that by 1975 it would account for over 40 per cent of total expenditure. This increasing operational role was something over which he believed Governments would wish to ponder.

45. The representative of a developing country agreed that Governments needed to think about this question, but recalled that, at the third session of the Conference, the developing countries had expressed the view that UNCTAD was not appropriately equipped with the necessary powers for carrying out operational activities. In their view, the studies made by the UNCTAD secretariat needed to be followed up by action and it should not be considered a negative development that UNCTAD was becoming more operational. He therefore hoped that, while pondering over the matter, Governments of developed countries would be able to consider the new development sympathetically.

D. Questions concerning specific programmes

International trade research

46. The representatives of the developed market economy countries inquired about the reasons for the increase in resources for this programme. The representative of the Secretary-General of UNCTAD explained that, out of the 20 per cent increase in the 1973 appropriation over 1972, 12 per cent represented temporary assistance, in lieu of three additional posts, for research on least developed and land-locked countries that had been requested by the Conference, and the balance was accounted for by price increases. Of the increase of 21 per cent in the estimate for 1974 over the appropriation for 1973, only 2 per cent represented an increase in staff resources (again, for research on least developed and land-locked countries) and the balance inflation and currency realignment.

47. Referring to the comparison made in paragraph 34 above between resources devoted to the programme on international trade research and to the programme on financing related to trade, he pointed out that, when the comparison was made in dollar terms, it was necessary to bear in mind that the latter programme was scarcely affected by currency realignment, since the work was carried out by the New York Liaison Office of UNCTAD.

Trade expansion and economic integration

48. The representative of a developing country expressed surprise at the apparent lack of interest on the part of the Working Party in this programme and formally proposed that it should be given high priority. He said the activities of the secretariat in this field deserved the greatest support and UNCTAD should intensify its work now that the GATT trade negotiations among developing countries had been suspended after the signature of the protocol.

Trade in commodities

49. The spokesman for Group B recalled that, at the first part of the Board's twelfth session, it had been agreed that the work programme of the Commodities Division in relation to intensive ad hoc intergovernmental consultations in connexion with access to markets and pricing policy would need to be reviewed in the light of decisions taken at the seventh (special) session of the Committee on Commodities. f/ He inquired how resolution 7 (VII), adopted by the Committee at that session and giving principal responsibility to existing intergovernmental commodity bodies for carrying out the consultations, had affected the estimates for the programme on trade in commodities.

50. The representative of the Secretary-General of UNCTAD stated that resolution 7 (VII) had not altered the importance in the total programme, in terms of requisite secretariat resources, of the component relating to access to markets and pricing policy. Pending decisions by Governments, the secretariat had been inclined to assume that a bigger proportion of the consultations would be held within the framework of UNCTAD than now seemed likely. On the other hand, the programme of consultations, for which UNCTAD had the responsibility of co-ordination,

f/ Official Records of the General Assembly, Twenty-Seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part two, para. 78.

would probably cover more commodities than had been assumed and, accordingly, the secretariat would need to participate in, and make a substantive contribution to, a larger number of consultations than previously envisaged. The programme of consultations had not been settled, and it needed to be borne in mind that, of the total of 33 commodities or commodity groups suggested for inclusion in the programme, 15 were not covered by existing intergovernmental commodity bodies.

51. The representative of a developed market economy country asked whether it was the policy of the secretariat to utilize savings from a possible reduction in planned consultations under the auspices of UNCTAD for increased substantive work in the field of commodities. In response, the representative of the Secretary-General of UNCTAD explained that any "savings" would be purely notional because it was expected that the secretariat would be obliged, in pursuance of resolution 7 (VII), to carry out substantive work in respect of a greater number of commodities than previously assumed.

52. The representative of a developing country, commenting on the question put by the spokesman for Group B (see para. 49 above), expressed concern that the question, as formulated, could lead to some misunderstanding of the nature, implications and scope of resolution 7 (VII). While he agreed that the resolution envisaged that a number of these consultations would be held within the framework of existing intergovernmental commodity bodies, that in no way implied that it gave exclusive responsibility for carrying out the consultations to those bodies. He suggested that, although those bodies had been requested to provide the physical facilities (including the servicing of meetings) and do substantive work, the main responsibility for the substantive work and for the co-ordination of the consultations on commodities lay clearly with UNCTAD.

53. He reaffirmed that UNCTAD's competence in the matter of access to market and pricing policy not only was a consequence of Conference resolution 83 (III), but also was specifically laid down in General Assembly resolution 1995 (XIX), paragraph 23 (a). He went on to say that, as regards examination of the problems in the field of trade liberalization and pricing policy, paragraph 2 (a) of resolution 7 (VII) gave a clear mandate to UNCTAD to undertake substantive work in the framework of the consultations.

54. Clarifying this statement, the spokesman for Group B confirmed that his intention had not been to call into question the role and general responsibility given to UNCTAD in General Assembly resolution 1995 (XIX) and more specifically in resolution 7 (VII) of the Committee on Commodities.

Shipping

55. The spokesman for Group B requested that the description in the budget document of the programme component "International shipping legislation" (14.97) be reworded in the final budget submission in order to bring it into line with the legislative authority for the work.

56. The representative of a developing country insisted that the necessary supplementary appropriation be approved by the General Assembly for the work of the Intergovernmental Preparatory Group to be set up by the Board concerning the elaboration of a draft convention on international intermodal transport (see documents TD/B/L.314 and L.314/Add. and Corr.1).

Trade with socialist countries

57. The representatives of the socialist countries of Eastern Europe expressed serious concern over the resources devoted to this programme as envisaged in the new budget presentation, compared with those that had been proposed in the work programme submitted to the Board at the first part of its twelfth session (TD/B/407/Add.1). They recalled that most members of the Working Party, at the first part of the Board's twelfth session, had either favoured an increase in resources over the 1971-1972 levels or had at least thought those levels should be maintained as being balanced and reasonable.

58. They noted that, according to annex II of document TD/B/434, the resources of the Division for Trade with Socialist Countries, in terms of total man-months of Professional staff used or planned for 1973 and 1974, and even the figures for 1972, were significantly smaller than in the previous presentation and were not expected to increase in 1975. The reductions affected particularly activity 8.2 ("Expansion of trade between socialist and developing countries"), on which no criticisms or doubts had ever been expressed, and there was no provision for consultants during the period from 1973 to 1975. An analysis of tables III and IV (TD/B/434) revealed, in their view, that there had been an attempt to cut sharply the resources allocated to the Division for Trade with Socialist Countries - by approximately 30 per cent in respect of total costs, including conference services, and by about 25 per cent in respect of man-months. They considered that this reflected a deliberate tendency to curtail the activities of UNCTAD in this field, which they regarded as of major importance; and they objected categorically to these attempts.

59. The representatives of some developing countries stated that they had supported, and continued to support, a slight expansion of the work programme in this field. One of them stated that, as was evident from the special session of the Board which was in progress, there existed possibilities for, and an interest in, the expansion of trade between socialist countries of Eastern Europe and developing countries, and that UNCTAD should study ways and means of expanding their mutual trade and economic relations.

60. The representative of another developing country considered that ECE was dealing adequately with East-West trade and that UNCTAD should not devote so many resources to the same subject. He therefore requested that a more equitable distribution of resources among the activities distinguished in the table on page 15 of annex II to document TD/B/434 be effected by transferring:

- (a) Resources now allocated to activity 8.3 to activity 8.4;
- (b) Resources now allocated to activity 8.4 to activity 8.5;
- (c) Resources now allocated to activity 8.5 to activity 8.3.

61. The representatives of the socialist countries of Eastern Europe strongly insisted on the full restoration of the manpower resources of the Division for Trade with Socialist Countries to the levels which had been proposed in document TD/B/407/Add.1, which represented an absolute minimum in view of the new responsibilities of the Division in accordance with Conference resolution 53 (III). They suggested that this should be done without increasing the total budget of UNCTAD through a more balanced allocation of the various resources available.

62. The representatives of some developed market economy countries inquired about the reasons for the increases in the programme costs for the Division in 1973 and 1974, which in dollar terms, as shown in table 14-20 of the budget document, exceeded the UNCTAD average for "maintenance of the establishment", in particular with regard to the component concerning consultations within the framework of the Board and the component concerning East-West trade. In their view, this latter subject lay more appropriately within the competence of ECE than of UNCTAD. They added that their views on this programme were motivated by concern for the allocation of scarce resources and recalled the views on this programme expressed in the Working Party by the representatives of some developed market economy countries at the first part of the Board's twelfth session.

63. The representative of a socialist country of Eastern Europe expressed his disagreement with the above opinion and reaffirmed the position of countries members of Group D on the issue of East-West trade as embodied in the report of the Working Party at the first part of the Board's twelfth session. g/

64. The representatives of the Secretary-General of UNCTAD pointed out the following:

(a) The number of established posts in the Division remained unchanged over the period considered by the Working Party, that is, 1972 to 1975;

(b) The work programme submitted to the Board at the first part of the twelfth session contained a request for 10 additional Professional posts (one of which was for the Division for Trade with Socialist Countries), which were subsequently disallowed by the Secretary-General of the United Nations in accordance with the more restrictive budgetary guidelines adopted for the United Nations as a whole; h/

(c) The figures for losses from vacancies shown in the orientation paper (TD/B/434) were strictly pro forma indications which were not, in fact, borne out by experience in the Division for Trade with Socialist Countries, which rarely had a vacant post;

(d) With respect to the item on consultants, as was explained in the foot-note to the relevant table in document TD/B/434, no figure below six man-months appeared in the programme budget, because of rounding. The Working Party was categorically assured on behalf of the Secretary-General of UNCTAD that the Division for Trade with Socialist Countries would have access to consultant funds for projects requiring such assistance. However, no Division could be assured of receiving support for all such requests, as the requests presented by Directors considerably exceeded the appropriation for consultants. The Secretary-General of UNCTAD, as Chief Administrative Officer, was responsible for determining priorities among requests; in so doing, he obviously wished to ensure a balanced programme and would certainly take into account the views expressed in the Working Party;

(e) The fact that the budget document in table 14-20 showed an increase in cost for work on trade with socialist countries larger than that accounted for by currency realignment and inflation could be accounted for by the following factors:

g/ Ibid., part two.

h/ See also para. 37 (iv) above.

- (i) In the case of salaries the percentage increase for currency realignment and cost increases was greater than the percentage increase for these two factors for the budget as a whole;
- (ii) The costing of the programme on trade with socialist countries for 1973 was based on actual salaries for the division at the end of the previous year, while the cost for 1974 was based on standard salaries provided by United Nations Headquarters for the United Nations Office at Geneva as a whole, including conference servicing staff. Since the staff in the servicing component had greater seniority, and therefore higher within-grade steps, the standard 1974 salaries were too high for the substantive component, while they were too low for the servicing component;
- (iii) The standard salaries produced a distortion when applied to a unit whose composition varied from the mix used in computing the standard (for example, the standard salary for G-1 to G-6 was too high for the one G-5 and the two G-3 staff members in the Division for Trade with Socialist Countries).

65. Further to the above, the representatives of the Secretary-General of UNCTAD stated that, in allocating resources within the constraints imposed by the over-all budgetary policy of the United Nations, the Secretary-General of UNCTAD had to use his own judgement in the light of the decisions taken by the UNCTAD permanent machinery, notably those of the third session of the Conference. He assured the Working Party that all comments made would be taken into account in the implementation of the work programme. In this context they also noted that, notwithstanding the detailed information provided by the new presentation which might give an impression of rigidity, it was recognized that the Secretary-General of UNCTAD needed a certain degree of flexibility in the implementation of the work programme so as to take into account developments which necessitated an adjustment in the allocation of resources. However, it had to be appreciated that this flexibility was more difficult to exercise in a period of budgetary austerity. Finally, they drew attention to the definition of programmes of activities, which should not be taken too narrowly since work done in a number of fields of activity was interrelated and mutually supporting, as they illustrated by some examples. That applied to a large part of UNCTAD's work programme, including the programme on trade with socialist countries, to which the Secretary-General of UNCTAD attached the importance it deserved.

66. The representatives of the socialist countries of Eastern Europe stated that they were not satisfied with the answers of the representatives of the Secretary-General of UNCTAD, particularly so far as the use of consultants was concerned. These answers, in their opinion, suggested a dubious procedure which put the Division for Trade with Socialist Countries at a disadvantage.

67. Referring to the statements of the representatives of some developed market economy countries, the representative of a socialist country of Eastern Europe expressed the view that there was agreement among the members of the Working Party to the effect that the resources planned for the Division for Trade with Socialist Countries should be restored to the level originally planned in document

TD/B/407/Add.1.

68. The spokesman for Group B said it would be a mistake to interpret his remarks as constituting agreement with the foregoing. In his opinion there had been substantive disagreement; perhaps that was due in part to the fact that there was a lack of clarity in the budget document in some aspects of the figures presented for the programme on trade with socialist countries and that it was difficult to assess the implications which general budgetary reductions had had for that programme.

Financing related to trade

69. The spokesman for Group B noted that the budget estimates for 1974-1975 for this programme were based on the continued stability of the number of established posts, which was most heartening. However, it appeared that this would be achieved at the expense of a standstill in work on mobilization of domestic resources by developing countries, which was an important element in the International Development Strategy. He also wished to know whether it was possible to show separately the two elements of the component "The flow of financial resources and international monetary issues".

70. As regards the first question, the representative of the Secretary-General of UNCTAD stated that the breakdown of resources by type of programme shown in annex II of document TD/B/434 was the best possible approximation that could be given, but that resources were used flexibly as the occasion required. Over the past 12 months, the rate of staff input on the mobilization study had been about 50 man-months, rather than the 40 man-months indicated in document TD/B/434.

71. In reply to the second question, he drew attention to the worksheets accompanying the budget document (UNCTAD/ADMIN/318), in which (under activity 46) a separation was made into "The flow of financial resources into and from developing countries" and "International monetary issues, including compensatory financing".

Transfer of technology

72. The spokesman for Group B asked for details concerning the two expert groups planned for 1974 and 1975 (table 14-3 of the budget document). The representative of the Secretary-General of UNCTAD stated that some of the information requested could be found in the worksheets accompanying the budget document (UNCTAD/ADMIN/318) under programme 47. The secretariat had planned an expert group for 1974 relating to the programme component "Institutional mechanisms and costs of the transfer of technology", for whose consideration a possible topic was the establishment of technology transfer centres. The expert group planned for 1975 related to the programme component "Improving access to technology and the effect of its transfer on trade", for whose consideration a possible topic was international and regional preferential arrangements for the transfer of technology to developing countries. He emphasized, however, that these were only two of several possible topics and that the secretariat might replace them by other more important topics pertaining to those or other programme components, should the need arise. The representative of a developed market economy country said that his authorities were perturbed at the continuing increase in resources allocated to this programme during a year of austerity. In such circumstances, it was disquieting to learn that expert groups were budgeted for on such a highly contingent basis.

73. The spokesman for Group B noted that the estimates for this programme indicated a major flow of funds into the operational programmes in 1974 and 1975 (table 14-2 of the budget document) and asked what was the expected source of these funds. The representative of the Secretary-General of UNCTAD said that the expected sources of funds included UNDP and trust funds. He added that the secretariat provided, as necessary, support for projects which were submitted by Governments and approved by UNDP and that Governments and other interested bodies might themselves be ready to finance certain projects.

E. Programme support

Conference Services

(a) Document services

74. The representatives of developing countries drew attention to the late circulation of documents and the failure of the UNCTAD secretariat to observe the United Nations rules in this respect. While they appreciated the particular circumstances surrounding the important documentation before the Working Party, they complained that too often important studies and reports reached their capitals so late as to limit their value to their Governments in preparing for the sessions of bodies for which they were intended. Some of these representatives pointed in particular to the date which appeared on the cover page, which was often considerably earlier than the date on which their permanent delegations or their capitals received the document. They asked whether the delay was due to budgetary and staffing difficulties, either in the UNCTAD secretariat or in the United Nations Office at Geneva or to other reasons. One of these representatives requested that, in cases where notifications of meetings included references to certain documents in connexion with the meetings, such documents should, so far as possible, accompany or be sent simultaneously with the notifications.

75. They insisted on the importance of observing the six-weeks rule and stated that additional resources should be requested in the budget if that were necessary, provided these did not involve an increase in the total budget.

76. The representative of the USSR insisted that the six-weeks rule be observed for the Russian language versions also.

77. The representative of China took note with satisfaction that the secretariat had noted the problem of delays in the distribution of documents in the Chinese language. He hoped that the six-weeks rule on the distribution of documents, including the Chinese language versions, would be observed.

78. The representative of a Latin American country stressed that documents should be issued in all the official languages within the approved time.

79. The representative of a developed market economy country supported the views of the developing countries and pointed to the connexion between the delays in issuing documentation and the volume of such documentation. He noted that the costs connected with documentation had been rising not only because of inflation, but also because of its growing volume and stated that the expense might well be wasted if the documents could not be ready in time.

80. Several representatives made suggestions which, if practicable, they considered would enable their Governments to determine more clearly where the delays in reproduction had occurred. Among such suggestions were that the packages of consignments to permanent missions or to capitals should be stamped with the date of dispatch, that each document in the package should be so stamped, and that, in addition to the traditional date on the cover page, another date should be added indicating when the document had been passed by the UNCTAD secretariat to the United Nations Office at Geneva.

81. The Director of the Division for Conference Affairs and External Relations stated that careful study of these suggestions, in consultation with all the services concerned, had revealed that putting any date on UNCTAD documents other than that of the submission of the manuscript would interfere with current United Nations procedures and might create confusion among the users of the different language versions. While delays did occur for various reasons in the processing of documents (that is, once the edited manuscript had been delivered by the UNCTAD secretariat), the problem was largely one at the stage of the preparation of the manuscript which needed to be solved within the UNCTAD secretariat. It should be borne in mind, however, that 1972 had been a difficult year on account of the large volume of documentation required for the Conference and that the situation had even worsened in 1973, because of the exceptionally heavy programme of meetings. Budgetary austerity had affected the units of the UNCTAD secretariat involved just as much as it had affected every other part of the United Nations. Concerning the remarks made by the representative of a developed market economy country (see para. 79 above), he pointed out that the UNCTAD secretariat had substantially reduced the volume of its documentation in 1972 and was endeavouring to achieve a further reduction in 1973, in conformity with the directives of the General Assembly and the Secretary-General of the United Nations.

82. In planning the preparation of documents, the UNCTAD secretariat did work backwards from the date of a meeting with a view to having documents ready in accordance with the rules. Unfortunately, it often proved very difficult to submit a manuscript according to plan. As regards possible delays in distribution, he could confirm that, once documents were ready for dispatch, they were sent forthwith to the permanent missions, or else by airmail to the capital if there were no mission in Geneva.

83. After further discussion, the Working Party, having agreed that every possible effort should be made to adhere to the six-week rule and taking note of the explanations given by the secretariat, recommended to the Board, for adoption, the following decision:

"The Board requests the Secretary-General of UNCTAD to investigate delays in the preparation and processing of UNCTAD documentation and to report thereon to the Board at its thirteenth session".

84. The representative of a socialist country of Eastern Europe and the representative of a Latin American country emphasized the importance for the proposed report to the Board on this subject to cover also the delays in the language editions of documents, since the six-week rule should apply to all language versions without discrimination.

(b) General meetings servicing

85. The representative of a socialist country of Eastern Europe asked about the cost of servicing groups of delegations by the secretariat, on which he could find no information in the budget document. The representative of the Secretary-General of UNCTAD referred him to table 14.41 (under the item "miscellaneous group meetings"), explaining that the figures in that table related to the cost of servicing such group meetings. The representative who had asked the question stated that the amount of \$27,000 and \$29,000 for 1974 and 1975, respectively, represented an unjustified provision of resources in a field for which no specific decisions had been taken in UNCTAD and that the amounts in question could serve as a possible source for restoring the provision for the Division for Trade with Socialist Countries.

86. The spokesman for Group B, referring to table 14.4 of the budget document, asked why a decrease of 16 weeks in meeting time scheduled for 1974 produced a saving of \$532,000, whereas an increase of only five weeks in 1975 produced an increase of \$479,000. The representative of the Secretary-General of UNCTAD explained that a week of meeting time varied widely in cost from the Board, which required full conference services and voluminous documentation, to a small body, such as the Advisory Committee to the Board and the Committee on Commodities, which might have few services and little documentation. The costs of the calendar of meetings were calculated in detail in the budget document under the programme "Conference Services".

87. The spokesman for Group B suggested that it would be useful for comparative tables for 1973 to be provided, giving the same information as that covered in tables 14.38 and 14.41 of the budget document.

F. Adoption of the report of the Working Party

88. At its twentieth meeting, on 10 May 1973, the Working Party adopted the present report.

89. The representative of Jamaica, speaking on behalf of the developing countries members of the Working Party, recalled that, at the first part of the Board's twelfth session, the developing countries had commented in detail on the various programmes of activity of UNCTAD. Since it had been decided to confine the present discussion to general considerations and to regard the previous report of the Working Party as an integral part of the present one, the developing countries had found it unnecessary to reiterate their earlier comments. They assumed, however, that careful note would be taken of those comments when the report as a whole was considered by the programme and budget organs of the United Nations.

90. She added that, nevertheless, the developing countries had noted with some consternation that, between the first and second parts of the Board's twelfth session, the programme which they had earlier evaluated as being "a minimum, considering the magnitude of the needs of the developing countries" i/ in terms

i/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part two, para. 19.

of the decisions of the Conference at its third session and of the permanent machinery, had in fact been reduced. They felt that any further tendency in this direction would seriously impede the trade and development of the developing countries.

91. She then read out a statement on behalf of the members of the Group of 77 members of the Working Party. j/

92. The spokesman for Group B stated that he appreciated the efforts made by the secretariat to provide the necessary documentation in difficult circumstances and to answer the many questions put by members of his Group, individually or collectively. The present report of the Working Party, together with the report of its discussion at the first part of the Board's twelfth session, would form a useful basis for discussion in the programme and budget organs of the United Nations. The review had been a very important exercise, not least of all in the present period of financial austerity when, over the whole of the United Nations, priorities had to be matched to the level of available resources.

93. The discussion on the reduction of resources in comparison with those envisaged when the work programme had been reviewed at the first part of the Board's twelfth session, and of their allocation among various programmes, had been most interesting. In particular, the programme on trade with socialist countries had been considered very fully and he was sure that it had been motivated on all sides by a genuine desire to ensure that all programmes received the appropriate priority. That was a matter on which views naturally differed.

94. His group felt that the total resources for that programme need not be increased: it was sufficient to re-allocate them in accordance with the priorities he had indicated during the discussion. The most important component was that dealing with trade between the developing countries and socialist countries and he regretted that the resources for that component had been reduced in preference to less important components, such as that of East-West trade.

95. He had noted the views expressed by the spokesman for the Group of 77 concerning the total budget of UNCTAD and he appreciated the concern of the developing countries. However, his Group could not endorse the proposal that there should be no cut in real terms in resources for UNCTAD or that additional resources should be made available for other contingencies. The matter would no doubt be given due consideration in the budgetary organs of the United Nations within the context of the United Nations budget as a whole. Until that time, the members of Group B reserved their position.

96. The spokesman for the members of Group D members of the Working Party, also made a statement. k/

j/ For the text of the statement, see appendix I below.

k/ For the text of the statement, see appendix II below.

APPENDIX I

Statement by the spokesman for the members of the Group of Seventy-Seven, members of the Working Party, at the 20th meeting of the Working Party, on 10 May 1973, on adoption of the report

1. The representatives of the Group of Seventy-Seven members of the Working Party express their dissatisfaction with the budgetary appropriations for UNCTAD for 1973 as presented in documents TD/B/L.315 and TD/B/434. These appropriations are insufficient to carry out the programme of work of UNCTAD for 1973, as submitted to the Board at the first part of its twelfth session in October 1972. This seriously jeopardizes the implementation of the decisions of the third session of the Conference and of the permanent machinery.
2. The situation has become even more aggravated in the wake of the depreciation of the United States dollar in relation to the Swiss franc, bearing in mind that the bulk of UNCTAD's expenditures are in Swiss francs. The present budgetary situation of UNCTAD, due to the probable cut in the level of real appropriations in Swiss francs, threatens to cause a decrease in the programme of UNCTAD's activities not only in 1973, but also in the biennial programme for 1974-1975.
3. The members of this Group firmly state that they cannot accept any cut in the expenditure of UNCTAD in real terms, since this would inevitably lead to a decrease of its activities, which are based on the decisions of the Conference at its third session and of the permanent machinery, which were subsequently endorsed by the General Assembly.
4. Any such cut is unacceptable, in particular at a time when new responsibilities have been entrusted to UNCTAD and when the UNCTAD secretariat is expected, in accordance with Conference resolution 82 (III), to give all necessary assistance to the developing countries so as to enable them to participate fully and effectively in all stages of the forthcoming multilateral trade negotiations.
5. The representatives of the developing countries members of the Working Party, therefore:
 - (a) Request that, in order to ensure an uninterrupted programme of UNCTAD's activities based on the decisions of the Conference at its third session and of the permanent machinery, there should be no change in real terms in the appropriations for 1973 or the budget estimates for 1974 and 1975 for UNCTAD because of such factors as currency realignment and inflation;
 - (b) Request further that the work of the intergovernmental preparatory group on international intermodal transport, as well as any other new projects, should be financed through supplementary budget appropriations.

APPENDIX II

Statement by the spokesman for the members of Group D, members of the Working Party, at the 20th meeting of the Working Party, on 10 May 1973, on adoption of the report

1. The delegations of the socialist countries of Eastern Europe wish to reaffirm the position set out by the representatives of Bulgaria and the Union of Soviet Socialist Republics in the Working Party on the Work Programme with regard to resources to be allocated for work on problems of trade relations between countries having different social and economic systems.
2. As they consider this field of activity to be one of the most important parts of UNCTAD's total programme, the delegations of the socialist countries of Eastern Europe cannot endorse the changes proposed by the UNCTAD secretariat in the work programme for the Division for Trade with Socialist Countries adopted by the Trade and Development Board at the first part of its twelfth session. The changes are aimed at curtailing the programme, while the total volume of resources planned for this Division is in any case extremely limited; the changes reduce the resources allocated to the components concerning trade between the socialist and developing countries and make no provision for the use of consultants.
3. The delegations of the socialist countries of Eastern Europe draw the attention of the Secretary-General of UNCTAD to the need for a re-examination of the programme relating to the Division for Trade with Socialist Countries and its resources in the light of the debates in the Working Party on the Work Programme at the first and second parts of the twelfth session of the Trade and Development Board with a view to exploring the possibility of restoring the resources of that Division to the level which had been proposed in document TD/B/407/Add.1.
4. Until this question is resolved, the socialist countries of Eastern Europe reserve the right to revert to the consideration of the substance of the work programme and budget of UNCTAD.

ANNEX III

FINANCIAL IMPLICATIONS OF THE ACTIONS OF THE BOARD

A. Interdependence of problems of trade, development
finance and the international monetary system

Statement of financial implications submitted by the UNCTAD secretariat
/document TD/B/L.324/Add.1/

1. In accordance with rule 31 of the Board's rules of procedure, the secretariat wishes to inform the Board that the adoption of the draft resolution contained in document TD/B/L.324 would have financial implications.

2. Operative paragraph 5 of the draft resolution calls for a special session of the Board of not more than five days' duration before or after the thirteenth regular session.

3. Since UNCTAD's establishment of conference servicing staff is fully utilized under the established calendar, this additional meeting would have to be serviced by temporary assistance estimated to cost \$67,000 assuming that it will be held in 1973, will last five days and will not require more than 50 pages of pre-session documents. Actual requirements for additional funds under the 1973 budget might be less, depending on whether other meetings have to be cancelled or postponed in order to accommodate the special session within the very tight 1973 calendar of meetings.

B. Actions arising from Economic and Social
Council resolution 1734 (LIV)

Statement of financial implications submitted by the UNCTAD secretariat
/document TD/B/L.314/Add.1 and Corr.1/

1. The Economic and Social Council in its resolution 1734 (LIV) endorsed the recommendations of the United Nations/IMCO Conference on International Container Traffic that further studies be carried out and completed by the end of 1974 by UNCTAD on all the relevant aspects of international combined transport of goods, including such matters as repercussions in the fields of international trade and transport, balance of payments, costs of international transport, insurance and the consistency of the international combined transport of goods with national policies on transport, trade and insurance. The Council further requested the Board to establish, following the pattern of the Preparatory Committee for the United Nations Conference on a Code of Conduct for Liner Conferences, an intergovernmental preparatory group for the elaboration of a preliminary draft convention on international intermodal transport.

2. The proposed schedule of meetings at Geneva for the preparatory group is set forth in detail in document TD/B/L.314 and summarized below:

| Sessions | Date and duration | Number of meetings per day | Pages of documentation E/F/S/R | | | Cost of session \$ |
|---|------------------------|--|--------------------------------|-------------|--------|-----------------------|
| | | | In-session per day | Pre-session | Report | |
| Intergovernmental preparatory group (First session) | 1 week October 1973 | 2 | 5 | (50 | (60 | 36,000 |
| Intergovernmental preparatory group (Second session) | 3 weeks Summer 1974 | 4 | 5 | (190 | (150 | 118,000 |
| Intergovernmental preparatory group ^{a/} (Third session) | 3 weeks late 1974 | 4 | 5 | (40 | (100 | 87,000 |
| Plenipotentiary conference | 1975 | To be considered by the Board at its fourteenth session, 1974 (estimated cost \$168,000) | | | | |

^{a/} According to document TD/B/L.314, the third session is scheduled to meet for four weeks. After further consideration, however, the duration of the session was reduced to three weeks.

3. The UNCTAD secretariat does not have the highly specialized knowledge that is required to complete many parts of the studies called for by the Council in connexion with the preparation of the draft convention. For this purpose, it is anticipated that 30 man-months of consultants would be required at a cost of \$75,000. An additional amount of \$15,000 would be required for travel and subsistence of consultants and staff engaged in fact-finding missions.

4. Accordingly, should the Board decide to establish the intergovernmental preparatory group and accept the recommendation of the Economic and Social Council (as set out in detail in document TD/B/L.314), the financial implications would amount to \$331,000, as follows:

| | <u>1973</u> | <u>1974</u> | <u>1975</u> |
|---|-----------------|------------------|---|
| Meetings servicing | 36,000 | 205,000 | |
| Consultants (excluding travel) | 15,000 | 60,000 | |
| Travel expenses for consultants and staff | 5,000 | 10,000 | |
| Plenipotentiary Conference | - | - | Depending on action by the Board at its fourteenth session and on subsequent action by the General Assembly (\$168,000) |
| | <u>\$56,000</u> | <u>\$275,000</u> | |

5. Financial implications would be submitted to the Board at its fourteenth session (August 1974) should it recommend that a plenipotentiary conference be convened in 1975.

Part Three

REPORT OF THE TRADE AND DEVELOPMENT BOARD
ON ITS THIRTEENTH SESSION

Held at the Palais des Nations, Geneva,
from 21 August to 11 September 1973

INTRODUCTION

1. The Trade and Development Board held its thirteenth session at the Palais des Nations, Geneva, from 21 August to 11 September 1973. 1/
2. At the opening meeting, Mr. Diego Garcés (Colombia), President of the twelfth session, made a statement in which he reviewed the progress made by UNCTAD since the third session of the Conference and emphasized its importance as a forum for negotiations and consultations in the search for solutions to world economic, trade and monetary problems.
3. At the same meeting, Mr. Fritz R. Staehelin (Switzerland) was elected President of the Board by acclamation. In his opening statement, he said that the role of the Board at its thirteenth session was to take stock of the work accomplished by UNCTAD in pursuing the implementation of the resolutions and decisions adopted by the Conference at its third session, taking into account the work accomplished by the Board at its twelfth regular and fifth special sessions and by its subsidiary bodies, and to provide guidance concerning future activities, which in some instances were being initiated with a view to the fourth session of the Conference. 2/
4. The present report contains a succinct account of the deliberations of the Board during its thirteenth session. 3/

1/ See TD/B/INF.45, concerning the alteration of the dates of the thirteenth session.

2/ For a more complete account of the President's statement, see the summary record of the 361st meeting (TD/B/SR.361).

3/ For a full account of the proceedings during the thirteenth session of the Board, see the summary records of the 361st to 381st meetings (TD/B/SR.361-381).

CHAPTER I

MATTERS ARISING FROM THE THIRD SESSION OF THE CONFERENCE

(Agenda item 4)

5. The Board considered this item at its 362nd, 364th to 369th, 371st, 376th, 379th and 380th meetings from 21 to 24, on 27 and 28 August 1973 and on 3 and 8 September 1973.

6. The Secretary-General of UNCTAD made a statement introducing the discussion on this item in which he referred to the persistent crisis in international trade and payments relations, the inflationary pressures prevailing in the world and the disruptive effects of currency fluctuations. He expressed the view that the ruling very high prices for some primary commodities were a temporary phenomenon and observed that the prices of certain commodities had not risen. He mentioned as a positive achievement the conclusion of the International Cocoa Agreement, 1972, ^{4/} under the auspices of UNCTAD and expressed the hope that a new sugar agreement would be negotiated later in the year.

7. He emphasized that one of the recognized objectives both of the forthcoming multilateral trade negotiations and of the monetary negotiations was to find solutions to the problems of the developing countries, including the least developed among them. The translation of these intentions into reality called for imagination and perseverance, which could be generated only by the political will of all nations, particularly of the most powerful among them.

8. He mentioned a number of specific measures that might be taken as a result of the multilateral trade negotiations. He considered that UNCTAD should be in a position to make a positive contribution to the progress and results of the negotiations, as it was recognized to be doing in the case of the negotiations on international monetary reform in the Committee on Reform of the International Monetary System and Related Issues of IMF.

9. With reference to the negotiations concerning monetary reform, he stated that there were signs pointing to the inclusion, in the new monetary system to be devised, of a link between Special Drawing Rights and additional development finance. It was hoped that the new monetary system would generate an additional flow of real resources to developing countries and make provision for the offsetting of shortfalls in their export earnings.

10. He was convinced that, on the strength of its experience, UNCTAD could make a valuable contribution to the success of efforts to bring order into international economic relations in which all countries of the world would participate and from

^{4/} United Nations publication, Sales No.: E.73.II.D.9, p. 7.

which all would benefit, regardless of their level of development and whatever their economic and social system, on the basis of a more rational and equitable international division of labour. He noted that the political détente was an important feature of the present situation. 5/

11. In the ensuing debate, the Board dealt with the subject-matter of a number of resolutions adopted by the Conference at its third session.

A. Dissemination of information and mobilization of public opinion relative to problems of trade and development (Conference resolution 43 (III))

12. The representative of one developing country voiced the opinion that the report of the Board on its fifth special session 6/ did not reflect the importance which the developing countries had attached to the subject. He stressed that the proposals relating to World Development Information Day (TD/B/431) needed improvement and strengthening and expressed the hope that the Secretary-General of UNCTAD would submit a revised plan of action. No means should be overlooked in seeking to make the needs and problems of developing countries known to the general public. The same representative, speaking on behalf of the African countries members of the Group of Seventy-seven, said that the tenth anniversary of UNCTAD should provide an ideal opportunity for developing countries to be associated with the endeavours of the developed countries in the dissemination of information on the International Development Strategy.

13. The representatives of some developed countries, in discussing this matter, urged that all United Nations units engaged in public information must avoid duplication of efforts, and attention was drawn to the adoption by the Economic and Social Council at its fifty-fifth session of resolution 1806 (LV) concerning the dissemination of information and mobilization of public opinion relative to problems of development. One of these representatives referred to the need for the great majority of citizens in developed countries to be convinced of the necessity of the structural changes in their own countries called for by the International Development Strategy.

14. The representative of one developed market economy country stated that the World Development Information Day provided for in General Assembly resolution 3038 (XXVII) should help to focus attention on the whole subject of development: close co-operation between UNCTAD and the information services of the United Nations was essential and he pointed out that Governments had an important role in disseminating information within their territories. The representative of another developed market economy country described the action taken in his country to disseminate information about the problem of development and stressed that greater publicity should be given to the close interrelationship of economic life in industrial countries and in developing countries.

5/ The text of the statement by the Secretary-General of UNCTAD is reproduced in annex II below. An introductory written statement by the Secretary-General was circulated under the symbol TD/B(XIII)/Misc.4.

6/ See part one above.

15. The representative of another developed market economy country announced that a separate office had been established in his country for the dissemination of information on development co operation. Referring to a number of seminars that had been held for the purpose of channelling information to influential groups, he said that in his country's experience this kind of approach achieved faster and more effective results.

Action by the Board

16. Conference resolution 43 (III) recommended that the Secretary-General of UNCTAD should report on this problem regularly to the Trade and Development Board. Such a report had been submitted to the Board at its fifth special session and had given rise to an extensive discussion. With regard to the discussion on this matter which had taken place at the present session, the Board, at its 379th meeting on 8 September 1973, requested the Secretary-General of UNCTAD to take note of all the proposals made in this regard and to take them into account in implementing the work programme in this field, particularly in the light of Economic and Social Council resolution 1806 (LV); and to report on the matter to the Board at its next session.

B. Trade and economic aspects of disarmament (Conference resolution 44 (III))

17. In the annotations to the provisional agenda (TD/B/448), the UNCTAD secretariat had referred to reports prepared by a group of experts and by the Secretary-General of the United Nations relating to this question and had pointed out that these reports would be considered by the General Assembly at its twenty-eighth session.

18. The representatives of several developed market economy countries expressed the opinion that, since the matter came within the competence of other organs and was to be discussed by the General Assembly later in 1973, the Board should not spend much time on its consideration at the present session.

19. The representative of one socialist country of Eastern Europe supported by other representatives of these countries, referring to recent initiatives taken by the socialist countries of Eastern Europe, said that the achievement of general and complete disarmament would not only lead to lasting peace and security throughout the world, but would also increase the resources available for economic and social development. He considered that only under conditions of lasting peace would it be possible for Governments to concentrate effectively on solving problems of development and social welfare to the benefit of all peoples.

20. The representative of one developing socialist country of Asia said that a distinction should be made between the stepping up of the arms race by the super-Powers and the legitimate steps taken by other countries to provide for their self-defence. In his view, the super-Powers had no intention of reducing their arms expenditure, and the correct course was for the developing countries to work together to secure their full independence and to develop their national economies in a spirit of self-reliance.

21. The representative of one developed market economy country said, in reply,

that he considered the above remarks to be political in character and inappropriate in the forum of UNCTAD.

22. The representatives of several developing countries expressed their disagreement with the view that the Board should not spend much time on this matter at the present session. One of these representatives, referring to a series of resolutions adopted by the General Assembly and by the Conference, said that the Board should lay down guidelines for future activities on this topic, in the form of a resolution or decision requesting the Secretary-General of UNCTAD to carry out a study on how the resources released through disarmament could be used to increase the resources available for development, an important part of which should be channelled to developing countries through multilateral mechanisms, over and above the official development assistance target of ~~0.7~~ 0.7 per cent of the gross national product of the developed countries. He suggested that this study should be submitted to the Committee on Invisibles and Financing related to Trade for consideration at its seventh session.

23. Another of these representatives said that it was important to define the term "disarmament" unambiguously. In his view, disarmament, in the present context, should be understood to mean disarmament by the heavily-armed developed countries and not disarmament by all countries indiscriminately. The same representative, speaking on behalf of the African Group, said that the African countries felt that it was the responsibility of the developed countries to agree among themselves on specific targets for disarmament, but that the additional resources that might be released thereby should be channelled to the developing countries for development needs. The representative of another developing country said that strong and effective support should be given by the international community to the ~~conclusions~~ and recommendations in the report of the Group of Experts on the Economic and Social Consequences of Disarmament. 7/

Action by the Board

24. At its 379th meeting on 8 September 1973, the Board took note of the statements made on this matter at its present session and also of the fact that the General Assembly, at its twenty-eighth session, would have before it, pursuant to General Assembly resolution 2685 (XXV), a report prepared by the Group of Experts entitled Disarmament and Development. The Board also noted that the Secretary-General of UNCTAD would continue to follow developments in this field and requested him to keep the Board informed so that it could keep this matter under continuous review in accordance with Conference resolution 44 (III).

C. Impact of environment policies on trade and development, in particular of the developing countries (Conference resolution 47 (III))

25. The Board had before it a progress report by the UNCTAD secretariat on the impact of environment policies on trade and development (TD/B/446), which

7/ Disarmament and Development (United Nations publication, Sales No.: E.73.IX.1).

referred briefly to the results of the first session of the Governing Council of the United Nations Environment Programme (UNEP). It was pointed out that the Governing Council had specifically refrained from establishing any order of priority among the various areas enumerated in paragraph 7 of the progress report.

26. Several representatives welcomed the co-operation which had been established between the secretariat of UNCTAD and UNEP, acknowledged the role of UNCTAD along with other international bodies in studying specific trade aspects of environment policies and stressed that every effort should be made to avoid duplication of activities as between the various bodies dealing with the subject. Some representatives also suggested that the Board deal with problems of environment, and with other agenda items falling principally within the purview of other international organizations, as briefly as possible and only in so far as these items were inseparable from problems of trade and development.

27. With regard to the effect of environmental policies on trade, the representative of one developed market economy country stated that close scrutiny must be given to any examination of non-tariff barriers in order to distinguish between policies that acted as barriers to trade and those legitimately designed to protect the environment. The same representative said that any new trade barriers created by the introduction of environmental controls might to some extent be offset by a liberalization of existing non-tariff barriers within the framework of the multilateral trade negotiations. He added that his country intended to increase its development assistance in order to help developing countries to give due weight to environmental concerns in their development planning.

28. The representative of another developed market economy country agreed that countries and international organizations within their competence needed to be alert to the possible emergence of tariff and non-tariff barriers to trade as a result of environmental policies, but felt that most industrialized countries seemed anxious not to allow environmental protection policies to disrupt international trade.

29. The representative of another developed market economy country, while agreeing with the proposals outlined for future studies in paragraph 10 (a) and (b) of the progress report (TD/B/446), stated that he was not convinced of the advisability of a study of the possibility of locating certain polluting industries in developing countries (paragraph 10 (c)) since, in his opinion, UNIDO was the body primarily responsible for studying this question. The representative of another developed market economy country shared this view as regards paragraph 10 (a). He said that he had no objection to a special study being carried out whose aim would be to identify and assess specific environmental policies which might affect the exports of developing countries, provided that such studies were made in full co-operation with GATT and other bodies concerned. In addition, he expressed doubt concerning the usefulness and feasibility of a global study (paragraph 10 (b)) of the relative merits of synthetics versus natural materials and their effects on the environment and overall economic costs. As to studies on industrial relocation (paragraph 10), he was dubious of the value of such studies. The representative of yet another developed market economy country said that any studies on industrial relocation

should aim at seeking out positive potential opportunities for developing countries. The representatives of some developed market economy countries said that the studies referred to in the progress report (TD/B/446) were of great potential interest, but, in view of the complexity of the issues involved, it was difficult at the present stage to assess their utility and determine whether they would contribute to the solution of the problems of their avoidance.

30. The representative of one socialist country of Eastern Europe referred to the potential usefulness to developing nations of the experience of his country and other socialist countries of Eastern Europe in dealing with environmental problems through the constructive planning of economic development and the rational exploitation of their national riches. His country was ready to share with others its experience in this field within the framework of international co-operation.

31. The representative of another socialist country of Eastern Europe stated that his country, as a socialist developing country, shared the view of the other developing countries on the question of carrying out a special study to determine and assess the impact of barriers to international trade created by the application of environmental measures by developed market economy countries. While his country recognized the usefulness of effective measures to combat pollution and protect the human environment, it believed that such measures should not affect the expansion of international trade and economic development, particularly of developing countries.

32. The representatives of several developing countries welcomed the progress report by the UNCTAD secretariat (TD/B/446) and emphasized the importance of UNCTAD's role in the study of environmental problems because of their close relationship with international trade and development. One of these representatives drew attention to the need for further studies to be undertaken by UNCTAD within the framework of the recommendations adopted by the Conference at its third session and by the United Nations Conference on the Human Environment. The representative of another developing country, referring to those aspects of environment which were of particular relevance to UNCTAD, urged that the Secretary-General of UNCTAD should be given the additional resources he needed to carry out the further studies proposed in the progress report (TD/B/446).

Action by the Board

33. At its 380th meeting, on 8 September 1973, the Board noted the progress report (TD/B/446) submitted by the Secretary-General of UNCTAD in implementation of Conference resolution 47 (III) concerning studies on the impact of environmental policies on trade and development, particularly of developing countries, taking duly into account the recommendations of the United Nations Conference on the Human Environment. The Board also noted the specific comments made on the studies currently under discussion between UNCTAD and UNEP. ^{8/} The Board requested that it be kept informed of pertinent developments.

^{8/} For the further views of delegations and a statement by the Secretary-General of UNCTAD on this matter, see the summary record of the 380th meeting (TD/B/SR.380).

D. Trade expansion, economic co-operation and regional integration among developing countries (Conference resolution 48 (III))

34. The representatives who spoke on this subject stressed the important role which could be played by closer co-operation and integration among developing countries in promoting their economic and social development. The representative of one developing country proposed that the Secretary-General of UNCTAD be requested to make a comprehensive review of the progress so far achieved in this field, having regard to the financial and technical assistance that might be required and to the support needed from the developed market economy countries and the socialist countries of Eastern Europe.

35. The representative of another developing country stated that, side by side with efforts at the regional level, substantial progress had been recorded in subregional co-operation. He mentioned that his country was a member of Regional Co-operation for Development (RCD), a tripartite arrangement established by Iran, Pakistan and Turkey in July 1964 aiming at closer economic, technical and cultural co-operation among its members. He added that the objectives of RCD included trade liberalization, the establishment of joint-purpose enterprises, the construction and improvement of rail and road links as well as of air transport services, and co-operation in the fields of shipping, insurance and reinsurance, tourism and technical assistance. He underlined the main achievements of RCD, singling out co-operation in the industrial field, which had resulted in the establishment of 55 joint-purpose enterprises, a number of which were already in production, while others were at various stages of implementation. He also mentioned steps undertaken by RCD countries with a view to furthering economic co-operation and, in particular, the proposals under consideration for the establishment of a regional development bank and of a preferential trade arrangement. He pointed out that, as far as trade liberalization was concerned, a study had been prepared by UNCTAD experts in order to identify tariff and non-tariff barriers to intra-regional trade.

36. The representative of the Council of Arab Economic Unity (CAEU) stated that the Council had been established in 1957 by seven countries with different social and economic systems having a total population of 71 million and imbalances in the distribution of their natural resources. He mentioned several decisions taken by the Council with a view to promoting closer economic integration and pointed to efforts made by member countries in harmonizing and co-ordinating policies covering different fields. He added that the objective was the establishment of an Arab Common Market and that this process had been initiated with the creation of a free-trade area. He stated that the Council had later decided to establish a customs union. In a subsequent statement, another representative of the Council suggested that technical assistance should be provided to CAEU and its member countries on a regional basis for the purpose of carrying out studies, preparing regional projects and training experts. He added that UNCTAD, UNDP and the United Nations Economic and Social Office at Beirut had responded positively to the request for technical assistance and that a programme of technical co-operation with these bodies had been approved.

37. The representative of a developing country stated that, in their efforts in the field of trade expansion, economic co-operation and regional integration, the members of the subregional grouping in which his country participated looked for sympathy and support from the international community, + multilateral

organizations and from the developed countries, including the socialist countries of Eastern Europe.

38. The representatives of several developing countries and developed market economy countries expressed their satisfaction with the positive response to the consultations which the Secretary-General of UNCTAD had conducted in pursuance of Conference resolution 48 (III), in order to convene a meeting with multilateral financial institutions to discuss how to contribute better to the regional and subregional integration efforts of developing countries. The representative of one of these developed market economy countries stated that, during those discussions, account should be taken of the work undertaken by the Working Group on Technical Co-operation among Developing Countries established within UNDP.

39. The representative of one developed market economy country stated that his country welcomed economic co-operation among developing countries since it strengthened the position of the latter in their relations with industrialized countries. He also supported the view expressed by the Secretary-General of UNCTAD in his introductory statement that developing countries should, by all means, be supported and encouraged in their efforts towards a policy of self-reliance.

40. The representative of another developed market economy country pointed out that measures of financial aid in support of integration efforts of developing countries should take into consideration the need for assisting projects of a regional character and that, in this respect, regional development banks had an important part to play. He added that certain problems, however, had to be acknowledged and that a careful approach and further study on related issues in the social, financial and monetary spheres appeared advisable.

41. The representatives of several developed market economy countries, referring to paragraph 8 of Conference resolution 48 (III), expressed the opinion that no further action was necessary with regard to the possibility of establishing within IMF a special facility to support trade expansion and regional integration among developing countries in the event that they should face balance-of-payments problems, in the light of the IMF analysis which showed that the availability of suitable financing was not a major obstacle in this connexion.

42. The representative of one developed market economy country underlined the important role that regional co-operation among developing countries could play for the benefit of the least developed and land-locked countries. He stated that his country was ready to support such co-operative efforts as much as possible, as it had done, for example, through its contribution to the Special Fund of the Asian Development Bank.

43. The representative of a socialist country of Eastern Europe, supported by the representatives of other countries in this area, called for support for the efforts by developing countries to expand their trade and economic co-operation and regional and subregional integration with a view to consolidating their economic and political independence. He also called for the elimination of any form of privileges for developed market economy countries and integrated groupings of such countries.

Action by the Board

44. At its 379th meeting, on 8 September 1973, the Board noted that, pursuant to paragraph 9 of Conference resolution 48 (III), the Secretary-General of UNCTAD had consulted Governments and multilateral financial institutions concerned with respect to the desirability and purpose of convening a meeting of multilateral financial institutions and, in the light of these consultations, had made provision for such a meeting to take place in the latter half of 1973.

E. The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction (Conference resolution 51 (III))

45. The representative of the Secretary-General of UNCTAD introduced the secretariat's progress report (TD/B/449), prepared in conformity with Conference resolution 51 (III), and the summary of a case study of the possible effects of the production of cobalt from the sea-bed on the world market for this mineral (TD/B/449/Add.1 and Corr.1). He stated that studies of the potential consequences of the production of manganese ore and nickel from the sea-bed were being undertaken. In the secretariat's opinion, there were two possible methods of protecting existing producers of minerals against possible adverse effects of the mining of these minerals from the sea-bed: the preventive method and the compensatory method. For the reasons given in the study relating to cobalt, it considered that the compensatory method would probably be ineffective and that for this reason alternative methods might have to be considered.

46. The representative of FAO introduced the study prepared by the FAO secretariat in response to the invitation of the Secretary-General of UNCTAD regarding the possible adverse effects of the exploitation of the sea-bed beyond national jurisdiction on fishery resources (TD/B/447). He emphasized that the study was a preliminary one inasmuch as the limits of national jurisdiction were as yet undefined and as the existing state of knowledge regarding the subject did not permit the drawing of definitive conclusions. He drew specific attention to the passages in the document which concerned the harmful effects on fisheries of the discharge of toxic substances into the sea. He pointed out that research was needed to determine the potential effects of the exploitation of the sea-bed on the biological resources of the sea.

47. The representatives of several developing countries emphasized the competence of UNCTAD, in accordance with General Assembly resolution 2750 A (XXV) and Conference resolution 51 (III), and in keeping with the discussions that had already taken place in the Board and the Committee on Commodities, to study the question of the economic implications of the commercial exploitation of mineral production from the sea-bed and ocean floor beyond national jurisdiction, to propose measures for dealing with possible adverse effects of such exploitation and to keep under constant review both in the Board and through its subsidiary organs, especially the Committee on Commodities, the complex problems arising from mineral production from the sea-bed. One such representative stated that these studies showed that UNCTAD's analysis of the economic consequences of such exploitation could be carried out without trespassing on the competence of other fora.

48. They attached importance to measures that should be evolved and adopted to avoid any possible adverse impact on world markets for the minerals concerned. The representatives of several developing countries urged that such measures should be adopted before the commencement of commercial exploitation in order to ensure that exploitation could be regulated so as to preclude developing producing countries from being adversely affected. Such preventive arrangements could be effective only if the sea-bed authority were empowered to undertake direct exploration of the area by itself or by means of joint ventures or service contracts, thus ensuring direct control by the sea-bed authority. An economic and development planning unit within the authority itself, which could monitor on a continuing basis the effects of exploitation of sea-bed minerals on land-based production in developing countries, should form an integral part of any system of control. These representatives were of the view that, in this regard, all States ought to observe the moratorium on the exploitation of the sea-bed beyond national jurisdiction recommended by the General Assembly in its resolution 2574 (XXIV) and Conference resolution 52 (III).

49. The representative of a developing socialist country of Asia stated that the international seas beyond the limits of national jurisdiction and the resources thereof should in principle belong to the peoples of all countries. He reiterated the competence of UNCTAD to propose measures necessary to avoid adverse economic effects which exploitation of the sea-bed might have on the prices of minerals exported primarily by the developing countries and he called on all States engaged in activities in the sea-bed area beyond the limits of national jurisdiction to cease such activities before the establishment of an international régime.

50. The representative of a developed market economy country noted that his country had supported a proposal made in the Committee on the Peaceful Uses of the Sea-bed and the Ocean Floor beyond the Limits of National Jurisdiction to establish, within a proposed international sea-bed authority, a commodity board aimed at regulating mineral production from the international area of the sea-bed. It was the hope of this delegation that such an international board would benefit both developed and developing countries.

51. The representatives of several developed market economy countries were of the view that, since the conclusions which might be drawn from the studies were still tentative and since many economic aspects of sea-bed production were as yet uncertain, no firm conclusion or recommendation regarding measures or approaches to avoid market disruption could be reached at this stage. Moreover, they considered that these questions were the primary responsibility of the United Nations Committee dealing with the sea-bed and would be discussed subsequently at the United Nations Conference on the Law of the Sea. They also wished to avoid any action which might prejudge the conclusions, or duplicate the work, of the forthcoming Conference.

52. The representative of one developed market economy country observed that the UNCTAD secretariat's views on possible consequences of the exploitation of sea-bed resources on the export earnings of developing countries were interesting, but that these consequences could not be the only criteria relevant to this matter.

53. The representative of another developed market economy country said there was a need to consider the orderly exploitation of sea-bed resources and that the question of the conservation of such resources should be taken into account.

54. Several of the representatives participating in the debate stated that, in conformity with General Assembly resolution 2750 A (XXV) and Conference resolution 51 (III), UNCTAD should continue to study the problems arising from the

commercial exploitation of the sea-bed and strengthen and supplement the present studies. They urged that close liaison should be maintained by the UNCTAD secretariat in its future work with the secretariats of other United Nations bodies concerned with these questions.

55. The representatives of some developed market economy countries emphasized that care should be taken to avoid duplication of work. The representatives of several developing countries emphasized that, in view of the competence of UNCTAD in the field of international commodity policy, it should study the possible adverse implications of sea-bed production and propose remedial measures.

56. The representative of a developing country said that the use for military purposes of the sea-bed and ocean floor might prejudice the future constructive use of the resources in question. He suggested that the organizations within the United Nations system, among them UNCTAD, should keep this aspect of the subject under review.

Action by the Board

57. At its 380th meeting, on 8 September 1973, the Board noted the reports contained in documents TD/B/447, TD/B/449, TD/B/449/Add.1 and Corr.1 on this matter.

58. Bearing in mind that the exploitation of the sea-bed was still in a preliminary stage and that more knowledge had to be gained regarding exploitation processes and their possible effects on the conservation and utilization of living resources, and noting further that this matter was under consideration by the Committee on the Peaceful Uses of the Sea-Bed and the Ocean Floor beyond the Limits of National Jurisdiction acting as a preparatory committee for the Third United Nations Conference on the Law of the Sea, the Board requested that the studies mentioned above, 9/ together with a summary of the views expressed thereon at its present session, be transmitted to the Third United Nations Conference on the Law of the Sea for consideration, and noted that the UNCTAD secretariat intended to carry out case studies on manganese and nickel. The Board noted with interest the FAO study on fishery resources of the seas and oceans (TD/B/447).

F. Review and appraisal of the International Development Strategy

59. In response to a request made by the Board in the course of its fifth special session, 10/ the Secretary-General of UNCTAD had prepared a report for the thirteenth session (TD/B/454 and Corr.1) concerning the technical and procedural implications of alternative arrangements for the mid-term review and appraisal of policy measures falling within the competence of UNCTAD, in the light of General Assembly resolution 2801 (XXVI) and Conference resolution 79 (III).

60. With regard to the possibility, discussed in paragraphs 3 to 9 of the report by the Secretary-General of UNCTAD concerning this matter, that the mid-term review

9/ For the further views of delegations and a statement by the Secretary-General of UNCTAD on this matter, see the summary record of the 380th meeting (TD/B/SR.380).

10/ See the Board's report on its fifth special session (part one above), para. 191.

might be carried out not by the Board but by the Conference itself, the fourth session of which would be brought forward to 1975 from the date in 1976 at present envisaged. There was general agreement that holding the next session of the Conference in 1975 was neither desirable nor practicable.

61. The representative of a developing country suggested that the mid-term review should be carried out by the Conference itself in 1976, the year designated for its fourth session. He saw the following advantages in this course of action: by 1976, statistical information covering the whole of the first half of the Second United Nations Development Decade would be available; the results of the multilateral trade negotiations, scheduled to end in late 1975, would be known, and the developing countries members of the Group of Seventy-seven would be able to prepare for the mid-term review at the same Ministerial Meeting at which they prepared for the Conference. The representative of another developing country expressed a preference for 1975 as the appropriate time for the mid-term review. In order for the task to be undertaken at the highest political level, he suggested that the special session of the Board to be called for the purpose should be attended by representatives of ministerial rank. The representative of another developing country deplored the fact that the Economic and Social Council had been able to complete only one reading of its report to the General Assembly concerning the first biennial review. He said that the African group of developing countries regarded the text in question as an irreducible minimum and would insist on its being given a second reading in the General Assembly.

62. The representatives of most developed market economy countries expressed the view that the existing arrangements under Conference resolution 79 (III) were adequate. One of these representatives noted that nothing had changed since the Conference to require the Board to alter the decision of the Conference for handling review and appraisal.

63. Another of these representatives considered that the Board should avoid a repetition of the mistakes which had made it impossible for it, in the course of the first biennial review process, to forward an agreed text to the Economic and Social Council, which would have forwarded an agreed text to the General Assembly. Nevertheless, that representative did not think that the future avoidance of such mistakes required any change in the arrangements laid down in General Assembly resolution 2801 (XXVI) and in Conference resolution 79 (III). The view that these two resolutions were adequate and that their provisions should be respected was shared by representatives of some other developed market economy countries.

64. The representative of a socialist country of Eastern Europe stated that his country, being a developing socialist country, shared with other developing countries the wish to see the mid-term review carried out in an appropriate institutional framework. The representatives of some socialist countries of Eastern Europe drew attention to their declaration on the International Development Strategy made at the fifth special session of the Board. 11/

65. At the 377th meeting of the Board, on 7 September 1973, the spokesman for the Asian countries members of the Group of Seventy-seven submitted a draft decision on this matter on behalf of those countries (TD/B/L.339).

11/ See the report of the Board on its fifth special session (part one above), annex I, resolution 94 (S-V), annex C.

66. At the 380th meeting of the Board on 8 September 1973, the President, after informal consultations, submitted a draft decision (TD/B/L.344), and the draft decision (TD/B/L.339) was withdrawn.

67. A number of amendments to the draft decision of the President were submitted by the spokesman for the countries members of Group B.

Action by the Board

68. At the same meeting, the draft decision, as amended, was adopted. 12/

G. Interdependence of problems of trade, development finance and the international monetary system

69. The representatives of developing countries, while drawing attention to the scant progress hitherto made in achieving the targets of the Second Development Decade, expressed the hope that the recent political détente would provide the opportunity for developed countries to pay more attention to the developing problems of the third world. In the past, developed countries had made many liberal declarations but little positive action had been taken, and the developing countries hoped that this pattern would not be repeated. Their aspirations had so far been met only partially by developed countries, whose action had not gone as far as suggested in resolutions adopted by UNCTAD, the Economic and Social Council and the General Assembly. They noted that the steps now being taken in the trade and monetary fields, though essential, were only initial measures. What was of particular concern was the fact that there were still no assurances that whatever reforms might be in the offing would benefit developing countries, or even that the interests of those countries would be taken into account in such a way that no further losses would result to their economies from the very reforms that were being sought.

70. These representatives expressed the view that at its thirteenth session the Board, meeting on the eve of the forthcoming multilateral trade negotiations and the meeting of IMF, should ensure that the interests of all countries - particularly those of the developing countries - were taken fully into account in these vital negotiations.

71. They pointed to the important role that UNCTAD had already played in ensuring the participation of developing countries in both these discussions through the adoption of Conference resolutions 82 (III) and 84 (III), which had played no small part in the decision to set up the Committee on Reform of the International Monetary System and Related Issues with the participation of developing countries and in the invitation by GATT to all developing countries (whether or not Contracting Parties to GATT) to participate in the preparatory meetings for the multilateral trade negotiations. UNCTAD had also made an indispensable contribution in helping developing countries to prepare for these negotiations and had provided one more forum for developing countries to make their voices heard on issues relating to negotiations in both the trade and monetary fields. It was therefore essential, in their view, that UNCTAD should continue to ensure that the interests of developing

12/ For the text of the decision, see annex I below, decision 102 (XIII).

countries were taken fully into account and that decisions on monetary, financial and trade questions - which were inextricably linked - were dealt with in a co-ordinated and mutually reinforcing manner. In the meantime, they deemed it imperative that UNCTAD should remain faithful to its original purpose of seeking a fundamental reform of the framework in which North-South economic relations were carried out.

72. The representatives of several developing countries emphasized the competence of UNCTAD to discuss the question of the reform of the international monetary system and the multilateral trade negotiations, and said that it was the duty of the Trade and Development Board to insist upon the interrelationship of these matters and their relevance to the trade and development of the developing countries. In their opinion, the Board should keep these questions constantly under review. It was therefore necessary to make more effective the present method of co-ordination between the Secretary-General of UNCTAD, the Director-General of GATT and the Managing Director of IMF.

73. One of these representatives said that developed countries should appreciate why developing countries were particularly interested in co-ordination between GATT, UNCTAD and IMF. It was in UNCTAD alone that all the developing countries were represented; it was the largest and the most universal intergovernmental body dealing with the question of trade and development, and the problems of developing countries had been recognized as the first priority of UNCTAD. Developed countries, with their vast financial resources and technical ability, did not need much help from UNCTAD; but this did not apply to most, if not all, developing countries.

74. The representative of one developing country recommended that the Trade and Development Board should endorse the statement of the Secretary-General of UNCTAD that "the multilateral trade negotiations that are to start shortly will inject realism and a sense of urgency into the monetary negotiations rather than to make them more difficult", and that "one of the recognized objectives set both for the multilateral trade negotiations and for the monetary negotiations is to find solutions to the problems of the developing countries, including the least developed among them". ^{13/} The Board should also bring these statements officially to the attention both of the GATT meeting at Tokyo and the meeting in Nairobi of IMF on the reform of the international monetary system.

75. Referring to the multilateral trade negotiations, the representative of one developing country pointed out that so far there was no specific guarantee that, as far as the developing countries were concerned, the results would not be the same as those that had emerged from the Kennedy Round, in which the interests of developing countries had been given only marginal consideration. The representative of another developing country said that, in order to be of real benefit to developing countries, the forthcoming negotiations should not be limited to questions of trade, but should lead to a transformation of the very nature of economic relations between developed and developing countries. He referred to a recent meeting of the Special Committee on Latin American Co-ordination (CECLA), at which a draft document had been prepared for the Tokyo meeting containing what Latin American countries regarded as the essential points to be borne in mind during the multilateral trade negotiations. These proposals covered the following points: there should be a modification of the General Agreement on Tariffs and Trade; the principle of non-reciprocity for

^{13/} See annex II below.

the developing countries should be recognized; there should be an improvement of the Generalized System of Preferences; there should be net additional benefits for developing countries and the negotiations should include economic objectives supplementary to the negotiations themselves. The representative of one developing country expressed satisfaction that the draft Declaration of the GATT Preparatory Committee 14/ covered agricultural products and non-tariff barriers.

76. The representative of another developing country said that the multilateral trade negotiations should guarantee market access for items of export interest to developing countries, and should ensure stable, equitable and remunerative prices for primary commodities.

77. The need for the full participation, with equal rights, of developing countries in all stages of these negotiations was stressed by the representatives of a number of developing countries. In order to ensure such participation, it was essential, in their view, that UNCTAD should be closely associated with the negotiations so as to assist developing countries, as recognized in Conference resolution 82 (III). The Secretary-General of UNCTAD should, in their view, maintain close relations with the Director-General of GATT in the same way as he did with the Managing Director of IMF.

78. Representatives of developing countries noted with satisfaction the creation of the Committee on Reform of the International Monetary System and Related Issues, which they said marked a step forward in associating developing countries with negotiations on the reform of the international monetary system, but they pointed out that, despite the existence of this Committee, basic decisions in this field in the recent past had still been taken by a few rich countries. They expressed the hope that the final outcome at Nairobi would help the trade and development of developing countries.

79. These representatives referred to the damage that the monetary crisis had inflicted on the economies of developing countries. The recent monetary crisis had led to a severe loss of foreign exchange earnings of many developing countries and had aggravated their debt problems. No reform of the international economic system, however extensive, could compensate for the losses incurred by developing countries in the past. They stressed that any reform of the monetary system should take into account the interests of all countries.

80. The representative of a developing socialist country of Asia stated that the frequent monetary and financial crises in the capitalist world had caused great losses to the foreign exchange earnings of developing countries and, at the same time, had compounded their difficulties in repaying their foreign debts. This situation was now deteriorating further. He supported the legitimate claims of developing countries to solve their debt problems. With regard to the reform of the international monetary system, he stressed the need for developing countries to participate fully on an equal basis in discussions and decision-making, which could no longer be left to a few countries that had used their monopolistic position to make unilateral decisions, at the expense of others, which affected the interests of all countries.

14/ For the text of the Declaration as adopted at the Tokyo Ministerial Meeting, see GATT/1134.

81. The representatives of some developing countries laid great stress on the need for a new monetary system. The question arose as to whether it would be better to reform the present international monetary system or to create a new system. In the view of one of these representatives, there was no real international monetary system, but a series of national systems with links between them and certain rules laid down by IMF to regulate payments.

82. The representative of another developing country emphasized the need, particularly for developing countries, for a monetary system based on stable exchange rates. While any reform of the present system should maintain the principles of Bretton Woods, institutional arrangements should be suitably adapted to meet the present situation. When IMF had been set up in 1944, the objectives were primarily to reconstruct Europe and to liberalize trade, and there was no mention of the word development. The reconstruction of Europe and Japan had now been completed and it was time to take into account the interests of Africa, Asia and Latin America. The newly constituted IMF should include as one of its principles the need to co-operate on the question of development. It was unjust to treat equally countries which were not in fact equal. Developing countries could not agree that monetary reform be settled by a small group of countries. In the view of this representative, the Fund, suitably strengthened and adapted to meet the realities of the 1970s, was the most suitable organization to deal with the reform of the international monetary system.

83. The representative of another developing country stated that it was essential to focus attention on the grave problem of the alarming growth of world-wide inflation, which was doing untold harm to the economies of all countries. Developing countries had taken various steps to contain domestic inflation, but they were powerless to deal with the adverse effects of inflation imported from developed countries. Developed countries should take measures to deal with this problem. He suggested that it was necessary for a serious research study to be undertaken on the question of inflation because of its adverse effect on the economies of all countries and particularly those of developing countries. Such a study could be undertaken by the Committee on Invisibles and Financing related to Trade, but it might be better to set up a special body of experts to deal with this subject.

84. The representatives of developing countries laid great stress on the need to establish a link between Special Drawing Rights and additional development assistance. The representative of one developing country pointed out that, in the monetary field, the one discordant note in the hopeful statements that had been made about recent over-all progress was the absence of any serious consideration of the transfer of real resources to developing countries. The representative of another developing country expressed surprise that the idea of the link should have met with opposition at the recent meeting of the Committee on Reform of the International Monetary System and Related Issues. He also drew attention to the fact that the statement made by the representative of a developed market economy country at the present session of the Board in support of the link (see para. 95 below) was more guarded than the following statement on this subject, which had appeared in the joint communiqué issued after the recent Commonwealth Prime Ministers Meeting in Ottawa:

"Heads of Governments reviewed the work of the Committee of Twenty and recognized the urgent need to work towards the achievement as quickly as possible of a new and stable international monetary order which would take into account the special concerns of developing countries particularly as regards the creation of a link between SDRs and development finance."

85. The representatives of developed market economy countries recognized the interdependence of matters related to trade, monetary reform and development finance, and some of them acknowledged the need for far-reaching reforms in the present trade and monetary systems. One of these representatives pointed out that the ideas of Adam Smith based on enlightened self-interest and the invisible hand were no longer applicable in the world of today and what was required was a fundamental change. It was no longer possible to regard the problems of developing countries as isolated from those of the developed world. A first step in this direction had been taken by the adoption of the International Development Strategy. In words, at least, the need for an integrated approach had been recognized, but much more remained to be done. In this interdependent world, it was not possible to deal effectively with problems in the field of trade, monetary matters and development finance, other than in a co-ordinated manner.

86. Another of these representatives said that the adverse effects of the present situation on development fully justified the desire of all countries - developed, developing and socialist - to participate in drawing up a future structure better adapted to take account of development requirements.

87. The representative of another developed market economy country said that UNCTAD could not be expected to deal single-handedly with all problems in the field of trade, monetary matters and development finance. Each individual international organization had its specific role to play. However, UNCTAD should be given the opportunity to show how action in these fields affected the interests of developing countries and to submit its findings.

88. Noting the urgent and important endeavours of the international community to improve world trading conditions and the international monetary system, the representative of a developed market economy country said that the existing arrangements involving the Secretary-General of UNCTAD were the best way of co-ordinating these endeavours. The representative of another such country said that it was premature to think of establishing any machinery for ensuring co-ordination between the agencies concerned. The representative of yet another developed market economy country stated that it was her opinion that, in line with Conference resolution 84 (III), problems were indeed being settled in a co-ordinated manner.

89. The representatives of developed market economy countries noted that the Secretary-General of UNCTAD had said that he was not in a position to propose improvements or modifications to make the existing arrangements for co-ordination more effective. One of these representatives said that full use should be made of the present arrangements for consultations between the Secretary-General of UNCTAD, the Director-General of GATT and the Managing Director of IMF. While his Government had agreed that there should be a special session of the Board to discuss the question of interdependence, it was difficult, at the present juncture, to decide when the session should take place. It was his view that the Secretary-General of UNCTAD should make a final decision after the multilateral trade negotiations were under way.

90. The representative of another developed market economy country expressed the belief of his Government that, at the present time, the existing arrangements for co-ordination, that is, between the executive heads of the three agencies concerned, were the best.

91. The representatives of many developed market economy countries expressed satisfaction with the progress made with regard to the multilateral trade negotiations and the reform of the international monetary system since the adoption of Conference resolutions 82 (III) and 84 (III). There was now a good possibility, after the recent third session of the Committee on Reform of the International Monetary System and Related Issues, where appreciable progress had been made, that the Committee might complete its work in 1974. However, it was still necessary to maintain this momentum and the reform scheme itself might take some time to come to fruition.

92. Representatives of developed market economy countries noted with satisfaction that developing countries had been associated in discussions relating to both the multilateral trade negotiations and the reform of the international monetary system. With regard to the multilateral trade negotiations, these representatives stressed the need for active participation by developing countries in all stages of the proceedings in order to ensure that their interests were fully taken into account.

93. The representative of the European Economic Community (EEC) said that the multilateral trade negotiations must not only avoid causing indirect harm to developing countries, but must also help to promote their trade and increase their export earnings.

94. The representatives of some developed market economy countries said that their countries intended to bear the essential interests of developing countries in mind. They subscribed fully to the two fundamental objectives of these negotiations: to secure additional benefits for the international trade of developing countries, and in particular to achieve a substantial increase in their foreign exchange earnings.

95. With regard to the question of the link between SDRs and additional development finance, the representative of one developed market economy country referred to statements made on behalf of her Government at the recent meeting of the Committee on Reform of the International Monetary System and Related Issues. Her Government had reiterated its consistently expressed support for a link, provided it did not interfere with the main object of reform. While sympathizing with the sense of frustration felt by many developing countries over the delay in reaching agreement, they had suggested that the reservations of some countries were genuine and important. It hoped that after the IMF meeting in September, the main details of reform would be sufficiently clear to make possible a better focused examination of the link and that it would then emerge that the difficulties and reservations could be overcome. Representatives of two other developed market economy countries stated that their Governments were in favour of the establishment of such a link.

96. The representative of one developed market economy country felt that the possible negative aspects for developing countries in the present world economic situation might have been overstressed, and insufficient weight put on the very substantial adjustment action taken by surplus countries. He added that his country had taken substantial action to liberalize trade.

97. The representatives of some socialist countries of Eastern Europe, supported by the representatives of some developing countries, stated that the present international monetary crisis was a reflection of the crisis of capitalism and that the socialist countries did not, and could not, bear any responsibility for the critical upheavals in the capitalist monetary system. They stressed the need for

a new international monetary system negotiated with the full participation of all countries. In their view, IMF was not the best forum because of the lack of universality of its membership. Moreover, it had proved its inability to make the system of international settlements function normally. In their view, UNCTAD, as the most universal intergovernmental organization, was a much more suitable forum and they suggested the strengthening of the organization to deal with this problem.

98. The representative of one socialist country of Eastern Europe, supported by the representatives of some of these countries, said that any reformed system should provide an adequate role for gold, the price of which should be fixed at an economically realistic level, that the monopoly position for one or more currencies should henceforth be ruled out, and that these problems should be solved on a universal basis.

99. The representative of one socialist country of Eastern Europe said that his country, as a developing country, wished to emphasize that the questions of trade, finance and monetary reform were intimately linked and that full importance should be accorded to this interdependence in an international framework. To this end, co-ordination between intergovernmental organizations was necessary so as to give the right direction to negotiations and thus lead to an effective and dynamic economic system which would ensure a more equitable international division of labour and help to assist developing countries.

100. The representatives of the socialist countries of Eastern Europe stressed the need to deal with trade, development finance and international monetary reform with the full participation of all countries regardless of their economic system or of their stage of development. This would, in their view, lead to a better understanding of the problems and bring balanced benefits to all groups of countries. One of these representatives stated also that the improvement in the international situation and political détente brought with it favourable consequences for all the world's countries in the economic sphere. It enabled all countries, in an ever-increasing degree, to concentrate their efforts primarily on matters relating to the acceleration of their own social and economic advancement, and opened new favourable possibilities for expanding all flows of international trade.

101. These representatives shared the view of developing countries that UNCTAD should have a recognized role in the multilateral trade negotiations so that the interests of all, especially those of developing countries, could be looked after in an equal way. They pointed out that any general settlement of international trade problems should take into account the interests of all flows of international trade, in particular those of developing countries. The negotiations should lead to the elimination of discrimination in international trade. They endorsed the statement in the report of the Secretary-General of UNCTAD (TD/B/455, para. 4) that, without this, the present negotiations might well repeat the experience of the Kennedy Round, where tariff reductions had related mainly to products in which developed countries had an interest.

102. The representatives of two socialist countries of Eastern Europe suggested that the Board should ask the Secretary-General of UNCTAD to keep it informed of what was happening in relation to multilateral trade negotiations so that the Board might take promptly such measures as might be required.

103. At the 377th meeting of the Board, on 7 September 1973, the spokesman for the Asian countries members of the Group of Seventy-seven submitted a draft decision on behalf of those countries (TD/B/L.338).

104. At the 380th meeting of the Board, on 8 September 1973, a draft text was submitted on behalf of the Group of Seventy-seven and the draft decision (TD/B/L.338) was withdrawn.

105. The spokesman for the countries members of Group B suggested a number of amendments to the text and said that the main objection of his Group to paragraph (b) was that, in their opinion, the request should have been made to the countries engaged in the negotiations and not to the Trade and Development Board. A similar request had been made to GATT and had not been approved; it was therefore difficult for his Group to take a different view on the subject now. He accepted the text on the understanding that the reference to the Board's taking note was an observation and not an implication that the Board had authority for decision in this matter.

106. The spokesman for the socialist countries of Eastern Europe said that the text was not acceptable to them even with the changes proposed by the spokesman for Group B. In their view, any general settlement of trade should take into account the interests of all flows of international trade, as set forth in Conference resolution 82 (III). They saw no reason, therefore, why this concept should not be included and, if the text were put to a vote, the countries members of Group D would abstain.

Action by the Board

107. At the same meeting, the draft text was adopted without a vote as an agreed conclusion. 15/

H. Co-ordination between United Nations bodies

108. The representatives of some developing countries drew attention to the importance of co-ordination and co-operation between UNCTAD and the Economic and Social Council. They expressed the hope that the Board, at its present session, would help to dispel any false ideas that might have arisen about competition between the two bodies. Neither of these bodies could replace the other; their respective jurisdictions had been clearly defined and their activities were meant to complement each other. Both could act only through representatives of Governments and it was therefore essential that Government representatives should harmonize their position in both fora.

109. The President of the Board stated, in reply, that UNCTAD was an organ of the General Assembly established under Assembly resolution 1995 (XIX) and, as such, formed an integral part of the United Nations system. The organization had to play its role within its competence as set forth in that resolution, and it had always been, and would continue to be, UNCTAD's endeavour to co-operate with all other organs of the United Nations family.

15/ For the text of the agreed conclusion, see annex I below, agreed conclusion 106 (XIII).

110. The Secretary-General of UNCTAD confirmed that relations between the Economic and Social Council and UNCTAD had been good and had stimulated mutual action, and that both bodies were conscious of the need to work together constructively. The UNCTAD secretariat was well aware of the major role of the Economic and Social Council as the co-ordinator of economic and social activities in the United Nations system and the Council clearly recognized UNCTAD's competence in the field of trade and development.

I. Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries (TD/L.66 and Corr.1-3)

Action by the Board

111. At its 379th meeting, on 8 September 1973, the Board decided to defer consideration of draft resolution TD/L.66 and Corr.1-3 until its fourteenth session.

J. Draft resolution on developing countries' trade centres (TD/L.78/Rev.1)

112. At its 376th plenary meeting, on 3 September 1973, the Board considered the draft resolution on developing countries' trade centres (TD/L.78/Rev.1). 16/

113. The representative of a developed market economy country informed the Board that his Government was withdrawing as co-sponsor of the resolution, since it appeared that the measures of support anticipated from other developed market economy countries would not be forthcoming.

114. The representative of a developing country, speaking on behalf of the Asian countries members of the Group of Seventy-seven, proposed that the draft resolution be transmitted to the Committee on Manufactures for consideration at its seventh session in 1975. These countries considered that trade centres for developing countries established in developed countries and working closely with international organizations, including the International Trade Centre UNCTAD/GATT, would assist their efforts to increase exports, in particular the exports of semi-manufactures and manufactures as well as semi-processed and processed primary products.

115. The representative of a developed market economy country considered that the question of establishing trade centres was one best left for decision by individual countries, but was prepared to accept transmittal of the draft resolution to the Committee on Manufactures.

116. The representative of a socialist country of Eastern Europe supported the

16/ This draft resolution was referred to the Board by the Conference at its third session. The Board, at the first part of its twelfth session, decided to defer consideration of the draft resolution until its thirteenth session (Official Records of the General Assembly, Twenty-seventh Session, Supplement No 15 (A/8715/Rev.1 and Corr.1), part one, para. 95).

draft resolution and stated that trade centres should be established in accordance with the internal law of the countries where those centres were to be established.

117. The representative of a developing country, speaking on behalf of the African countries co-sponsors of the draft resolution, said that they had no objection to the proposal, on the understanding that the African countries co-sponsors of the draft resolution could, if they so wished, revert to the matter at a subsequent meeting.

118. Under this item, the representative of the United Kingdom informed the Board that her authorities proposed to establish a Developing Countries' Import Opportunities Office, which, working in close liaison with the International Trade Centre UNCTAD/GATT, would assist developing country exporters and trade representatives to find markets for their countries' products in the United Kingdom. The representative of Australia said that his country was establishing a trade development facility to assist developing countries in expanding their exports.

Action by the Board

119. At the same meeting, noting that none of the co-sponsors of the draft resolution had objected and noting further the reservation by the African developing countries, the Board agreed to refer the draft resolution (TD/L.78/Rev.1) to the Committee on Manufactures for consideration at its seventh session in 1975. 17/

17/ For the text of the draft resolution, see annex IV below.

CHAPTER II

INTERNATIONAL TRADE AND FINANCING: CONSIDERATION OF ACTION ARISING FROM THE ACTIVITIES OF THE MAIN COMMITTEES AND OTHER SUBSIDIARY BODIES OF THE BOARD

(Agenda item 6)

120. At its 362nd meeting, on 21 August 1973, the Trade and Development Board established Sessional Committee I, open to the participation of all interested delegations, to consider and report on agenda item 6 (International trade and financing: consideration of action arising from the activities of the main Committees and other subsidiary bodies of the Board), as well as the draft resolutions on diversification (TD/III/C.1/L.4), the transfer of technology (TD/B/L.306) and compensation for losses occasioned by the realignment of major currencies (TD/B/L.308).

121. At its 15th meeting, on 6 September 1973, the Sessional Committee decided to remit to the plenary further consideration of the question of intensive intergovernmental consultations on commodities, and requested its Chairman to report directly to the plenary thereon.

122. At its 16th (closing) meeting, on 7 September 1973, the Sessional Committee noted that informal consultations by its Chairman on the following other outstanding matters were continuing and authorized the Chairman to report on the outcome thereof directly to the plenary:

Agenda item 6 (a)

Marketing and distribution systems for primary commodities.

Diversification.

Provisional agenda of the eighth session of the Committee on Commodities.

Report of the Advisory Committee to the Board and to the Committee on Commodities on its eighth session.

Agenda item 6 (b)

All matters arising from the report of the Committee on Manufactures on the first part of its sixth session and requiring action by the Board.

All matters arising from the report of the Special Committee on Preferences on its fifth session and requiring action by the Board.

Agenda item 6 (d)

All matters arising from the report of the Intergovernmental Group on Transfer of Technology on its second session, including action on draft resolution TD/B/L.306 as revised by TD/B(XIII)/SC.I/L.2.

Agenda item 6 (e)

Draft resolution TD/B(XIII)/SC.I/L.1.

A. Commodity problems and policies

1. Report of the Committee on Commodities on its seventh (special) session

123. The report of the Committee on Commodities on its seventh (special) session 18/ was introduced by its Chairman.

124. Commenting in general on the activities of UNCTAD in the field of commodities, the representative of a developing socialist country of Asia stated that, in view of the vital importance of trade in primary commodities for developing countries, his Government hoped that the intensive consultations on access to markets and pricing policy would lead to positive results. He referred to the harmful effects of the operation of monopolistic forces in international commodity markets, adding that primary commodity markets had been adversely affected by various obstacles and that the recent monetary crisis had caused substantial losses to developing countries. He considered that the recent upswing in commodity prices, caused by crop failures, was likely to be only temporary and that, in the longer run, the terms of trade of the developing countries would probably worsen. It was therefore right for developing countries to call for intensive consultations on access to markets and pricing policy, and he fully supported the objective they sought in this regard. His Government would join in the common endeavour to solve the problems of primary products exported from developing countries.

125. The spokesman for the Asian countries members of the Group of Seventy-seven, stated that the present world economic situation was unstable and unhealthy owing to, among other things, monetary instability, accompanied by depreciation of the dollar and the pound. All these factors had created new elements of uncertainty in both the short-term and longer-term outlook for commodity trade. These trends should also be considered in the light of the current inflation in the developed countries, which had not helped to bring about an improvement of the terms of trade of the developing countries, since the value of the increase of their export earnings had been lessened by the substantial and continuous increase in the prices of industrial products purchased from developed countries, for consumption as well as for development purposes. He said that the sharp increase in dollar prices of primary commodities in 1972/1973 should be regarded as only a recovery from the low level of commodity prices in previous years and should be viewed in the light of the upsurge in the business cycles of the economies of the developed countries. Moreover, it was only of a temporary nature and it might be expected that, in the near future, prices would again decline, in accordance with previous experience that prices of commodities fluctuated widely. While it was true that the trend in world prices for a number of commodities had been favourable, there were other important commodities, such as tea, bananas, citrus fruits and manganese ore, which for many developing countries constituted the main source of foreign exchange earnings, for which prices had remained at low levels. The international community should therefore not lay too much stress on

18/ Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 2 (TD/B/432).

recent commodity price movements, nor should it be complacent about the present situation, but rather deal with the many problems facing the trade in commodities of the developing countries. His Group, therefore, expressed its appreciation to the Secretary-General of UNCTAD for the concrete suggestion which he had put forward in his opening statement to the plenary. 19/

126. The representative of one developing country in Asia drew attention to the current critical world food situation, which affected the lives of millions of people and the economies of a large number of developing countries. He referred to the considerable fall in world output of cereals, in particular wheat and rice, during the latter part of 1972, because of the extremely adverse weather conditions in many parts of the globe. He suggested that an integrated and co-ordinated approach by the international community was needed, aimed at reducing or preventing the recurrence of world food shortages, through possible policy measures, such as strengthening the production base and promoting adequate stock-holding, especially in developing countries, and concluding arrangements to reduce price instability. He suggested that these problems and policy issues relating to the present world food crisis deserved the fullest consideration by the Board in order that, where appropriate, policy actions could be taken by the respective organs of UNCTAD.

(a) Intensive intergovernmental consultations on commodities

127. The representative of the Secretary-General of UNCTAD, referring to the programme for intensive intergovernmental consultations on a number of commodities which, pursuant to paragraph 9 of resolution 7 (VII) of the Committee on Commodities, had been drawn up in consultation with government representatives and the Director-General of FAO, emphasized that the programme (TD/B/456, annex) should be regarded as no more than a time-table. The annex did not contain a list in the sense of the lists annexed to resolution 7 (VII), and the programme had been drawn up without prejudice to possible alterations as regards dates and, more especially, the addition of other commodities as might be agreed by Governments. The Secretary-General of UNCTAD was continuing his consultation with Governments concerning the implementation of resolution 7 (VII) in respect of coffee. With regard to cotton, he stated that the International Cotton Advisory Committee had agreed to undertake the necessary intergovernmental consultations, but had just confirmed that, partly for budgetary reasons and partly because of the time needed for adequate preparation of the consultations, it could do so only at its regular session in the autumn of 1974, rather than at its forthcoming regular session in October/November 1973. However, preliminary consideration would be given to the matter at its forthcoming session. It had been the view of the UNCTAD secretariat that the consultations on cotton could be held earlier than in the autumn of 1974, in the spirit of the understanding reached during the informal consultations between the Secretary-General of UNCTAD and government representatives concerning the first round of consultations, that is, those to take place before April 1974.

128. Regarding consultations to be carried out by the Director-General of FAO in co-operation with the Secretary-General of UNCTAD, he stated that the two executive heads had agreed that invitations would be sent by the Director-General of FAO to all States members of FAO or members of UNCTAD. The Secretary-General of UNCTAD

19/ See annex II below.

would in turn forward, through the normal UNCTAD channels, copies of the invitations, with a covering note of his own, to States members of UNCTAD. It was hoped thereby to facilitate co-ordination at the national level. Further, there would be an exchange of views between the two secretariats on the agenda for each consultation and on the documentation that each secretariat would prepare. The documentation would be available in all the working languages of UNCTAD. In the case of consultations on commodities for which no autonomous bodies or intergovernmental groups existed, such as hides and skins, the consultations would be undertaken jointly by UNCTAD and FAO, and it had been agreed that the consultations on hides and skins would be convened by UNCTAD.

129. The representatives of several developing countries welcomed the progress that had been made in organizing the intensive consultations. Noting that the programme proposed by the Secretary-General of UNCTAD covered only a limited, albeit important, group of commodities, they requested him to continue his consultations with Governments with a view to including more primary commodities. In this respect, special mention was made of iron ore. They considered that among the advantages of enlarging the number of commodities was that success in the consultations would contribute to the success of the multilateral trade negotiations in GATT, which they hoped would cover all commodities. They expressed appreciation that the developed countries were willing to participate in the consultations and urged those countries to bear in mind the need to pursue vigorously the aims and objectives of the consultations as set out in paragraph 2 (b) of resolution 7 (VII) of the Committee on Commodities. They assumed that the consultations would concentrate on proposals in respect of access to markets and pricing policy rather than on the analysis of problems faced by commodities. The representative of one developing country suggested that developed countries should therefore be ready to put forward offers at the consultations in the same way as had been done for the generalized system of preferences. The representatives of a number of developing countries also urged that, in accordance with paragraph 7 of the resolution, a special session of the Committee on Commodities be convened in mid-1974 to assess the results of the first round of consultations.

130. The representatives of some developing countries conveyed their understanding that the consultations would deal with access to markets and pricing policy of commodities whether in raw, semi-processed or processed form. Some of these representatives, commenting on the time-table proposed by the Secretary-General of UNCTAD, requested that coir be included in the consultations on hard fibre, oilcakes in the consultations on oilseeds, oils and fats, leather in the consultations on hides and skins, and basmati rice in the consultations on rice. They suggested that the documentation prepared by the UNCTAD secretariat in accordance with Conference resolution 78 (III) be made available to other bodies carrying out the consultations, and also to GATT, for use, as appropriate, in the multilateral trade negotiations. They also urged that these studies, of a factual nature, on marketing and distribution systems for each commodity be provided as background documentation for the consultations so far as possible; in this connexion, specific reference was made to tea and to oilseeds, oils and fats.

131. The spokesman for the African countries members of the Group of Seventy-seven stressed that there was a fundamental and urgent need for the international community to take effective action on problems of access to markets and on prices for processed and semi-processed commodities exported by developing countries of Africa in particular. African countries depended heavily on primary commodities for

their foreign exchange earnings, but the pricing policy for products exported by these countries resulted in negative returns to the producers. Africa held the smallest share in world trade in terms of regional groupings of developing countries because of the unfavourable price trends for its primary commodities, price fluctuations and other obstacles. These factors, and the marked deterioration in the terms of trade of the region, had brought about continuous trade deficits of the African region with its major trading partners in the developed countries. In addition to this constraint on development, some countries had been forced to borrow not only for their economic and social development, but also to meet their debt-servicing obligations. Developing African countries therefore faced a crisis situation, brought about by the depressed export sector, which called for a political decision by developed countries to assist them by taking immediate trade measures in the commodity field.

132. With regard to the procedures and modalities which the Secretary-General of UNCTAD envisaged in pursuance of Conference resolution 83 (III) and resolution 7 (VII) of the Committee on Commodities, he said that the African countries were astonished that no concrete action had been taken on coffee. His Group stood by the reservation it had made at the seventh session of the Committee concerning the interpretation of resolution 7 (VII). 20/

133. He gave the following reasons why the African Group insisted on the inclusion of coffee in the consultations:

(a) Coffee and other commodities were the mainstay of the economy and the principal source of foreign exchange for African countries;

(b) The consultations would focus primarily upon the trade interests of developing countries;

(c) Coffee was of paramount interest to about half of the 41 independent countries of Africa;

(d) The African countries had supported the introduction of the generalized system of Preferences even though they had not derived any benefit from it, because of the exclusion of BTN chapters 1-24. It therefore stood to reason that no country or group of countries should stand in the way of the African countries in the full implementation of Conference resolution 83 (III) and resolution 7 (VII) of the Committee on Commodities, which was the only way of attempting to compensate the African countries for their handicaps or disadvantages under the generalized system of preferences;

(e) Of the 25 least developed of the developing countries so far identified by the Committee for Development Planning, 16 were in Africa, of which seven depended to a large extent on exports of coffee.

134. He referred to the efforts which the African Group had made to ensure the inclusion of coffee in the intergovernmental consultations, mentioning a letter dated 4 May 1973, which the Group had addressed to the Secretary-General of UNCTAD,

20/ Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 2 (TD/B/432), para. 63.

and the report of the eighth ECA/OAU Joint Meeting on Trade and Development, held at Geneva from 9 to 17 August 1973, at which a number of decisions had been taken regarding the list of commodities. 21/

135. Since paragraph 9 of resolution 7 (VII) of the Committee on Commodities had not been fully complied with, he asked whether the interested Governments of Africa had been consulted before the decision to go ahead with intergovernmental consultations on certain commodities in FAO had been taken. He gave an assurance that the African Group would nevertheless continue to search for an equitable solution to the question of coffee. In order to achieve this objective, his Group sought a firm commitment from the Secretary-General of UNCTAD and from all parties interested in the question of coffee that:

(a) There would be agreement by the countries or group of countries concerned to the immediate inclusion of coffee in the intensive intergovernmental consultations to be completed before or by the end of 1974, as envisaged under resolution 7 (VII) of the Committee on Commodities;

(b) Full consideration would be given to the list submitted by the African Group and to the priorities it had suggested (list I of annex A to resolution 7 (VII)); and

(c) The Secretary-General of UNCTAD would continue to endeavour to secure agreement on the inclusion of phosphates.

136. Commenting on the list of commodities contained in the annex to document TD/B/456, he said that the African Group was disappointed over the composition of the 12 commodities which had so far been selected by the Secretary-General of UNCTAD for intensive intergovernmental consultations on determined dates, since eight were on the list of 22 commodities submitted by the African Group, nine were on the list of 19 commodities submitted by the Asian Group and 10 were on the list of 17 commodities submitted by the Latin American Group. He stressed that the proposed time-table failed to take account of the anxiety expressed by the African Group in its letter of 4 May 1973 to the Secretary-General of UNCTAD to which he had referred.

137. The representatives of Latin American countries stated that there was a fundamental need to carry out intensive consultations in accordance with resolution 7 (VII) of the Committee on Commodities, thus implementing Conference resolution 83 (III). They were of the opinion that the lists presented by the three regional groups of the Group of Seventy-seven showed the concern of each of these groups that certain products or groups of products should be the subject of intensive intergovernmental consultations. Furthermore, there was a large area of coincidence among the lists, and the time-table proposed by the UNCTAD secretariat already reflected this fact. They pointed out that the absence of a specific product from any list did not constitute a veto by any regional group of the products in the lists of other regional groups. They further stated that there was an identity of views among Latin American and African producing countries with regard to the need for action on coffee. There were differences, however, on the question of the methods to be followed. In the view of the Latin American

21/ E/CN.14/WP.2/67 (circulated under the symbol TD/B/L.332), para. 35.

coffee-producing countries, there were compelling reasons for the exclusion of coffee from the consultations, since coffee was already covered by a highly specialized body, namely, the International Coffee Organization, where a new international stabilization agreement was currently in a delicate state of negotiation. Moreover, consultations should, and could, usefully take place only when there was general agreement among directly interested Governments on the inclusion of a commodity. There was no such agreement in the case of coffee. They considered that consultations should be started without delay on commodities which were common to the lists of all the regional groups. Meanwhile, the Secretary-General of UNCTAD should continue his consultations with Governments for the inclusion of other commodities.

138. The representative of one Latin American country stated that the reasons why his Government deemed it inappropriate to hold consultations on coffee were of a pragmatic nature and were not based on any political considerations or questions of principle. In his view, a pragmatic approach alone could provide a solution acceptable to all parties concerned. He therefore suggested that the representatives of countries having a significant share of world exports of coffee should meet informally during the present session of the Board to discuss the appropriateness of carrying out intergovernmental consultations on that commodity.

139. The spokesman for Group B recalled that the countries of his Group had taken full part in the discussions leading to the adoption of resolution 7 (VII) of the Committee on Commodities, which they felt provided a sound basis for further work on commodities in UNCTAD; they attached particular importance to the procedures set out in the last paragraph of that resolution. Members of Group B had responded positively to the time-table suggested by the Secretary-General of UNCTAD on the understanding that the consultations would not entail negotiations; that there would be general agreement among other groups on such consultations, in accordance with resolution 7 (VII); that their participation did not prejudice the positions of individual members of the Group on particular commodities; and that any increase in the number of commodities which should be the subject of consultations, or any change in the time-table, should be made only with the agreement of interested Governments. The representative of one developed market economy country stated that, although his country had originally dissociated itself from Conference resolution 83 (III), it now supported the consultations, subject to there being general agreement on the products to be included. The consultations could support and assist countries in preparing for the forthcoming multilateral negotiations in GATT. He stressed the need for careful preparation in advance of the consultations.

140. The representative of Spain, referring to the list of Group B in annex D to resolution 7 (VII), said that his country was particularly interested in citrus fruits and olive oil. He requested once more the secretariat to confirm his understanding that olive oil would be included in the consultations covering oilseeds, oils and fats, since in his view it belonged to that group of products. He could not accept that olive oil might be excluded just because it was covered by an international agreement. Furthermore, paragraph 6 of the report of the Secretary-General of UNCTAD (TD/B/456) made it clear that the International Olive Oil Agreement 1963, as amended, 1973, 22/ did not deal with the fundamental questions of market access and pricing policy that were at the heart of the intergovernmental consultations.

22/ See United Nations publication, Sales No.: E.73.II.D.15, p. 11.

141. The representatives of several socialist countries of Eastern Europe stated that resolution 7 (VII) of the Committee on Commodities was based on the central role of UNCTAD in co-ordinating the activities of other organizations dealing with international commodity trade and emphasized the necessity for activating the pattern of those activities. They welcomed the initiative in UNCTAD in organizing intensive consultations and said their countries would participate constructively in them. They reiterated the views that their delegations had expressed at the seventh (special) session of the Committee on Commodities that all Governments should participate in the consultations on an equal basis without any discrimination. They called for the speedy determination of the terms of reference of each of the consultations and suggested that the marketing and distribution systems should also be studied and considered at the consultations because the present institutional pattern of trade was not in the interest of market stability in general and of developing countries in particular. They also suggested that though a commodity-by-commodity approach to commodity problems had some merit, a global approach was not without advantage. The representative of one socialist country of Eastern Europe said that his country, as a socialist developing country, attached much importance to the consultations taking account of the interest of developing exporting and importing countries.

142. The representative of one Latin American country inquired what criteria the secretariat had applied, in its time-table, concerning the products to be covered by the consultations on grains. He pointed out that annex C to resolution 7 (VII) of the Committee on Commodities specified in brackets the products which, according to the Latin American Group, should be covered by the consultations on grains. Paragraph 9 of the resolution said that the commodities to be covered by the consultations would be determined only after consultations and by agreement with interested Governments. His Government had not been consulted on the question of which grains should be included, and if it were the intention of the Secretary-General of UNCTAD to include grains other than those specifically referred to in annex C of the resolution, his Government would have to reserve its position.

143. The representative of an African country, referring to the statement by the spokesman for his Group, stressed the importance of coffee to the economy of his country, which was one of the major exporters of coffee in Africa, and said that the position of major coffee producers must be taken into account. He thought that the most appropriate forum for consultations on coffee would be the competent intergovernmental body.

144. The representative of the Secretary-General of UNCTAD, commenting on points raised in the discussion, stated that, in resolution 7 (VII) of the Committee on Commodities, it was recommended that the consultations be concluded by the end of 1974. Since there was relatively little time left for that objective to be met and arrangements concerning work programmes and the scheduling of meetings had been made by the secretariats of both FAO and UNCTAD, arrangements were being made to send out invitations to consultations on those commodities listed in the annex to document TD/B/456 on which there was no disagreement on their inclusion in the consultations. That was without prejudice to any changes which might be necessitated by any important developments in further informal consultations. The Director-General of FAO had been advised accordingly. There was no time to lose and it was necessary to proceed on a pragmatic basis, the more so since the documentation had to be carefully prepared for each consultation. Also, the first round of consultations on each commodity might not be conclusive and it might therefore be necessary in some instances to hold a second round.

145. On the question of whether the documentation prepared by the UNCTAD secretariat would be made available to other bodies carrying out the consultations, he confirmed that that would be so with regard to consultations undertaken by FAO or by the International Cotton Advisory Committee or any other autonomous commodity body. He could not, however, say whether and how such documentation would be made available to GATT for possible use in the multilateral trade negotiations. The recommendation recently made by the Committee on Manufactures in its resolution 6 (VI), concerning the transmittal to GATT of documentation on non-tariff barriers, might be a useful precedent which the Committee on Commodities or the Board might wish to follow in the case of commodities. Regarding a special session of the Committee on Commodities to review the results of the consultations, he said it was for the Board to decide whether to convene such a session, in which case it would take place some time in 1974, or to consider the results itself at its fourteenth session, or to await a review by the Committee on Commodities at its eighth regular session, which was presently scheduled to take place in February 1975.

146. The Secretary-General of UNCTAD, supplementing at a subsequent meeting the foregoing remarks, expressed his keen awareness of the need to resolve the differences regarding the inclusion of coffee in the consultations, to which he had devoted considerable attention in the last few months. He emphasized the importance of expediting the consultations in order to conclude them by the end of 1974 in accordance with resolution 7 (VII) of the Committee on Commodities, without prejudice to consultations on the other commodities not at present covered by the time-table.

147. At its 377th meeting, on 7 September 1973, the Board was informed by the Chairman of Sessional Committee I that the Sessional Committee had decided to refer back to the plenary the part of item 6 (a) dealing with intensive intergovernmental consultations on commodities. ^{23/} He explained that there had been conflicting views among the regional groups as regards the commodities to be the subject of intensive intergovernmental consultations in pursuance of resolution 7 (VII) of the Committee on Commodities, and in particular the inclusion of coffee, which had prevented any further progress of the Sessional Committee's work on this aspect of item 6 (a).

148. The President of the Board referred to the failure of numerous contacts and consultations in search of mutually acceptable solutions in which he had taken an active part, and submitted this aspect of agenda item 6 (a) for the consideration of the Board.

149. The spokesman for the Asian countries members of the Group of Seventy-seven emphasized the important role that UNCTAD, as the most universal international organization dealing with the problems of trade and development of developing countries, had to play in this sphere. He further stressed the responsibility of the Board at its present session to take decisions in relation to the intensive intergovernmental consultations. This was particularly important on the eve of the GATT Ministerial Meeting in Tokyo and the IMF meeting in Nairobi. In his view, resolution 7 (VII) of the Committee on Commodities gave clear instructions to the Secretary-General of UNCTAD to go ahead with the intensive consultations. He then

^{23/} See paragraph 121 above.

introduced, with a number of oral amendments, a draft resolution submitted by India, Indonesia, Iran, Iraq, Malaysia, Pakistan, the Philippines, Sri Lanka, the Syrian Arab Republic, Thailand and Yugoslavia (TD/B/L.336/Rev.1), in which the Secretary-General of UNCTAD was requested to make arrangements for intensive intergovernmental consultations on coffee to take place during the period between October 1973 and March 1974.

150. The spokesman for the African countries members of the Group of Seventy-seven endorsed the statement of the spokesman for the Asian countries of that Group and gave the full support of his Group to the draft resolution under consideration. He recalled that the coffee problem had been before UNCTAD bodies for some time, and said that prompt action was now necessary. He stated that he was hopeful that the expectations of the African Group in entrusting this important problem to the Board would be fulfilled.

151. The spokesman for the Latin American countries members of the Group of Seventy-seven, stated that, if the draft resolution that had just been introduced were put to a vote, the Latin American countries would not participate in that vote or in a vote on other draft resolutions submitted on that occasion by some regional groups of the Group of Seventy-seven, since they had not been submitted in accordance with the traditional procedures in the Group of Seventy-seven, namely, consultation and negotiation with all groups concerned. However, he stated that this position did not imply any judgement on the content of such draft resolutions, some of which might have the total or partial support of the Latin American Group. He expressed the hope that in future normal consultation procedures would be used in order to maintain the solidarity of the Group of Seventy-seven.

152. The spokesman for the Group B countries reiterated their wish to co-operate with the Group of Seventy-seven to allow the intensive consultations to go forward. He stated that they had accepted the time-table put forward by the Secretary-General of UNCTAD and that they could also support the draft resolution (TD/B/L.336/Rev.1) if it were acceptable to the parties directly concerned. In this connexion, he reiterated the conditions his Group had accepted when Conference resolution 83 (III) and resolution 7 (VII) of the Committee on Commodities were adopted, which were that:

- (a) These were consultations and not negotiations;
- (b) The agreement of all interested Governments was necessary;
- (c) Existing specialized commodity bodies would be used in the consultations.

He also stated that, in agreeing to the consultations, individual Governments were free to decide on actual participation on a case-by-case basis. The foregoing had not been disputed. It was felt by his Group that this issue should not be subject to a vote. However, if agreement could not be reached and a vote were taken, then members of Group B would not participate; individual delegations in Group B might wish to record themselves as either abstaining or not participating. Such action should not be interpreted as a lack of concern regarding the holding of consultations; the main objection of the Group B countries was of a procedural character, since they felt that such consultations should not proceed without the agreement of the parties concerned.

153. The representative of the European Economic Community stated that the member countries of the Community would abstain from voting on the draft resolution.

154. The representative of a developing country of Asia expressed concern at the statement by the spokesman for the Latin American Group. He recalled that, at the first part of the Board's twelfth session in October 1972, a precedent had been established at the insistence of a Latin American country by which a matter of paramount importance for developing countries had been referred directly to the Board for consideration. At the current thirteenth session, again on a matter of importance to many members of the Board, attempts had been made in the last few days to arrive at a compromise between the parties concerned. It was only the failure to arrive at a satisfactory negotiated settlement that had prompted the matter being brought back to the Board in the form of a draft resolution by the Asian Group. Since there had been no time for further negotiations, other draft resolutions had similarly been tabled directly in the plenary meetings by the Asian Group. Because of the existence of the precedent to which he had referred, he did not think that there had been any innovation in the action of the Asian Group at this session.

155. The representative of a developing country, speaking on behalf of a number of coffee-producing countries in Latin America, members and non-members of the Board - Brazil, Colombia, Guatemala and other Central American countries, and the Dominican Republic - stated that, apart from the considerations of principle already expressed by the spokesman for the Latin American Group, these countries had objections of substance regarding the text of the draft resolution (TD/B/L.336/Rev.1), and would vote against the adoption of the draft resolution should a vote be taken. He stated that the reservation of his own delegation was based on pragmatic grounds and that, while his Government respected other countries' opinions and judgement, it was not in a position to accept that consultations on coffee be held by UNCTAD. He expressed concern, however, at the tactics used by some countries in this matter, namely, to make decisions on all other items before the Board contingent upon the solution of this problem. If this method of work became general in future, he had serious fears that the work of UNCTAD would be paralysed.

156. The representative of a developing socialist country of Asia stated that the coffee problem of the developing countries was the legacy of imperialism and colonialism. In the view of his delegation, world problems should be solved by all countries on an equal basis. Consequently, he expressed the hope that the coffee problem could be solved through consultation, fully taking into account the interests of those countries directly involved. He added that the developing countries had great expectations that UNCTAD could, by defending their interests, strengthen their role in world economic and trade affairs and transform existing inequitable international economic relations.

157. The representative of Colombia restated his country's strong objection to the holding of consultations on coffee in UNCTAD and, for this reason, his country was opposed to the adoption of draft resolution TD/B/L.336/Rev.1. He referred in that connexion to paragraph 9 of resolution 7 (VII) of the Committee on Commodities and to the letter which he had sent, on the instructions of his Government, to the Secretary-General of UNCTAD on 14 June 1973, indicating his Government's opposition to any direct or indirect intervention by UNCTAD in such consultations. This opposition was based on the fact that a specialized forum already existed, with the necessary expertise to deal with all trade problems affecting this commodity,

including the question of access to markets and pricing policy. He believed that it was in this forum (the International Coffee Organization) that the interests of producing countries could best be defended.

158. The representative of Guatemala said that, if there were a vote, his delegation would vote against the proposed resolution because it contained elements which ran counter to the coffee interests of his country and also because the International Coffee Organization was the proper forum in which to discuss all matters relating to coffee.

159. The representatives of two other developing countries of Latin America stressed that the only basis on which UNCTAD could survive as a dynamic organization was by taking account of the interests of all countries concerned. They hoped that the Secretary-General of UNCTAD would keep this concept fully in mind when taking decisions on the proposed consultations.

Action by the Board

160. At the same meeting, the Board adopted the draft resolution without a vote. 24/

161. The representative of a developing country, speaking on behalf of the African countries members of the Group of Seventy-seven, welcomed the adoption of the resolution, which he said reaffirmed the role of UNCTAD in the solution of commodity trade problems and assured its existence for the purposes for which it was created. He felt, however, that the discussion had touched on a number of important principles of procedure as well as of substance. He stated that coffee had been given first priority in the list of commodities submitted by the African and Asian countries members of the Group of Seventy-seven for intensive intergovernmental consultations. He therefore saw no reason why that commodity should be excluded from the consultations simply because either a group of countries or some members of that group did not feel disposed to hold such consultations. He further stressed that Africa was the continent most dependent on commodities and that a large proportion of the population depended for their livelihood on coffee. Hence there was an urgent need for effective action on problems of access to markets and pricing policy for that commodity. The African countries had supported the introduction of a number of initiatives, such as the generalized system of preferences, even though they had not derived any benefit from them, in a spirit of co-operation with the other regional groups members of the Group of Seventy-seven. Since commodity problems had been with UNCTAD since its establishment, it was time that full consideration was given to urgent problems of interest to the African continent, such as the consultations on coffee. He was hopeful that all countries concerned would strive to make the consultations on coffee a success. As to the fora for such consultations, he stated that the International Coffee Council could not be expected to fulfil the requirements of resolution 7 (VII) of the Committee on Commodities. The International Coffee Agreement, 1968 25/ lacked adequate

24/ For the text of the resolution, see annex I below, resolution 97 (XIII).

25/ United Nations, Treaty Series, vol. 647, No. 9262, p. 3.

provisions for dealing with the question of access to markets and pricing policy. Accordingly, even if the consultations were to be carried out in the International Coffee Council, the Secretary-General of UNCTAD would, by virtue of the above consideration, have to take an initiative in those areas. Moreover, the main economic clauses of the International Coffee Agreement had now been suspended and it was doubtful how an intensive consultation such as the one envisaged for coffee could be effectively undertaken in a body which was now the mere shadow of an intergovernmental commodity organization.

162. The spokesman for the countries members of Group D stressed the importance of the resolution, since it was based on the central role of UNCTAD in co-ordinating the activities of other international institutions dealing with commodity trade, and emphasized the necessity of expanding and stimulating that pattern of UNCTAD activity in the interests of all countries concerned, irrespective of their social and economic systems and their stage of development. The resolution adopted by the Board would also contribute to the strengthening of UNCTAD.

163. The representative of a developed market economy country questioned the validity of commodity consultations if some of the important producing countries refrained from participating. He further stated that his delegation regretted the open confrontation between the Latin American and African Groups, which had not only hindered the work of the Board, but which might in the long run also affect the prestige and credibility of UNCTAD as an organization. He stressed, however, that it was important to draw conclusions from this occurrence, and suggested that a meeting of permanent representatives to UNCTAD could be envisaged for early 1974, in order to identify the problems and errors that had led to this situation during the current session of the Board and to suggest possible solutions for the future. In particular, the functioning of the existing regional group system, which might be too rigid, should be examined.

164. At the 380th meeting of the Board, on 8 September 1973, the spokesman for the Latin American countries members of the Group of Seventy-seven stated that, although these countries continued to maintain their position on the procedure by which the resolution on intensive intergovernmental consultations had been adopted, (see paragraph 151 above), after the meeting called by the permanent representative of Chad, in his capacity as Chairman of the Group of Seventy-seven, and after consultations with the other regional groups of the Group of Seventy-seven, the Latin American Group was now in a position to consider any other draft proposals that might emerge from the Group of Seventy-seven since the normal consultation procedures (within the Group of 77) had been re-established in order to maintain the requisite solidarity.

Action by the Board

Intensive intergovernmental consultations

165. In its resolution 97 (XIII), the Board urged the Secretary-General of UNCTAD to proceed with the implementation of resolution 7 (VII) of the Committee on Commodities on intensive intergovernmental consultations on commodities in connexion with access to markets and pricing policy and requested him to make arrangements for intergovernmental consultations on coffee to take place between October 1973 and March 1974.

166. The Board did not consider it necessary to convene by the end of 1974 a special session of the Committee on Commodities to review the results of the intergovernmental consultations which would take place in accordance with resolution 7 (VII) of the Committee on Commodities, as had been recommended by the Committee on Commodities. It decided to establish at its fourteenth session appropriate institutional arrangements for carrying out itself an interim review of the consultations to date, while the full review would be carried out by the Committee on Commodities at its eighth (special) session, after completion of the consultations.

167. The Board reaffirmed the importance of the documentation mentioned in paragraph 5 of resolution 7 (VII) of the Committee on Commodities and agreed that this documentation should be completed in time for use in these consultations.

Documentation

168. The Board requested the Secretary-General of UNCTAD to transmit to Governments and to the Director-General of GATT, for use by the bodies of GATT as they consider appropriate, relevant documentation prepared by the UNCTAD secretariat in connexion with access to markets and pricing policy.

(b) Marketing and distribution systems for primary commodities

169. Opening the discussion on this subject, the representative of the Secretary-General of UNCTAD reviewed the written comments on the report by the UNCTAD secretariat entitled "Marketing and distribution system for cocoa" (TD/B/C.1/132), which had been received from Governments in accordance with the decision of the Committee on Commodities 26/ and were reproduced in document TD/B/460 and Add.1-3. He said that, apart from factual corrections, the comments consisted mainly of suggestions for clarifying and expanding particular aspects of the study or of criticisms of specific points. The suggestions would be taken into account in the revision of the study, while the secretariat was already engaged in further analysis to meet the criticisms that had been made. He stressed that it was in the nature of a pilot study for a series of studies on marketing and distribution systems, and he hoped that the Board would give consideration to appropriate further action on it.

170. The representatives of a number of developing countries and of several socialist countries of Eastern Europe expressed their appreciation of the report, saying that it constituted a useful study which responded to some of the important requests made in Conference resolution 78 (III). They considered, however, that it should be revised to cover more fully the following aspects of the marketing and distribution system: the export revenue of developing countries which was retained in those countries; the effects of monopolistic or oligopolistic factors, including the operations of transnational corporations, on price levels and the consequences for the developing countries; the effects of the operations of the terminal markets and of speculation on the level of, and fluctuations in, cocoa prices; and the new

26/ Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 2, (TD/B/432), para. 77.

production and marketing possibilities opened up as a result of the conclusion of the International Cocoa Agreement, 1972. 27/ There should also be more data in support of the conclusions drawn.

171. The representative of one developing country added that the revision of the report should also cover the following aspects: the functions of both brokers and dealers; hedging by producers; the various types of information released by existing terminal markets; cocoa bean processing in developing countries; and the cost to producing countries of storing cocoa in consuming countries. The representatives of some developing countries also urged that the studies in progress by the UNCTAD secretariat on other commodities be accelerated, and that studies of all those products which were to be covered by the intensive intergovernmental consultations be completed early enough to be available for the consultations.

172. The representatives of some socialist countries of Eastern Europe expressed their dissatisfaction with the description in the report of the pricing mechanism for cocoa products in their countries. They stated that internal prices of cocoa products were stable and fixed in accordance with the principles of the socialist countries and that their internal prices for cocoa products were not connected with the volume of their cocoa imports.

173. The spokesman for Group B doubted whether the Trade and Development Board was the appropriate forum for a technical discussion of the secretariat's report. He suggested that technical points could be raised by interested delegations in private discussions with the UNCTAD secretariat and its consultants 28/ and that the deadline for submission of written comments by Governments be extended to December 1973, thereby affording an opportunity also to Governments which had already replied to present additional comments. He urged that the International Cocoa Council also be invited to submit comments, and that the secretariat take steps to obtain information and comments from other bodies possessing detailed knowledge of the cocoa trade. Noting that Conference resolution 78 (III) called for "comprehensive studies", he requested the secretariat, in its revision of the report, to include an analysis of the manufacture, marketing and distribution of cocoa products in all geographical areas, including the socialist countries; he noted the secretariat's stated intention to do so. A revision of the report was clearly necessary in order to take into account comments already received or which were still forthcoming. The revised version of the report should be circulated to Governments in sufficient time to permit them to study it in depth and to consult interested parties. Given the need for expert discussion, the revised report might be submitted to the session of the Committee on Commodities in 1975. He added that other studies on marketing and distribution systems should benefit from the experience gained in the preparation and revision of the pilot study on cocoa, and work on them should be timed appropriately.

174. The representatives of some developed market economy countries stated that the report on cocoa constituted a useful basis for UNCTAD's further activities in this

27/ See United Nations publication, Sales No.: E.73.II.D.9, p. 7.

28/ Subsequently, the secretariat arranged a meeting of this nature.

field. They felt, however, that it was incomplete, and needed to be extended and revised. They made a number of comments and criticisms and some of them said that additional research was necessary on the following aspects in particular: the influence of marketing boards on the level of production and prices; the maritime transport of raw cocoa; local processing of cocoa beans in developing producing countries; and the possibility of more direct transactions between producing and consuming countries. One of these representatives added that continental Western Europe, which was the largest consuming area of cocoa beans, should be covered more fully in the revised report and that the mechanism of each cocoa terminal market should be described, since differences existed in the structure and in the regulations of these markets. He stressed the need to incorporate in the revised study an assessment of the practice and usefulness of long-term contracts used in some cases in the marketing system for cocoa beans.

175. The representatives of a number of developed market economy countries and of one developing country stated that the Board should not assume the functions of its main Committees and that the Committee on Commodities was the appropriate forum for a discussion of the revised version of the report.

176. The representative of one developing country, speaking on behalf of the countries members of the Association of South-East Asian Nations, could not agree with the view expressed by the spokesman for Group B that the study on the marketing and distribution system for cocoa was a pilot one and that hence the secretariat should await the result of detailed consideration of it before embarking on similar studies on other commodities. He felt it was of the utmost importance for the secretariat to proceed as soon as possible with similar studies on the other commodities listed in paragraph 2 of Conference resolution 78 (III), in particular rubber and manganese ore, which were already within the secretariat's programme of studies. Such studies on these two commodities and on other products of interest to developing countries should be of great value in the light of their endeavours to increase export earnings from these primary products.

Action by the Board

177. At its 380th meeting, on 8 September 1973, the Board considered that it was necessary for further comments to be received from Governments on the study prepared by the secretariat on the marketing and distribution system for cocoa and set the end of December 1973 as the deadline for the submission of these comments. The secretariat of UNCTAD should undertake a revision of the cocoa study with a view to improving it, taking into account the discussion at the thirteenth session of the Board and in the light of comments already received or which might be received from Governments. The revised study should be sent to Governments in good time so that it can be given adequate attention well in advance of the eighth (special) session of the Committee on Commodities, to which it should be submitted for consideration. The progress report on the study should be submitted to the Trade and Development Board at its fourteenth session.

(c) Diversification

178. The representative of the Secretary-General of UNCTAD said that the secretariat needed a fresh mandate from the Board or the Committee on Commodities concerning

further work on diversification. Because of fundamental disagreements on general principles, the Secretary General of UNCTAD had suggested in his written statement to the Board that it might be more useful to approach the subject on a country-by-country basis, giving particular attention to the acute problems of export diversification facing certain individual countries (TD/B(XIII)/Misc. 4).

179. The representatives of some developing countries stated that access to the markets of developed countries was a fundamental problem and improved access to their markets was a prerequisite for the successful diversification of their economies. The representative of one developing country added that structural adjustment measures in developed countries were a further prerequisite. Another agreed that a country-by-country approach was a useful one and that priority should be given to studies on the special problems of countries with a depressed export sector.

180. The spokesman for Group B said that his Group was willing to consider the suggestion of the Secretary-General of UNCTAD of approaching diversification through studies on particular problems facing individual countries; in that case, the terms of reference for such studies would need to be carefully considered.

Action by the Board

181. At its 380th meeting, on 8 September 1973, the Board decided to defer further consideration of the draft resolution on diversification (TD/III/C.1/L.4) and the comments on it reflected in the report (see paragraphs 178-180 above). It agreed, however, that in the meantime the secretariat should, as foreseen in paragraphs 2 and 3 of decision 5 (VI) of the Committee on Commodities, proceed with studies in detail.

(d) Provisional agenda for the eighth (special) session of the Committee on Commodities

182. The spokesman for Group B said that his group could accept the provisional agenda proposed by the secretariat (TD/B/L.329), including the item on exploitation of the mineral resources of the sea-bed. He pointed out, however, that his Group did so on the understanding that UNCTAD's work in this respect would be carried out with particular reference to paragraph 1 of Conference resolution 51 (III), and that the discussion by the Committee on Commodities would be limited to studies authorized by the Board.

Action by the Board

183. At its 380th meeting, on 8 September 1973, the Board took note of the provisional agenda prepared and submitted by the Secretary-General of UNCTAD in consultation with the Chairman of the Committee on Commodities (TD/B/L.329).

184. Bearing in mind Conference resolution 51 (III) and particularly its paragraph 1, and its decision at the present session under agenda item 4 (Matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its third session requiring attention and action by

the Trade and Development Board, including draft resolutions remitted to the Board), it decided that the provisional agenda of the eighth (special) session of the Committee on Commodities should include an item entitled "Consideration of studies by the UNCTAD secretariat within the competence of the Committee on Commodities on the exploitation, for commercial purposes, of the mineral resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction". 29/

2. Report of the Advisory Committee to the Board and the Committee on Commodities on its eighth session

185. The report of the Advisory Committee on its eighth session (TD/B/463) was introduced by the representative of the Secretary-General of UNCTAD.

186. The representative of a developing country considered that the report clarified a number of issues facing developing countries in international commodity markets. He agreed in particular with the conclusion that the main issues for consideration in the forthcoming multilateral trade negotiations and the intensive intergovernmental consultations should be the removal of non-tariff barriers and measures to reduce the escalation of tariffs on some processed and non-processed primary commodities according to the degree of processing.

187. The spokesman for Group B said that the report of the Advisory Committee was an important document on complex issues and that further time was needed to study it in greater depth. In view of the late circulation of the report, members of Group B would wish to reserve their position on individual conclusions of the report at the present stage. The representative of one developed market economy country considered that the report was deficient in that it did not consider the problems facing industrial countries dependent on imported supplies of raw materials because of the present situation of shortage and rapidly rising commodity prices.

188. The representative of a socialist country of Eastern Europe stated that the eighth session of the Advisory Committee had contributed considerably to an analysis of the current developments on commodity markets as well as to the clarification of certain issues facing various countries, in particular developing ones. He shared the conclusions of the report that the operation of such factors as widespread inflation and the deepening of the crisis of the monetary system was particularly alarming and harmful for international commodity trade. He stressed the urgent need for a thorough study and analysis within UNCTAD of the repercussions of inflation and of the crisis in the monetary system on international commodity trade.

Action by the Board

189. At its 380th meeting, on 8 September 1973, the Board took note with appreciation of the report of the Advisory Committee and requested it to pursue its studies on the impact on commodity prices of inflation and changes in exchange rates. Since the late circulation of the report had inhibited

29/ For the provisional agenda of the eighth (special) session, see annex VI below.

discussion at the Board, it agreed that Governments might submit written comments on the report to the Advisory Committee, which would take these comments into consideration in its future work.

B. Expansion and diversification of exports of manufactures and semi-manufactures of developing countries

1. Report of the Committee on Manufactures on the first part of its sixth session

190. The report of the Committee on Manufactures on the first part of its sixth session 30/ was introduced by the representative of Belgium, a Vice-Chairman of the Committee. Stating that the report had been submitted for reproduction, but might not be available before the end of the Board's session, he referred to a note by the UNCTAD secretariat (TD/B/L.331), in which attention had been drawn to matters requiring consideration or action by the Board.

191. Representatives of countries from the various groups expressed their support for the recommendation of the Committee that it should reconvene in 1974 in a resumed sixth session and that its seventh session should be postponed until 1975.

192. The representatives of many developing countries, stressing the importance for their countries of exports of manufactures and semi-manufactures, as recognized in paragraph 31 of the International Development Strategy, stated that tariff and non-tariff barriers imposed by developed countries constituted a serious impediment to the expansion of such exports.

193. The representative of a developing socialist country of Asia regretted that the Committee had adjourned without achieving the results which might have been expected. He supported the developing countries in their demands for an improvement in their trading position and a removal as soon as possible of the non-tariff barriers imposed by developed countries. He pointed out that the Conference, in its resolution 82 (III), requested that full account be taken of the problems of the developing countries, and in particular of those of the least developed among them, in the multilateral trade negotiations.

(a) Non-tariff barriers

194. The representatives of many developing countries expressed their disappointment with the results of the first part of the sixth session of the Committee on Manufactures and stressed that in the draft resolutions which the Group of Seventy-seven had submitted, and which had been deferred for further consideration at the resumed sixth session, the developing countries had put forward broad guidelines and general principles for action. They hoped that Group B would respond positively to these draft resolutions at the resumed session. The argument that the matters in question were under consideration in

30/ Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 5 (TD/B/466).

GATT, and that Group B could not therefore make any commitments in advance of the multilateral trade negotiations, was not acceptable. It was equally true that these matters had long been considered in UNCTAD, on the basis of decisions of the Committee on Manufactures, particularly decisions 2 (III), 1 (IV) and 1 (V), and of Conference resolution 76 (III). Thus it was clear that the Committee on Manufactures should not only examine all non-tariff barriers, but also promote consultations and propose measures for their reduction, relaxation or elimination.

195. The representatives of some developing countries stated that the removal of non-tariff barriers would compensate the developing countries for the erosion of the benefits of the GSP which might result from the multilateral trade negotiations.

196. The representative of one developing country stressed that many existing non-tariff barriers were inconsistent with the provisions of GATT and should be removed without further delay.

197. The representatives of some developing countries stressed the need for the involvement of UNCTAD in the forthcoming multilateral trade negotiations and for developing countries to receive technical assistance in preparing for the negotiations. One of them also made a formal proposal for the greater involvement of UNCTAD in these negotiations. The representative of the European Economic Community said that it would attempt in the negotiations to contribute to an improvement of the trading position of the developing countries.

198. The representative of a socialist country of Eastern Europe considered that non-tariff barriers were a serious obstacle to the expansion of world trade and that UNCTAD, as the most representative international organization in the field of trade and development, should pay even more attention to the reduction or elimination of these obstacles on a universal basis, taking into account the interests of all countries and without any discrimination.

(b) Restrictive business practices

199. The representatives of the developing countries welcomed the decision by the Committee on Manufactures that the Secretary-General of UNCTAD should convene another Ad Hoc Group of Experts on Restrictive Business Practices as early as possible in 1974. They urged that the Group concentrate mainly on drawing up guidelines on restrictive business practices, and one of the representatives suggested that this be done with a view to evolving an international code of conduct in this field.

200. The spokesman for the African countries members of the Group of Seventy-seven stated that the report of the Ad Hoc Group of Experts (TD/B/C.2/119) provided a valuable analysis of the problems in the area of restrictive business practices and was an important and practical contribution to the finding of appropriate solutions. In addition, he recalled that the developing countries had, in the draft resolution submitted to the Committee, 31/ outlined a number of measures for remedial action in line with the unanimously

31/ Ibid., annex III.

accepted objectives of Conference resolution 73 (III). He regretted that the developed market economy countries had been unable to accept that draft resolution as a basis for discussion and negotiation and questioned their contention that the recommendations of the Group of Experts could be regarded only as preliminary and not definitive. As had been indicated in its report (TD/B/C.2/119, chap. II), the Group's recommendations had been made on the basis of practical knowledge and evidence and it had been recognized that in certain specific cases further study was required. With regard to future work, he stated that the recommendations of the Group of Experts and the conclusions drawn by the UNCTAD secretariat in its various studies on restrictive business practices provided a good basis for the drawing up of guidelines on restrictive business practices, a task to which high priority should be accorded.

201. The spokesman for the Asian countries members of the Group of Seventy-seven expressed his Group's disappointment that the Committee had been unable to agree with the draft resolution submitted by the Group of Seventy-seven, which contained, inter alia, the important recommendation that Governments of developed and developing countries should take into account the conclusions and recommendations of the Group of Experts in the establishment, implementation and development of legislation on restrictive business practices.

202. The representative of a socialist country of Eastern Europe supported suggestions for further studies within UNCTAD on the restrictive business practices of multinational corporations, with the aim of removing their detrimental effects on the trade of developing countries and on international trade as a whole. In this connexion, he said that such studies should, inter alia, include an examination of the impact of the multinational corporations on international trade, especially trade in manufactures and semi-manufactures, on international monetary and financial activities, and on technology transfers. His country believed such corporations had a harmful effect on world trade and development and infringed the sovereign rights of developing countries in the economic and political fields. It supported the suggestion by developing countries to draw up in UNCTAD international measures to protect the rights and interests of countries adversely affected by the activities of multinational corporations.

(c) Environmental policies

203. Referring to the provisional agenda of the seventh session of the Committee on Manufactures, on which a decision had been left to the Board, the representatives of some developing countries stated that they had no preference regarding the forum where environmental questions should be considered. They recalled, however, that Conference resolution 47 (III) requested the UNCTAD secretariat to carry out certain work on these questions. In particular, they felt that a study should be undertaken to determine the possibility of relocating some industries in developing countries because of the environmental policies being imposed in developed countries.

204. The representative of another developing country stated that Conference resolution 47 (III) involved two basic ideas: (a) that studies should be carried out on the effects of environmental policies on the trade of developing countries; and (b) that national growth policies might affect the environment

and natural resources of other countries and the areas beyond national jurisdiction and therefore should be taken into consideration when evaluating environmental issues.

205. The spokesman for Group B proposed that the question of including an item on environment in the agenda of the seventh session of the Committee be dealt with through informal discussions. The representative of one developing country supported this suggestion, but stressed that the formulation of this agenda item should permit, inter alia, the discussion of the possibilities of relocating in developing countries the industries which were being penalized in developed countries on environmental grounds.

206. The representative of a socialist country of Eastern Europe reiterated the concern his delegation had expressed in connexion with the overburdening of the agendas of various UNCTAD bodies. In respect of environmental questions, he stated that there seemed to be two main aspects of particular concern to developing countries: the non-tariff barriers that might be applied on environmental grounds and the prospects of industrial relocation in developing countries. He thought that the first aspect could be considered under item 4 of the provisional agenda of the seventh session of the Committee on Manufactures, that is, that dealing with non-tariff barriers, whereas the second was beyond the terms of reference of that Committee and could best be taken up in the competent bodies.

Action by the Board

207. At its 380th meeting, on 8 September 1973, the Board took note of the report by the UNCTAD secretariat on matters arising from the first part of the sixth session of the Committee on Manufactures requiring the attention of, or action by, the Board (TD/B/L.331).

208. The Board accepted the recommendations contained in resolution 6 (VI) of the Committee.

209. It noted that a number of statements and suggestions had been made with regard to the multilateral trade negotiations and UNCTAD's role and participation in these negotiations, and that a formal proposal in this regard had been made. 32/

210. The Board took note of the views on the possible scope of work in the Committee on Manufactures on environmental problems expressed during the discussion of this item and reflected in the report of the Board. It agreed to the inclusion of item 6 (Discussion of studies on the effects of environmental policies on trade in manufactures and semi-manufactures of developing countries) in the provisional agenda of the seventh session of the Committee on Manufactures within the framework of its decision on item 4 of its own agenda on the "Impact of environment policies on trade and development, in particular of the developing countries" (see paragraph 33 above).

32/ See paragraph 197 above.

211. The Board also took note of the action taken by the Committee on Manufactures on the following:

- (a) Restrictive business practices; 33/
- (b) Transmittal to Governments and to the Director-General of GATT of documentation by the UNCTAD secretariat on non-tariff barriers (para. 2 of Board resolution 6 (VI));
- (c) Transmittal to the Director-General of GATT of the report of the Committee; 34/
- (d) Draft resolutions deferred for further consideration at the second part of the Committee's sixth session; 35/
- (e) Tariff reclassification. 36/

2. Report of the Special Committee on Preferences on its fifth session

212. The report of the Special Committee on Preferences on its fifth session, 37/ was introduced by the representative of Algeria, a Vice-Chairman of the Committee.

213. He drew attention to the opening statement by the Secretary-General of UNCTAD at the present session of the Board in which the Secretary-General had stressed his willingness to take the necessary initiative for convening ad hoc consultations, in accordance with the agreed conclusions of the Special Committee at its fourth session, at an appropriate time in the near future, to promote timely and substantial improvements in the preferential schemes (TD/B(XIII)/Misc. 4).

214. The representatives of many developing countries welcomed this intention of the Secretary-General of UNCTAD and urged him to undertake the consultations as soon as possible.

215. The representatives of many developing countries expressed concern at the probable erosion, as a result of the enlargement of the European Economic Community and the establishment of a free-trade area in Western Europe for industrial products, of the benefits they derived from the generalized system of preferences and urged that their vital interests be protected.

216. The representatives of several Latin American countries reaffirmed the terms of the declaration made by the Latin American Group concerning the adoption of

33/ Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 5 (TD/B/466), paras. 244 and 247.

34/ Ibid., para. 303.

35/ Ibid., paras. 281-283.

36/ Ibid., paras. 200-201.

37/ Ibid., Supplement No. 3 (TD/B/442).

resolution 1 (V) of the Special Committee. ^{38/} They reiterated that the resolution failed to reflect adequately the views of developing countries as expressed during the fifth session of the Special Committee, and hence that it was not a step towards the achievement of the objectives of Conference resolution 21 (II) or the agreed conclusions of the Committee and that the fifth session of the Committee had not contributed to the improvement of the existing schemes. In particular, the resolution did not take account of the effects on the generalized system of preferences of the enlargement of community and of the free-trade area in Western Europe or of the expected outcome of the multilateral trade negotiations. They called for adequate compensation for any resulting limitation of their access to European markets.

217. They hoped that the multilateral trade negotiations would not be invoked by preference-giving countries as a reason for refraining from improving their schemes of generalized preferences. They also hoped amendments would be made to the United States scheme at present before Congress, since they interpreted certain points in the proposed scheme as being inconsistent with Conference resolution 21 (II). For example, potential beneficiaries had to apply for beneficiary status in writing, which was counter to the principle of self-election in the agreed conclusions. The competitive-need criterion was not very clear, since it did not specify the period after which the limitations would be imposed. They also urged that Canada implement its scheme as early as possible and without tying implementation to the United States scheme.

218. With regard to the multilateral trade negotiations, they suggested that preference-giving countries might compensate preference-receiving countries by eliminating relevant non-tariff barriers affecting products covered by the generalized system of preferences and expanding the product coverage of their schemes, especially with regard to agricultural products. Only in this way could the benefits of the generalized system of preferences be maintained.

219. They expressed satisfaction that some countries had improved their schemes and hoped that others would follow suit and, in particular, that the United States and Canada would take this factor into account in their own proposed schemes. They stated that, while some socialist countries of Eastern Europe had improved their schemes, additional steps should be taken, since tariffs played a different role in those countries than in other preference-giving countries. They urged the UNCTAD secretariat to prepare a study of the extent to which those schemes were of benefit to developing countries and to suggest specific measures for relating the schemes more closely to the foreign trade plans of the socialist countries of Eastern Europe, thus allowing for increased imports from developing countries.

220. The representative of a Latin American country expressed the wish that, when the developed countries implemented the draft decision which was to be adopted by the Ministerial Meeting at Tokyo, account be taken of paragraph 6 of the declaration of the Latin American Group (see paragraph 216 above) in order to preserve and improve the generalized system of preferences.

221. The representative of another Latin American country urged that the

^{38/} See *ibid.*, annex II.

Ministerial Meeting also take into account the discussion in the Special Committee on rules of origin, as reflected in chapter IV of the Committee's report. He referred in particular to cumulative origin and its relevance to regional economic groupings of developing countries.

222. The spokesman for the African countries members of the Group of Seventy-seven pointed to the serious limitations of the present schemes and to the suggestions for their improvement enumerated in resolution 1 (V). He hoped that the preference-giving countries would pay attention to the lists of products requested by developing countries for inclusion in the various schemes, as contained in annex IV of the report of the Special Committee on its fifth session, as well as to the earlier lists submitted at its fourth session.

223. He stated that at the recent ECA/OAU Joint Meeting on Trade and Development, the generalized system of preferences had been examined and the Meeting had strongly urged improvements of the schemes, particularly regarding the inclusion of products in BTN chapters 1-24, simplification of the rules of origin and implementation of special measures for the least developed among the developing countries.

224. The spokesman for the Asian countries members of the Group of Seventy-seven stated that only a small percentage of dutiable exports of developing countries was benefiting from the generalized system of preferences because the United States and Canada had not yet implemented their schemes and the schemes of other preference-giving countries were limited in scope and coverage. He referred to resolution 1 (V) of the Special Committee and hoped that the preference-giving countries would take the suggestions contained in it into account in improvements of their schemes. His Group suggested that a session of the Special Committee be held in April/May 1974, in order to review the status of implementation of, and improvements in, the various schemes and in particular of the 1974 scheme of the European Economic Community. He also referred to the Draft Declaration prepared by the GATT Preparatory Committee for the Tokyo Ministerial Meeting, in which the need for preservation and improvement of the generalized system of preferences had been recognized.

225. The representative of one developing country of this Group said that harmonization of the existing schemes of the new members of the Community with its existing scheme was being based on a "lowest common denominator" approach instead of on the most advantageous of the schemes to developing countries. He was also concerned that sufficient information on the operation of the various schemes of preference-giving countries was still woefully lacking, despite the intentions stated by preference-giving countries at the fifth session of the Special Committee.

226. The representative of another country of the Asian Group stated that the first review of the generalized system of preferences had clearly shown that the schemes in their present form provided tariff advantages for only a relatively small share of the developing countries' current exports to the preference-giving countries. Moreover, the advantages under two of the major schemes were reduced by a priori limitations of preferential imports and by a highly complex system of administering the schemes. He hoped that those countries would improve their schemes accordingly. He urged that these issues be examined at the second annual review of the generalized system of preferences and that this review be held in early 1974, as at present envisaged.

227. The representatives of a number of developing countries expressed concern at the prolonged delays in the implementation of the United States and Canadian schemes of preferences. One of them asked for information on the current timetable for the United States scheme and whether public hearings would be held on it.

228. In reply, the representative of the United States stated that the Trade Reform Act, which included the Administration's proposed scheme, had been under active consideration by Congress. The House of Representatives' Ways and Means Committee had held a full week of public hearings on the relevant title of the Act. The Committee expected to complete its work in the autumn and then would send the legislation to the House for action. Upon approval by the House, the Bill would go to the Senate, whose Finance Committee would no doubt also hold public hearings. Once the Trade Reform Act had been enacted by Congress, implementation of the relevant provisions would require that the list of items recommended by the Executive Branch for inclusion in the product coverage of the scheme be submitted to the United States Tariff Commission for advice. The Tariff Commission must hold public hearings before rendering its advice and must submit its report to the President within six months. Because of these many variables, he stressed that it was not possible accurately to predict when both Houses of Congress would act on the Trade Reform Act or the exact date on which the scheme would come into effect.

229. Referring to the remarks made regarding the scheme of the European Economic Community in the future, the representative of the Community stated that, in the opinion of the Community, its recent enlargement would give the developing countries better opportunities for consolidating and improving their position in world trade, while at the same time the Community was preparing substantial improvements to its scheme. Particular attention would be given to processed agricultural products, taking into account especially the interests of the least developed of the developing countries. So far as the forthcoming multilateral trade negotiations were concerned, the Community had frequently stated its intention to avoid a situation whereby the developing countries would suffer indirectly; moreover, the Community wished to contribute to an increase in their trade and to an improvement of their export earnings.

230. He added that the Community was well aware of the problem of information. It had arranged a number of seminars and was currently studying methods for improving the dissemination of information.

231. The representative of Denmark, endorsing the foregoing remarks by the representative of the European Economic Community, said that he could assure the developing countries that their interests were very much in the minds of his authorities at a time when Denmark would soon be adhering to the Community's scheme. Danish authorities would use their influence to try to achieve optimal results for beneficiaries of the scheme. He suggested that the developing countries should keep the long-term effects of the enlarged Community in mind.

232. The representative of Norway, commenting on the requests made for improvement of the preferential schemes, reviewed the changes that had been made in his country's scheme, which included additions to the list of beneficiaries and expansion of product coverage.

233. The representative of the German Democratic Republic stated that the main

objective of his country in participating in the fifth session of the Special Committee had been to familiarize itself with the mechanism of the generalized system of preferences. His country associated itself with the joint declaration of socialist countries of Eastern Europe made at the second part of the fourth session of the Special Committee. Since it did not use customs tariffs, other steps would be taken in pursuance of that declaration.

234. So far as possible, his country would take into account the commercial needs of the developing countries and, in particular, their production and export potential, when the target figures for the annual plans for 1974 and 1975, as well as the long-range plan for 1976-1980, were determined. It would continue concluding long-term agreements and contracts with the developing countries because such agreements could both provide for a substantial increase in imports from developing countries and bring about a better division of labour. In this regard, the practice of accepting goods from developing countries in repayment for credits granted them would gain in importance.

235. To augment the development of these trading relationships, his country would provide more information on its import and export possibilities, take measures to facilitate the introduction of developing countries' products into the domestic market, and promote contacts between their organizations and foreign trade organizations of his country, with a particular view to finding new export outlets and export promotion methods for the developing countries. These measures should result in a sizable increase in trade with the developing countries, provided, of course, that similar measures were adopted by them. His country expected the developing countries to grant the socialist countries of Eastern Europe, and thus his own country, terms and conditions that were not worse than those usually granted to industrialized market economy countries.

Action by the Board

236. At its 380th meeting, on 8 September 1973, the Board took note of the report of the Special Committee on Preferences on its fifth session, as well as of resolution 1 (V) and the statement relating to that resolution contained in annex II of the report. ^{39/} In the light of paragraph 32 of the International Development Strategy and the first annual review of the implementation and effects of the Generalized System of Preferences, the Board expressed the hope that Canada and the United States of America would complete, where appropriate, the necessary procedures with a view to implementing their respective schemes as soon as possible.

237. The Board invited all preference-giving developed market economy countries to give continuing consideration in a dynamic context to improving their schemes, bearing in mind the objectives of Conference resolution 21 (II).

238. The Board invited the preference-giving socialist countries of Eastern Europe to take note of the views expressed by the developing countries that those socialist countries of Eastern Europe should (a) continue the implementation of their joint declaration at the second part of the fourth session of the Special Committee on Preferences and of Conference resolutions

^{39/} Ibid.

15 (II) and 53 (III); (b) continue to examine the areas in their schemes, taking into account the experience gained in their functioning, with a view to achieving possible further improvements in the preferential treatment provided by them in favour of developing countries, in particular the least developed among the developing countries.

239. The Board invited the preference-receiving countries to consider such steps as improved compliance with rules of origin, where necessary, intensified export promotion and market research efforts and closer co-operation with the authorities of preference-giving countries, with a view to taking maximum advantage of the opportunities afforded by the schemes of generalized preferences.

240. The Board invited the attention of the developing countries to the views expressed by the socialist countries of Eastern Europe that the developing countries should grant to them conditions for trade not inferior to those normally granted to the developed market economy countries.

241. The Board also invited the countries concerned to take note of the request of the developing countries that, in the process of extension of the scheme of the European Economic Community to the three acceding countries, the most beneficial elements of the four schemes should be retained.

242. The developing countries members of the Board, reaffirming their position on this subject, as stated at the Special Committee on Preferences and without prejudice thereto, requested the developed market economy countries concerned to take note of that position, namely, that the establishment of industrial free-trade areas between the European Economic Community and several European developed market economy countries should not adversely affect the benefits being derived from the respective schemes.

243. The Board requested the UNCTAD secretariat and the Governments concerned to take the necessary steps to achieve the prompt and continuing dissemination of information on individual preferential schemes and on any changes introduced thereto.

244. The Board recalled paragraph 3 of section VIII of the agreed conclusions of the Special Committee; ^{40/} it noted the statement by the Secretary-General of UNCTAD that the procedures in that paragraph should be utilized to promote timely and substantial improvements to the preferential schemes; it further noted his stated readiness, within the framework of the agreed conclusions, to take an initiative to convene ad hoc consultations.

^{40/} Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 15 (A/8015/Rev.1 and Corr.1), annex I, decision 75 (S-IV), annex.

3. Report of the Committee on Invisibles and Financing related to Trade on its sixth session

245. The report of the Committee on Invisibles and Financing related to Trade on its sixth session 41/ was introduced by its Chairman.

1. Financing related to trade

(a) Financial resources for development

246. The Committee had referred to the Board a draft resolution on the objectives of financial co-operation submitted by Chad on behalf of the Group of Seventy-seven. 42/ To facilitate the discussion at the Board, the Secretary-General of UNCTAD had submitted a report (TD/B/467) summarizing the discussions on certain subjects of the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, convened from 26 to 29 June 1973, pursuant to Board resolution 91 (XII), and annexing the text of a statement on the objectives of financial co-operation made by the governmental representatives of developing countries and of Sweden.

247. The representatives of developing countries who spoke on this subject called for a reconvening of the Group, which they considered performed a useful task, and requested the Secretary-General of UNCTAD to report thereon to the Board at its fourteenth session. They reiterated their views, expressed in the draft resolution, that the 1 per cent target for total financial resources was not an adequate indicator of the true availability of funds for development and of the effort of developed countries, in that it included certain flows which should be excluded; that the 0.7 per cent target for official development assistance and its date of achievement should be accepted by all developed countries; that the target should be measured net of associated reverse flows for interest payments, in addition to amortization; and that the terms and conditions of assistance should be improved. The representative of one developing country, supported by other such representatives, called for an eventual increase in the official development assistance target and criticized the performance of the developed countries in relation to the present target; these representatives urged the adoption of the draft resolution referred to the Board (see para. 246 above).

248. The representatives of a number of developed market economy countries agreed that useful work had been done by the Group of Governmental Experts and supported the idea of reconvening the Group; some of them, however, suggested that the Group should concentrate on technical matters on which a wider agreement of views could be achieved.

249. The representative of one developed market economy country reaffirmed the position of her Government as expressed in the statement by the governmental representatives of developing countries and of Sweden (TD/B/467, annex). She suggested that the 1 per cent target as at present defined failed to provide an

41/ Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 4 (TD/B/464).

42/ Ibid., annex IV.

accurate indication of the true net availability of funds to developing countries, that it was not an adequate basis for comparing the efforts of the developed countries, and that there was need for targets that were simple to define and easy to understand. The representatives of two other developed market economy countries expressed similar views and referred to their own countries' efforts in the direction of enlarged aid contributions. One of them specifically requested that attention be concentrated on the 0.7 per cent target for official development assistance, which should be defined net of reverse flows of interest payments.

250. The representatives of a number of developed market economy countries, however, supported the continuation of the present targets, saying that these targets were established and widely accepted ones and that changes could discourage Governments and public opinion from accepting the necessary effort to reach them. Several of these representatives stressed the importance of private flows, and particularly of private direct foreign investment, to developing countries, and considered that the 1 per cent target as at present defined was an adequate indicator of the flow of financial resources to developing countries. In their opinion, it was premature to try to reach decisions on new definitions of the targets. The Board had not been requested to do so, but only to take adequate measures to prepare for a re-examination of the concepts of present aid and flow targets during the mid-term review of the International Development Strategy. One of these representatives said that his Government maintained its reservation regarding the 0.7 per cent target for official development assistance.

251. There was general agreement that the UNCTAD secretariat should continue its statistical work on financial flows between developed and developing countries in co-operation with the secretariats of other interested bodies.

252. The representatives of two developing countries of Group B, referring to paragraphs 15 and 18 of the report by the Secretary-General of UNCTAD (TD/B/467), expressed their support for the consultations between the secretariats of UNCTAD and OECD. In this connexion, they emphasized that objective socio-economic criteria for assessing the stage of development should apply to all developing countries, so that some of them would not be excluded simply because they were in a particular geographical area, and added that the countries concerned should be consulted.

253. One of these representatives added that, at a time when multilateral negotiations were being held with the objective of working out a new monetary system and a new order for trade, the financial aid targets should be considered in the broader context of co-operation for development, in which both financial and trade assistance would be taken into account simultaneously with a view to achieving a more equitable distribution of the various forms of aid according to the real needs of the developing countries in the fields of finance and trade.

254. With regard to supplementary financial measures, the representatives of a number of developing countries expressed disappointment at the response of IBRD to the request by the Conference in its resolution 55 (III) to work out detailed arrangements for the implementation of such a scheme and called upon the Bank to respond positively to the resolution, which had been adopted without dissent.

255. The representative of one developed market economy country stressed that no

additional funds were available to finance a scheme on the lines advocated, and hence he saw no point in repeating the invitation to the Bank to conduct further studies on the subject. However, it was necessary to explore other means of accomplishing the same purpose and he suggested that advantage be taken of the Bank's possibilities of offering more programme loans. The Bank should also be invited to keep under review the needs of developing countries arising from fluctuations in their export earnings.

256. The representatives of the socialist countries of Eastern Europe shared the concern of developing countries regarding the outflow of profits and financial resources as well as the other consequences of activities in their territory of private foreign investors. They stated that such investments could not be regarded as being on an equal basis with official loans and credits. They reiterated their full support for the just request of the developing countries for compensation of their losses incurred by the actions of the former colonial Powers.

257. One of them reaffirmed that any international target for financial flows, including aid, to developing countries was not applicable to his country. He stressed that the socialist countries of Eastern Europe were not responsible for the negative consequences for the developing countries of colonization and neo-colonialism. He added that his country was ready to continue the already mutually established practice of trade and economic co-operation with developing countries, taking into account the possibilities of both parties as reflected in their national plans and programmes of development, thus guaranteeing respect of national sovereignty. He also supported the demands of developing countries, embodied in draft resolution TD/B/L.308, that developed countries should compensate the developing countries for losses incurred as a result of changes in exchange rates.

(b) Debt problems of developing countries

258. The representatives of several developing countries drew attention to the serious external debt problems of developing countries, including the heavy burden of debt servicing. They stated that the uncertainty and instability of the international monetary situation had considerably aggravated the problems through the effect on export earnings, on the purchasing power of their reserves and on their debt obligations. They therefore welcomed the decision of the Committee on Invisibles and Financing related to Trade, in its resolution 5 (VI), to establish an ad hoc Group of Governmental Experts to study the debt problems of developing countries, and hoped that concrete and positive results would follow. The representatives of several developing countries suggested steps which might be taken immediately for easing the debt problems of developing countries, such as more liberal terms and conditions of aid, the acceptance of debt repayments in kind, and the inclusion of a "bisque clause" in all loan agreements.

259. The representative of Pakistan, speaking on behalf of the Asian countries members of the Group of Seventy-seven, pointed out that the total external debt of developing countries had risen at an average annual rate of about 13 per cent during the 1960s, while the level of official development assistance had remained stagnant since 1965. The 1 per cent target had not been reached by most

of the developed countries and, in fact, the net transfer of resources had actually declined since 1967. The growing burden of debt servicing and repayment, on the one hand, and the stagnation of official development assistance, on the other, should be seen in the context of the greater absorptive capacity for capital in many developing countries if the full extent of the adverse impact on their development goals were to be appreciated. Moreover, the discriminatory terms of lending and aid policies towards the recipients, and harmonization among donors, had led to a rise in interest rates and to a tendency for loans to replace grants.

260. He cited the example of his own country, which had been the subject of two special reports of IBRD. The principal finding of the Bank had been that, unless corrective measures were taken, the net flow of assistance to his country would become marginal or zero in the case of a number of donor countries, with some countries actually having a net reverse flow from his country. He considered that the situation of his own country epitomized the conditions in other countries in a similar or identical situation.

261. Referring to the ad hoc Group of Governmental Experts to study the debt problems of developing countries, he stated that the Group should consider specifically:

(a) The question of laying down uniform guidelines for debt relief operations;

(b) The formulation of measures to prevent, rather than to meet, debt crises;

(c) The establishment of a multilateral interest equalization fund;

(d) the impact of the restrictive trade policies of the developed countries, including the constraints these policies placed on the export earnings of developing countries and their debt servicing capacity;

(e) The impact of tied credits on debt servicing capacity;

(f) Measures to ensure that debt relief was not confined to exceptional cases; and

(g) Measures for providing debt relief in the light of over-all development plans and aid requirements of debtor countries.

262. He supported the suggestions made in paragraph 259 above concerning the easing of the debt problems of developing countries. In view of the importance and significance to it of debt problems, his country looked forward to, and would welcome, any opportunity of being associated with the deliberations of the Group of Governmental Experts.

263. The representatives of several developed market economy countries stated that the decision to establish the ad hoc group was an important step forward and hoped that it would lead to positive results.

264. The representative of a socialist country of Eastern Europe stated

that debt servicing was a considerable burden on developing countries and suggested that an examination be made of the high interest rates charged on loans to developing countries and the high rate of profit outflow from them.

(c) The international monetary situation

265. The representatives of several developing countries considered that the present uncertainties in the international monetary situation needed to be eliminated and agreement reached on a new monetary order with the full participation of developing countries and taking fully into account the views of those countries, as expressed in the joint declaration of the Group of Seventy-Seven on international monetary issues made at the sixth session of the Committee on Invisibles and Financing related to Trade. 43/ They emphasized that the monetary problems of developing countries should receive adequate attention and that decisions should be taken with the full participation of all countries concerned and not in restricted groups of countries. They hoped that there would be early agreement on a link between Special Drawing Rights and additional development finance, and one of them stressed that such a link should not lead to a reduction in the flow of other development assistance.

266. The representative of another developing country stressed the importance of the joint declaration of the Group of Seventy-Seven on transitional policies pending the reform of the international monetary system. 44/

267. The representatives of several developed market economy countries expressed the view that, since it had not been possible to reach a consensus on the draft resolutions on the international monetary situation and transitional arrangements only a few weeks earlier, the Board should not debate these proposals. The representatives of some developed market economy countries expressed satisfaction with the progress already achieved in the Committee on the Reform of the International Monetary System and Related Issues in the search for a new international monetary system, and noted that it had been achieved with the full participation of developing countries. Some of these representatives reiterated their hope for an early agreement on a link between Special Drawing Rights and additional development finance. The representative of one developed market economy country pointed out that the reservation of his country on the link was related to the need to ensure that the Special Drawing Rights could serve its main function as the central monetary instrument in the monetary system.

268. The representatives of two socialist countries of Eastern Europe stated that a new international monetary system should meet the requirements of all countries, and stressed the need for clarifying some of the proposals that were under discussion. One of them considered that UNCTAD, being an international organization with universal membership, should examine all aspects of the international monetary and financial situation.

269. The spokesman for the African countries members of the Group of Seventy-Seven drew attention to the statement on the principles of the reform of the international monetary system - the African stand, adopted at the third regular meeting of the

43/ Ibid., annex II.

44/ Ibid.

Association of African Central Banks, held at Lagos, Nigeria, from 20 to 24 August 1973. ^{45/} That statement dealt with the following issues:

(a) adjustment process, particularly that major trading currency countries should come under rigorous surveillance with respect to their external and domestic economic policies; (b) convertibility, in particular that there should be a full asset settlement system; (c) primary reserve assets, in particular that Special Drawing Rights should be the principal and the main reserve assets of the reformed system and based on those of the average of a representative basket of currencies, attracting interest rates that are averages of that basket; (d) development assistance and trade, in particular that the link between Special Drawing Rights and additional development finance should be an integral part of the reformed system, that allocations of the link-SDRs should be made directly to member countries and weighted in favour of the least developed among the developing countries and that the reformed system should include a mechanism to ensure stability in the prices of primary commodities and other products of developing countries; (e) reserve management, in particular, that new policies on reserves should take into account the interest of the developing countries; (f) structure of the International Monetary Fund, in particular the strengthening of the Executive Board with political stature to perform its functions in the reformed system and the need to have the quota structure and voting system reflect present-day realities of the international monetary community.

2. Insurance and reinsurance

270. The spokesman for the Asian countries members of the Group of Seventy-seven stressed the importance of resolution 7 (VI) of the Committee on Invisibles and Financing related to Trade on reinsurance and decision 8 (VI) on insurance training, and expressed the hope that all parties concerned would contribute to their effective implementation. He pointed to the rôle that the UNCTAD secretariat could play in assembling information on existing training facilities and encouraging efforts to render the facilities more compatible with the actual needs of the developing countries. He requested the Governments of developed countries to invite their insurance and reinsurance industries to co-operate in solving the reinsurance problems of developing countries by providing reinsurance cover on fair and reasonable terms.

271. The spokesman for the African countries members of the Group of Seventy-seven regretted that, in spite of the progress made in several countries, far too much of the insurance business of the developing countries remained in the hands or under the control of the insurance industries of developed countries. He welcomed Committee resolution 7 (VI), which had been adopted after difficult negotiations, and hoped that the Economic Commission for Africa and other African bodies would initiate work on insurance for the benefit of African countries. As regards decision 8 (VI) of the Committee, he expressed surprise that such a straightforward project of technical assistance to developing countries - the value of which could not possibly be in doubt - had met with so much reluctance in that Committee on the part of some developed countries.

272. The representative of a socialist country of Eastern Europe welcomed the

^{45/} E/CN.14/603, paras. 29-48.

results obtained in the fields of insurance and reinsurance and expressed full support for decision 8 (VI) of the Committee.

273. The representative of a developed market economy country stated that his country had supported Committee resolution 7 (VI) and decision 8 (VI) on the understanding that their implementation would be undertaken within existing financial resources and that established procedures would be applied when technical assistance for training was financed by UNDP or voluntary contributions. As to the request for government intervention in the insurance industry, he explained that the Government in a market economy country like that of his own country, had no power to prescribe to private insurance concerns how they should behave towards the developing countries. He drew a distinction between the possibilities for direction and persuasion.

274. Commenting on views expressed in the previous paragraph, the representative of a developing country considered that Governments could always give guidance to the private sector whenever the political will to do so existed. He feared that some developed market economy countries used the argument as an excuse for postponing the implementation of measures which had been accepted by consensus.

275. The representative of another developed market economy country, referring to the resolution and decision of the Committee, renewed his Government's offer to discuss, and possibly to support financially, insurance training projects prepared by the UNCTAD secretariat.

276. The representative of the United States of America recalled that his Government had dissociated itself from both Committee resolution 7 (VI) and decision 8 (VI) 46/ and stated that its position had not changed.

3. Action by the Board on agenda item 6 (c) 47/

277. The Board took note of the report of the Committee on Invisibles and Financing related to Trade on its sixth session.

278. With regard to the draft resolution which the Committee on Invisibles and Financing related to Trade had referred to the Board for consideration, 48/ it decided:

(a) With respect to paragraph 6 of that draft resolution:

To request the Secretary-General of UNCTAD:

(i) To further the statistical work on financial flows between developed and developing countries and in this respect to intensify the existing

46/ Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 4 (TD/B/464), para. 114.

47/ The Board acted on the basis of the text of the sessional committee's recommendation read out by the Chairman of Sessional Committee I at the Board's 380th meeting, on 8 September 1973.

48/ TD/B/C.3/L.96/Rev.1. For the printed text, see Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 4 (TD/B/464), annex IV.

technical relationship among the UNCTAD secretariat, the IBRD staff and the OECD secretariat with a view to achieving a more precise definition and coverage of flows, and to collect statistical data, as needed, directly from Governments, in order to be able adequately to measure progress in the implementation of relevant United Nations and UNCTAD resolutions;

- (ii) To reconvene the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, as he deems appropriate, with a view to making early recommendations, particularly on the technical issues relating to the concepts of the present development assistance and flow targets and to facilitating the evaluation of the efforts of developed countries in the mid-term review and appraisal of the International Development Strategy and to report thereon to the Trade and Development Board at its fourteenth session at the latest. 49/

(b) With respect to the remainder of the draft resolution, to consider it further at its fourteenth session, in conjunction with the report of the Secretary-General of UNCTAD requested in subparagraph (a) (ii) above. 50/

279. Before taking the decision in paragraph 278 (a) (ii) above, the Board took note of an oral statement by the representative of the Secretary-General of UNCTAD concerning the financial implications. 51/

280. The representative of the United States said that, in accepting the decision, he did so without any commitment to support a net increase in the budgetary requirements of UNCTAD as a whole.

281. The Board took note of the report by the Secretary-General of UNCTAD on the meeting of the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, which met from 26 to 29 June 1973 (TD/B/467).

282. With regard to the draft resolution on compensation for losses occasioned by the realignment of major currencies (TD/B/L.308), consideration of which it had deferred from its twelfth session, the Board decided that, since insufficient time had been available for discussion of the draft resolution, it would be considered further at the fourteenth session.

283. The spokesman for Group B stated that, while they could agree to this course of action, most members of his Group maintained their opposition to the draft resolution.

49/ Text of paragraph 6 of the draft resolution, with certain amendments. See also annex I below, decision 103 (XIII).

50/ For the text of the draft resolution as a whole, see annex III below.

51/ Subsequently circulated under the symbol TD/B(XIII)/SC.I/L.4. For the text of the statement, see annex VII below.

D. Transfer of technology

1. Report of the Intergovernmental Group on Transfer of Technology on its second session

284. The report of the Intergovernmental Group on Transfer of Technology on its second session (TD/B/424) was introduced by the representative of the Philippines, a Vice-Chairman of the Group. He stated that the session, which was the first substantive one, had consolidated the advance made by the Conference in resolution 39 (III) and had agreed on a number of other important areas of work. The stage had now been reached where it was possible to generalize from the experience obtained from the studies so far made and from action taken by a number of developing countries, and to initiate work on an international code of conduct which might benefit all countries, particularly the developing ones. The time was also ripe for agreeing on the transformation of the Intergovernmental Group into a main Committee of the Board.

285. The spokesman for the Asian countries members of the Group of Seventy-seven and the representatives of most developing countries speaking on this item stated that, while progress had fallen short of their expectations, they had been satisfied with the results of the second session of the Intergovernmental Group. In their view, resolution I (II) of the Group, which had been unanimously adopted, reflected progress in several areas, and they referred in particular to: the spelling out of the functions of national institutions in developing countries specifically dealing with the transfer of technology; measures for strengthening the national scientific and technological infrastructure in those countries; measures for technical assistance and the dissemination of information on action by developed and developing countries; centres for the transfer of technology and technological dependence; and the desire of the Group of Seventy-seven, conveyed to the Board in paragraph 17 of the resolution, that the question of preparing an international code of conduct for the transfer of technology be examined. The resolution had also recognized the special position of the least developed and land-locked developing countries. They welcomed the increasing recognition given by the developed market economy countries to the importance of UNCTAD's activities in the field of transfer of technology, which was reflected in the desire of Sweden, Belgium and the United Kingdom of Great Britain and Northern Ireland to fill the vacant seats on the Intergovernmental Group to which Group B was entitled. They hoped that the excellent working spirit and conciliatory atmosphere that had prevailed at the second session of the Intergovernmental Group would continue to prevail at the present session of the Board so that a consensus could be reached on the questions before it.

286. Regarding institutional arrangements within UNCTAD, those representatives of developing countries who spoke on the subject considered that the progress achieved in the last two years had established UNCTAD's sphere of competence, and moreover that this competence had been recognized by the Economic and Social Council in its resolution 1715 (LIII) establishing the terms of reference of the Committee on Science and Technology for Development. Paragraph 5 of that resolution attributed a clear role to UNCTAD in the field of transfer of technology. The competence of UNCTAD was also recognized in the proposed draft terms of reference of the Permanent Committee of the World Intellectual Property Organization (WIPO), which provided, inter alia, that care be taken not to impinge on the spheres of competence of other organizations, particularly

UNCTAD. More recently, this competence had been reaffirmed in the decision of the Economic and Social Council at its fifty-fifth session directing that the report of the Secretary-General entitled "Fiscal and financial matters; transfer of operative technology at the enterprise level" (E/5152) be transferred to UNCTAD for consideration, and requesting other United Nations bodies concerned to co-operate fully with UNCTAD on this matter. 52/

287. They considered it paradoxical that UNCTAD, which had been the prime mover in the field of transfer of technology, had not yet established a permanent body for this field of activity, while such bodies had been established by the Economic and Social Council and WIPO. Now that doubts about both the competence of UNCTAD in this field and its capacity for action had been dispelled, they believed the time was ripe to transform the Intergovernmental Group into a main Committee of the Board. They recalled that the Conference, in resolution 39 (III), had instructed the Board to ensure that the continuing nature of UNCTAD's functions were reflected in the institutional arrangements in UNCTAD and that the Group of Seventy-seven had submitted a draft resolution (TD/B/L.306) to the Board at the first part of its twelfth session requesting forthwith the transformation of the Group into a standing committee. They had agreed not to press for a vote on the draft resolution and to defer consideration of it to the present session, in the expectation of a positive response from other groups. Events since then had convinced them that a decision could be postponed no longer.

288. Endorsing these views of developing countries, the spokesman for the African countries members of the Group of Seventy-seven reviewed some of the problems facing developing countries in acquiring foreign technology, such as the balance-of-payments burden, the information gap, restrictive conditions in contractual agreements, and the training of local personnel.

289. The spokesman for the Latin American Group said that it was only natural that his country whole-heartedly supported the transformation of the Intergovernmental Group into a main Committee of the Board in view of its active participation in UNCTAD's work on transfer of technology in the past two years. He quoted from an address by the President of his country to the Conference at its third session, at its 92nd plenary meeting, in which he had said:

"For the first time in the history of UNCTAD, its agenda includes a report specifically on the problems of the transfer of technology. We hope that out of these deliberations will emerge a special committee on this subject. My country will firmly support such a decision."

Since it was not only the developing countries which favoured the transformation, there was no question of the poor nations getting together to take away the technology of the rich nations. If there were a conspiracy of that nature, why should developed market economy countries like the United Kingdom, Sweden and Belgium now wish to become members of the Intergovernmental Group?

290. The representative of one developing country reviewed the history of the

52/ Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 1 (E/5400), p. 25, decision on agenda item 10 (f).

question of the transfer of technology within United Nations bodies, dating from the adoption, on 19 December 1961, of General Assembly resolution 1713 (XVI), in which the Secretary-General of the United Nations was asked to prepare an analytical study on patent legislation and its effects on the economies of developing countries. In this connexion, he referred also to Economic and Social Council resolution 1454 (XLVII), paragraph 5 of which concerned the competence of UNCTAD. After 12 years of discussion on this subject, he concluded, it was apparent that there was general agreement on having a committee in UNCTAD to deal with the transfer of technology. He considered that it was now time to take a decision on this matter, particularly in the light of Conference resolution 39 (III).

291. The representative of a developing socialist country of Asia also supported the transformation of the Intergovernmental Group into a permanent body.

292. The spokesman for Group B recalled the views on institutional arrangements expressed by the countries of his Group at the first part of the Board's twelfth session, stating that they remained unchanged. At that time, representatives of countries in his Group had stated that it was not clear what were the most appropriate institutional arrangements for continuing work on this subject in UNCTAD. A number of them had said that, if the Intergovernmental Group, after having held two substantive sessions, recommended its transformation into a permanent body, the request would be considered in a positive way, 53/ and Group B held that the question of transforming the Intergovernmental Group into a permanent body should therefore be deferred until the Intergovernmental Group had held two substantive sessions.

293. The representatives of several countries members of Group B welcomed the report of the Intergovernmental Group and congratulated the secretariat on its valuable work. The representatives of developed market economy countries speaking on this item endorsed the statement by the spokesman for Group B concerning institutional arrangements. Some of these representatives expressed concern at the proliferation of bodies dealing with the same question and the potentially excessive institutionalization of the transfer of technology.

294. The representative of one developed market economy country expressed her conviction that Board resolution 74 (X) should be adhered to. In her view, any move towards making the Intergovernmental Group a permanent committee at the present stage would tend to destroy the faith which States members of UNCTAD put in resolutions such as the one in question, which had been agreed upon only after long negotiations and compromise on the part of all concerned. She reviewed the research activities and technical assistance programmes carried out in her country for the benefit of developing countries, many of which were in keeping with the provisions of Conference resolution 39 (III) and resolution 1 (II) of the Intergovernmental Group. While welcoming some aspects of the work being done by UNCTAD, she expressed doubts on the broad scope of the work programme and regretted that the information on her country's experience as a technology importer had not been utilized more fully in the secretariat's documentation. She wondered, moreover, how a country such as hers, which was overwhelmingly a net importer of technology, fitted into the programme and suggested that UNCTAD's work programme would be more fruitful if it were to look - at least to some

53/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part one, para. 64.

extent - at the phenomenon of technology importation rather than to concentrate exclusively on technology transfer according to a developing/developed country breakdown.

295. The representative of a developing country in Group B stated that his Government was not opposed to a transformation of the Intergovernmental Group into a permanent Committee, but considered that the question was premature and that the time elapsing before the next session of the Intergovernmental Group could be put to valuable use in studying further the problems in this field. Nevertheless, his Government was flexible on the matter and would agree with the wishes of the majority.

296. The representative of one developed market economy country outlined recent developments in his Government's policy towards the transfer of technology. The strategy was two-fold - to encourage better access to modern technology in developing countries on reasonable and favourable terms and to further a choice of technology consistent with development objectives and economic conditions in the recipient country. He described two new measures enacted in accordance with Conference resolution 39 (III): (a) the creation of a centre for technological information dealing specifically with technological problems of developing countries; and (b) the financing and subsidization of licensing and patent fees through development assistance.

297. The representative of another developed market economy country stated that his Government, pursuant to the Conference resolution, had established a special institute in August 1973 for research on industrial technology specifically for the benefit of developing countries. Nationals of those countries were invited to the institute for joint research and training in the field of applied science and technology.

298. The representatives of the socialist countries of Eastern Europe considered that the report of the Intergovernmental Group presented a clear picture of its activities and that the work of the Group was positive. One of these representatives said that his Government appreciated the results achieved so far. He recalled, however, that the socialist countries of Eastern Europe had viewed favourably the documentation prepared by the UNCTAD secretariat for the second session of the Intergovernmental Group, but at the same time had been critical of the limited attention paid to co-operation in the field of science and technology between socialist and developing countries. He noted the assurances given by the secretariat that this would be remedied in the future. Regarding institutional arrangements, he emphasized the increasing importance of the transfer of technology not only for developing countries, but also for economic relations among all countries. He pointed to the strengthened role of UNCTAD in this field as evidenced by the decision of the Economic and Social Council, at its fifty-fifth session, concerning document E/5152 (see para. 286 above) and to the extensive programme of work adopted by the Intergovernmental Group at its second session. His Government therefore expressed a positive view on transforming the Intergovernmental Group into a permanent body. It was, however, important to consider carefully its terms of reference and the financial implications of such a transformation.

299. The representative of another socialist country of Eastern Europe stated that he was not opposed to the creation of a separate committee of the Board to deal with the transfer of technology. However, he expressed anxiety that the question of the transfer of technology might in this way be divorced from the consideration of other

issues which were closely related to it. He was also, therefore, concerned that a new standing committee of the Board might be created without first establishing comprehensive and clear-cut terms of reference for it.

300. The representative of a socialist country of Eastern Europe said that his country, as a socialist developing country, had often imported technology from abroad for its industrialization, which influenced negatively the balance of payments. Like the other developing countries, it was interested in obtaining facilities in the field of transfer of technology. He thought that the implementation of the measures contained in the resolution adopted at the second session of the Intergovernmental Group should have positive results for the developing countries. His country favoured the transformation of the Intergovernmental Group into a main Committee of the Board.

Action by the Sessional Committee

301. A draft resolution (TD/B/L.306), which had been tabled by Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Ethiopia, Gabon, Ghana, Guatemala, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, the Libyan Arab Republic, Madagascar, Malaysia, Mauritius, Mexico, Nigeria, Pakistan, Peru, the Philippines, Rwanda, Senegal, Sri Lanka, the Sudan, the Syrian Arab Republic, Thailand, the Upper Volta, Uruguay, Venezuela, Yugoslavia and Zaire, was submitted in a revised form (TD/B(XIII)/SC.I/L.2). 54/

302. The Sessional Committee noted that Belgium, Sweden and the United Kingdom of Great Britain and Northern Ireland sought election to membership of the Intergovernmental Group, thus filling the three vacant seats allocated to Group B. Subject to action by the Board on the draft resolution (TD/B/L.306), as revised, it recommended that the Board elect Belgium, Sweden and the United Kingdom of Great Britain and Northern Ireland to membership of the Intergovernmental Group. 55/

2. Question of the preparation of an international code of conduct in the field of transfer of technology

303. The spokesman for the Asian countries members of the Group of Seventy-seven supported by the spokesman for the Latin American and African Groups, referring to paragraph 17 of resolution 1 (II) of the Intergovernmental Group, expressed the hope that the Governments of developed countries had in the meantime reconsidered their position on the question of an international code of conduct. Contesting the view that the transfer of technology was undertaken by private enterprises and that Governments therefore could not intervene, he argued that the freedom of private firms in developed market economy countries was limited by a variety of measures, such as anti-trust laws and regulations, and that the current restrictive business practices in the international transfer of technology would not pass the test of any existing national legislation in developed market economy countries. Those

54/ For action by the Board on this matter, see paragraphs 333 to 336 below.

55/ For action by the Board on this matter, see paragraphs 337 and 338 below.

practices should at least be brought into conformity with business practices which Governments found acceptable in their national jurisdictions. He pointed to the general consensus on the necessity for an internationally agreed code of conduct for liner conferences and to the draft of such a code, which was shortly to be considered by a United Nations plenipotentiary conference under the auspices of UNCTAD, as proof that it was possible to regulate through international action operations in which the interests of private companies were involved.

304. The spokesman for the African countries members of the Group of Seventy-seven drew attention to the laws and regulations which several countries had adopted on the subject of transfer of technology, saying that many other countries had formulated guidelines and policies for regulating the transfer process. These developments had set the stage for moving from purely national action towards the establishment of a truly international code of conduct. He welcomed in this connexion the conclusion of the Secretary-General of UNCTAD in his report to the fifth special session of the Board that the time appeared to be ripe for such action. 56/

305. The representative of one developing country said that the possibility of international regulation had also been recognized in recent statements made in business circles. According to press reports, banking and industry leaders from a number of developed market economy countries were to meet in late September 1973 to consider the question of an international code of conduct to guide corporate and government policies concerning multinational investments. The Chairman of Japan's Fuji Bank, according to these reports, had said that a satisfactory international consensus on international regulation of this kind was essential if multinational corporations were to continue to be able to perform their unique and creative role in world development. A representative of the United States Chamber of Commerce, according to the same source, had said that his country's business leaders tended to favour the adoption of an enforceable code to deal with problems of multinational investment. He further said that the statement in respect of international fiscal matters made by the United States Secretary of the Treasury on 4 October 1971 and quoted in a recent United Nations publication 57/ reflected the same trend of thought.

306. The representative of the United States, exercising the right of reply, stated that the statement by the United States Secretary of the Treasury concerned a suggested tax agreement and had no relationship to the subject under discussion. Citations of press articles concerning the views of some individuals in the private sector of his country were in any event not an appropriate source of information as to the position of the United States Government, which was convinced that work in UNCTAD on a code of conduct in this area was premature.

307. The spokesman for the Asian countries members of the Group of Seventy-seven, supporting the representative of another developing country, stated that the

56/ Trade and development policies in the 1970s: report by the Secretary-General of UNCTAD for the First Review and Appraisal of the Implementation of the International Development Strategy (United Nations publication, Sales No.: E.73.II.D.14), para. 105.

57/ Multinational Corporations in World Development (United Nations publication, Sales No.: E.73.II.A.11), foot-note 27, p. 90.

Guidelines for International Investment 58/ prepared by the International Chamber of Commerce also lent support to the need for preparing an internationally agreed code of conduct. Unfortunately, however, those Guidelines tended to overlook many of the more restrictive business practices of multinational corporations as well as the interests of the countries who were supposed to benefit from the imported technology. Notwithstanding, there were certain elements of the Guidelines that could be taken into consideration in a code of conduct elaborated in UNCTAD. Moreover, in his view there already existed in the United Nations and in some other international economic organizations a general consensus on the necessity for adopting codes of conduct on a whole series of questions. The Secretary-General of the United Nations had recently stressed the readiness of the United Nations to prepare such codes of conduct in the achievement of agreed goals. 59/ Ample precedent for such legislation existed in previous decisions of the United Nations, such as General Assembly resolution 3041 (XXVII), in paragraph 20 of which the Board was requested to select areas for which action could be initiated for the negotiations and adoption of multilateral legal instruments.

308. The spokesman for the Latin American Group said that it was universally recognized that there was a need for an international code of conduct, not least by private technology suppliers, for whom the deficiencies of the traditional mechanisms for the commercialization of technology had created serious problems. Apart from these deficiencies, which had been amply documented, a considerable body of empirical work had shown that the income derived from the transfer of technology was greater than from capital investment. He wondered whether the opposition by some developed market economy countries was not due to their balance-of-payments problems rather than to a desire to defend the free international flow of technology.

309. His Government's views tended to converge with some of the ideas expressed by the representative of one developed market economy country in that it considered that the principal function of a code of conduct would be to define the fundamental conditions under which the transfer of technology would take place. It would be a legal frame of reference embracing the rights and obligations of buyers and sellers. Consequently, it was a matter of creating an international instrument that would prevent abuses and regulate the commercialization of technology. It was well known that the contractual terms for the transfer of technology were extremely complex and negotiated under conditions unfavourable to the economic development of many countries.

310. In his view, there was no intention to establishing principles in the code which disregarded the conditions under which technology was effectively transferred and so would be impossible to respect or would be damaging to all parties concerned. Rather, the code would embody legal practices that already existed not only in India, the Andean Group and several other Latin American countries, but also in Japan, the United States and the developed countries of Western Europe, where national legislation protected the public interest and the users of technology against certain restrictive practices associated with the monopolistic power of large

58/ Text adopted by the Council of the International Chamber of Commerce at its one hundred and twentieth session on 29 November 1972 (ICC Brochure No. 272).

59/ Official Records of the Economic and Social Council, Fifty-fifth Session, 1859th meeting, p. 8.

corporations. Hence, the reticence of some countries to elaborate such an international instrument was not justified, particularly in the case of countries which already had anti-monopoly legislation.

311. He continued by summarizing the provisions of the law on the transfer of technology and use of patents and trademarks enacted on 29 December 1972 in his country, the enforcement of which had already given highly satisfactory results. It did not include unenforceable, prohibitive and confiscatory provisions. Rather, its sole objective was to help buyers of technology in his country to obtain the best conditions, without violating the rights of sellers. These rights were already taken into account in international legislation on industrial property, which moreover had been the object of continuous change.

312. There had been reactions to the law, both within and outside his country, similar to those he had heard at the present session. Some commentators had even suggested that it would no longer be possible to market technology in his country. However, such fears had proved unfounded. During the six months since the enactment of the law, a steadily growing number of contracts for the transfer of technology had been concluded, each time under better conditions for his country than in the past. Wherever the Government had requested modifications of terms in existing contracts, to bring them into conformity with the law, the sellers of technology had agreed to the necessary adjustments, which showed that the law was not damaging legitimate interests.

313. His country had not tried to reduce the total level of foreign exchange expenditure on imported technology, but rather to increase the benefits from its transfer. The same could be said regarding the formulation of international legislation in this sphere, which would supplement national action.

314. The representative of a developing socialist country of Asia emphasized the need for action to overcome the obstacles brought about by the monopoly supply of technology and its high costs and to provide technical assistance to developing countries on fair and reasonable terms and conditions in accordance with national goals and the availability of resources. He added that national sovereignty should be respected and technical co-operation should take place without any strings attached. He supported the undertaking of preparations for an international code of conduct.

315. The representative of a developed market economy country considered that, in view of the lessons to be drawn from similar attempts in other fields and of the limited information available at the present stage, it was premature to convene a group of experts to draft an international code of conduct. In his view, correctives to the transfer mechanism might be conceivable for the public sector, but were much more difficult in the case of private transactions. The solution of problems through international legislation seemed relatively simple when the obstacles themselves were a consequence of government regulation, as was the case of non-tariff barriers to trade. Even then, however, GATT had analysed the problem over many years before passing to action, and it would have been unreasonable to propose the elaboration of an international code at an earlier date.

316. In view of the complexity and variety of modalities for the transfer of technology, he said it seemed impossible to adopt a formal code when there was insufficient information on the problems involved. The code of conduct for liner

conferences did not seem to be a parallel to a code for the transfer of technology since there was no body of relatively uniform practices and doctrines such as existed in the case of liner conferences. If progress was to be made in the field of technology, a fairly detailed inventory by industry and by sector of existing practices and the distortions they engendered was essential. The efforts to standardize transfer procedures and to eliminate existing distortions among developed countries had not been successful and it was to be presumed that the elaboration of a code of conduct regulating the transfer of technology between developed and developing countries also had little chance of succeeding. The efforts of ECE in this connexion were an illustration of this point, since they had culminated only in the elaboration of "guidelines" for drawing up contracts. Those guidelines had no pretention whatever of establishing new rules or of modifying existing practices, although they were useful tools for practical purposes. Experience had shown that the most efficient means of regulating the transfer were domestic policies and legislation, as exemplified by the Andean Pact countries, Mexico, and even France, where transfers and investments were subject to authorization under specific conditions. Too strict a domestic legislation, however, might hamper rather than enhance the inflow of technology.

317. He added that the most interesting feature of the desire of the developing countries to elaborate a code of conduct, as conveyed by the spokesman for the Latin American Group, was their willingness to strengthen the dialogue between supplying and receiving countries and, if possible, to negotiate concerted measures regarding the transfer of technology. The intrinsic balance to be maintained between the constraints imposed on transfer by the domestic legislation of recipient developing countries on the one hand and the private interests of suppliers in developed countries on the other could thus be preserved and an adequate flow of technology on fair terms ensured.

318. He noted that work on transfer of technology had not yet progressed very far at the international level and considered that UNCTAD could play an important role in the future direction of such work. For that purpose, UNCTAD had to ensure objectivity in the identification of problems and avoid premature conclusions or recommendations. It was the responsibility of the UNCTAD secretariat to draw on the services of experts when necessary and to convene a group of experts, if necessary, to work out guiding principles. Chapters II and III of its study entitled Guidelines for the Study of the Transfer of Technology to Developing Countries 60/ might serve as a basis for the methodology.

319. The representative of another developed market economy country voiced serious reservations on convening a group of experts, which he considered premature since work had only just started in this field and the international community had not determined what was required in terms of methodology and empirical data and had not even begun to formulate policy. Developing countries did not have the necessary experience, under reasonably drafted and enforced national legislation relating to technology transfer, to assess the need for international measures. His Government thought there was a strong case for a more measured, step-by-step, approach to the question.

320. The representative of another developed market economy country stated that his Government had always recognized the importance to the developing countries of access

60/ United Nations publication, Sales No.: E.72.II.D.19.

to modern technology and the need to ensure that conditions were conducive to maintaining the flow on fair and equitable terms for all parties concerned. He reiterated the views on this subject which his delegation had expressed at the second session of the Intergovernmental Group concerning the importance of technology originating in private firms. It was the owner of the technology who decided, after the normal bargaining process, whether or not to transfer it at a price acceptable to the prospective buyer. Given the commercial realities, it was better to concentrate on incentives to transfer rather than on the obstacles; in this context, developing countries had a responsibility to see that conditions were created for a mutually beneficial transfer of suitable technology and know-how.

321. He added that developing countries should exercise a critical and selective attitude toward what technology was transferred and how it was applied, and that his authorities stood ready, in principle, to help them undertake the necessary feasibility studies. But it should be recognized that too many restrictions might frighten off the holder of technology to the detriment of the development process. In his view, the essentially commercial and practical nature of technology transfer did not make it a suitable area for work on a code of conduct along the lines envisaged by many developing countries. He doubted whether the necessary consensus on the scope of work in this field existed at present.

322. The representative of one developed market economy country, while recognizing that the question of a code of conduct was an important one and that it should not be underestimated, drew attention to other important areas covered by Conference resolution 39 (III) that required urgent attention. Moreover, it was necessary to take into account the definite limitation of the role that Governments could play in controlling enterprises transferring technology and the complexity of the issues raised.

323. The representative of yet another developed market economy country stated that, though his country was a net importer of foreign technology and faced the same problems as other technology-receiving countries, it nevertheless considered that the transfer of technology was a matter for the private sector and therefore opposed the elaboration of a code. However, he did not exclude the possibility of an eventual consensus on the convening of a group of experts, depending on its terms of reference.

324. Still another representative of a developed market economy country stated that, while agreeing that it was premature to draw up a code, his Government would support a useful investigation by the Intergovernmental Group of whether a code of conduct was practicable in the field of transfer of technology and of when discussion of the subject could usefully start.

325. The representative of one developed market economy country stated that her Government considered it worth-while carefully to examine the desirability and/or appropriateness of drawing up guidelines or a code on the transfer of technology. The representatives of two other developed market economy countries expressed similar views, one of them adding that interested international bodies should co-operate with UNCTAD to the fullest possible extent.

326. The representative of another developed market economy country sympathized generally with countries which, like his own, were net importers of foreign technology. He drew attention to an earlier statement he had made that his Government was prepared to envisage a code of conduct, provided it took the form of

voluntary principles rather than a binding set of rules. Widely divergent opinions made it unlikely that a set of rules could be achieved if it extended beyond general guidelines, whereas if such guidelines could be agreed upon, they would be beneficial for both exporters and importers of technology.

327. The representatives of some countries in Group B expressed their support for the preceding views. One of them emphasized that her Government did not exercise control over the foreign affiliates of firms based in her country and was opposed to the exercise of such control because her Government would not accept that subsidiaries of foreign-based firms operating in her country should be directed by foreign Governments. Since it would be difficult for this reason to address provisions in a code to developed countries concerning the overseas operations of their firms, and since only the domestic legislation of technology importers could guarantee observance of those provisions of a code addressed to international or multinational firms, her authorities believed that UNCTAD should direct its attention towards the formulation of guidelines which could be used to assist technology importers in the formulation of such legislation. Her Government would be willing to assist in this process.

328. The representative of a developing country of Group B stressed that the position of his country as a net importer of foreign technology led it to support a code of conduct in principle, much as it had participated in the elaboration of a code of conduct for liner conferences and of a charter of economic rights and duties of States. However, it would be difficult to envisage a code if there were no consensus.

329. The representative of a socialist country of Eastern Europe reiterated the views expressed by his delegation at the second session of the Intergovernmental Group that there seemed to be insufficient information on facts and experience on which to take a position on the question of preparing a code of conduct. Should, however, the Board decide to convene an expert group to study the matter, which should in any case be the first step, he hoped that, in accordance with paragraph 17 of resolution 1 (II), the group would be composed of experts drawn from countries at different stages of development and having different economic and social systems.

330. The representative of another socialist country of Eastern Europe distinguished between a code of conduct for liner conferences and a code of conduct for the transfer of technology. Transfer of technology, in particular to developing countries, was not institutionalized like maritime trade. It would therefore be in the interests of the technology-receiving countries to regulate technology transfers through national legislation rather than to pin hopes upon any international code of conduct in this field. The whole question should be given further consideration.

331. The representative of a socialist country of Eastern Europe stated that his country, as a socialist developing country, supported the proposal of the other developing countries for the preparation of an international code of conduct in the field of transfer of technology.

332. A draft resolution on a code of conduct in the field of transfer of technology to developing countries was submitted by India, Indonesia, Iran, Iraq, Malaysia, Pakistan, the Philippines, Sri Lanka, the Syrian Arab Republic, Thailand and Yugoslavia (TD/B(XIII)/SC.I/L.1).

3. Action by the Board on agenda items 6 (d) and 6 (e)

333. At the 380th meeting of the Board, on 8 September 1973, the Chairman of Sessional Committee I reported on his consultations concerning draft resolution TD/B/L.306, as amended (TD/B(XIII)/SC.I/L.2), and on draft resolution TD/B(XIII)/SC.I/L.1. He introduced draft resolution TD/B/L.343, which he explained represented a merger of those two draft resolutions with a draft text which had been submitted informally on behalf of Group B during his consultations.

334. The secretariat gave an oral statement of the financial implications of the draft resolution. 61/

335. Taking note of this statement, the Board adopted the draft resolution by consensus. 62/

336. The representative of the United Kingdom, speaking on behalf of Group B, said that it was the understanding of the developed market economy countries of his Group that, in implementing the resolution, the secretariat would not present the text of a draft code of conduct to the Intergovernmental Group at its second substantive session.

337. With regard to the three vacant seats on the Intergovernmental Group allocated to Group B, the representative of the United States of America, on behalf of that Group, at the same meeting, nominated for election Belgium, Sweden and the United Kingdom of Great Britain and Northern Ireland.

338. In the absence of any other nominations, the President declared elected, as members of the Intergovernmental Group filling the three vacant seats, Belgium, Sweden and the United Kingdom of Great Britain and Northern Ireland.

61/ The statement was subsequently circulated under the symbol TD/B/L.343/Add.1. For the text, see annex VII below.

62/ For the text of the resolution, see annex I below, resolution 104 (XIII).

CHAPTER III

REPORT OF THE WORKING GROUP ON THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES (CONFERENCE RESOLUTION 45 (III))

(Agenda item 5)

339. The Board considered this item at its 366th to 371st, 378th and 379th meetings, on 24, 27 and 28 August and 7 and 8 September 1973. The Board had before it the report of the Working Group on the Charter of Economic Rights and Duties of States (TD/B/465), consisting of the Working Group's report on its first session (TD/B/AC.12/1 and Corr.1), and its report on its second session (TD/B/AC.12/2 and Add.1). During the discussion, the secretariat submitted a statement of financial implications of possible decisions by the Board on the report of the Working Group (TD/B/465/Add.1).

340. The report of the Working Group was introduced by Ambassador J. Castaneda (Mexico), Chairman of the Working Group. He gave an account of the deliberations of the Working Group at its two sessions, in the course of which it had elaborated a draft outline and subsequently draft alternative texts of a charter of economic rights and duties of States. Those texts represented a considerable consolidation of alternative proposals, thus laying a sound foundation for the successful accomplishment of the task prescribed by Conference resolution 45 (III). He stressed that the texts were submitted to the Board at its thirteenth session for transmittal to the General Assembly on the understanding that they represented a basis for further deliberations, but did not commit members of the Working Group or the Governments they represented.

341. Most of the representatives who spoke on the item considered that the Working Group had made significant progress in its work and had achieved more than could have been expected in the time allotted, given the nature, scope and complexity of this important project. There was general support for the recommendation by the Working Group at its second session (TD/B/AC.12/2, para. 20) that the Board should invite the General Assembly to extend the mandate of the Working Group, and general agreement that the momentum gained by it in its work should be maintained.

342. The representatives of developing countries who participated in the debate expressed the view that much remained to be done, but hoped that the task could be accomplished in 1974. In this regard, they suggested that the Board, in transmitting the report of the Working Group to the General Assembly, should invite the Assembly to extend the mandate of the Working Group, making provision for two three-week sessions. Many of these representatives favoured the provision of summary records for future sessions of the Working Group, and one of them suggested that the Board should invite the Secretary-General of UNCTAD to forward the report of the Working Group to Governments of States members of UNCTAD for observations before the next session of the Working Group.

343. The representatives of some developing countries reaffirmed their view that a Charter of Economic Rights and Duties of States should be an instrument acceptable to all countries. They considered that it was not necessary for the Board to

comment on the content or nature of the Charter at the present session, since the task before the Board was to arrange for further procedures in regard to the drafting of the Charter.

344. The representatives of other developing countries considered that the legal nature of the proposed Charter was a decisive factor. The Charter, in their view, should not be a mere declaration of intent but, in accordance with the spirit of Conference resolution 45 (III), should be a legally binding instrument, regulating economic relations among States in the contemporary world.

345. The representative of one developing country emphasized the need to continue expeditiously the process of reducing the number of alternatives which still existed after the two sessions of the Working Group. To this end, in his view, the General Assembly at its twenty-eighth session, while considering this item, should endeavour to narrow to the maximum extent possible the areas of disagreement and to reconcile divergent views.

346. The representatives of developed market economy countries who spoke on this subject were of the opinion that the Board at this stage should limit itself to recommending to the General Assembly the appropriate procedures for further elaboration of the Charter. One of these representatives considered, however, that the Board, in recommending the extension of the Working Group's mandate, should also request the General Assembly, at its next session, to take a decision on the legal nature of the proposed charter, since in his view without such a decision no meaningful further progress could be achieved in the Group's work.

347. The representatives of some developed market economy countries expressed the hope that the Charter would enunciate high ideals to be shared by all countries concerned. They stressed that a Charter should be worked out by consensus and should not be a legally binding instrument, but in the form of a declaration. They considered that, in any case, a Charter could not depart significantly from generally accepted norms.

348. As to the future procedure for the elaboration of a Charter within UNCTAD, the representatives of developed market economy countries who spoke on this subject held the view that summary records were not necessary for the future sessions of the Working Group. Some of these representatives expressed doubts as to the advisability of having four meetings per day, and some of them questioned whether it was necessary to extend the length of each session to three weeks. The representatives of some of these countries made reservations about the financial implications of the proposed procedure with regard to the facilities for future sessions of the Working Group. One of these representatives stated that the additional costs should be absorbed within the existing budget.

349. The representatives of socialist countries of Eastern Europe who participated in this debate pointed out that, at the third session of the Conference, their delegations had supported the idea of the preparation of a universally acceptable Charter, which should take into account, on the basis of equality, the interests of all countries irrespective of their economic and social systems. They stated that the Charter should include, *inter alia*, such basic norms of international trade and economic relations as peaceful co-existence, the most favoured-nation principle and

non-discrimination. While commending the report of the Working Group, they underlined that the text elaborated did not commit any State member of the Working Group.

350. The representative of a socialist country of Eastern Europe stated also that his country, as a socialist developing country, supported the proposal of the other developing countries to invite the General Assembly to extend the mandate of the Working Group, making provision for two three-week sessions. He emphasized the fundamental importance of, and the urgent need for, establishing generally accepted norms which would systematically govern international economic relations and would protect fully the rights of all States, and particularly the rights of developing countries. This representative considered that the progressive development and codification of the rights and duties of States and their inclusion in positive international law could constitute an important part of the elaboration of the general rights and duties of States in international relations.

351. The representatives of some socialist countries of Eastern Europe stated that, though the arrangements made by the secretariat of UNCTAD had been quite satisfactory within the limits of time and resources, the importance of the task made it necessary to organize future sessions in such a way as to give better possibilities for study and consultations, as well as to allow more time for the submission of documents in all the working languages. They also stated that continuation of the work on the Charter in UNCTAD should neither involve substantial financial expenditure nor impinge on other principal activities of UNCTAD.

352. At the 378th meeting of the Board on 7 September 1973, the President, after informal consultations, submitted a draft decision on the action to be taken by the Board on item 5. In introducing this draft decision, he recalled that many delegations had expressed the view that work on the Charter had in fact progressed further than they had anticipated at the time the Conference adopted resolution 45 (III). All delegations were aware, on the other hand, that much work still remained to be done, and he was sure that Governments would continue to give this matter close attention in preparation for the proposed sessions of the Working Group.

Action by the Board

353. At its 379th meeting on 8 September 1973, the Board, having noted the statement of financial implications submitted by the secretariat (TD/B/465/Add.1), adopted the draft decision submitted by the President. 63/

63/ For the text of the decision, see annex I below, decision 98 (XIII).

CHAPTER IV

SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES, THE LAND-LOCKED DEVELOPING COUNTRIES AND DEVELOPING ISLAND COUNTRIES

(Agenda items 7 and 8) 64/

A. Least developed among the developing countries

354. The Board had before it a report on the review of progress in implementation of the special measures in favour of the least developed among the developing countries 65/ as well as chapter VII, entitled "Least developed and land-locked developing countries" (paras. 56 to 59 of the International Development Strategy), of the "Review of the implementation of policy measures envisaged in the International Development Strategy" and the relevant statistical information therein. 66/

355. The representatives of many developing countries expressed their concern about the worsening of the economic and social situation of the least developed countries and stressed that the time had come for the urgent implementation of special measures in favour of these countries as set forth in the Action Programme contained in Conference resolution 62 (III). In their view, little had been achieved so far.

356. With regard to the implementation of these special measures in general, the representatives of the African and Asian countries members of the Group of Seventy-seven emphasized that such implementation should be kept under constant review by the Board and by the Secretary-General of UNCTAD and proposed that:

(a) There should be periodic submissions by developed countries and international institutions on the action they had taken or would take in accordance with Conference resolution 62 (III) and the other related resolutions;

(b) The Secretary-General of UNCTAD should be authorized to appoint a small fact-finding mission, with a view to urging developed countries and appropriate international institutions to implement Conference resolution 62 (III) and report appropriate recommendations and suggestions to the Trade and Development Board from time to time;

(c) The Secretary-General should be authorized to undertake periodic consultations between sessions of the Board with a view to furthering the implementation of resolution 62 (III) and the related resolutions and report to the Board.

64/ It was agreed that these two items would be discussed together. The Board considered them at its 370th to 373rd and 377th to 380th meetings from 29 to 31 August and on 7 and 8 September 1973.

65/ Official Records of the Trade and Development Board, Thirteenth Session, Annexes, agenda item 7, document TD/B/457.

66/ United Nations publication, Sales No.: E.74.II.D.3, part one.

357. The representatives of several developed market economy countries expressed their agreement with and their support for the idea of putting adequate emphasis on surveying the implementation of resolution 62 (III) and stated that their Governments would study those proposals. The representatives of some of these countries expressed the view that it was not necessary to establish a special team for this purpose. The representative of one developed market economy country noted that such a review of implementation would take place at any rate in the framework of the review and appraisal of the implementation of the International Development Strategy for the Second Development Decade.

358. The representatives of socialist countries of Eastern Europe who participated in the debate reaffirmed their support for the application of special measures in favour of the least developed countries. In their opinion, these measures should stimulate the development of productive forces and the strengthening of the State sector of their economies; it would be useful to study the impact of the activities of multinational corporations on the economies of the least developed countries. One of these representatives stated that, in its bilateral relations with the least developed countries, his Government consistently took account of the special needs of these countries, some of which were important trading partners of his country and would continue to receive economic and technical assistance from his Government on a long-term basis.

359. The representatives of several developed market economy countries, while recognizing the seriousness of the situation of the least developed countries and expressing their support for special measures in their favour, considered that some real progress had been achieved, at least in the field of technical and capital development assistance. They described the steps taken by their respective Governments in favour of the least developed countries, either in the form of special contributions through multilateral channels, such as the UNDP and the regional development banks, or special additional bilateral efforts on behalf of these countries. One of these representatives reiterated that his Government would make substantial contributions to the United Nations Capital Development Fund, in view of the intention to use it first and foremost for the least developed countries. Attention was drawn by some of these representatives to their support for the recent action taken within UNDP to provide additional resources to the least developed countries in the current programming cycle and to ensure that in the next cycle at least 25 per cent of total resources available for country programming would be allocated to the 25 hard-core least developed countries.

360. The representatives of some developed market economy countries also described the efforts made by their Governments to reduce the strain on recipient countries through such measures as increased funding of local and recurrent costs and simplification of procurement and contracting procedures.

361. The representative of a developed market economy country stressed that the assessment of the over-all needs of the least developed countries was especially important. He expressed the hope that the study to explore possible ways of increasing the absorptive capacity and the effectiveness of external assistance which the UNCTAD secretariat was undertaking with the assistance of a grant from his country would prove useful in this respect.

362. The representatives of several developed market economy countries referred to the emergency assistance they were providing to the drought-stricken countries in the Sudano-Sahelian region and expressed their support for the medium- and long-term

efforts to be undertaken for this region. A written communication from the Commission of the European Communities, describing the assistance afforded by the European Economic Community to the countries of the Sudano-Sahelian zone affected by the drought, was circulated under the symbol TD/B/472. The representative of one developed market economy country stressed, in this connexion, the vulnerability of the economies of the least developed countries, which were severely affected by natural factors. He considered that, over the longer term, ways and means should be sought of preparing for such eventualities and avoiding their more serious consequences.

363. The representative of a developing country adjacent to the six drought-stricken countries mentioned in the note by the Secretary-General of UNCTAD, (TD/B/457) stated that a large part of his country had been very severely affected by this drought and considered that his country should also be treated as part of the devastated area. The representative of another neighbouring developing country said that an important part of his country had also been severely affected by the drought.

364. Referring to the reform of the international monetary system, the representative of one developed market economy country expressed the view that an appropriate link between Special Drawing Rights and development finance would offer great prospects for protecting the least developed countries from the hazards of balance-of-payments difficulties and would give a firmer basis for their economic planning. The representative of a developing country agreed with this view.

365. The representatives of several developing countries stressed the importance of setting up a special fund for the least developed countries. The representative of some developed market economy countries expressed reservations concerning the idea of establishing such a fund.

366. The representatives of several developing countries considered it as of the highest importance that developed countries should introduce special commercial policy measures in order to promote the exports of the least developed countries. One of these representatives referred in particular to the urgent need for the enlargement of the produce coverage of the generalized system of preferences so as to include processed and semi-processed agricultural products, the intensification of international action for solving the problems of access to markets and pricing policy adversely affecting products of interest to the least developed countries, and special measures to deal with the special problems of tropical products.

367. The representatives of some developed market economy countries recalled that the aim of the forthcoming multilateral trade negotiations was not only to liberalize further world trade, but to liberalize it in such a way as to give additional benefits to developing countries taking special account of the needs of the least developed among them. A pre-condition was that commodities should be brought fully within that negotiating framework.

368. The representatives of several developed market economy countries recognized that the commercial policy measures taken in recent years had benefited only to a small extent the least developed countries, largely because these countries were mainly exporters of primary products for which tariffs and other barriers were generally very low. The representative of another developed market economy country stated that, although his country's scheme of generalized preferences covered practically all the products of export interest to the least developed countries,

the latter had not benefited from it because most of them had not yet submitted the required information on certificates of origin and because the overwhelming bulk of these products were imported indirectly through international agents and thus not eligible for preferential treatment. It was felt by these representatives that a more effective contribution which their countries could make now was to increase through appropriate technical and financial assistance, the capacity of the least developed countries to export.

369. The representative of a developed market economy country suggested that, within commodity agreements, special modalities might be set up in order to exonerate the least developed countries from certain financial obligations (e.g. in connexion with buffer stocks).

370. The spokesman on behalf of a group of developing countries made an appeal to the representatives of the developed countries to bring to their Governments' attention the provision in paragraph 2 of Conference resolution 62 (III), under which they were able to provide commercial policy benefits to the least developed countries, even when they were not in a position to provide them to developing countries in general. In his view, the other developing countries would not object to such action unless actual injury to their exports could be proved. He felt that there was no question of any threat to the exports of either developed countries or of other developing countries from such special action or, indeed, to the agricultural policies of developed countries; the export potential of the least developed countries was far too small to harm any of these interests and, if harm should occur, the policies could be changed. Financial and technical assistance should be supplementary to the main objective of enabling the least developed countries to earn their own living, producing and selling in liberalized free markets without barriers.

371. The representative of one developed market economy country said that, in his view, it was in the field of financial and technical co-operation, rather than of trade, that the most effective measures could be taken. It was desirable to increase the volume of both multilateral and bilateral aid granted to these countries, but particular importance should be attached to the conditions and terms of aid, which should be adapted to the specific circumstances of each of these countries, but particular importance should be attached to the conditions and terms of aid, which should be adapted to the specific circumstances of each of these countries or groups of countries. Aid should, therefore, be administered with a great deal of flexibility. The procedure of special funds, the use of which presented a certain rigidity because the allocations were determined in advance, seemed to him ill suited to this problem.

372. The representative of a developed market economy country stressed the important role of regional co-operation among developing countries. The representative of a developing country stated that a point which had received insufficient attention in the past was the extent to which other developing countries could and should assist the least developed countries. His Government was ready to play its part in assisting the least developed countries and was already participating in programmes of technical and economic co-operation with many of them. He indicated that special relations in the field of trade had been established with a number of these countries, especially those belonging to his own region, which had resulted in significant increases in their mutual trade.

373. Among other measures stressed by several representatives was the assistance needed for the establishment of industries in the least developed countries and for the diversification of their exports.

374. With respect to the question of the identification of the least developed countries, the representatives of several developed market economy countries and developing countries endorsed the view expounded by the Committee for Development Planning that the time was not yet ripe for suggesting a significant revision in the list of the 25 hard-core least developed countries. On the other hand, they felt that work on reviewing criteria and improving basic statistical data should continue and noted that this matter would again be taken up at the time of the mid-term review and appraisal of the International Development Strategy.

375. In this connexion, the representatives of several developing countries felt that the list of the 25 hard-core countries should remain as it stood, but that some other special categories of countries might be considered for which special measures might be devised. The spokesman on behalf of one group of developing countries urged that the Committee for Development Planning should speedily complete its work on the review of criteria for identification and expressed the hope that the interests of the other relatively disadvantaged countries, particularly the export distressed countries, would be appropriately taken into account, in order that the latter might also benefit from special measures envisaged for the hard-core least developed countries.

376. In connexion with this item, the Board considered what action should be recommended to give effect to Conference resolution 80 (III). 67/

377. The representatives of some developed market economy countries stated that their Governments could agree to the establishment of an intergovernmental group to deal with all the questions related to special measures in favour of the least developed countries and the land-locked developing countries. On the other hand, they pointed out that there were also advantages in discussing such questions in the various specialized forums where the degree of expertise in their respective fields would certainly be greater.

378. The representatives of several developing countries agreed with the latter argument and did not feel that it was advisable therefore to set up such an intergovernmental group at this time.

379. At the 380th meeting of the Board, on 8 September 1973, the spokesman for the Asian countries members of the Group of Seventy-seven submitted a draft decision on behalf of the group (TD/B/L.340/Rev.1).

380. The spokesman for the countries members of Group B proposed that the words "as adopted" should be inserted after the reference to Conference resolution 62 (III) in paragraph 1 of the draft decision.

67/ This question arose under agenda item 11 (a). During the first part of its twelfth session, the Board agreed that the question of setting up a subsidiary organ to formulate, develop and appraise policies and measures in favour of the least developed countries (see Conference resolution 80 (III), part C, para. 10) should be considered at a later session.

381. The spokesman for the Asian countries members of the Group of Seventy-seven accepted that proposal, on the understanding that the following foot-note would be added:

"The inclusion of these words in the text was objected to by the developing countries. It was agreed that this matter, dealing with the use of these words, should be the subject of a discussion in depth at the fourteenth session of the Board."

382. The Board agreed that this foot-note should be added whenever the words "as adopted" were introduced into the texts of any resolutions, decisions or conclusions adopted by the Board at its present session or by its subsidiary bodies meeting before the fourteenth session of the Board.

Action by the Board

383. At the same meeting, the Board adopted the draft decision submitted by the Group of Seventy-seven. 68/

B. Land-locked developing countries

384. The Board had before it a report by the Secretary-General of UNCTAD on ways and means of improving the transport infrastructure and related transport problems of land-locked developing countries (TD/B/453) and the report of the Expert Group on the Transport Infrastructure for Land-locked Developing Countries entitled "A transport strategy for land-locked developing countries" (TD/B/453/Add.1).

385. The representatives of several developed and developing countries regretted the late submission of the documents, because of which they had not had time to study them. They suggested that the report of the Expert Group should be discussed by the Board at its next session, and that in the meantime the Secretary-General of UNCTAD should seek the views of Governments on the report and its recommendations.

386. The representatives of some developing countries stressed the particular transport problems faced not only by land-locked countries but also by some very large developing countries which, because of their size and their poor port facilities, had substantial interior areas which in effect were land-locked.

387. The representatives of several developed market economy countries described the special bilateral assistance their countries were providing to land-locked developing countries. The representative of one socialist country of Eastern Europe stated that his country was taking into account the specific needs of land-locked developing countries so far as the development of their infrastructure was concerned.

388. The representative of a developed market economy country expressed the view that IBRD and the regional development banks were particularly well suited to respond to the needs for investment in transport infrastructure in these countries.

68/ See annex I below, decision 100 (XIII).

389. The representatives of some developed market economy countries expressed interest in the report of the Expert Group. One of these representatives indicated his support for the recommendation by the Expert Group that the Secretary-General of UNCTAD devise procedures for carrying out a new integrated planning approach to cope with the transport problems of land-locked developing countries. He also felt that the report deserved further substantive discussion.

Action by the Board

390. At its 379th meeting, on 8 September 1973, the Board took note of the report of the Secretary-General of UNCTAD (TD/B/453) called for by paragraph 4 of Conference resolution 63 (III) and of the report of the Expert Group appointed pursuant to that paragraph (TD/B/453/Add.1). Since most delegations had not had time to study the report of the experts, it requested that the Secretary-General of UNCTAD should solicit the views of Governments on the report, and that the Board should consider it at its fourteenth session. The Board noted that it would also have before it at its fourteenth session the results of the efforts to prepare a draft international convention or proposals on simplification and standardization of transit customs and trade documents, as called for in paragraph 14 of Conference resolution 63 (III).

391. The representative of Pakistan stated that it was his understanding that no action would be taken on the report of the Expert Group until it had been considered by the Board at its fourteenth session.

C. Developing island countries

392. The representatives of several developing and developed market economy countries expressed their appreciation for the constructive examination of the problems and special characteristics of developing island countries included in the report by the Panel of Experts (TD/B/443 and Add.1) prepared for consideration by the Board in response to Conference resolution 65 (III).

393. In particular, the emphasis placed by the Panel of Experts on various aspects of shipping problems faced by the developing island countries was recognized by several representatives. Another major problem affecting developing island countries, which was underlined by several representatives, was that of hurricanes and other natural disasters. It was felt by several representatives that UNCTAD should retain its role in these matters and propose a programme for continuing the examination of the problems of developing island countries.

394. The representatives of several developing countries, while endorsing the fundamental principle of self-help and self-reliance, expressed the hope that the developed countries would take positive steps to assist developing island countries. They urged that regional economic commissions and other international institutions should pay particular attention to the problems of developing island countries. In particular, IBRD and the other multilateral or regional financial institutions should give favourable consideration to the requests put forward by developing island countries in order to improve their ports and develop their fishing industries, which played a vital part in their economy.

395. The representatives of some developed market economy countries described the official development assistance which their countries were providing to developing island countries and territories in their region.

396. The importance of regional co-operation was stressed by the representatives of both developing and developed market economy countries. The representatives of some developed market economy countries particularly endorsed the recommendations suggesting action by the developing island countries themselves, for example, the organization of national shippers' councils, the establishment of freight study units and the formulation of national income policies. The representative of one developed market economy country stated that it was of great importance that UNCTAD and the appropriate agencies continue to give advice and assistance to developing island countries within the framework of UNDP in planning regional organizations.

397. Reservations were made by the representative of a developed market economy country regarding the recommendations pertaining to the elimination of exchange risks, the generalized system of preferences and some aspects of regional planning, which he felt should be discussed in a broader multilateral context rather than in the specific context of this type of developing country. Reservations were made along the same lines by the representative of another developed market economy country with respect to special action in favour of developing island countries within the framework of commodity agreements.

398. The representative of a developed market economy country stated that his Government was opposed to the creation of an international fund for meeting the economic costs of natural disasters because of the political controversy which would inevitably arise on how to distribute resources fairly and because he felt that ad hoc appeals would be more effective.

399. Further studies, such as those recommended in paragraphs 92, 98 and 109 of the report of the Panel of Experts on Developing Island Countries (TD/B/443), namely, on the viability of small island countries, on the experience of regional shipping lines established by other developing countries and the study of past experience in attempts to expand local fishing industries, were considered particularly useful by the representative of a developed market economy country. Regarding the envisaged latter study, the representative of another developed market economy country stated that, rather than a survey of past experience, a more practical project would be to carry out internationally co-ordinated studies on a regional basis of the potential contribution of the fishing industries in terms of local food sources and exports and to develop techniques to meet local conditions.

400. At the 377th meeting on 7 September 1973, the spokesman for the Asian countries members of the Group of Seventy-seven submitted a draft resolution on developing island countries (TD/B/L.337).

401. At the 380th meeting of the Board on 8 September 1973, a revised version of this draft resolution was submitted on behalf of the Group of Seventy-seven and Australia, Ireland, the Netherlands and New Zealand (TD/B/L.337/Rev.1), with a number of oral amendments.

Action by the Board

402. At the same meeting, the Board adopted the draft resolution (TD/B/L.337/Rev.1) as amended. 69/

403. The representative of Jamaica, speaking on behalf of the Group of Seventy-seven stated that the resolution related to the problems of independent developing island States, as well as fully self-governing islands, and islands members of regional and subregional economic groupings of developing countries. This explanation was endorsed by the other co-sponsors of the resolution. The representative of the United Kingdom welcomed the resolution as an indication of the international community's concern for all developing island communities.

404. The representatives of several developed market economy countries stated that, while they accepted the resolution, they did not consider that it should be interpreted as establishing a new category of countries within the developing countries, comparable to that of the least developed among the developing countries. Most of these representatives further stated that paragraph 5 of the resolution should not be interpreted as superseding the normal criteria applied by international financial institutions, and some of them reserved their position regarding the definition of developing island countries. 70/

405. The representative of the United States of America added that his delegation accepted paragraph 2(d) of the resolution on the understanding that "international assistance" referred to UNDP and its country and interregional programming system.

406. The representative of France also made a general reservation because, in his view, it was somewhat premature to adopt such a resolution without studying in greater detail the particular problems facing individual developing island countries and without determining beforehand to which States it should apply. 70/

69/ For the text of the resolution, see annex I below, resolution 101 (XIII).

70/ For the statements made in this connexion, see the summary record of the 380th meeting (TD/B/SR.380).

CHAPTER V

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

(Agenda item 9) 71/

407. In his opening statement, the Chairman of Sessional Committee II stressed that the current period of détente and growing mutual confidence was likely to have a favourable impact on the development of world trade.

408. He mentioned, however, that although economic co-operation among countries having different economic and social systems was gathering momentum and obstacles hindering this favourable development were diminishing, problems still existed which impeded the faster expansion of trade and economic co-operation.

409. In the view of the Chairman, there was a certain gap between the results of bilateral and multilateral trade policies on the one hand and the concrete results achieved in the work of the organization in the field of relations between countries with different economic and social systems, on the other. This was particularly true of trade policy problems still existing in East-West trade. Every effort should be made to narrow this disparity.

410. Referring to the expansion of trade between the socialist countries of Eastern Europe and the developing countries, the Chairman underlined its dynamics and

71/ This item was referred to Sessional Committee II for consideration and report (see para. 511 below). The following documents were submitted in connexion with this item:

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|-----------------------|---|
| TD/B/450 and Add.1 | Summary of replies received from Governments to the questionnaire addressed to them by the Secretary-General of UNCTAD on multilateral payments arrangements. |
| TD/B/451 | Trade aspects of international specialization between socialist and developing countries (Case study on the Czechoslovak wood-working industries). |
| TD/B/452 | The role of mixed intergovernmental commissions in trade relations among countries having different economic and social systems: Study by the UNCTAD secretariat. |
| TD/B/458 | Summary and conclusions of the review of trends and policies in trade between countries having different economic and social systems. |
| TD/B/458/Add.1 | Statistical review of trade among countries having different economic and social systems. |
| TD/B/458/Supp.1 | Review of trends and policies in trade between countries having different economic and social systems: Report by the UNCTAD secretariat. |

stability, the diversification of its commodity structure, the rise in its volume as well as the increasing number of bilateral agreements concluded. In this context, he considered that UNCTAD, and more particularly the Sessional Committee, had an important part to play in identifying measures and initiating new ways of co-operation, and that informal consultations held within the framework of the Sessional Committee added to UNCTAD's contribution by reinforcing the practical aspect of its activities.

411. Introducing the debate on item 9 of the agenda, the Secretary-General of UNCTAD expressed the hope that the improved political climate in bilateral relations, the progress achieved during the first stage of the European Conference on Security and Co-operation, as well as far-reaching projects of economic co-operation, would give fresh emphasis to positive measures for expanding trade and economic co-operation among countries with different economic and social systems. He felt that the move towards greater mutual reliance had been making headway and that the scope for restructuring the international division of labour and trade had tended to broaden.

412. The Secretary-General pointed out that the pursuit of international specialization by socialist countries produced additional opportunities of economic and trade co-operation with the developing countries. Indeed, growing international economic interdependence had led the secretariat to underline in one of its reports the possible impact on developing countries of the recently created promising conditions for a further expansion of economic relations between Eastern European and Western countries.

413. He pointed out that, since the third session of the Conference, the principle of universality had been newly reinforced by the accession to membership of UNCTAD of the German Democratic Republic and the Democratic People's Republic of Korea.

414. The Secretary-General drew particular attention to the foreign trade impact of the economic plans of the countries members of the Council for Mutual Economic Assistance (CMEA), which should become the main tool in creating a long-term basis for their trade and economic co-operation with the developing countries.

415. As an indication of the wish of the countries members of CMEA to engage in active co-operation with the rest of the world, the Secretary-General cited the establishment of a special fund, within the framework of the International Investment Bank, for assistance to the developing countries. Characteristic of this evolution, in his view, was also the participation of the representatives of the International Bank for Economic Co-operation and the International Investment Bank in the work of the Committee.

416. Referring to the forthcoming international negotiations, the Secretary-General underlined the opportunity offered to the Sessional Committee to play a specific role in that connexion, since it was the only body in which the problems of relations between countries having different economic and social systems were being dealt with in their totality. Finally, the Secretary-General informed the Committee of the wide response to his invitation for consultations to be organized periodically during Board sessions.

I. General considerations

417. The Sessional Committee noted that trade and economic co-operation among

countries having different economic and social systems had further increased during the period under consideration, both in East-West relations and in relations between developing and socialist countries. Recent trends reflected an acceleration of growth rates of trade between some developing and socialist countries, though the total volume of trade and the rates of growth have been smaller than those achieved in East-West trade.

418. The improved political climate in the world was recognized as a stimulant for increased trade and co-operation among countries having different economic and social systems.

419. The Committee took note of measures taken by various countries in compliance with Conference resolutions 15 (II) and 53 (III) and considered that further efforts were still needed for the full attainment of their objectives.

420. The representatives of several socialist countries of Eastern Europe expressed the view that co-operation between countries having different economic and social systems was becoming increasingly important in international economic relations. In their opinion, the wider acceptance of the principle of peaceful co-existence and improvement of the international political situation and the constant economic growth of the socialist countries of Eastern Europe offered new possibilities for international economic organizations and should induce them to extend their activities in promoting international co-operation. They stated that UNCTAD, because of its universal character and its competence, had a special role to play in using these new possibilities. They stressed that, in accordance with Conference resolution 15 (II), the Sessional Committee had been convened to promote the trade between countries having different economic and social systems, both between East and West and between developing and socialist countries.

421. The representatives of many socialist countries of Eastern Europe referred to the cumulative effect of East-West trade on trade with the developing countries and requested UNCTAD to continue to study actively East-West trade and economic co-operation and to contribute to the normalization of these relations, which would further the development of international trade as a whole, including trade between developing and socialist countries. They also expressed the view that, through the study of new forms and ways of improving economic co-operation affecting more than one group of countries and the presentation of new practical ideas, UNCTAD would best serve the interests of its member countries, in particular the developing countries.

422. The representatives of many developed market economy countries thought that, although the intensification of East-West trade and economic relations might prove beneficial to the countries involved in this trade, there was no evidence of any direct link between East-West trade and economic relations and those between socialist countries of Eastern Europe and developing countries. These representatives stated that UNCTAD should not engage in a discussion in depth of East-West relations, which were examined in detail in the framework of ECE, but should concentrate on improving and increasing trade and economic relations between the socialist countries of Eastern Europe and the developing countries.

423. There was a broadly held opinion that trade between the socialist countries of Eastern Europe and the developing countries constituted an increasingly important part of world trade. The representatives of some developing countries expressed the

view that, in spite of this fact, trade between the socialist countries of Eastern Europe and the developing countries did not yet reflect the opportunities existing in the two groups of countries.

424. The representatives of a number of developing countries expressed their satisfaction with the steady expansion of their countries' trade and economic relations with the socialist countries of Eastern Europe and stated that this aspect of their trade was gaining in importance.

425. The representatives of some socialist countries of Eastern Europe provided information showing the revival of the growth in these countries' trade with the developing countries in 1972 and in the first part of 1973. Some other representatives commented upon the fluctuating rates of increase and the uneven flows of trade between socialist countries of Eastern Europe and the developing countries. They pointed out that in 1972, trade had slowed down in some relations while increasing considerably in others. The representatives of some developing and some socialist countries of Eastern Europe referred to the imbalance in certain export and import flows, resulting in the accumulation of unutilized balances. On the other hand, the representative of a developing country expected that the exports of his country would, in 1973, lose some of the impetus because the socialist countries of Eastern Europe were restricting their purchases owing to the increase in the price of a primary commodity of special interest to his country.

426. The representatives of socialist countries of Eastern Europe stated that it was the policy of their Governments to intensify consistently trade and economic co-operation with developing countries in order to strengthen the political and economic independence of the latter. They reported the latest results of their economic, technical and scientific co-operation with the developing countries, referring to new forms and tendencies appearing in this co-operation. The representatives of some developing countries commented favourably on various aspects of the co-operation agreements concluded by their countries with the socialist countries of Eastern Europe.

427. Referring to their countries' policies regarding trade with the socialist countries of Eastern Europe, the representatives of some developing countries stated that their Governments did not maintain any discriminatory restrictions against socialist countries, that they granted the same trading conditions to all countries or that they applied the GATT régime to the socialist countries.

428. Describing their countries' instruments, policies and methods for the expansion of their trade and economic relations with the developing countries, the representatives of some socialist countries of Eastern Europe and developing countries mentioned the usefulness of bilateral long-term agreements on trade and economic co-operation, as well as the role of mixed intergovernmental commissions.

429. Several observations were made on the further diversification of the trade between the socialist countries of Eastern Europe and the developing countries, reflected in an increasing share of manufactures in the imports of the socialist countries of Eastern Europe from the developing countries. The representative of one developing country explained that, in addition to the demand for traditional goods, there was a steady demand from the socialist countries for new manufactured and semi-manufactured products, the outlets for some of which were subject to tariff and non-tariff restrictions in the developed market economy countries. He also

underlined that imports from socialist countries were changing, in keeping with the shift in import needs of his country.

430. The representatives of some developing countries expressed appreciation for the socialist countries' contribution to their efforts and policies to achieve a wider geographical diversification of their trade and to eliminate excessive dependence on a few markets. The representatives of some other developing countries, however, expressed concern about the concentration of trade with the socialist countries of Eastern Europe, in which only a few developing countries accounted for the bulk of trade exchange. This concern was shared by the representatives of some developed market economy countries.

431. The representatives of the socialist countries of Eastern Europe reaffirmed their countries' intention to support the developing countries or any international action for the stabilization of commodity markets in favour of all countries, in particular the developing countries, and gave examples of their participation in various international commodity agreements and consultations.

432. The representative of one socialist country of Eastern Europe pointed out that the further increase of trade between socialist and developing countries, and in particular the increase of imports from developing countries, necessitated more dynamic marketing and trade promotion activities on the part of the developing countries in the markets of socialist countries.

433. In explaining measures applied for the promotion of trade with the developing countries, the representative of one socialist country of Eastern Europe, being a recent member of UNCTAD, stated that his Government associated itself with the joint declaration of a number of socialist countries on the preferential system of UNCTAD 72/ and that it was prepared to undertake non-tariff measures in pursuance of the said declaration, since his country levied no customs duties.

434. The representatives of some developing countries urged the socialist countries of Eastern Europe to introduce greater flexibility and elements of multilateralization into their payments agreements with developing countries. These representatives especially underlined the problems of credit balances which some of their countries had accumulated with some of the socialist countries. They pointed out that such long-lasting balances in fact amounted to interest-free credits. The representatives of some other developing countries commented positively on the latest developments in the sphere of payments and financing among member countries of CMEA, especially on the possibility offered to the developing countries to multilateralize their payments in transferable roubles.

435. The representatives of some socialist countries of Eastern Europe reiterated the readiness of their Governments to study with comprehension all proposals by the developing countries concerning payments arrangements. At the same time, they stressed that there was no uniform method of payments arrangements and that it was for interested countries to select the most appropriate payments system. There was a broad interest in obtaining more detailed information on the new schemes for multilateralizing payments with non-members of CMFA.

72/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329/Rev.1), part two, para. 192.

436. The representative of a developing country, speaking on behalf of the African Group, expressed confidence in the good intentions of the socialist countries to continue to assist the developing countries in their efforts to accelerate their economic progress and he hoped that these intentions would be fully translated into reality.

437. The substantive progress in political détente during the last two years between Eastern European and the Western countries was emphasized by the representatives of the socialist countries of Eastern Europe and of some developing and developed market economy countries who participated in the deliberations on trade and economic relations between the socialist countries of Eastern Europe and the developed market economy countries. The representatives of the socialist countries and of some developing countries also highlighted the interdependence between peaceful co-existence, on the one hand, and the expansion of world trade, the broadening scope of international economic relations and accelerated growth of the developing countries, on the other. Many representatives of Eastern European countries explained that their Governments' policy in East-West economic relations was to favour long-term, larger-scale and stable mutually advantageous co-operation.

438. Commenting on the development of East-West relations, the representative of one developed market economy country referred to the significant progress achieved in economic and technological co-operation. He attributed the remarkable progress achieved in his country's trade and economic co-operation with the Eastern European countries to the long-term bilateral agreements which incorporated the most-favoured-nation clause and provided for the undertaking of various promotional initiatives. The representatives of a developed market economy country and a socialist country of Eastern Europe commended the long-term bilateral agreements concluded between countries having different economic and social systems, which took into consideration the specific policies of the partner countries, thus constituting a solid base for the development of trade and economic relations. The representative of another developed market economy country thought that trade in an open, multilateral and non-discriminatory world system was more efficient.

439. The representatives of socialist countries of Eastern Europe, while noting the trend towards a normalization of trade with the East in the West, drew attention to the discriminatory practices remaining in a number of Western countries. They stated also that the recent developments in integration in Western Europe broadened the discrimination with respect to all third countries in international trade, including socialist countries.

440. The representative of one developed market economy country informed the Committee that his country was gradually eliminating quantitative restrictions and that further progress was to be expected. The representative of another developed market economy country said that such quantitative restrictions were negligible in number, but existed for valid commercial reasons. In his opinion, however, UNCTAD was not the forum for discussing them.

441. The representative of a socialist country of Eastern Europe stated that his country, as a developing country, wished to stress that the development of trade, and especially of economic co-operation with the other developing countries, was one of the major objectives of the external policy of his country. He expressed the view that the common preoccupations and interests, as well as the solidarity which united his country with the other developing countries, would undoubtedly favour a continuous

development of trade exchanges and economic co-operation between his country and the other developing countries. He also underlined that the commodity composition of his country's trade with Western countries was similar to that of the other developing countries and pointed out that the access to the markets of Western countries encountered, in addition to the difficulties experienced by the other developing countries, quantitative restrictions of a discriminatory character applied to the socialist countries. This representative mentioned that most of the developed market economy countries had included his country among the beneficiaries of the generalized system of preferences and expressed the hope that this example would be followed by others. Referring to the possibility of a direct dialogue between EEC and CMEA, he stated that his country was favourable to such developments on the understanding that each country should solve its problems bilaterally or multilaterally in accordance with its specific interest.

442. The representative of one socialist country of Eastern Europe pointed out that the trend in East-West commercial, scientific and technological co-operation demonstrated and consolidated the forward- and outward-looking policy approach of the Eastern European countries. He considered that this trend had a positive effect on developing countries' industrialization through the importation of capital goods of higher technical standard and the opportunity offered to socialist countries to specialize further and increase the complementarity of their production structures vis-à-vis the developing countries.

443. Concern about both the international monetary uncertainty and the capacity of the multilateral trade negotiations to contribute to the development of trade between countries having different economic and social systems was voiced by the representative of another socialist country of Eastern Europe.

444. The spokesman of the European Economic Community stated that its trade with the Eastern European countries was expanding fast and added that the Community applied a policy of progressive liberalization of imports from the Eastern European countries and was ready to co-operate directly with these countries on the basis of mutual advantage. The common commercial policy applied by the enlarged Community since 1 January 1973 provided ample opportunities in this respect.

445. The spokesman of the secretariat of CMEA reaffirmed that, while further promoting the socialist economic integration of its area, the CMEA member countries continued also to expand their economic, technical and scientific co-operation with other countries.

446. He pointed to the steady increase in the volume of trade between the CMEA member countries and developed market economy countries as well as countries of Asia, Africa and Latin America. Furthermore, the member countries of CMEA were rendering economic and technical assistance to 63 developing countries in the implementation of 2,900 industrial and other projects. Among factors which contributed to the expansion of economic co-operation between the member countries of CMEA and the developing countries, the spokesman of CMEA singled out the conclusion in 1972 of 135 long-term intergovernmental agreements on economic and technical co-operation.

447. Referring to the implementation of Conference resolution 53 (III), he pointed to the increasingly long-term and stable nature of the relations which had been built up in recent years among countries having different economic and social systems. However, the volume of this particular flow of world trade was, in his view, still far from commensurate with existing possibilities.

448. He explained that OMEA had formed a special scholarship fund to help developing countries in the training of specialists at universities in OMEA countries in fields of major importance to the development of the economy, science and technology of developing countries.

449. The representatives of some developing and developed market economy countries spoke about a substantial increase in trade with the socialist countries of Asia, giving figures and information concerning the latest results achieved in this trade and indicating their interest in further expansion of that flow of trade.

450. The representative of a developing country expressed satisfaction with the substantial expansion of his country's trade and economic relations with a developing socialist country of Asia. He referred to the diversification of trade, as also to border trade, and expressed the hope that the existing relations would keep growing.

451. Referring to the replies of Governments to the questionnaire addressed to them by the Secretary-General of UNCTAD on multilateral payments arrangements (TD/B/450 and Add.1), the representative of a developing country, speaking on behalf of the African Group, expressed the view that the expansion of trade between developing and socialist countries intensified the difficulty of achieving bilateral balances in payments. He invited the Eastern European countries to consider the settlement among them of the balances of individual developing countries and welcomed the possibilities now offered by the transferable rouble scheme operated by the International Bank for Economic Co-operation. The representative of one developing country expressed the hope that it would be feasible to render payments arrangements more flexible, by incorporating convertible currency facilities in clearing agreements.

452. Speaking on the same issue, the representatives of two socialist countries of Eastern Europe stated that, where appropriate, payments relations with developing countries were multilateralized and reiterated their countries' readiness to consider favourably any initiative by a developing country wishing to place payments on a convertible currency basis.

453. The representatives of two developing countries in Group B stated that most of the payments arrangements which these countries had recently concluded with Eastern European countries provided for payments in convertible currency and that the volume of trade between their countries and the socialist countries of Eastern Europe had shown an increase in recent years. The representative of a developed market economy country considered that the transferable rouble scheme could have a positive impact on trade between socialist and developing countries and even on East-West trade relations. The representatives of two other developed market economy countries shared the opinion that bilateralism and multilateralism could successfully co-exist in payments relations between countries having different economic and social systems.

454. The representative of the International Bank for Economic Co-operation stated that membership of the Bank was open to any country that shared its goals and principles. He stated that the Bank was ready to promote trade relations between the countries members of the Bank and third countries by facilitating payment and credit relations among them in conformity with the recent decisions of the Board of the Bank (September 1972), which made provision for the possibility of devising multilateral payments arrangements in transferable roubles if the countries concerned should be interested in such arrangements. The statement by the representative of

the Bank was welcomed by several representatives, who considered these new arrangements to be of considerable potential value in facilitating payments relations in trade among countries having different economic and social systems.

455. The representative of the International Investment Bank stated that the Bank had been formed to facilitate the solution of common problems confronting the member countries. While reinforcing their mutual economic co-operation, the countries of CMEA paid particular attention to the promotion of the division of labour and economic co-operation between them and the developing countries. In this respect, the decision of the Bank (April 1973) to establish a special fund for economic and technical assistance to the developing countries was intended to facilitate the economic progress of these countries, to strengthen their economic independence and to expand mutually advantageous economic trade relations between the developing countries and the countries members of the Bank.

456. Commenting on the documentation, the representatives of some socialist countries of Eastern Europe and the representatives of two developed market economy countries stressed the interest of the study on mixed intergovernmental commissions (TD/B/452), pointing out that these commissions had proved to be a useful device for facilitating the implementation of long-term bilateral agreements.

457. The representative of one socialist country of Eastern Europe stated that the study of wood-working industries of Czechoslovakia (TD/B/451) showed the great possibilities offered by a rational international division of labour. The representative of a developed market economy country encouraged the socialist and the developing countries to explore new areas of trade based on possible changes in production and export structures.

458. The representative of Turkey considered that the statistical information concerning his country should have been compiled together with data pertaining to developing countries. He stated that the only valid basis for such statistical data should be socio-economic criteria.

459. The representative of Spain stated that he could not admit the classification of countries made by the secretariat in the documents relating to this item, in particular in those sections where Spain was expressly described as being among the developed market economy countries (TD/B/458/Add.1 and TD/B/458/Supp.1). Once again he reiterated that, in the absence of an official international classification, his country designated itself as a developing country, although it regarded itself as one of the more advanced among the developing countries. He added that it would be desirable to try to establish such a group of more advanced among the developing countries, just as it had been possible to identify a hard core of least developed countries. For this purpose he suggested that the co-operation of the Committee for Development Planning should be sought, for that Committee had initiated the studies which had led to the identification of that group. The fundamental error of the classification of Spain in UNCTAD - and he pointed out that his country was recognized as a developing country in other international bodies like GATT and OECD - lay in the interpretation of General Assembly resolution 1995 (XIX), which had been distorted in that the groups corresponding to lists A, B, C and D had been identified with homogeneous blocks as regards level of development, whereas the criteria underlying those lists were purely geographical and commercial, that is, related to countries in the same region which carried on more intensive trade relations. There was no reference whatsoever, however, to the level of development in the lists of countries annexed to Assembly resolution 1995 (XIX), which determined the regional groups in UNCTAD.

460. The representative of Greece stated that the economy of his country was at an intermediate stage of economic development and showed features that were present in many other developing countries. He stressed that the statistical classification of countries did not correspond to reality and hence Greece should be treated as a developing country.

461. The representative of Romania supported the views expressed by Greece, Spain and Turkey and emphasized that the four lists of countries annexed to General Assembly resolution 1995 (XIX) were elaborated only for election purposes and did not constitute a classification of countries from the point of view of their level of economic development. He added that the secretariat should take into account the position expressed by countries with regard to their level of development when elaborating its documentation.

462. The representative of the Secretary-General of UNCTAD explained that the secretariat, in preparing documentation, was guided by General Assembly resolution 1995 (XIX). He recalled that the Trade and Development Board had already been officially informed of the position taken by these countries in this respect and assured the representatives that due note had been taken of their statements.

463. The representative of a developed market economy country recalled that the question of the classification of member countries was a general problem of UNCTAD and not of the Sessional Committee alone.

464. In reply to a number of questions which had been asked concerning the documents submitted in connexion with agenda item 9, the representative of the Secretary-General of UNCTAD made a statement and offered necessary clarification on the issues which, in his view, had not been fully cleared up in the course of the discussion. He assured the representatives who had voiced criticism of certain passages in the documents that the secretariat would take them into consideration. He referred also to a number of limitations, in particular to the delays in receiving some official data, a need to curtail the volume of documentation etc., which in certain cases had influenced the form and manner of presentation of some topics in the documentation prepared by the secretariat.

II. Suggestions made by individual delegations or groups of delegations

A. Suggestions concerning action by Governments

465. A number of suggestions were made by developing countries in respect of trade with the socialist countries of Eastern Europe, which were asked to undertake measures to increase substantially their volume of trade with this group of countries: (a) to avoid the excessive over-concentration of trade in a small group of developing countries; (b) to pay particular attention to the needs of the least developed among the developing countries; (c) to pursue a policy of remunerative prices for primary commodities from developing countries; (d) to continue to implement their declarations and UNCTAD resolutions by creating favourable conditions for the developing countries' expansion of trade; (e) to continue to grant preferential treatment to commodities originating from developing countries; (f) to continue to increase their imports of finished and semi-finished products available in developing countries, to substitute payments in convertible currencies for all or part of the existing compensation payments; (g) to authorize greater resources for financing their exports; (h) to undertake stronger trade promotion activities in the developing countries and to organize the servicing of equipment and machinery purchased by developing countries.

The spokesman on behalf of the African Group also suggested that the socialist countries of Eastern Europe should intensify the dissemination of information on the possibilities of imports from the developing countries, notably by the organization of seminars, symposia and training courses, as well as assist the export promotion efforts of the developing countries. Furthermore, a proposal was put forward to create a special multilateral body to deal with commercial and technological questions in relations of developing countries with socialist countries of Eastern Europe.

466. The developing countries in their turn were asked by some socialist countries of Eastern Europe to take all necessary measures for expanding trade with the socialist countries and to grant to socialist countries terms not less favourable than those usually granted to industrialized capitalist countries, as provided for in Conference resolutions 15 (II) and 53 (III). The representatives of some socialist countries stressed that the developing countries might greatly improve the prospects for their exports by more systematic marketing actions and closer business contacts in the socialist countries of Eastern Europe.

467. The representatives of the socialist countries of Eastern Europe urged the developed market economy countries that were still applying specific legislation, trade policies and commercial practices hampering their exports to, and their imports from, those countries to normalize fully their trading relations with socialist countries of Eastern Europe to their mutual advantage and with a view to strengthening peaceful relations.

B. Suggestions concerning further work in UNCTAD

468. Some of the representatives who participated in the discussion expressed general appreciation of the work undertaken in the framework of UNCTAD and of its contribution to the development of trade and economic relations between countries having different economic and social systems, especially between the socialist countries of Eastern Europe and developing countries. The representatives of some socialist countries of Eastern Europe stated that the Sessional Committee had proved its usefulness since, inter alia, it had offered the opportunity of discussing new trends and analysing them, identifying the remaining problems in economic relations among countries having different economic and social systems and preparing the ground for adequate recommendations. They suggested that, alongside efforts to eliminate remaining discriminatory practices in East-West trade, more attention should be paid to finding the most rational division of labour between East and West and between developing and socialist countries, giving a long-term and large-scale scope to trade and economic co-operation among countries having different economic and social systems.

469. The representative of one socialist country of Eastern Europe was of the opinion that the establishment of a more permanent institutional arrangement within UNCTAD, in addition to regular annual meetings of the Sessional Committee, would facilitate further progress in this direction. The representative of another socialist country of Eastern Europe suggested that better results might be achieved in UNCTAD if the Sessional Committee concentrated on specific subjects with a view to suggesting possible solutions. The suggestion was supported by the representative of another socialist country of Eastern Europe.

470. Stressing the importance of economic regional and subregional groupings of developing countries, the representatives of two of them stated that their Governments attached great importance to the work of the group of experts to be convened during 1974 to consider the question of trade relations between socialist countries and economic groupings of developing countries. They considered that the possibility of establishing direct contracts between the integration groupings of the

developing countries and OMEA would offer new perspectives for co-operation in trade and economic fields with the socialist countries.

C. Suggestions for action by the secretariat

471. The representatives of two developing countries suggested that the secretariat should carry out detailed studies on further aspects of possible forms of multilateral trade and economic co-operation between developing and socialist countries.

472. The representatives of two developed market economy countries thought it would be useful to expand the statistical data submitted for consideration, specifically by providing more information about trade among the socialist countries of Eastern Europe, by including both absolute and percentage figures separately for imports and exports and, if possible, by presenting this information broken down by countries and groups of products.

473. The representative of a developing country proposed that the secretariat undertake a study of methods of improving the efficiency of bilateral systems of payments, including the devising of an automatic system for the conversion of bilateral credit balances in the currencies of other Eastern European countries. The representative of another developing country invited the secretariat to follow closely developments in the interrelationship of trade between socialist countries, developing countries and developed market economy countries, in view of a possible displacement of existing trade opportunities for the developing countries.

474. The representatives of the socialist countries of Eastern Europe proposed that the secretariat should continue to follow closely the new developments both in the sphere of trade between socialist countries and developing countries and between socialist countries and developed market economy countries with the aim of highlighting the most rational ways and means of enhancing the division of labour among countries having different economic and social systems; studying the most effective directions of international specialization and co-operation in production; highlighting new forms and methods of developing large-scale and long-term relations between these groups of countries and disseminating information on the most effective forms of stimulating a further expansion of trade and economic co-operation between these groups of countries.

475. The representatives of some of the socialist countries of Eastern Europe suggested that the secretariat should also be concerned in its future studies with any possible new forms of trade, scientific and technological relations affecting more than one group of countries, in particular, industrial co-operation between the developing countries and the socialist countries. It was also proposed that the secretariat should study the phenomenon of some socialist countries importing goods which originated in developing countries, but which were bought in third markets, and that wider circulation be given to the study of the secretariat on the activities of mixed intergovernmental commissions (TD/B/452).

III. Consultations on trade and economic relations

476. The representatives of some developing countries and of several socialist countries of Eastern Europe stressed the importance of consultations on trade and

economic relations held within the framework of the Sessional Committee which they considered to be an instrument for the practical implementation of Conference resolutions 15 (II) and 53 (III). Elaborating on the results achieved in the course of consultations organized during the session, these representatives informed the Committee of the interest shown in the expansion of trade and economic relations between the countries that had participated in the consultations, which had dealt with economic and foreign trade policy régimes and targets, commodity composition of trade, trade promotion and payments. All the representatives who referred to the results of the consultations organized between developing and socialist countries underlined their satisfaction both with the results achieved and with the organizational arrangements made by the secretariat.

477. The representative of a socialist country of Eastern Europe noted with satisfaction that more than half of the consultations organized with the participation of his delegation were held with delegations of developing countries belonging to a region on behalf of which a stronger appeal in favour of increased trade with the Eastern European countries had been made during the Committee's general debate. The representatives of two socialist countries of Eastern Europe pointed out that these consultations were also useful because they made it possible to engage in bilateral discussions with countries with which they had no political or trade relations. The representative of a developing country informed the Committee that, during one of these consultations, it had been agreed in principle to prepare negotiations for the signature of a trade agreement between the two countries concerned. The representative of another developing country stated that this was the first time his country had participated in the work of the Committee, which he found to be an appropriate framework for discussing problems and holding consultations among countries having different economic and social systems. The representative of a socialist country of Eastern Europe announced that, on the initiative of a developing country, fruitful multilateral consultations had been held with the participation of several Eastern European countries, the International Bank for Economic Co-operation and the International Investment Bank.

478. The representatives of some socialist countries of Eastern Europe requested that the practice of consultations be continued in the future. One of these representatives observed that the effectiveness of such consultations would be enhanced if, in accordance with Conference resolution 53 (III), developing countries designated experts conversant with the particulars of the problems involved.

479. The representative of a developed market economy country expressed the view that the type of issues discussed during these consultations could probably be dealt with through the diplomatic channel. He requested that the Committee be more amply informed about the results of these consultations through the issuing of a special report.

480. The representative of the Secretary-General of UNCTAD informed the Committee that 37 bilateral consultations and one multilateral consultation between developing and socialist countries had taken place; 17 consultations had been organized at the request of developing countries and the others at the request of socialist countries.

IV. Agreed conclusions

481. The Sessional Committee, in pursuance of the mandate given to it by the Trade and Development Board and in conformity with the terms of Conference resolution

15 (II) and Conference resolution 53 (III), as adopted, considered trends and policies in trade and economic relations among countries having different economic and social systems, in the light of important developments which had occurred since the third session of UNCTAD. A number of bilateral and multilateral consultations among interested delegations held within the framework of the Sessional Committee's work dealt with certain specific problems of trade between developing and socialist countries or provided an opportunity to establish commercial relations.

482. On the basis of its deliberations, the Sessional Committee agreed upon the following conclusions:

(a) The Sessional Committee noted the continuing global growth of trade and economic relations among countries having different economic and social systems, both between East and West and between socialist and developing countries. Recent trends reflected an acceleration of growth rates of trade between some developing and socialist countries, though the total volume of trade and the rates of growth had been smaller than those achieved in East-West trade.

(b) Major new initiatives had strengthened the basis for trade and economic relations, in particular those leading to arrangements aimed at the establishment of new forms of economic co-operation on a stable, long-term and large-scale basis.

(c) The Committee took note of various measures taken to facilitate trade and economic relations, in particular those designed to implement various provisions of Conference resolution 15 (II) and Conference resolution 53 (III), as adopted. The need for continued action in this field was emphasized, in particular the removal of existing obstacles and the diversification of the geographical scope and structure of trade, especially in relations between developing and socialist countries.

(d) The growing exports of manufactures from many developing countries to most socialist countries of Eastern Europe and the introduction of various measures of a preferential nature (tariff as well as non-tariff) were widely commended as an indication of concrete results of efforts undertaken to implement the recommendations of UNCTAD, although it was felt that there was still room for improvement along these lines.

(e) The Committee welcomed the concrete steps taken by the countries members of the Council for Mutual Economic Assistance to introduce new procedures for the multilateralization of settlements with developing countries, in particular in the framework of the International Bank for Economic Co-operation. The hope was expressed that, in future, payments would be put on a more convertible basis, while at the same time the Committee recalled that it was for the interested countries to select the most appropriate payments systems, taking into account changing specific economic and trade conditions.

The establishment of a special fund by the International Investment Bank for the promotion of trade and economic co-operation between member countries of the Council for Mutual Economic Assistance and developing countries was also welcomed.

(f) The Committee recognized the importance of direct economic co-operation between member countries of the Council for Mutual Economic Assistance and regional and subregional groupings of developing countries which might be established by agreement of all countries concerned.

(g) The Committee felt that the improved world political climate enhanced the scope for a further expansion of trade and economic relations between countries having different economic and social systems and invited all member States to intensify their efforts in implementing Conference resolution 15 (II) and Conference resolution 53 (III), as adopted.

(h) Without prejudice to the work being done in the other United Nations organs, including the regional economic commissions, and in the existing mixed bilateral commissions, it was generally felt that the consideration by UNCTAD of trade relations among countries having different economic and social systems could be further facilitated if the Sessional Committee, in conducting its periodic discussions of problems and policies, dealt also with certain specific topics agreed to by all interested countries after consultations by the Secretary-General of UNCTAD with all groups of countries. The usefulness of having a more detailed agenda along these lines for the Sessional Committee's meetings was generally recognized.

(i) The Committee commended the documentation submitted by the secretariat of UNCTAD and considered that, in future work, more attention should be devoted, in conformity with the relevant provisions of Conference resolution 53 (III), as adopted, to the analysis of issues related to the introduction of long-term and large-scale arrangements in trade and economic co-operation and to the problems of trade with the least developed among the developing countries.

(j) An understanding was reached that a sessional committee as stipulated in Conference resolution 15 (II), should be reconvened at the fourteenth session of the Trade and Development Board.

Action by the Board

483. At its 379th meeting, on 8 September 1973, the Board adopted the report of Sessional Committee II and its agreed conclusions. 73/

484. The representative of China stated that, since China had not participated in the work of Sessional Committee II, his delegation reserved its position on the Board's report on this item and the agreed conclusions.

73/ For the text of the agreed conclusions adopted by the Board, see annex I below, agreed conclusion 99 (XIII).

CHAPTER VI

QUESTION OF THE ESTABLISHMENT OF A COMPREHENSIVE INTERNATIONAL TRADE ORGANIZATION (CONFERENCE RESOLUTION 81 (III))

(Agenda item 11 (a)) 74/

485. In pursuance of Conference resolution 81 (III), the Secretary-General of UNCTAD had prepared a study on the establishment of a comprehensive international trade organization. 75/

486. A number of representatives touched upon the question in their general statements in connexion with agenda item 4.

487. Opening the debate in Sessional Committee I on this subitem of the agenda, the Secretary-General of UNCTAD drew attention to his report, prepared in pursuance of Conference resolution 81 (III), concerning the question of the establishment of a comprehensive international trade organization. 75/ He stressed that the report was not the definitive study contemplated by the resolution but was a preliminary document; indeed, at the present stage it could hardly be otherwise, for only relatively few replies had been received from Governments to his note verbale of 2 February 1973 inviting observations on the subject. Also, because of the preliminary nature of the report and the limited time available for its preparation, the Director-General of GATT and other executive heads of agencies had not been in a position to submit their observations. He hoped that Governments would provide guidance on the matters referred to in the document and, perhaps, in addition, on issues which it had not touched upon. He appreciated that some Governments might consider that the present time was not appropriate for dealing with the institutional questions raised, on the grounds that other more pressing problems claimed their attention; other Governments, on the other hand, might take the view that, at a time when major changes were expected in the world trade and payments system, possible changes in the institutional machinery of UNCTAD should likewise be considered.

488. The representative of a developing country, emphasizing the need for a serious consideration of the question of establishing a comprehensive international trade and development organization, refuted suggestions that such an examination was premature. He stated that, at the United Nations Conference on Trade and Development in 1964, it had never been the objective of the developing countries simply to have an ad hoc conference just to voice a few complaints, but rather to criticize the basis on which international economic relations had been carried out. Developing countries had agreed to the establishment of UNCTAD as a continuing machinery, the purpose of which was to carry out over a longer period

74/ This subitem was considered by Sessional Committee I (see paragraph 511 below); the substance of the relevant part of its report to the Board is incorporated in the present chapter.

75/ Official Records of the Trade and Development Board, Thirteenth Session, Annexes, agenda item 11 (a), document TD/B/455.

of time the task that it had not been possible to discharge in the course of a single session. However, all that had been achieved was to add another component to the institutional establishment. General Assembly resolution 1995 (XIX) establishing UNCTAD spoke very clearly about creating a comprehensive organization to deal with trade in relation to development, but, without a complete overhaul of existing machinery, this objective could not be achieved. The continuation of UNCTAD in its present form seemed to do no more than enlarge, rather than reform, the system. He was fully aware that the task could not be completed overnight, particularly at the present juncture, when other negotiations to which he attached great importance were taking place in other fora. However, he hoped that these other negotiations would also contribute to a rethinking of the problem. Already there were some small signs of change which might prove to be in that direction. Thought should be given to fundamental changes, including how the different aspects of UNCTAD's work could be brought together and how UNCTAD could be converted into an organization having mainly an operational capacity. Clearly, he said, no substantive decision could be taken at the present session of the Board, nor could it be expected that concrete proposals would emerge from the Board's discussions. The objective at this session was to provide the Secretary-General of UNCTAD with some guidance and some ideas on the elements that should be taken into account in the more thorough study he should undertake on the whole question.

489. The representative of another developing country stressed that the improvement of the institutional machinery of UNCTAD was a prerequisite for the achievement of the organization's objectives. He considered that, ever since its establishment in 1964, UNCTAD had been urged to achieve concrete results, but had been hampered in the performance of its task by the limitations imposed by General Assembly resolution 1995 (XIX) and the lack of competence to adopt binding decisions. For that reason, he thought that it would be unjust to criticize UNCTAD for having fallen short of its objectives. Whereas at present the strength of UNCTAD lay in the broad scope of the matters within its concern and the virtual universality of its membership, he considered that it was the functioning of the organization which needed to be improved, with a view to enabling the Secretary-General of UNCTAD to sponsor consultations among member countries on specific problems of trade and development affecting them. He called for a new theoretical analysis of the new forms of economic dependence arising from the redistribution of political power in the world which had taken place since the publication, in 1968, of the report by the then Secretary-General of UNCTAD, entitled Towards a Global Strategy of Development. 76/ In his opinion, recent thinking in UNCTAD had allowed short-term considerations of partial and immediate advantage to eclipse the more important long-term economic prospects for the developing world.

490. The spokesman for the Asian countries members of the Group of Seventy-seven said that the adoption by the Conference of resolution 81 (III) had been a wise and timely action. His Group felt that the time was not yet ripe for a far-reaching reform of UNCTAD, but it was appropriate to initiate study of the question of setting up a comprehensive international trade and development organization. UNCTAD had its defined rôle, the evolution of which should be viewed in the context of the United Nations system as a whole. Since careful study of the subject was necessary, the Board should request the Secretary-

76/ United Nations publication, Sales No.: E.68.II.D.6.

General of UNCTAD to undertake intensive consultations with Governments and, on the basis of these consultations and in the light of international economic trends, prepare a study in depth for consideration by the Board at its fourteenth session.

491. The spokesman for Group B recalled that the countries of her Group had opposed the adoption of Conference resolution 81 (III). They regarded UNCTAD as a consultative body which must proceed by consensus if real results are to be achieved, and were convinced that, rather than radical structural change, detailed improvements to the UNCTAD machinery, agreed within the framework of General Assembly resolution 1995 (XIX) and Conference resolution 80 (III), should be allowed to prove their worth. The position of the countries for which she spoke had not changed since the third session of the Conference. In the view of her Group, it was not appropriate to give priority now to the question of setting up an international trade organization and she questioned the advantage and practicability of expending staff resources on this subject at a time when many pressing problems required attention. She referred particularly to the forthcoming multilateral trade negotiations and the discussions on the reform of the international monetary system. The time might or might not come when the question was ripe for consideration, but that time was not now.

492. The representative of a socialist country of Eastern Europe said his Government attached great importance to this question and supported the plea made by the representative of a developing country for the reorganization of UNCTAD. In common with other socialist countries of Eastern Europe, his country had consistently striven for the establishment of an international trade organization. They had expected that this result would ensue from the first session of the Conference, but, as a compromise, they had agreed to settle for the continuation of the Conference. However, they had always considered that the Conference was a temporary organization. He added that the present crisis in international economic relations had justified the conviction that an international development and trade organization should be created. New rules governing international economic relations should be put into operation, since market economy remedies could not contain the crisis.

493. He continued by saying that, while UNCTAD had played a useful role and had helped to solve some of the problems in international trade, it suffered from two fundamental weaknesses. First, it had concentrated on seeking solutions to the problems of developing countries, without appreciating that such problems could not be solved without improving international economic co-operation. Second, development problems had always been overshadowed by trade issues, but it was problems of development that were really fundamental, and these could not be compartmentalized. He shared the view that, far from being premature, consideration of the question of setting up an international trade organization was long overdue, and it was his view that international trade and monetary issues could not be solved in isolation. It was therefore essential to establish a forum in which they could be considered in an interrelated manner. Hesitations on the establishment of a comprehensive organization arose from an attachment to the status quo, a fear of change, the mistaken belief that the world situation was immobile and the unwillingness of established institutions to see any change. He suggested that emphasis should be placed on development rather than on trade in setting up any new organization serving the interests of all countries. While he agreed that it was not possible to establish such an organization immediately, the present discussion at the Board could provide the

Secretary-General of UNCTAD with guidance for the preparation of an exhaustive study to be submitted to the General Assembly.

494. The representative of another socialist country of Eastern Europe reaffirmed the readiness of his country to discuss problems related to the possible reorganization of UNCTAD and to the creation on this basis of a comprehensive international trade organization which would be truly universal in membership, with scope to deal with all problems of trade between all countries - socialist, developing and developed. Those problems should be investigated and studied on an equal basis, taking into account the interests of all countries. While UNCTAD had scored certain successes in the field of further promotion of international trade conducive to development, those successes had to be considered as only the first steps in the process of normalization of trade. The achievements needed to be consolidated and broadened.

495. He added that the main achievement of UNCTAD had been the adoption, in 1964, of the progressive Principles governing international trade relations and trade policies conducive to development. 77/ In the interest of the normalization and further expansion of trade, it was vitally necessary that every trading country adhere to and implement these Principles, which would result in a practical contribution to the early creation of a truly comprehensive international trade organization. He considered that the full potential of General Assembly resolution 1995 (XIX) to increase the effectiveness of UNCTAD had not yet been realized. The Board should concentrate its efforts on a possible reorganization of UNCTAD that would lead to the setting up of a comprehensive international trade organization as a legal successor to UNCTAD and all its progressive achievements. The possibility of merging UNCTAD and GATT should be thoroughly studied as a condition for the creation of such a successor organization. However, the present centrifugal trends and the proliferation of new organizations within the United Nations system should be opposed.

496. The representatives of the socialist countries of Eastern Europe stressed the necessity for the Secretary-General of UNCTAD to undertake a thorough study on the establishment of a comprehensive international trade organization. They were of the opinion that elements for such a study contained in his report 78/ were of significant value. They suggested that the establishment of a comprehensive international trade organization be dealt with as one of the main issues in UNCTAD, in particular at the fourteenth session of the Board. In this regard the Secretary-General of UNCTAD should prepare, in conformity with the provisions of Conference resolution 81 (III), a comprehensive report, including his recommendations and proposals for the establishment of such an organization.

497. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, maintained its positive attitude

77/ Proceedings of the United Nations Conference on Trade and Development, First Session, vol. I, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11), third part, annex A.I.3.

78/ Official Records of the Trade and Development Board, Thirteenth Session, Annexes, agenda item 11 (a), document TD/E/455.

to Conference resolution 81 (III). He agreed that the question of setting up a comprehensive international trade organization was a complex one requiring thorough study, which should be undertaken by the Secretary-General of UNCTAD on the basis of consultations with Governments and the international organizations concerned and taking into account the activities and experience of existing international organizations. The new organization should have a universal membership and should be based on the fundamental principles of international economic co-operation, and especially on the respect for national sovereignty and independence, the equality of rights of States, and non-intervention in the internal or external affairs of States.

498. At the 380th meeting of the Board, on 8 September 1973, the Chairman of Sessional Committee I presented a draft decision on this question.

Action by the Board

499. At the same meeting, the draft decision was adopted by the Board. 79/

79/ For the text of this decision, see annex I below, decision 105 (XIII).

CHAPTER VII

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND OTHER MATTERS

A. Opening of the session

500. The thirteenth regular session of the Trade and Development Board was opened on 21 August 1973 by Mr. Diego Garcés (Colombia), President during the Board's twelfth session.

B. Election of officers (Agenda item 1)

501. At its 361st meeting on 21 August 1972, the Board elected Mr. Fritz R. Staehelin (Switzerland) as its President and Mrs. María del Rosario Green de Heller (Mexico) as its Rapporteur for the period from the beginning of its thirteenth session to the beginning of its fourteenth session.

502. At its 363rd meeting on 22 August 1973, the Board elected the following representatives as Vice-Presidents for the same period:

| | |
|--------------------------------|---------------------------------------|
| Mr. Mowaffak Allaf | (Syrian Arab Republic) |
| Mr. Nabil Najim Al-Tikriti | (Iraq) |
| Mr. A. Cisse | (Senegal) |
| Mr. Youri Egorov | (Ukrainian Soviet Socialist Republic) |
| Mr. Pavol Kanka ^{80/} | (Czechoslovakia) |
| Mr. Rudolf Martins | (Austria) |
| Mr. William K. Miller | (United States of America) |
| Mr. Armando Molina Landaeta | (Venezuela) |
| Mr. Bent Pontoppidan | (Denmark) |
| Mr. Osei Tutu | (Ghana) |

C. Adoption of the agenda and organization of the work of the session (Agenda item 2)

503. At its 361st meeting on 21 August 1973, the Board considered the provisional agenda submitted by the UNCTAD secretariat (TD/B/448). The agenda, as adopted, (TD/B/468) reads as follows:

1. Election of officers.
2. Adoption of the agenda and organization of the work of the session.

^{80/} Elected at the 378th meeting of the Board, on 7 September 1973, to replace Mr. Jindrich Gabriel (Czechoslovakia), who had been unable to attend the session because of illness.

3. Adoption of the report on credentials.
4. Matters arising from the resolutions, recommendations and other decisions adopted by the Conference at its third session requiring attention and action by the Trade and Development Board, including draft resolutions remitted to the Board.
5. Report of the Working Group on the Charter of Economic Rights and Duties of States (Conference resolution 45 (III)).
6. International trade and financing: consideration of action arising from the activities of the main Committees and other subsidiary bodies of the Board:
 - (a) Commodity problems and policies, including the report of the Committee on Commodities on its seventh (special) session, and of the Advisory Committee to the Board and to the Committee on Commodities on its eighth session;
 - (b) Expansion and diversification of exports of manufactures and semimanufactures of developing countries, including the report of the Special Committee on Preferences on its fifth session and of the Committee on Manufactures on its sixth session;
 - (c) Report of the Committee on Invisibles and Financing related to Trade on its sixth session;
 - (d) Report of the Intergovernmental Group on Transfer of Technology on its second session;
 - (e) Question of the preparation of an international code of conduct in the field of transfer of technology.
7. Special measures in favour of the least developed among the developing countries (Conference resolutions 62 (III), 64 (III) and 65 (III)).
8. Special measures related to the particular needs of land-locked developing countries (Conference resolution 63 (III)).
9. Trade relations among countries having different economic and social systems.
10. Particular problems in the field of trade and development: Progressive development of the law of international trade - sixth annual report of the United Nations Commission on International Trade Law.
11. Institutional, organizational and administrative matters:
 - (a) Conference resolutions 80 (III) and 81 (III);
 - (b) Activities of the International Trade Centre: report of the Joint UNCTAD/GATT Advisory Group on the International Trade Centre on its sixth session;

(c) Report by the Secretary-General of UNCTAD on delays in the preparation and processing of UNCTAD documentation;

(d) Review of the calendar of meetings;

(e) Election to membership of main Committees under Conference resolution 80 (III), paragraph 9; 81/

(f) Provisional agenda for the fourteenth session of the Board and organization of the work of the session.

12. Other business.

13. Adoption of the report of the Board to the General Assembly.

504. With reference to agenda item 11 (a), the spokesman for the countries members of Group B stated that, while they agreed to the adoption of the agenda as submitted, it should not be assumed that they had changed the views which they had expressed earlier in opposing Conference resolution 81 (III). It was the view of Group B that the question of the establishment of an international trade organization should not be discussed at the present session.

505. The representative of one developing country requested that the topic of inflation, which in his view was closely linked with all the items in the Board's agenda, should be considered by the Board at the present session, so that international measures could be taken to strengthen the effectiveness of national policies to combat inflation. The President observed that this topic could be considered under agenda item 4.

506. The representative of one socialist country of Eastern Europe said that, while UNCTAD was justified in drawing attention to the close relationship between such questions as disarmament, environmental policies and the exploitation of the sea-bed and international trade and economic development, it should not be forgotten that those questions were already under study in other United Nations bodies or agencies. In his view, it would be counter-productive to devote much of the limited time available to the Board to problems which by their nature went beyond UNCTAD's sphere of competence. He suggested that, in the future, the Board's agenda should be more concise and more directly related to specific problems of international trade and economic development. This view was supported by the representative of one developed market economy country.

507. The Board considered the secretariat's suggestions for the organization of the work of the session (TD/B/448/Add.1) at its 361st and 362nd meetings, on 21 August 1973.

508. At the 361st meeting of the Board, the spokesman for the countries members of Group B said that they did not consider it necessary to establish a sessional committee to deal solely with the question of trade relations among countries having

81/ As necessary.

different economic and social systems, and that the establishment of the proposed Sessional Committee II should not be regarded as constituting a precedent.

509. The representative of one developing country said that, in his view, the workload of the proposed Sessional Committees I and II was unevenly distributed. As Sessional Committee I was responsible for dealing with item 6, which covered the major part of the substantive work of UNCTAD, there would be very little time for consideration of the question of the establishment of an international trade organization (item 11 (a)), for which Conference resolution 81 (III) specifically instructed the Board to establish a sessional committee. He suggested therefore that item 11 (a) should be considered in Sessional Committee II.

510. The spokesman for countries members of Group D said that the establishment of a sessional committee to deal with the question of trade relations among countries having different economic and social systems was provided for under Conference resolutions 15 (II) and 53 (III). He was opposed to the suggestion that Sessional Committee II should be asked to consider item 11 (a) as well as item 9.

511. After informal consultations, the Board decided, at its 362nd meeting on 21 August 1973, to establish two sessional committees open to the participation of all interested delegations. Sessional Committee I would consider and report on agenda item 6; the draft resolutions on diversification (TD/III/C.1/L.4), transfer of technology (TD/B/L.306) and compensation for losses occasioned by the realignment of major currencies (TD/B/L.308); and the part of agenda item 11 (a) relating to Conference resolution 81 (III) on further evolution of the institutional machinery of UNCTAD. It was agreed that, with due allowance for some flexibility, Sessional Committee I would start by considering agenda item 6 (a), followed by item 11 (a) and then the other subitems of item 6, on the understanding that it should be allocated sufficient meetings to give adequate consideration to those two important items. Sessional Committee II would consider and report on agenda item 9.

512. Sessional Committee I held 16 meetings from 22 August to 7 September 1973.

513. At its first meeting, on 22 August 1973, it unanimously elected Mr. A. Pathmarajah (Sri Lanka) as its Chairman, Mr. C. M. Kasasa (Zaire) as its Vice-Chairman and Mr. W. G. Upton (Australia) as its Rapporteur.

514. Sessional Committee II held 8 meetings from 24 August to 7 September 1973.

515. At its first meeting, on 24 August 1973, it unanimously elected Mr. T. Fabian (Hungary) as its Chairman, H.E. Mr. P. Daza (Chile) as its Vice-Chairman and Mr. P. E. Amuah (Ghana) as its Rapporteur.

516. In addition to the multilateral deliberations of Sessional Committee II, consultations took place between interested countries, as contemplated in the decision taken by the Board at the first part of its twelfth session 82/ and in accordance with the relevant recommendations contained in Conference resolution 53 (III).

82/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 15 (A/8715/Rev.1 and Corr.1), part one, chap. III, para. 235.

517. At its 361st meeting on 21 August 1973, the Board decided to authorize the Secretary-General of UNCTAD to invite the representatives of the International Bank for Economic Co-operation and the International Investment Bank, both of which were affiliated with the Council for Mutual Economic Assistance, to participate in the Board's discussions on item 9 of its agenda.

518. At its 371st meeting on 28 August 1973, the Board decided to grant observer status at its thirteenth session to the International Secretariat for Volunteer Service, which was particularly interested in the Board's discussions on items 5, 6 (d) and (e), 7 and 8 of its agenda.

D. Adoption of the report on credentials
(Agenda item 3)

519. At its 379th meeting on 8 September 1973, the Board adopted the report on credentials of the representatives attending the thirteenth session (TD/B/473), which had been submitted by its Bureau in accordance with rule 17 of the rules of procedure.

E. Treatment of the Democratic People's Republic of Korea
for purposes of elections

520. At its 361st meeting on 21 August 1973, the Board decided that, pending action by the Conference at its fourth session in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX), the Democratic People's Republic of Korea, which had become a member of UNCTAD on 20 July 1973, should for purposes of elections be treated as if it were in the group of countries listed in part A of the annex to that resolution as amended.

F. Membership and attendance 83/

521. The following States members of the Board were represented at the thirteenth session: Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Czechoslovakia, Denmark, Ecuador, Ethiopia, Finland, France, Gabon, Germany, Federal Republic of, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran, Iraq, Ireland, Italy, Japan, Jordan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mauritius, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Romania, Rwanda, Senegal, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

522. The following other States members of UNCTAD also sent representatives: Algeria, Bangladesh, Chad, Costa Rica, Cuba, Dominican Republic, Egypt, El Salvador,

83/ For the list of participants in the session, see document TD/B/INF.46.

German Democratic Republic, Holy See, Honduras, Israel, Ivory Coast, Jamaica, Kuwait, Mongolia, Nicaragua, Oman, Republic of Korea, Republic of Viet-Nam, Saudi Arabia, South Africa, Trinidad and Tobago, Tunisia.

523. The Economic Commission for Europe, the Economic Commission for Latin America, the Economic Commission for Africa, the United Nations Industrial Development Organization, the United Nations Environment Programme and the United Nations Development Programme were represented at the session.

524. The following specialized agencies were represented at the session: Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund. The Contracting Parties to the General Agreement on Tariffs and Trade were also represented at the session.

525. The following intergovernmental organizations were represented at the session: African Development Bank, Commonwealth Secretariat, Council for Mutual Economic Assistance, Council of Arab Economic Unity, European Economic Community, European Free Trade Association, Inter-governmental Council of Copper Exporting Countries, International Bank for Economic Co-operation, 84/ International Investment Bank, 84/ International Secretariat for Volunteer Service, 85/ Italo-Latin American Institute, Organisation for Economic Co-operation and Development, Organization of African Unity, Organization of American States, World Intellectual Property Organization.

526. The following non-governmental organizations were represented at the session:

General category: Commission of the Churches on International Affairs, International Bar Association, International Chamber of Commerce, International Christian Union of Business Executives, International Confederation of Free Trade Unions, International Council of Voluntary Agencies, International Law Association, World Federation of Trade Unions, World Federation of United Nations Associations;

Special category: International Cocoa Trades Federation, International Hotel Association.

G. Designation and classification of non-governmental organizations for the purpose of rule 79 of the rules of procedure of the Board

527. At its 375th meeting on 31 August 1973, the Board considered the recommendation of the Bureau, which concurred with that of the Secretary-General of UNCTAD, that all the non-governmental organizations which had applied for designation at the thirteenth session under rule 79 of the rules of procedure should be so designated and classified. 86/

84/ Invited to participate in the discussion of item 9 in accordance with a decision taken at the 361st meeting of the Board.

85/ Accorded observer status for the thirteenth session in accordance with a decision taken at the 371st meeting of the Board.

86/ For the list of applicant organizations in question, and the classification suggested, see the note prepared by the UNCTAD secretariat (TD/B/470) and the annex thereto.

Action by the Board

528. At the same meeting, the Board decided to designate the non-governmental organizations in question and classified them in the manner suggested. 87/

H. Conference resolution 80 (III) (Agenda item 11 (a))

529. This subitem was discussed in connexion with agenda item 7 (see paras. 376 to 378 above). For the action taken by the Board in this regard, see paragraph 3 of decision 100 (XIII) in annex I below.

I. Activities of the International Trade Centre and United Nations export promotion efforts (Agenda items 11 (b) and 12 (c))

530. The Board discussed these items at its 373rd to 376th and 379th meetings, on 29, 30 and 31 August and 3 and 8 September 1973.

Activities of the International Trade Centre

531. The Board had before it a note by the secretariat (TD/B/462) drawing attention to the work programme of the International Trade Centre UNCTAD/GATT and its budgetary implications for 1974 (ITC/AG/27 and Add.1 and Add.2/Rev.1) and to the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its sixth session (ITC/AG/30), and also containing a statement of administrative and financial implications (TD/B/L.333) by the UNCTAD secretariat.

532. Introducing the report of the Joint Advisory Group, its Chairman drew attention to the appreciation expressed by the Group for the Centre's work on behalf of developing countries and for the additional financial resources made available to the Centre by individual developed countries. At its sixth session, the Joint Advisory Group had been mainly concerned with advising the Centre on the introduction of more effective methods of handling the dynamic growth in the number of requests for assistance received, and reviewing the programmed development by the Centre of its integrated national assistance projects, its market development advisory assistance and its training programmes. The Group had approved in particular the steps taken by the Centre to establish training activities on a subregional basis. The Chairman also reported on the stage reached by him in his consultations with delegations regarding the organization and membership of the Technical Committee on a permanent basis, which the Joint Advisory Group at its sixth session had requested him to carry out. The Chairman concluded his remarks by proposing that the Trade and Development Board accept the report of the Joint Advisory Group.

533. The representatives of several developing countries criticized the secretariat's statement (TD/B/L.333), pointing out that, in their view, it did not accurately

87/ For the list of the organizations so designated and their classification, see annex I below, "Other decisions".

reflect the functions and role of the Joint Advisory Group and its Technical Committee. They pointed out that these were essentially of a technical and not a budgetary nature. These representatives also said they were unable to accept the proposals in the document regarding the frequency and duration of the meetings of these bodies and the documentation to be submitted to them. The representatives of developing countries who spoke on this subject commended the Centre for the work it was doing and expressed the hope that it would not be hampered, for administrative and financial reasons, in performing its duties.

534. These views were generally supported by the representatives of several developed market economy countries. The representatives of two developed market economy countries stated that they were unable to give adequate consideration to the proposals and their implications, since the document in question (TD/B/L.333) had only just been circulated, and considered that the Board should postpone taking any decision at its present session on the matters raised in that document.

535. In response to a request for further clarification concerning the functions of the Joint Advisory Group and its Technical Committee and the documentation submitted to them at previous sessions, the representative of the secretariat of the International Trade Centre explained that these bodies normally had before them a number of documents prepared by the secretariat of the Centre, one of which contained the work programme of the Centre for the following budget year and its budgetary implications. Increasingly over the years certain delegations had pressed for inclusion of information of a budgetary character in this work programme document and, accordingly, certain aspects of the budgetary implications of the technical activities programmed had been reflected in the document. At no time, however, had there been any attempt to use this work programme paper as a document for direct budgetary application. The recommendations of the Joint Advisory Group and its Technical Committee had been reflected in separate budgetary documents submitted to the appropriate bodies of the United Nations and GATT.

536. The representatives of two developing countries requested that the Centre should expand its training activities to include instruction to developing country exporters on how to exploit the market opportunities arising from the application of the generalized system of preferences to the advantage of their exports. They suggested that this could be done either in the Centre's regular training programme or organized as special seminars. Care should be taken, however, to ensure that any such activity did not overlap with the instructional activities being carried out by UNCTAD within the same sector.

537. The representative of Nicaragua, referring to the recent disastrous earthquake in his country, said that, as a result of that catastrophe, a large percentage of the work force of Managua was unemployed and was readily available for any industrial projects that might be undertaken. Furthermore, capital had been made available to the country for reconstruction and/or industrialization. Consequently, any co-ordinated action by the United Nations system, mainly UNCTAD, the Centre and UNIDO, would be most helpful at the present time. The Joint Advisory Group, at its sixth session in January 1973, had recommended that the Centre should give priority consideration to any requests from the Government of Nicaragua for assistance in the field of export promotion. Since that time, a request had been made to the Centre by his Government to send an expert to establish a programme in this field.

538. The Acting Director (Programmes) of the Centre confirmed that this was the case and said that the Centre was at the present time in contact with the Government of Nicaragua through the UNDP Regional Representative for Central America, with a view to organizing a joint UNIDO/ITC mission to Nicaragua early in September 1973.

Action by the Board

539. At its 379th meeting on 8 September 1973, the Board took note with satisfaction of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT (ITC/AG/30). The Board also took note of the statement of the administrative and financial implications by the UNCTAD secretariat and of the statements made by delegations during the discussion of this item.

540. In the light of the comments and observations made by delegations, the Board decided, subject to the concurrence of GATT, that the Joint Advisory Group on the International Trade Centre and its Technical Committee should meet in 1974 for a period of three working days and five working days, respectively.

541. With regard to the other questions which were before the Board for decision under this item, the Board requested the Secretary-General of UNCTAD, in consultation with the Director-General of GATT, and in the light of the observations made by delegations, to invite the Chairman of the Joint Advisory Group:

- (i) To continue his consultations regarding the membership and size of the Technical Committee;
- (ii) To consult also on what should be the frequency and duration of future meetings of the Joint Advisory Group and its Technical Committee;
- (iii) To inform the Joint Advisory Group at its next session on the progress made in his consultations, so as to enable the Group to comment thereon;
- (iv) To report after the conclusion of his consultations and, taking into account the comments of the Joint Advisory Group, to the governing bodies of the International Trade Centre UNCTAD/GATT.

542. The Board agreed to consider the question of the constitution of the Technical Committee as a permanent body to assist the Joint Advisory Group after it had received the report of the Chairman of the Joint Advisory Group on his consultations.

United Nations export promotion efforts

543. The Board had before it Economic and Social Council resolution 1819 (LV), inviting the Board to take certain action in the light of a study to be made by the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on increasing the ability of the Centre to discharge its responsibilities as the focal point for all United Nations assistance in the field of trade promotion and to report to the Economic and Social Council at its resumed fifty-seventh session.

544. The representatives of several developing and developed market economy countries expressed support for the terms of Economic and Social Council resolution 1819 (LV)

and its confirmation of the role of the Centre as the focal point for assistance to developing countries in trade proportion. They pointed to the need for more effective co-ordination at all levels, both with the regional economic commissions and with other organizations, especially UNIDO, operating within the United Nations export promotion programme. The representatives of several other developing and developed market economy countries, while sharing these general views, expressed some doubts concerning the adaptability of the financial structure of the Centre to its possible role as the co-ordinating body within the United Nations export promotion programme, and the restrictions associated with the fact that the Centre operated by responding to requests from developing countries, which was not conducive to the institution of any rigid system of co-ordination.

Action by the Board

545. The Board noted Economic and Social Council resolution 1819 (LV), by which it invited the Board, taking into account the results of a study to be made by the Joint Advisory Group of the UNCTAD/GATT International Trade Centre, "to consider all possible measures at both policy and operational levels that would permit the Centre to discharge fully its responsibilities as the focal point for all United Nations assistance in the field of trade promotion". Under the terms of the resolution, this study should be prepared in time for the Board to report on the matter to the Council at its fifty-seventh session in 1974.

546. Taking into account the short period between now and the fifty-seventh session, the amount of time which would be required for the preparation of the study as well as the comments made by delegations at the present session on the need for such a study, the Board requested the Secretary-General of UNCTAD, in consultation with the Director-General of GATT, to invite the International Trade Centre to proceed without delay with the preparation of the study in question and to submit a draft of it to the Joint Advisory Group for comment at its next session.

547. The Board also requested the International Trade Centre, after it had completed the study in the light of the comments made by the Joint Advisory Group, to transmit it to the Secretary-General of UNCTAD so that he may forward it for comment to other sectoral and regional organizations within the United Nations system having responsibility for trade promotion.

548. The Board decided to consider the study at its fourteenth session, together with the above-mentioned comments. The Board further decided to convey its conclusions and recommendations on this matter following its fourteenth session to the Economic and Social Council at its fifty-seventh session.

J. Export credit as a means of promoting exports from developing countries (Agenda item 12 (b))

549. The Board discussed this question at its 375th and 376th meetings on 31 August and 3 September 1973.

550. The question had been included in the agenda of the Economic and Social Council at its fifty-fifth session, but the Council decided that, since, in accordance with paragraph 2 of its resolution 1630 (LI) of 30 July 1971 on this matter, the report by the Secretary-General of the United Nations entitled "Export credit as a means of

promoting exports from developing countries" (E/5291) was also being made available to the Trade and Development Board for its substantive consideration, the question should be referred to UNCTAD in order to avoid duplication. 88/

551. The representatives of two developing countries stated that the introduction of a system of export credits would offer opportunities for many of the developing countries now emerging as potential suppliers of capital goods and that they were sure that such a system would be welcomed by industrialized countries, for the developing countries were frequently advised to engage in more trade among themselves. One of these representatives added that IBRD was completing a study on the possibilities of establishing an export credit guarantee facility and that it would be helpful if it could inform the Board of the progress being made. He suggested that the UNCTAD secretariat should summarize what had been done in this field and, after consultation with the parties concerned, should prepare a detailed background paper for submission to the Board at its fourteenth session. The other of these representatives stated in addition that the matter had been studied sufficiently by such bodies as IBRD, the Asian Development Bank and the Economic Commission for Asia and the Far East, and stressed the need for an action-oriented document that would suggest ways and means of setting up such a facility.

552. The representative of a developed market economy country supported the proposal that a document summarizing all the available information on this subject should be submitted to the Board at its fourteenth session. He added that it would be premature for such a document to include specific proposals.

Action by the Board

553. At its 379th meeting on 8 September 1973, the Board decided to defer substantive consideration of this item to its fourteenth session. In this connexion, the Secretary-General of UNCTAD was requested to make available to the Board at its fourteenth session the report of the Secretary-General of the United Nations on this subject entitled "Export credit as a means of promoting exports from the developing countries" (E/5291) of 9 May 1973. With a view to enabling the Board to hold a full and comprehensive discussion and to reach appropriate conclusions, the Secretary-General of UNCTAD was also requested to prepare a background paper containing available information regarding work on this subject by various agencies of the United Nations, especially IBRD and regional institutions.

K. Particular problems in the field of trade and development:
Progressive development of the law of international
trade - sixth annual report of the United Nations
Commission on International Trade Law (Agenda item 10)

554. The Board considered this item at its 374th meeting on 30 August 1973. The Board had before it the report of the United Nations Commission on International Trade Law (UNCITRAL) on the work of its sixth session. 89/

88/ E/SR.1859.

89/ Official Records of the General Assembly, Twenty-eighth Session,
Supplement No. 17 (A/9017).

555. The representative of one developed market economy country noted with satisfaction the report of UNCITRAL on its sixth session and expressed appreciation for the Commission's constructive work in the important field of international trade law.

556. The representative of one developing country said that, since in countries such as his the promotion of economic growth with social justice implied the induction of large numbers of new entrepreneurs into the economic system, the codification, simplification and harmonization of international trade law were particularly important for developing countries because this would facilitate the assimilation of new and relatively inexperienced traders into the international trading system. Regarding the methods of work of the Commission, he supported the Commission's decision to concentrate on four questions of priority interest; commended the Commission's approach of adopting decisions by consensus; and endorsed the establishment of small working groups to deal with specific topics while suggesting that these working groups should submit only progress reports to the Commission. Referring to the four priority questions, he stressed the importance of drafting uniform general conditions of sale and standard contracts applicable to trade in a wide range of commodities; of drafting a uniform law for instruments used in effecting international payments; urged increased adherence to the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards; 90/ and supported the work being undertaken on international legislation on shipping.

557. The representative of another developing country, speaking on behalf of the African countries members of the Group of Seventy-seven, pointed out that, although in paragraph 85 of the Commission's report it was stated that the decision on international commercial arbitration had been adopted unanimously, there was a reference in the following paragraph to reservations expressed by some representatives regarding paragraph 2 of that decision. It was the view of the African Group, therefore, that there had not been a consensus in the Commission. The representatives of African countries members of the Commission had expressed reservations regarding paragraph 2 of the decision because they considered that, by inviting the Economic Commission for Europe to draw the attention of States to the European Convention on International Commercial Arbitration of 21 April 1961, UNCITRAL was encouraging the promotion of unification of regional trade law as opposed to international trade law. While the African countries considered that the 1961 European Convention was in itself an excellent arbitration instrument, in their view it reflected the opinion of only part of the international community and its provisions might not be applicable to other regions. They therefore maintained their reservations on that decision and proposed that the Convention should be submitted to the other regional economic commissions for their consideration before it could be adopted as an international legal instrument.

Action by the Board

558. At the same meeting, the Board took note, with appreciation, of the report of UNCITRAL on the work of its sixth session and drew the attention of the General Assembly to the observations made thereon by representatives who took part in the discussion on this item.

90/ United Nations, Treaty Series, vol. 330, No. 4739.

L. Report by the Secretary-General of UNCTAD on delays in the preparation and processing of UNCTAD documentation
(Agenda item 11 (c))

559. The Board considered this subitem at its 376th meeting on 3 September 1973. The Secretary-General of UNCTAD had submitted a report in connexion with this subitem (TD/B/L.327).

560. The representative of a developing country commended the secretariat for the report it had submitted which, he said, might itself be regarded as a model of concise treatment of a complex subject. With a view to improving the situation significantly, he made a number of suggestions. First, he considered that the agenda for any meeting of any UNCTAD body should be carefully formulated so as to confine itself to priority items calling for attention and action by Governments; secondly, he urged that the calendar of UNCTAD meetings should be rationalized with a view to avoiding overlapping of meetings; and thirdly he suggested that the UNCTAD secretariat should in future prepare a brief working paper covering all the items on the provisional agenda of a particular meeting, highlighting the salient points rather than attempting to produce detailed documentation on every specific item. He thought that in this way it would become possible to reduce both the volume and the length of documents and to reduce the delays in their circulation.

561. The spokesman for the countries members of Group D considered that the secretariat should make every effort to prepare all documents for any particular session in good time so as to avoid delays in the circulation of the documents in question in the official languages, and particularly in Russian.

562. The representative of a developed market economy country, in expressing agreement with the main points and suggestions mentioned in paragraph 560 above, stated that to a large extent the Board itself was responsible for such delays as had occurred in the past in the circulation of documents, for it often asked for an excessive number of documents and placed an excessive number of items on its agenda. He considered that the existing calendar of UNCTAD meetings was not very rational for it scheduled an excessive number of meetings. By the limitation of the agenda of UNCTAD bodies to priority items and by rationalizing the calendar of UNCTAD meetings, it should, he thought, be possible to reduce the volume of documentation and hence to expedite its circulation.

563. The representative of another developed market economy country drew attention to the difficulties experienced in the capitals of States members of UNCTAD in dealing with the physical volume of UNCTAD documents. He suggested that the secretariat should endeavour to dispense with accounts of what had happened in the past; he thought that cross references to earlier work might suffice. In addition, he suggested that, before the end of any particular session, the secretariat should submit a statement estimating the volume of documentation to which the decisions of the particular session might be expected to give rise.

Conclusion

564. The President took it to be the consensus of the members of the Board that every effort should be made to reduce the number of items on the agenda for sessions of UNCTAD bodies, to reduce the number of meetings of such bodies, to reduce the size of the documents to be prepared, to keep the documents as concise as possible, to

deal so far as possible with topical rather than historical developments and in this way to endeavour to ensure a stricter observance of the time-limits governing the circulation of documents.

M. Review of the calendar of meetings
(Agenda item 11 (d))

565. The Board considered this subitem at its 380th meeting on 8 September 1973. The Director of the Division for Conference Affairs and External Relations introduced a note by the secretariat (TD/B/L.330 and Add.1) containing a revised calendar of UNCTAD meetings for the remainder of 1973 and 1974, a tentative schedule for 1975 and a statement of the financial implications thereof (TD/B/L.334). He indicated changes arising out of decisions taken during the Board's session and as a result of informal discussions. Referring to the consideration by the Board of item 11 (c), and to General Assembly resolution 2609 (XXIV) on the pattern of conferences, he also observed that the calendar for 1974 had become as heavy as that for 1973, with the possibility that difficulties similar to those encountered in 1973, particularly with respect to documentation, might be experienced in 1974.

566. The representative of one developed market economy country stated that his delegation would have preferred the sixth session of the Special Committee on Preferences to have been scheduled later in 1974.

Action by the Board

567. At its 380th meeting, the Board adopted the revised calendar of meetings for the remainder of 1973 and 1974 and a tentative schedule of meetings for 1975, 91/ as presented, and took note of the difficulties which such a heavy calendar would entail, particularly concerning the preparation, processing and distribution of documents.

N. Election to membership of the main Committees under
Conference resolution 80 (III), paragraph 9
(Agenda item 11 (e))

568. At its 375th meeting on 31 August 1973, the Board confirmed the membership of its main Committees as listed in document TD/B/INF.44, and declared the Republic of Korea elected to the Committee on Commodities, bringing the total membership to 83 States; New Zealand elected to the Committee on Manufactures, bringing the total membership to 73 States; New Zealand and Nicaragua elected to the Committee on Invisibles and Financing related to Trade, bringing the total membership to 79 States; and Nicaragua elected to the Committee on Shipping, bringing the total membership to 74 States. 92/

91/ See annex I below, decision 107 (XIII).

92/ For the complete list of States members of the main Committees, see annex VIII below. It is understood that a State member listed as a member of one or more of the main Committees would be entitled to participate in any resumed or special session of those main Committee which may be held before the fourteenth session of the Board.

O. Provisional agenda for the fourteenth session of the Board and organization of the work of the session (Agenda item 11 (f))

569. At its 380th meeting on 8 September 1973, the Board considered this subitem in the light of the draft provisional agenda for the fourteenth session of the Board contained in the note by the UNCTAD secretariat (TD/B/L.341).

Action by the Board

570. At the same meeting, the Board adopted the draft provisional agenda as submitted 93/ and authorized its President, in consultation with the Secretary-General of UNCTAD, to adjust the provisional agenda in the light of developments.

P. Financial implications of the actions of the Board

571. In connexion with the discussion on various agenda items and with reference to proposals contained in certain draft resolutions submitted to the Board, the secretariat of UNCTAD submitted, under rule 31 of the rules of procedure, statements concerning the financial implications of the actions proposed. 94/

572. The representatives of the United States of America and of the Union of Soviet Socialist Republics reserved the position of their delegations on these financial implications.

Action by the Board

573. At its 380th meeting on 8 September 1973, the Board took note of the estimates of financial implications submitted by the UNCTAD secretariat, and of the statements made by delegations thereon.

Q. Invitation by the Government of Kenya to hold the fourth session of the Conference in Nairobi

574. At the 381st meeting of the Board, on 11 September 1973, the representative of Kenya announced that his Government had transmitted a formal invitation to the Secretary-General of UNCTAD, confirming the offer made by the Kenyan delegation at the fifth special session of the Board that Nairobi should be the venue for the fourth session of the Conference. 95/

575. The Board took note of this invitation.

93/ For the provisional agenda see annex V below.

94/ For a summary of the financial implications of the actions of the Board, see annex VII below, to which the detailed statements submitted to the Board are appended.

95/ See part one above, para. 213.

R. Adoption of the report of the Board to the
General Assembly (Agenda item 13)

576. At its 381st meeting, on 11 September 1973, the Board adopted the present report on its thirteenth session, authorizing the secretariat to make any necessary editorial changes, subject to the approval of the Rapporteur and, in the case of chapter II, of the Chairman of Sessional Committee I. At the same meeting, it adopted its report to the General Assembly at its twenty-eighth session, consisting of the reports on the fifth special session (held from 24 April to 4 May and on 9 May 1973), the second part of its twelfth session (held from 7 to 11 May 1973) and the thirteenth session (held from 21 August to 11 September 1973).

S. Closure of the session

577. At the 381st meeting, on 11 September 1973, the President declared the thirteenth session of the Board closed.

ANNEX I

RESOLUTIONS, AGREED CONCLUSIONS AND DECISIONS ADOPTED BY THE TRADE AND DEVELOPMENT BOARD AT ITS THIRTEENTH SESSION

| <i>RESOLUTIONS</i> | | <i>Page</i> |
|--|--|-------------|
| 97 (XIII). Intensive intergovernmental consultations on commodities (agenda item 6 (a)) Resolution of 7 September 1973 | | 238 |
| 101 (XIII). Developing island countries (agenda item 7) Resolution of 8 September 1973 | | 238 |
| 104 (XIII). Transfer of technology and code of conduct in the field of transfer of technology to developing countries (agenda item 6 (d) and (e)) Resolution of 8 September 1973 | | 239 |
| <i>AGREED CONCLUSIONS</i> | | |
| 99 (XIII). Trade relations among countries having different economic and social systems (agenda item 9) Adopted on 8 September 1973 | | 240 |
| 106 (XIII). Interdependence of problems of trade, development finance and the international monetary system (agenda item 4) Adopted on 8 September 1973 | | 241 |
| <i>DECISIONS</i> | | |
| 98 (XIII). Working Group on the Charter of Economic Rights and Duties of States (agenda item 5) Adopted on 8 September 1973 | | 241 |
| 100 (XIII). Special measures in favour of the least developed among the developing countries (agenda item 7) Adopted on 8 September 1973 | | 241 |
| 102 (XIII). Review and appraisal of the International Development Strategy for the Second United Nations Development Decade (agenda item 4) Adopted on 8 September 1973 | | 242 |
| 103 (XIII). Financial resources for development (agenda item 6 (c)) Adopted on 8 September 1973 | | 243 |
| 105 (XIII). Question of the establishment of a comprehensive international trade organization (agenda item 11 (a)) Adopted on 8 September 1973 | | 243 |
| 107 (XIII). Calendar of UNCTAD meetings for the remainder of 1973 and for 1974 and tentative schedule of meetings for 1975 (agenda item 11 (d)) Adopted on 8 September 1973 | | 243 |

OTHER DECISIONS TAKEN BY THE BOARD AT ITS THIRTEENTH SESSION

| | |
|---|-----|
| Treatment of the Democratic People's Republic of Korea for purposes of elections | 246 |
| Designation and classification of non-governmental organizations for the purpose of rule 79 of the rules of procedure of the Trade and Development Board | 246 |
| Election of members to fill vacant seats on the Intergovernmental Group on Transfer of Technology | 246 |

RESOLUTIONS, AGREED CONCLUSIONS AND DECISIONS ADOPTED BY THE TRADE AND DEVELOPMENT BOARD

during its thirteenth session

RESOLUTIONS

97 (XIII). Intensive intergovernmental consultations on commodities

The Trade and Development Board

1. Takes note of the report of the Committee on Commodities on its seventh (special) session and urges the Secretary-General of UNCTAD to proceed accordingly with the implementation of the Committee's resolution 7 (VII) on intensive intergovernmental consultations on commodities in connexion with access to markets and pricing policy, with the co-operation of the organizations concerned;

2. Notes that, while many member States attach the highest priority to the need for intensive intergovernmental consultations on such commodities as coffee and have indicated that these consultations should be held during the period from October 1973 to the end of March 1974, other member States have expressed thereon great concern;

3. Requests the Secretary-General of UNCTAD to make arrangements for intensive intergovernmental consultations on coffee to take place in the period between October 1973 and March 1974.

377th meeting
7 September 1973

101 (XIII) Developing island countries

The Trade and Development Board,

Recalling resolution 65 (III), adopted by the United Nations Conference on Trade and Development on 19 May 1972, entitled "Developing island countries",

Recalling further paragraphs 39 and 40 of the International Development Strategy for the Second United Nations Development Decade and Conference resolution 48 (III), as adopted,^{a/} which welcome action by developing

^{a/}The inclusion of these words in the text was objected to by the developing countries. It was agreed that this matter, dealing with the use of these words, should be the subject of a discussion in depth at the fourteenth session of the Board.

countries and recommend support by the international community in the field of trade expansion, economic co-operation and regional integration among developing countries,

Recalling also paragraphs 53, 54 and 55 of the International Development Strategy and Conference resolutions 67 (III), 68 (III), 69 (III), 70 (III) and 71 (III), as adopted, ^{b/} which envisage the promotion, by international action, of the interests and participation of developing countries in maritime transport,

Mindful of the important role of the regional economic commissions in the matter of the regional integration of the developing countries,

Recognizing that the relative isolation of developing island countries and the small economic size of the majority of them make regional economic co-operation and integration especially important for these countries but also make the solution of the problems arising in this connexion especially difficult for them,

Noting with satisfaction that some developing island countries have already taken initiatives to further regional economic co-operation and/or integration,

Recognizing the heavy dependence of most developing island countries on a limited number of export commodities which are vulnerable to the uncertainties of world markets and climatic conditions,

Recognizing further that, for developing island countries, both sea and air transport are of particular importance, especially between islands members of regional economic groupings and between islands belonging to the same country,

1. Notes the report of the Panel of Experts convened by the Secretary-General of UNCTAD in accordance with Conference resolution 65 (III); ^{b/}

^{b/} *Developing Island Countries: report of the Panel of Experts (TD/B/443/Rev.1)* (to be issued as a United Nations publication).

2. Requests the Secretary-General of UNCTAD:

(a) To continue giving attention to the problems of developing island countries, including consideration of those which are far removed from commercial centres, in the work of the UNCTAD secretariat and in the co-operation of UNCTAD with the regional economic commissions and with other international organizations both within and outside the United Nations system;

(b) To bring the conclusions and recommendations of the Panel of Experts to the attention of other international organization, in so far as their areas of competence are concerned;

(c) To inform regional and subregional economic institutions of the activities of UNCTAD relevant to these problems;

(d) To encourage the use of regional and subregional economic institutions, where appropriate, as vehicles for international assistance for the development of developing island countries, especially the smallest and least developed islands in each region;

3. Requests the relevant organizations within the United Nations system, including the regional economic commissions, together with other existing regional organizations, to pay special attention to the needs of developing island countries, in particular to the problems of regional economic co-operation and integration;

4. Invites the Governments of developed countries and relevant organizations and agencies of the United Nations system to provide technical assistance, where appropriate, including studies, to facilitate the establishment and/or proper functioning of:

(a) Regional shipping lines, including the determination of types of ships, port installations, forms of maritime transport organization, personnel training and management best suited to their needs;

(b) Regional air transport systems;

(c) National and subregional fishing industries;

5. Invites international and regional financial institutions to give sympathetic consideration to requests from developing island countries for the financing, on soft terms, of port installations and related investments, including the acquisition of ships for the development of regional maritime transport and fishing industries, and of the training of personnel;

6. Requests relevant international organizations, including international commodity organizations, to be mindful of the adverse effects of hurricanes and other natural disasters on the production levels of certain agricultural commodities of developing island countries, and of the fact that their isolation and the small economic size of many of them make it especially difficult for them to cope with the consequences of such disasters;

7. Requests the Secretary-General of UNCTAD to make a progress report on the matters covered by the present resolution to the Board at its fourteenth session.

380th meeting
8 September 1973

104 (XIII). Transfer of technology and code of conduct in the field of transfer of technology to developing countries

The Trade and Development Board,

Bearing in mind resolution 1 (II) of the Intergovernmental Group on Transfer of Technology^{e/} requesting the Secretary-General of UNCTAD to bring to the attention of the Trade and Development Board the desire of the developing countries that the Board, noting paragraph 1 (e) of the programme of work of the Intergovernmental Group on Transfer of Technology,^{d/} examine at its thirteenth session as a specific item the question of preparing an international code of conduct in the field of transfer of technology which may benefit all countries, but particularly the developing countries, and of convening for this purpose a group of experts drawn from countries at different stages of development and having different economic and social systems,

Noting the views expressed on this subject at the thirteenth session of the Board,

1. Takes note of the report of the Intergovernmental Group on Transfer of Technology on its second session^{f/} and transmits the relevant parts of the Trade and Development Board's report on this subject^{g/} and related documents to the second substantive session of the Intergovernmental Group on Transfer of Technology;

2. Requests the Intergovernmental Group on Transfer of Technology at its third session to study the possibility and feasibility of an international code of conduct in the field of transfer of technology;

3. Instructs the Secretary-General of UNCTAD to prepare the necessary background papers for the work outlined above, using consultants when this is considered necessary and taking into consideration those studies and reports on related subjects which have been and are being carried out by other bodies of the United Nations system and by other organizations concerned;

4. Further requests the Intergovernmental Group on Transfer of Technology at its third session to discuss and

^{e/}Official Records of the Trade and Development Board, Thirteenth Session, Annexes, agenda item 6 (d), document TD/B/424, annex I.

^{d/}Ibid., Eleventh Session, Annexes, agenda item 7, document TD/B/365, annex I, appendix.

^{f/}Ibid., Thirteenth Session, Annexes, agenda item 6 (d), document TD/B/424..

^{g/}See part three above, paras. 284-338.

suggest terms of reference for any eventual main committee of the Trade and Development Board on the transfer of technology in the context of paragraph 2 of Conference resolution 39 (III) and paragraph 6 of Board resolution 74 (X), and to prepare for the major review, to be undertaken by the Board at its fourteenth session, on the transfer of technology called for in Board resolution 74 (X);

5. *Decides* that the third session of the Intergovernmental Group on Transfer of Technology should take place before the fourteenth session of the Trade and Development Board;

6. *Decides further*, in accordance with the decision entitled "Transfer of operative technology at the enterprise

level", taken by the Economic and Social Council at its fifty-fifth session, ^{g/}to transmit to the Intergovernmental Group on Transfer of Technology, for consideration at its third session, the document entitled "Fiscal and financial matters: transfer of operative technology at the enterprise level - report of the Secretary-General". ^{h/}

380th meeting
8 September 1973

^{g/} See *Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 1 (E/5400)*, p. 25.

^{h/} E/5152.

AGREED CONCLUSIONS

99 (XIII). Trade relations among countries having different economic and social systems

1. The Trade and Development Board noted the continuing global growth of trade and economic relations among countries having different economic and social systems, both between East and West and between socialist and developing countries. Recent trends reflected an acceleration of growth rates of trade between some developing and socialist countries, though the total volume of trade and the rates of growth had been smaller than those achieved in East-West trade.

2. Major new initiatives had strengthened the basis for trade and economic relations, in particular those leading to arrangements aimed at the establishment of new forms of economic co-operation on a stable, long-term and large-scale basis.

3. The Board took note of various measures taken to facilitate trade and economic relations, in particular those designed to implement various provisions of Conference resolution 15 (II) and Conference resolution 53 (III), as adopted. The need for continued action in this field was emphasized, in particular the removal of existing obstacles and the diversification of the geographical scope and structure of trade, especially in relations between developing and socialist countries.

4. The growing exports of manufactures from many developing countries to most socialist countries of Eastern Europe and the introduction of various measures of a preferential nature (tariff as well as non-tariff) were widely commended as an indication of concrete results of efforts undertaken to implement the recommendations of UNCTAD, although it was felt that there was still room for improvement along these lines.

5. The Board welcomed the concrete steps taken by the countries members of the Council for Mutual Economic

Assistance to introduce new procedures for the multilateralization of settlements with developing countries, in particular in the framework of the International Bank for Economic Co-operation. The hope was expressed that in future payments would be put on a more convertible basis, while at the same time the Board recalled that it was for the interested countries to select the most appropriate payments systems, taking into account changing specific economic and trade conditions.

The establishment of a special fund by the International Investment Bank for the promotion of trade and economic co-operation between States members of the Council for Mutual Economic Assistance and developing countries was also welcomed.

6. The Board recognized the importance of direct economic co-operation between States members of the Council for Mutual Economic Assistance and regional and subregional groupings of developing countries which might be established by agreement of all countries concerned.

7. The Board felt that the improved world political climate enhanced the scope for a further expansion of trade and economic relations between countries having different economic and social systems and invited all member States to intensify their efforts in implementing Conference resolution 15 (II) and Conference resolution 53 (III), as adopted.

8. Without prejudice to the work being done in the other United Nations organs, including the regional economic commissions, and in the existing mixed bilateral commissions, it was generally felt that the consideration by UNCTAD of trade relations among countries having different economic and social systems could be further facilitated if the Sessional Committee of the Board, in conducting its periodic discussions of problems and policies, dealt also with certain specific topics agreed to by all interested countries after consultations by the Secretary-General of UNCTAD with all groups of countries. The usefulness of

having a more detailed agenda along these lines for the Sessional Committee's meetings was generally recognized.

9. The Board commended the documentation submitted by the secretariat of UNCTAD and considered that in future work more attention should be devoted, in conformity with the relevant provisions of Conference resolution 53 (III), as adopted, to the analysis of issues related to the introduction of long-term and large-scale arrangements in trade and economic co-operation and to the problems of trade with the least developed among the developing countries.

10. An understanding was reached that a sessional committee, as stipulated in Conference resolution 15 (II), should be reconvened at the fourteenth session of the Trade and Development Board.

*379th meeting
8 September 1973*

*380th meeting
8 September 1973*

DECISIONS

98 (XIII). Working Group on the Charter of Economic Rights and Duties of States

The Trade and Development Board,

1. Takes note with appreciation of the report of the Working Group on the Charter of Economic Rights and Duties of States ^{1/} and also notes the comments made thereon during the discussion of this item at the thirteenth session of the Trade and Development Board;

2. Requests the Secretary-General of UNCTAD to transmit the report and the comments made thereon to the General Assembly at its twenty-eighth session;

3. Recommends to the General Assembly, in the light of the results achieved, that the mandate of the Working Group be extended to allow the Working Group to hold two sessions of three weeks each in time for it to report to the Board at its fourteenth session, so as to enable the Board to transmit the report of the Working Group, together with its comments thereon, to the General Assembly at its twenty-ninth session;

4. Decides that provision be made for including in the report of the Working Group to the Board a summary of views expressed by delegations during the closing phases of the two sessions of the Working Group.

*379th meeting
8 September 1973*

106 (XIII). Interdependence of problems of trade, development finance and the international monetary system

1. The Trade and Development Board requested the Secretary-General of UNCTAD to carry forward his consultations with the Director-General of the General Agreement on Tariffs and Trade concerning appropriate arrangements for the Secretary-General of UNCTAD to be able to follow the developments in the multilateral trade negotiations, in order to assist developing countries.

2. The Board took note of the desire of some members that the executive secretaries of the regional economic commissions be afforded the same opportunity as the Secretary-General of UNCTAD, in order to assist the developing countries in their respective regions.

100 (XIII). Special measures in favour of the least developed among the developing countries

The Trade and Development Board expressed its deep concern at the tragedy resulting from the severe drought affecting the Sudano-Sahelian countries in West and Central Africa, most of which are among the hard-core least developed countries. It expressed its appreciation to the multilateral institutions and bilateral assistance donors which have been responding to the immediate emergency needs in that area and expressed the hope that those immediate efforts would be continued and where necessary improved. It also expressed the hope that the international community would give strong support to the medium-term and long-term efforts now being undertaken for the rehabilitation and accelerated growth of this area.

The Board took note of the reports of the Secretary-General of UNCTAD on the situation facing the hard-core least developed countries, ^{1/} and of the concern expressed by delegations on the problems of those countries. So far in the Second United Nations Development Decade, those countries had not been able to progress at the rate called for in the International Development Strategy, and many of them were showing little or no over-all growth and had even

^{1/} *The Second United Nations Development Decade - Trends and policies in the first two years: background papers presented by the Secretary-General of UNCTAD for the first review and appraisal of the implementation of the International Development Strategy* (United Nations publication, Sales No. E.74.II.D.3), part one, chap. VII; and *Official Records of the Trade and Development Board, Thirteenth Session, Annexes*, agenda item 7, document TD/B/457.

experienced a decline in *per capita* gross national product. The Board noted with appreciation that a number of countries and institutions had been able to increase their efforts to improve the volume, quality and terms and conditions of their assistance to these countries.

1. The Board requested Governments of States members of UNCTAD, and appropriate international organization, to make strong efforts for the further effective implementation of the provisions of Conference resolution 62 (III), as adopted, ^{1/} (bearing in mind its paragraphs 1 and 2), i.e. the provisions of section A, which cover commodities (commodity agreements, diversification, access to markets and other commercial policy measures), restrictive business practices, development finance and technical assistance, transfer of technology, shipping and trade promotion, and the provisions contained in section B; and invited the Secretary-General of UNCTAD to pursue this matter in the course of his periodic contacts with Governments. In the light of these efforts, he should report to the Board as soon as possible and periodically.

2. The Board and the Secretary-General of UNCTAD will keep under constant review the implementation of Conference resolution 62 (III), as called for in paragraph 39 of that resolution. The Secretary-General of UNCTAD should also communicate regularly with all United Nations organizations and request them to take appropriate action on the relevant paragraphs of resolution 62 (III) which fall within their respective competence.

3. With regard to Conference resolution 80 (III), section C, paragraph 10, the Board requested the Secretary-General of UNCTAD, after consultation with the President of the Board and interested Governments, to propose where to discuss the problem of the hard-core least developed countries, i.e. whether in plenary or in a sessional committee of the Board, whenever a regular session takes place. Likewise, in accordance with Trade and Development Board resolution 65 (IX), subsidiary organs of the Board should adopt the same method regarding the discussion of the problems of the least developed countries and the implementation of those aspects of Conference resolution 62 (III) that fall within their respective competence.

380th meeting
8 September 1973

102 (XIII). Review and appraisal of the International Development Strategy for the Second United Nations Development Decade

1. The Trade and Development Board took note of the report by the Secretary-General of UNCTAD ^{1/} on the

^{1/} The inclusion of these words in the text was objected to by the developing countries. It was agreed that this matter, dealing with the use of these words, should be the subject of a discussion in depth at the fourteenth session of the Board.

^{1/} TD/B/454 and Corr.1.

technical and procedural implications of alternative arrangements for the mid-term review and appraisal of policy measures embodied in the International Development Strategy for the Second United Nations Development Decade falling within the competence of UNCTAD in the light of General Assembly resolution 2801 (XXVI) and Conference resolution 79 (III), as adopted. ^{m/}

2. The Board also took note of the various suggestions and proposals made during the discussion of this item, with a view to ensuring that the arrangements for the mid-term review on the one hand and the fourth session of the Conference on the other were made in a way which would ensure their maximum success. In this connexion, the Board also took note of a statement by the representative of the Philippines ^{n/} regarding the Ministerial Meeting of the Group of 77 in preparation for the fourth session of the Conference.

3. The Board noted in addition the offer of the Government of Kenya to act as host to the fourth session of the Conference.

4. The Board decided, in accordance with the time-schedule envisaged in Conference resolution 79 (III), as adopted, ^{m/} to undertake the mid-term review at a special session in April/May 1975 and to recommend that the fourth session of the Conference should be convened to take place in the spring of 1976. In this regard, the Board took note of a statement by the representative of the Philippines that the Ministerial Meeting of the Group of 77 would then be held either at the end of 1975 or the beginning of 1976.

5. The Board took note of the suggestions made by some delegations to hold the special session at ministerial level.

6. The Board, bearing in mind the importance of the mid-term review in the attainment of the goals and objectives of the Second United Nations Development Decade, decided that the special session be held at a suitably high level commensurate with the importance of the occasion.

380th meeting
8 September 1973

^{m/} The inclusion of these words was objected to by the developing countries. It was agreed that this matter, dealing with the use of these words, should be the subject of a discussion in depth at the fourteenth session of the Board.

^{n/} See *Official Records of the Trade and Development Board, Thirteenth Session*, 367th meeting.

103 (XIII). Financial resources for development

1. A draft resolution ^{2/} had been referred by the Committee on Invisibles and Financing related to Trade for consideration by the Trade and Development Board at its thirteenth session.

2. The Board decided:

(a) *With respect to paragraph 6 of the draft resolution:*

To request the Secretary-General of UNCTAD:

- (i) To further the statistical work on financial flows between developed and developing countries and in this respect to intensify the existing technical relationship among the UNCTAD secretariat, the staff of the International Bank for Reconstruction and Development and the secretariat of the Organisation for Economic Co-operation and Development with a view to achieving a more precise definition and coverage of flows, and to collect statistical data, as needed, directly from Governments, in order to be able adequately to measure progress in the implementation of relevant United Nations and UNCTAD resolutions;
- (ii) To reconvene the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, as he deems appropriate, with a view to making early recommendations, particularly on the technical issues relating to the concepts of the present development assistance and flow targets, and to facilitating the evaluation of the efforts of developed countries in the mid-term review and appraisal of the International Development Strategy, and to report thereon to the Trade and Development Board at its fourteenth session at the latest.

^{2/}TD/B/C.3/L.96/Rev.1; for the text, see *Official Records of the Trade and Development Board, Thirteenth Session, Supplement No. 4 (TD/B/464)*, annex IV.

(b) *With respect to the remainder of the draft resolution:* ^{2/}

To consider it further at its fourteenth session, in conjunction with the report of the Secretary-General of UNCTAD, requested in sub-paragraph (a) (ii) above.

380th meeting
8 September 1973

105 (XIII). Question of the establishment of a comprehensive international trade organization

1. The Trade and Development Board, having considered the preliminary report by the Secretary-General of UNCTAD on the establishment of a comprehensive international trade organization, ^{2/}decided to ask the Secretary-General of UNCTAD to carry out further consultations in order to obtain from Governments of member States the views, comments and suggestions referred to in paragraph 2 of Conference resolution 81 (III);

2. It further decided to request the Secretary-General of UNCTAD to continue to collate the views expressed by Governments of member States through the above-mentioned consultations, as well as during the discussions at the thirteenth session of the Board on Conference resolution 81 (III), and to submit his further report and comments thereon to the Board for consideration at its fourteenth session.

380th meeting
8 September 1973

^{2/} For the text of the draft resolution as a whole, see annex III below.

^{2/} *Official Records of the Trade and Development Board, Thirteenth Session, Annexes*, agenda item 11(a), document TD/B/455.

107 (XIII). Calendar of UNCTAD meetings for the remainder of 1973 and for 1974 and tentative schedule of meetings for 1975

| | 1973 | Duration | Location |
|--|-------------------------|-----------------------|----------|
| United Nations Sugar Conference, 1973, second part | 10 September-10 October | 4 $\frac{1}{2}$ weeks | Geneva |
| Intergovernmental Preparatory Group on a Convention on International Intermodal Transport, first session | 29 October-2 November | 1 week | Geneva |
| Committee on Tungsten, seventh session | 29 October-2 November | 1 week | Geneva |
| Working Group on Rules of Origin, fourth session | 29 October-2 November | 1 week | Geneva |
| Pre-Conference meeting of the United Nations Conference on a Code of Conduct for Liner Conferences | 5-9 November | 1 week | Geneva |
| United Nations Conference on a Code of Conduct for Liner Conferences | 5-9 November | 1 week | Geneva |
| Trade and Development Board, sixth special session | To be determined | 1 week | Geneva |
| Permanent Sub-Committee on Commodities | If required | 1 week | Geneva |

| | | | |
|---|-------------|---------------|--------|
| Commodity consultations | As required | Up to 7 weeks | Geneva |
| Working parties, study groups and expert groups ... | As required | Up to 3 weeks | Geneva |

| | 1974 | Duration | Location |
|--|------------------------|----------------|--------------------|
| Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, third session | 7-11 January | 5 days | Geneva |
| Joint Advisory Group on the International Trade Centre UNCTAD/GATT, seventh session | 16-18 January | 3 days | Geneva |
| [Working Group on the Charter of Economic Rights and Duties of States, third session ^{r/} | 4-22 February | 3 weeks | Geneva] |
| Committee on Shipping, sixth session | 11-22 March | 2 weeks | Geneva |
| Permanent Group on Synthetics and Substitutes, sixth session | 1-5 April | 1 week | Geneva |
| Special Committee on Preferences, sixth session | 20-31 May | 2 weeks | Geneva |
| [Working Group on the Charter of Economic Rights and Duties of States, fourth session ^{r/} | 10-28 June | 3 weeks | Geneva] |
| Advisory Committee to the Board and to the Committee on Commodities, ninth session | July | 1-2 weeks | Geneva |
| Committee on Manufactures, sixth session, second part | 1-12 July | 2 weeks | Geneva |
| Intergovernmental Preparatory Group on a Convention on International Intermodal Transport, second session | 15 July-2 August | 3 weeks | Geneva |
| Intergovernmental Group on Transfer of Technology, third session | 5-16 August | 2 weeks | Geneva |
| Trade and Development Board, fourteenth session, first part | 20 August-13 September | 4 weeks | Geneva |
| Intergovernmental Preparatory Group on a Convention on International Intermodal Transport, third session | 21-October-8.November | 3 weeks | Geneva |
| Trade and Development Board, sixth special session (if not held in 1973) | To be determined | 1 week | Geneva |
| Committee on Tungsten | As required | 1 week | Geneva |
| Working Group on Tungsten, ninth session | To be determined | 1 week | Geneva or New York |
| Permanent Sub-Committee on Commodities | If required | 1 week | Geneva |
| Commodity conferences | As required | Up to 10 weeks | Geneva |
| Commodity consultations | As required | Up to 10 weeks | Geneva |
| Working parties, study groups and expert groups | As required | Up to 16 weeks | Geneva |

| | 1975 | Duration | Location |
|--|------------------|----------|----------|
| [Technical Committee of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT, fourth session ^{r/} | January | 4-8 days | Geneva] |
| Joint Advisory Group on the International Trade Centre UNCTAD/GATT, eighth session | January | 4 days | Geneva |
| Permanent Group on Synthetics and Substitutes, seventh session | January/February | 1 week | Geneva |

^{r/} Subject to decision by the General Assembly at its twenty-eighth session concerning the extension of the mandate of the Working Group.

^{s/} Subject to decision by the governing bodies of the International Trade Centre UNCTAD/GATT regarding the frequency and duration of meetings of the Joint Advisory Group and its Technical Committee.

| | | | |
|---|------------------------|----------------|--------------------|
| Committee on Commodities, eighth session | February | 2 weeks | Geneva |
| Working Group on International Shipping Legislation, fourth session | March/April | 2 weeks | Geneva |
| Trade and Development Board, seventh special session ^{t/} | April/May | 2 weeks | Geneva |
| Trade and Development Board, fourteenth session, second part ^{t/} | April/May | 1 day | Geneva |
| [United Nations Conference on International Intermodal Transport' ^{v/} | May/June | 4 weeks | Geneva] |
| Committee on Manufactures, seventh session | June | 2 weeks | Geneva |
| Advisory Committee to the Board and to the Com- mittee on Commodities, tenth session | July | 2 weeks | Geneva |
| Special Committee on Preferences, seventh session . . . | July | 1-2 weeks | Geneva |
| Trade and Development Board, fifteenth session | 19 August-12 September | 4 weeks | Geneva |
| Committee on Invisibles and Financing related to Trade, seventh session | September/October | 2 weeks | Geneva |
| Committee on Shipping, seventh session | October/November | 2 weeks | Geneva |
| Committee on Tungsten | As required | 1 week | Geneva |
| Working Group on Tungsten, tenth session | To be determined | 1 week | Geneva or New York |
| Permanent Sub-Committee on Commodities | If required | 1 week | Geneva |
| Commodity conferences | As required | Up to 10 weeks | Geneva |
| Commodity consultations | As required | Up to 10 weeks | Geneva |
| Working parties, study groups and expert groups | As required | Up to 16 weeks | Geneva |

*380th meeting
8 September 1973*

^{t/} A working party of the fourteenth session will meet during the seventh special session to review the work programme and budget and the medium-term plan. The fourteenth session will reconvene towards the end of the special session to consider the report of the working party.

^{v/} Subject to decision by the General Assembly at its twenty-ninth session.

OTHER DECISIONS TAKEN BY THE BOARD

during its thirteenth session

Treatment of the Democratic People's Republic of Korea for purposes of elections ^{v/}

At its 361st meeting, on 21 August 1973, the Board decided that, pending action by the Conference in pursuance of paragraph 6 of General Assembly resolution 1995 (XIX), the Democratic People's Republic of Korea should, for purposes of elections, be treated as if it were in the group of countries listed in part A of the annex to that resolution, as amended.

Designation and classification of non-governmental organizations for the purpose of rule 79 of the rules of procedure of the Board ^{v/}

At its 375th meeting, on 31 August 1973, the Board approved the application of the following five non-governmental organizations and decided that they should be classified as follows:

"Special" category for the UNCTAD organ (other than the Board) indicated

| | <i>UNCTAD organ</i> |
|---|---|
| European Committee of Sugar Manufacturers | Committee on Commodities |
| International Association of Ports and Harbours | Committee on Manufactures |
| International Cargo Handling Co-ordination Association | Committee on Shipping |
| International Savings Bank Institute | Committee on Shipping |
| Miners' International Federation | Committee on Invisibles and Financing related to Trade |
| | Committee on Commodities |

Election of members to fill vacant seats on the Intergovernmental Group on Transfer of Technology^{v/}

At its 380th meeting, on 8 September 1973, the Board elected Belgium, Sweden and the United Kingdom of Great Britain and Northern Ireland as members of the Intergovernmental Group on Transfer of Technology to fill the three vacant seats allocated to Group B.

^{v/} See part three, para. 520 above.

^{v/} *Ibid.*, para. 528.

^{v/} *Ibid.*, para. 338.

ANNEX II

STATEMENT BY MR. MANUEL PEREZ GUERRERO, SECRETARY-GENERAL
OF UNCTAD, AT THE THIRTEENTH SESSION OF THE BOARD, ON
21 AUGUST 1973

Mr. President,

Two years ago, a serious crisis erupted in the international trade and payments system because it was not in tune with the needs of the times and because of a series of errors and mistakes in trade, monetary and financial matters, which were made by those in a position to do the greatest damage to the system by failing to observe the rules of the game with sufficient discipline and forbearance.

That crisis has still not been resolved, although the prospects for an over-all solution to the various problems have improved. It will require, nevertheless, especially on the part of the major trading Powers, clear and unswerving political determination and a sufficiently flexible willingness to negotiate in order to overcome the many and varied obstacles that will certainly arise until the concluding stage in the development of a new trade and payments system.

To facilitate this inherently complex process -- and perhaps to make it at all possible -- a favourable international economic climate is needed and in this connexion there are, in fact, some positive signs. We must avail ourselves of the opportunity to move ahead with the restructuring of the system, taking into account the interest of all countries, irrespective of their economic and social systems and their degree of development, and not commit the error of mistaking an apparent calm for an effective normalization. It is to be hoped that the multilateral trade negotiations that are to start shortly will inject realism and a sense of urgency into the monetary negotiations rather than make them more difficult.

* * *

The state of uncertainty which has prevailed during the last two years is bound, on the whole, to have a negative impact on the world economy. I have set out in some detail the main factors involved in my written introductory statement to this session of the Board (TD/B/(XIII)/Misc.4). Here I wish only to draw attention to certain key features of the current world economic situation, particularly as they affect the developing countries. I would first of all emphasize that it is necessary to avoid hasty and simplistic views reflecting the exceptionally high rate of growth in developed market economy countries and the sharp increase in the dollar prices of primary commodities in 1972/1973. Notwithstanding the increase in export earnings and in growth rates which are likely to be recorded for the present year, the majority of developing countries are lagging behind the targets set for the Second United Nations Development Decade. Moreover, the commodity price boom must be regarded as essentially a temporary one, linked on the one hand to a particular phase of the business cycle of developed

market economy countries and, on the other, to supply shortages of certain commodities. By contrast, the inflation in developed market economy countries seems to be of a more permanent nature. In these circumstances, there are various negative factors in the world situation which make the medium-term prospects for developing countries somewhat discouraging:

(a) The inflation imported by the developing countries, via rising prices for their imports, which adds to that occurring locally;

(b) The reduction of the purchasing power of reserves in United States dollars without any compensating increase in the amount of dollars held for most of the developing countries;

(c) The uncertainty arising from the present floating of currencies, which in most cases results in additional foreign exchange costs for countries which are not in a position to cover themselves adequately against the effects of fluctuations in exchange rates;

(d) The concentration of the over-all increase in developing countries' export earnings, and in their monetary reserves, in a relatively small number of countries;

(e) The limited growth of exports of many other developing countries for various reasons, including climatic factors, such as the drought in the Sudano-Sahelian region and in other countries.

In general, what has occurred for many products in recent times is a recovery of commodity prices from previous low levels in 1970 or 1971 and the first half of 1972. In addition, the prices of certain products - tea, bananas, citrus fruits, manganese - have remained at their earlier depressed levels. The phenomenon of deteriorating terms of trade has already affected many countries and could well become more widespread in the future.

The present world economic situation is unhealthy and unstable and the prospects for the developing countries are not good. They are not good for the international community as a whole and they are certainly unfavourable for the developing countries. The same thing happens among countries as happens in an individual country: in an inflationary climate, the rich get ahead while the poor lose ground. The difference is that, in the developed market economy countries, the workers are managing to counteract the effects of the rise in the cost of living.

Generally speaking, in a situation where inflation and floating currencies are the rule, there is a risk of being cast adrift, at the mercy of the elements, and the greatest danger is run by the small and fragile vessels. There is also another danger, namely, that the large ships will move in convoy while the small ships will be left behind.

These dangers can be avoided - they must be avoided. I want to believe that they will be avoided. All the ships must reach safe harbour. Words cannot replace action!

One of the recognized objectives set both for the multilateral trade negotiations and for the monetary negotiations is to find solutions to the problems of the developing countries, including the least developed among them and the land-locked developing countries.

To translate these intentions into practical and significant reality calls for imagination and perseverance, which can be generated only by the political will of all nations, and particularly of the most powerful among them. It is already possible to discern portents pointing to the policies of granting the economically poor countries means to supplement their own resources, so as to compensate for their weakness and enable them to compete in world trade in goods and services with adequate prospects of success and progress.

Some developed countries are already fully convinced of this and are to a considerable extent acting accordingly. And the developed nations as a whole, with some regrettable exceptions, have already given practical recognition to this need for assistance through the generalized system of preferences which, despite limitations in its operations and benefits, represents a real as well as a conceptual advance.

In addition, the International Cocoa Agreement, 1972, a/ has come into force and the International Cocoa Council has successfully concluded its first session. Unfortunately, a substantial proportion of cocoa consumption is not represented, but we hope that this situation will be resolved in the future and that, in the meanwhile, all countries, including the non-members, will contribute to the effective implementation of the Agreement. In the present situation, what is essential is to make the machinery ready for any eventuality. The resolute implementation of the International Cocoa Agreement at this time of high prices offers convincing proof of the vision and willingness to co-operate of the countries behind this endeavour, in particular, the exporting countries.

It is my hope that, on the sugar front, we will be able, as a result of the conference which is to conclude next October, to secure a new Agreement that will profit from the positive experience gained from the previous Agreement.

The present juncture in world affairs affords an opportunity to correct the adverse impact which the worsening crisis in the anachronistic system of trade and payments is having on the achievement of the goals of the International Development Strategy.

In order to bring about a more favourable situation, it will be necessary to proceed with all diligence to set on foot a new system, which will incorporate those goals and give a truly dynamic impulse to the Strategy. To this end, therefore, the countries which have not yet done so, or to the extent that they have not done so, must also incorporate and promote the goals of the Strategy in their policies, each in accordance with its circumstances and resources.

In this connexion I have repeatedly emphasized the need to broaden the scope of the negotiations with a view to covering in a co-ordinated manner the whole range of trade, monetary and financial matters which make up the world economic system. In this way all countries members of the international community will derive from the negotiations undertaken in the various sectors balanced benefits, both potential

a/ United Nations publication, Sales No.: E.73.II.D.9.

and real. At its special session this year, the Board stressed the interdependence of those sectors to which the Conference had already drawn attention at Santiago.

On the occasion of the last Ministerial Meeting of the Committee on Reform of the International Monetary System and Related Issues, the Managing Director of the International Monetary Fund, the representative of the Director-General of GATT and I held a further consultation. We reviewed different questions of common interest from the standpoint of the three organizations. Among them is worth mentioning the question of primary products, in respect of which I informed them of the arrangements for organizing the intensive intergovernmental consultations which are to start shortly.

Reference was made to the importance of co-ordinating the contributions of the three organizations to the solution of the problems which we are facing in this field, in collaboration with other organizations concerned, such as IBERD and FAO. Reference was also made to the question of access to markets in connexion with the process of international adjustment. We took advantage of the opportunity to review the progress which has been made in the consideration of the link between Special Drawing Rights and additional finance for development.

In accordance with Board resolution 95 (XII), I am keeping under constant review the existing arrangements for the solution of the interrelated problems of trade, development finance and monetary issues in a co-ordinated manner. In the present circumstances, I am not in a position to propose such improvements and modifications as might be required to make the arrangements more effective. However, a summary of the various views that have been expressed as to the manner in which these interrelationships should be handled institutionally is set out in my report on this subject.

In the area of trade, we have been following very closely the work of the GATT Preparatory Committee, as I hope we shall be able to follow, as appropriate, the course of the negotiations. UNCTAD must be in a position to make a positive contribution to their progress and results, as it is recognized to be doing in the case of the negotiations on international monetary reform taking place in the Committee on Reform of the International Monetary System and Related Issues established by the International Monetary Fund. I have been in contact on this matter with my colleague, Mr. Olivier Long, the Director-General of GATT.

In this connexion, I am pleased to inform you about certain important decisions taken by the Committee on Manufactures at its sixth session. The Committee decided to convene a resumed session in 1974 and its seventh session in 1975. The Committee also requested the Secretary-General of UNCTAD to transmit the UNCTAD secretariat's documentation regarding all non-tariff barriers, in accordance with Conference resolution 76 (III), as well as the report on its sixth session, to the Director-General of GATT to be made available for such use by the bodies of GATT as they consider appropriate. These decisions provide opportunity for both the Committee and the UNCTAD secretariat to make valuable contributions to the multilateral trade negotiations.

In view of the structural weaknesses of the developing countries, the developed countries cannot - and do not - expect the same reciprocity from them as they are entitled to expect in relations among themselves. This, however, by no means prevents the developing countries from contributing to the aims of the

multilateral trade negotiations through a simplification and rationalization of their own systems of protection in a manner consistent with their trade interests and their development needs.

Moreover, we cannot exclude the possibility that some developing countries, in particular the most advanced among them, may grant certain concessions on the basis of the most-favoured-nation clause if, thereby, they can obtain advantages in addition to those which they would otherwise derive from the negotiations. This would ultimately benefit the developing countries as a whole.

The developing countries may also in due course negotiate reciprocal trade concessions among themselves, thus enlarging the framework of the concessions agreed upon in GATT in 1971. Obviously the least developed countries would enjoy special treatment.

I should like to describe briefly some of the ways and means which, if appropriately combined, should bring adequately significant benefits for the developing countries as a result of the trade negotiations. These ways and means have been the subject of discussion among representatives of the countries concerned, with our participation whenever required. Some of them were mentioned in the statement I made recently to the GATT Preparatory Committee.

- (1) Access to markets at stable, equitable and remunerative prices for primary and processed commodities, on which the great majority of developing countries are mainly dependent for their export earnings.

The fiscal taxes still imposed on food-stuffs and beverages of tropical origin should be abolished or, where this is not possible, exporting countries should be compensated in some degree. As regards a number of temperate zone products and other products facing competition from the developed countries, the developing countries would benefit, to a greater or lesser extent, from a reduction of trade barriers on a most-favoured-nation basis. However, in order that developing countries may derive the greatest possible benefit from most-favoured-nation liberalization, it will be necessary to ensure that:

- (a) As many as possible of the products whose export is of particular interest to developing countries, including the least developed countries, are included; and

- (b) As far as possible, advance benefit from the liberalization of quantitative and other restrictions is extended to developing countries.

Measures of a preferential character in favour of developing countries should also be considered. Such preferential arrangements might, for example, consist where appropriate of a guarantee of a specified share of consumption or of imports of a particular commodity, with the possibility of progressive increases in this share.

Action to ensure greater market access should be considered in conjunction with measures both to reduce excessive commodity price instability, and to effect a reversal of unfavourable price trends. In this connexion, further consideration should be given in the course of the negotiations to how the

establishment of new market stabilization measures, including international buffer stocks, could be facilitated. Moreover, supplementary approaches must be conceived and elaborated wherever the traditional approaches are not appropriate or feasible. For example, a system of guaranteed prices for imports of certain commodities from developing countries might be considered, where appropriate, in conjunction with any multilateral agreement on the part of developed countries to provide an assured quantum of market access for such commodities exported by developing countries. In addition, more attention may need to be given to the use of long-term contracts, which will ensure both the outlet and supply of particular commodities in a manner benefiting both exporters and importers.

(2) Full implementation and improvement of the generalized system of preferences, since the existing preferences have been eroded and will be even further eroded as a result of the multilateral trade negotiations. This should encourage further efforts to make the system more effective as well as the search for alternative and complementary measures. The improvement should be aimed not only at liberalizing the schemes for the products they already cover, but also at adding new products of special interest to the developing countries, including the least developed among them. One of the objectives should be to end the severe limitation on the diversification of their exports imposed by the practice in the developed countries of increasing the tariffs in accordance with the degree of processing.

(3) Relaxation and, where possible, elimination of the major non-tariff barriers adversely affecting the exports of the manufactures and semi-manufactures of developing countries; special importance should be attached to the liberalization of quantitative and licensing restrictions, which bear heavily on developing countries' exports. This would include permitting greater and more secure opportunities for textile exports from the developing countries than those provided by the Long-Term Arrangement, which was intended to be a provisional measure.

(4) Consideration should be given to advance implementation in favour of developing countries of the liberalization measures to be agreed in the multilateral trade negotiations.

(5) When developing countries cannot be exempted, there should be a liberalization, so far as these countries are concerned, of the application of a multilateral safeguard system.

(6) Extension and a general improvement in the effectiveness of adjustment assistance measures to facilitate the change-over in the developed countries to more highly productive activities, adjustment assistance measures being designed to facilitate increased imports from developing countries in appropriate economic sectors.

Many of these measures constitute new forms of preferential treatment for the developing countries, while others are intended to eliminate or reduce the particularly high barriers erected by developed countries against imports from so-called low wage countries. It is necessary to avoid repetition of previous experiences where trade liberalization pure and simple benefited disproportionately the developed countries.

While discussion of such measures will undoubtedly increase the complexity of the negotiations, it will also help to make the latter more realistic and equitable and their effects more lasting by ensuring that account is taken of the development problems of the economically weaker countries towards which the economically stronger countries unquestionably have a clear duty of solidarity.

Since the trade and payments system must necessarily include some regulating machinery, involving restrictions on the operation of the so-called free market forces, it would seem logical that this machinery be used to promote, rather than to limit, exports of developing countries. Only in this way will these countries be able to develop their savings adequately and invest them - with the additional participation of multilateral or foreign financial resources - in agricultural and industrial production for which there is a secured external market.

The less advanced countries in particular should benefit from this preferential treatment, although it should apply generally, regardless of their economic social system, to all countries whose economy and exports are not yet sufficiently diversified.

As has already been pointed out, the developing countries - like the others - can help to ensure through their active participation that the results of the negotiations are as broad and balanced as possible. To that end, they should encourage and bring to fruition such important complementary undertakings as a code of conduct to govern the activities of transnational corporations, and a code to facilitate the transfer of technology to the developing countries. UNCTAD is breaking new ground in these fields. Work on a code of conduct for liner conferences is already well under way and it is expected that it will produce results before the end of the year.

Finally, with regard to the related area of the monetary negotiations, there are already some signs of the inclusion in the new system of a link between Special Drawing Rights and additional development finance without, however, any danger to the central reserve asset of the system. In fact, as has been suggested, the link may have a balancing and cushioning effect on the trade of developed countries by stimulating their exports to developing countries. On the other hand, although subject to the obligations of the system, the developing countries will presumably not be hampered by the international adjustment machinery in their efforts to overcome underdevelopment. Broadly speaking, it is hoped that the new trade and payments system - unlike the one prevailing hitherto - will bring about an additional flow of real resources to the developing countries, as well as arrangements to offset shortfalls in their export earnings, with a view to enabling them to achieve an adequate rate of development.

This will in many cases involve considerable structural changes in the economies of the developing countries to ensure that the gains are distributed among all segments of the population, particularly the most numerous and needy. In the same way the developed countries will have to introduce structural changes to enable the developing countries to advance at a faster pace, without prejudice to the interests of the underprivileged minorities in their own countries. The new trade and payments system should be sufficiently flexible to allow for structural changes in particular in the developing countries.

Although it appears that there is now a more positive understanding of the problems of development on the part of the developed countries, it is essential

that the countries of the third world do all in their power to increase their individual and collective bargaining power and so improve their chances of obtaining beneficial results.

With almost a decade of experience behind it, UNCTAD can make a valuable contribution to the success of the action directed to bring order to international economic relations in which all countries of the world community participate and benefit, regardless of their degree of development and their economic and social system, on the basis of a more rational and equitable international division of labour. Almost its entire permanent machinery is geared to that common task. Examples include the work of the Special Committee on Preferences, the work of the Committee on Manufactures on non-tariff barriers, the intensive intergovernmental consultations being organized within the Committee on Commodities in co-operation with FAO, and the Sessional Committee of the Board on trade between countries with different economic and social systems. It is to be hoped that the results achieved by these and other UNCTAD bodies will help to guide and advance the negotiations over a wide front, and thus secure balanced benefits for all.

Undoubtedly, the international community has, more than ever, serious responsibilities to discharge in various fields which are closely interrelated. But it has also more than ever the human, financial and technological resources with which to live up to them. The problem of development, in particular massive poverty, the problem of the population explosion and the problem of pollution of the environment resulting from disorderly and unbridled technological development cannot be resolved without the will of all, and especially of those who have major resources at their disposal. And there cannot be lasting progress in any one of these fields - development, population growth and environment - without parallel progress in the others.

Hardly anybody questions that a significant advance in the fields of environment and of population presupposes a convergent and deliberate effort in the broader field of development, of which they are, to a great extent, integral parts. Not to act together, with diligence and determination, would expose us to serious accusations of negligence before the severe verdict of history, which begins with that of contemporary youth. To act and to set forth a true and irreversible process of renovation would vindicate us before the coming generations; for if we have done much, there is also much that we have not done, and much that we have destroyed, wasting efforts and resources. I still believe that, in the face of this challenge, presented perhaps in dramatic form, there is no real choice. The only possibility before us is to concert our efforts towards the attainment of our common and increasingly demanding objectives of the International Development Strategy, viewed not only in the most dynamic, but in the broadest possible manner.

Before concluding, I wish to point out two different dangers which, real and disquieting as they may be, could in my judgement be avoided. The automotive explosion, though admittedly of a different nature from the population explosion, none the less raises a problem of the first magnitude not only to the rich countries, but also increasingly to the less rich and the poor. The proliferation of cars, the sign par excellence of the consumer society, is wasteful of natural and financial resources, polluting the environment and distorting the scale of values of life. It appears clearly that the development effort in search of a

better life is in jeopardy in the countries of the third world if formulae are not worked out to contain this blind phenomenon, which is becoming mentally and physically uncomfortable, even to the privileged. Undoubtedly, the social cost is becoming untenable and is, in many respects, inconsistent with the very concept of a more equitable and balanced international society.

The second danger which we have to face is the possibility that the major trading partners could become so much absorbed in settling their own problems and could derive sufficient satisfaction from progress in such settlement that they may overlook the interests of the developing countries. This could well happen unless such interests are clearly brought to the limelight effectively and in time within an adequate representative forum. In spite of definite progress made in this respect, this danger cannot be entirely dismissed. The more powerful countries, in concluding separate transactions among themselves, may well unwittingly harm the legitimate interests of the weaker partners or of third countries in general. It is clear that it is not their intention to do so, but the only way to demonstrate their declared readiness to take these interests fully into account is to enable the developing countries to participate effectively at all stages of the decision-making process in matters which are of concern to them, to give them a real chance to catch up on their own road to development.

It is hoped that, with the growing understanding of these dangers in an increasingly interdependent world, the new international economic system will be focused towards real international objectives.

ANNEX III

TEXT OF DRAFT RESOLUTION REMITTED FOR FURTHER CONSIDERATION
BY THE BOARD AT ITS FOURTEENTH SESSION a/

The objectives of financial co-operation

Draft resolution submitted by Chad on behalf of the Group of
Seventy-seven members of the Committee on Invisibles and
Financing related to Trade

/document TD/B/C.3/L.96/Rev.1/

The Committee on Invisibles and Financing related to Trade,

Taking into account Conference resolutions 27 (II) and 61 (III) and the International Development Strategy for the Second United Nations Development Decade, particularly paragraphs 42 and 43, which call upon economically advanced countries to make commitments of financial co-operation for development,

Having regard to the fact that various concepts and definitions of financial co-operation have been advanced and that targets of co-operation must be meaningful and clearly defined,

Taking into account resolution 91 (XII) of the Trade and Development Board, which requested the Secretary-General of UNCTAD, with the assistance of a group of governmental experts, to examine the concepts of the present aid and flow targets in order to prepare for a discussion thereon in the mid-term review of the implementation of the Strategy,

Recalling Conference resolution 62 (III) on special measures in favour of the least developed among the developing countries, in particular its paragraphs 37 and 46,

Recalling further Conference resolution 63 (III) on the land-locked developing countries, in particular its paragraphs 3 and 5,

Noting the statement of the Secretary-General of UNCTAD on the meeting of the Group of Governmental Experts (26-29 June 1973),

1. Calls upon those developed countries which have not yet accepted the official development assistance target of 0.7 per cent of the gross national product of the developed countries and/or its date of achievement to do so immediately;

a/ For the action taken by the Board on this draft resolution at its present session, see annex I above, decision 103 (XIII).

2. Recognizes that any indicator of financial development assistance or co-operation must be part of a broader framework of co-operation between developed and developing countries with the purpose of increasing the real net transfer of resources to developing countries through augmenting their foreign exchange earning capacity and availabilities;

3. Recognizes also that the 1 per cent target for total financial resources does not constitute an adequate indicator of the effort of developed countries in so far as it includes flows which are primarily motivated by export promotion or profit objectives;

4. Considers that in the measure of financial flows the concepts are not meaningful when they do not incorporate all the reverse flows and thus do not permit a proper evaluation of the financial relations between developed and developing countries;

5. Declares that within the general framework of international economic co-operation the greatest importance should be attached to an objective of net transfer of official development assistance, defined as gross disbursements net of associated reverse flows on account of both interest and amortization payments, and that its magnitude should be increased, the elements to be included should be distinctly concessional, and the related issues should be settled in international discussions between developed and developing countries;

6. Requests the Secretary-General of UNCTAD, with a view to achieving the above objectives:

(a) To further the statistical work on financial flows between developed and developing countries and in this respect intensify the existing technical relationship among the UNCTAD secretariat, the World Bank staff and the OECD secretariat with a view to achieving a more precise definition and coverage of flows, and collect statistical data, as needed directly from Governments, in order to be able adequately to measure progress in the implementation of relevant United Nations and UNCTAD resolutions;

(b) To reconvene the Group of Governmental Experts, as he deems appropriate, with a view to making early recommendations particularly on the technical issues relating to the concepts of the present development assistance and flow targets and to facilitating evaluation of the efforts of developed countries in the mid-term review and appraisal of the International Development Strategy and to report thereon at the latest to the fourteenth session of the Trade and Development Board; b/

7. Recognizes that the statistics presented on financial co-operation should take full cognizance of the relevant United Nations and UNCTAD resolutions and takes the view that financial flows to areas which developed countries themselves do not regard as sovereign political entities should be excluded since, by definition, such flows cannot be regarded as external;

b/ For the action taken by the Board on this paragraph at its present session, see annex I above, decision 103 (XIII).

8. Recommends all developed countries and international financial institutions to implement immediately the relevant provisions of Conference resolutions 62 (III) and 63 (III);

9. Stresses the fact that the commitment to transfer net official development assistance to developing countries refers to all developed countries irrespective of their social or economic system.

ANNEX IV

TEXT OF DRAFT RESOLUTION REFERRED TO THE COMMITTEE ON
MANUFACTURES FOR CONSIDERATION AT ITS SEVENTH SESSION

Developing countries' trade centres

Draft resolution submitted by Ceylon, Ethiopia, Ghana, Guinea, India,
Indonesia, Ivory Coast, Liberia, Malaysia, Nigeria, Pakistan, Senegal,
Sierra Leone, Yugoslavia and Thailand a/

[document TD/L.78/Rev.1]

The United Nations Conference on Trade and Development,

Having in mind the objectives of the International Development Strategy for the Second United Nations Development Decade, in particular its paragraph 16,

Having heard the statement of the President of the International Bank for Reconstruction and Development that the exports of manufactured products by the top half of the developing countries must rise by 15 per cent annually in order to meet the objectives of the Second Development Decade,

Aware of the handicaps for achieving this aim originating from insufficient acquaintance of the developing countries with the particular requirements of developed countries' markets and from the lack of commercial infrastructure of developing countries in developed countries,

Noting with approval the ideas put forward by the Government of the Netherlands to remedy these structural short-comings,

1. Supports the idea of establishing developing countries, trade centres in developed countries for the promotion of imports from developing to developed countries,

2. Requests the Secretary-General of UNCTAD, together with the Director-General of GATT, to create a working party of government experts in the field of trade promotion, in co-ordination with the UNCTAD/GATT International Trade Centre, to make proposals for the implementation of this idea on the basis of an initial study by the secretariat and to report to the Trade and Development Board.

a/ The Netherlands, one of the original sponsors of the draft resolution, withdrew its sponsorship at the 376th meeting of the Board, on 3 September 1973. For further details, see the summary record of that meeting (TD/B/SR.376).

ANNEX V

PROVISIONAL AGENDA FOR THE FOURTEENTH
SESSION OF THE BOARD a/

1. Election of officers.
2. Adoption of the agenda and organization of the work of the session.
3. Adoption of the report on credentials.
4. Review of the implementation of the recommendations of the Conference.
5. Fourth session of the United Nations Conference on Trade and Development: objectives, provisional agenda, programme of preparatory work and proposed organization.
6. Charter of Economic Rights and Duties of States: report of the Working Group.
7. Interdependence of problems of trade, development finance and the international monetary system.
8. International trade and financing: consideration of action arising from the activities of the main Committees, other subsidiary bodies of the Board, intergovernmental and other groups:
 - (a) Commodity problems and policies;
 - (b) Expansion and diversification of exports of manufactures and semi-manufactures of developing countries;
 - (c) Shipping;
 - (d) Financing related to trade;
 - (e) Transfer of technology;
 - (f) International intermodal transport.
9. Special measures in favour of the least developed among the developing countries.
10. Special measures related to the particular needs of land-locked developing countries.
11. Trade relations among countries having different economic and social systems.
12. Institutional, organizational, administrative and related matters:
 - (a) Further evolution of the institutional arrangements in UNCTAD;

a/ Scheduled to be held from 20 August to 13 September 1974.

- (b) Progressive development of the law of international trade: seventh annual report of the United Nations Commission on International Trade Law;
 - (c) Activities of the International Trade Centre UNCTAD/GATT;
 - (i) Report of the Joint Advisory Group on its seventh session;
 - (ii) United Nations export promotion efforts (Economic and Social Council resolution 1819 (LV));
 - (d) Election to membership of main Committees under Conference resolution 80 (III), paragraph 9;
 - (e) Review of the functioning of elections to main Committees (Conference resolution 80 (III), paragraph 9);
 - (f) Appointment of the members of the Advisory Committee to the Board and to the Committee on Commodities;
 - (g) Establishment of Working Party on the UNCTAD Programme Budget for the biennium 1976/1977 and the medium-term plan for 1976/1979; b/
 - (h) Review of the calendar of meetings;
 - (i) Financial implications of the actions of the Board;
 - (j) Provisional agenda for the fifteenth session of the Board and organization of the work of the session.
13. Other business.
14. Adoption of the report of the Board to the General Assembly.

b/ To meet in April/May 1975.

ANNEX VI

PROVISIONAL AGENDA FOR THE EIGHTH (SPECIAL) SESSION OF THE
COMMITTEE ON COMMODITIES

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Review of the world commodity situation and report on international action on individual commodities.
4. Intensive intergovernmental consultations on commodities in connexion with access to markets and pricing policy - review of results. a/
5. Marketing and distribution systems for primary commodities.
6. Reports of the Advisory Committee to the Board and to the Committee on Commodities on its eighth and ninth sessions.
7. Report of the Permanent Group on Synthetics and Substitutes on its sixth session.
8. Diversification.
9. Consideration of studies by the UNCTAD secretariat within the competence of the Committee on Commodities on the exploitation, for commercial purposes, of the mineral resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction.
10. Issues relating to commodities for the fourth session of the United Nations Conference on Trade and Development.
11. Provisional agenda, date and place of the ninth session of the Committee.
12. Other business.
13. Adoption of the report of the Committee on Commodities to the Trade and Development Board.

a/ Conference resolution 83 (III) and resolution 7 (VII) of the Committee on Commodities.

ANNEX VII

FINANCIAL IMPLICATIONS OF THE ACTIONS OF THE BOARD

Summary statement made by the UNCTAD secretariat[TD/B/L.334/Rev.1]

1. In accordance with rule 31 of its rules of procedure, the Board was advised, in the course of its discussions, of the administrative and financial implications of any proposals that involve expenditure.

2. The financial implications of actions taken by the Board at its present session, and at the second part of its twelfth session (May 1973), are summarized below:

| Agenda item | Document containing detailed financial statement | Summary of subject matter | Financial implications | | |
|--|--|--|------------------------|---|----------|
| | | | 1973 | 1974 | 1975 |
| ACTIONS TAKEN BY THE BOARD AT ITS THIRTEENTH SESSION | | | \$ | \$ | \$ |
| 5 | TD/B/465/Add.1 | Working Group on the Charter of Economic Rights and Duties of States: convene two sessions of three weeks each in 1974. */ 2 meetings a day 4 meetings a day | - | 210,000 ^{a/} <u>268,000</u> | - |
| 6(b) | TD/B/C.2/L.64/Add.1 | Liberalization of non-tariff barriers: convene a resumed sixth session of the Committee on Manufactures in 1974 to replace the seventh session, which has been postponed to 1975 | - | - | 270,000 |
| 6(b) | TD/B/C.2/L.29/Add.1 | Restrictive business practices: advance the meeting of the <u>ad hoc</u> group of experts from 1975 to 1974 | - | 37,000 | (37,000) |
| 6(c) | TD/B/C.3/(VI)/Misc.12, annex V | Debt problems of developing countries: convene an <u>ad hoc</u> group of governmental experts requiring consultants and travel | - | 122,000 | 38,000 |

| Agenda item | Document containing detailed financial statement | Summary of subject matter | Financial implications | | |
|--|--|--|------------------------|---------------------|---------------------|
| | | | 1973 | 1974 | 1975 |
| | | | \$ | \$ | \$ |
| ACTIONS TAKEN BY THE BOARD AT ITS THIRTEENTH SESSION (cont'd) | | | | | |
| 6(c) | TD/B/(XIII)/SC.1/L.4 | Aid and flow targets: convene a group of governmental experts in 1974 | - | 26,000 | - |
| 6(e) | TD/B/L.343/Add.1 | International Code of Conduct in the field of transfer of technology: preparation of background papers with the use of consultants | - | 36,000 | - |
| 11(b) and 11(d) | TD/B/L.333 | International Trade Centre: convene the Joint Advisory Group on the International Trade Centre and its Technical Committee for 5 plus 3 working days in 1974 and 4 to 8 days in 1975 | | 9,000 ^{b/} | 9,000 ^{b/} |
| 11(d) | TD/CODE/2, annex XIII | United Nations Conference on a Code of Conduct for Liner Conferences: convene a one-week preparatory meeting just prior to the Conference of Plenipotentiaries | 13,000 | - | - |
| 11(d) | - | Revision of calendar: postpone the sixth session of the Shipping Committee from 1973 to 1974; | (126,000) | 111,000 | - |
| 11(d) | - | Postpone fourth session of the Working Group on Shipping Legislation from 1974 to 1975; | - | (95,000) | 96,000 |
| 11(d) | - | Postpone fifth session of the Working Group on Shipping Legislation until after 1975. | - | - | (96,000) |

| Agenda item | Document containing detailed financial statement | Summary of subject matter | Financial implications | | |
|--|--|---|-----------------------------|---------|-----------------------|
| | | | 1973 | 1974 | 1975 |
| | | | \$ | \$ | \$ |
| ACTIONS TAKEN BY THE BOARD AT THE SECOND PART OF ITS TWELFTH SESSION | | | | | |
| - | TD/B/441, annex III | Interdependence of problems of trade development, finance and the international monetary system: convene a special session of the Board | 67,000 ^{c/} | - | - |
| - | TD/B/441, annex III | To draft a convention on international intermodal transport | 56,000 | 275,000 | 168,000 ^{d/} |
| To adjust the foregoing figures to current rate of exchange | | | 6,000 | 7,000 | (5,000) |
| Total | | | 16,000 | 738,000 | 443,000 |
| | | | <u>796,000^{a/}</u> | | |

* If approved by the General Assembly at its twenty-eighth session.

a/ A decision is required concerning the alternatives presented.

b/ Additional costs to UNCTAD for extending the meetings from the originally planned duration of four days.

c/ Depending on developments, the special session may be convened in 1974.

d/ Referred to the Board by Economic and Social Council resolution 1734 (LIV). The cost shown for 1975 will depend upon a decision of the General Assembly to convene a Conference of Plenipotentiaries.

3. The foregoing financial implications do not make any provision for Chinese language services although it is known that they will be required. The UNCTAD secretariat is not in a position to estimate costs as it does not have sufficient information concerning the availability of staff.

4. The Secretary-General of UNCTAD would not intend to request supplementary appropriations in respect of the financial implications for 1973. For 1974 and 1975, the financial implications will be submitted to the Secretary-General of the United Nations, who plans to review them in conjunction with additional requirements resulting from decisions of other United Nations bodies before requesting the appropriate provisions in the revised estimates for 1974-1975, which will be submitted to the General Assembly at its twenty-eighth session.

APPENDIX

Detailed statements submitted to the Board at
its thirteenth session

REPORT OF THE WORKING GROUP ON THE CHARTER OF
ECONOMIC RIGHTS AND DUTIES OF STATES
(CONFERENCE RESOLUTION 45 (III))

Statement of financial implications submitted
by the UNCTAD secretariat

/TD/B/465/Add.1/

1. At the end of its second session, the Working Group on the Charter of Economic Rights and Duties of States decided to recommend to the Board that it should invite the General Assembly to extend the mandate of the Working Group (TD/B/AC/12/2, para. 20). The revised calendar of meetings indicates that the Working Group could meet for three weeks in February and another three weeks in June 1974.

2. The Working Group did not have time to discuss the structure desired for the sessions of the Group in 1974 and the possible financial implications of its recommendations were not presented to it. These implications depend on the choice to be made among the levels of conference servicing as follows:

(a) On the assumption that the Working Group would hold two sessions a day and require 150 pages of pre-session and 120 pages of post-session documentation in four languages, the cost of one three-week meeting would be \$80,000.

(b) The Working Group generally considered that the two meetings a day provided in 1973 were insufficient even though additional meetings were sometimes held by borrowing staff from other bodies. Should four meetings a day be held in 1974, the cost of conference services per session are estimated to be \$109,000.

(c) In addition to requesting more meeting facilities, the Working Group has raised the need for summary records, estimated to cost \$64,000 per session, thereby increasing the total cost of one three-week meeting to \$173,000. In this connexion, the Board's attention is drawn to the discussion held at the first part of its ninth session concerning the General Assembly recommendation that organs should examine the possibility of dispensing with summary records. In response, the Board agreed a/ that summary records would continue to be provided for plenary meetings of the main Committees of the Board. Further, the General Assembly has decided b/ that summary records shall not be provided for a newly-established subsidiary body

a/ Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), para. 245.

b/ General Assembly resolution 2538 (XXIV), para. 10 (b).

or a special meeting or conference unless they are specifically authorized in the enabling resolution. Accordingly, summary records were not provided for the Working Party in 1973 and would require a specific recommendation to be considered by the General Assembly at the time it decides upon a request of the Board to continue the Working Group in 1974.

3. The foregoing financial implications do not make any provision for Chinese language services, although it is known that they will be required. The UNCTAD secretariat is not in a position to estimate costs as it does not have sufficient information concerning the availability of staff.

4. The substantive servicing of the Working Group is carried out by the Division of Conference Affairs and External Relations, which does not have the necessary additional legal expertise available on its staff. Consequently, adequate servicing of the two sessions of the Group in 1974 would require 13 months of consultants' services plus a secretary at an estimated cost of \$50,000.

5. Therefore the total cost in 1974 would be \$210,000 for alternative (a), \$268,000 for alternative (b) and \$396,000 for alternative (c).

REPORT OF THE COMMITTEE ON INVISIBLES AND FINANCING
RELATED TO TRADE ON ITS SIXTH SESSION

Statement of financial implications of proposed action
by the Board submitted by the UNCTAD secretariat

[TD/B(XIII)/SC.I/L.4]

1. The Chairman has submitted a proposal relating to action on draft resolution TD/B/C.3/L.96/Rev.1, which was referred by the Committee on Invisibles and Financing related to Trade to the thirteenth session of the Board. According to this proposal, the Secretary-General of UNCTAD would reconvene the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets, as he deems appropriate, with a view to making early recommendations particularly on the technical issues relating to the concepts of the present development assistance and flow targets and report to the Board at its fourteenth session.

2. If the Board endorses this proposal, the Secretary-General of UNCTAD would convene the Group in Geneva for five days in 1974. On the assumption that the Group requires 150 pages of pre-session documentation, the estimated cost for conference servicing is \$26,000. As the Group would be composed of governmental experts, there would be no cost to the United Nations for their travel and subsistence.

TRANSFER OF TECHNOLOGY AND QUESTION OF PREPARATION OF AN
INTERNATIONAL CODE OF CONDUCT IN THE FIELD OF TRANSFER
OF TECHNOLOGY

Statement of financial implications submitted
by the UNCTAD secretariat

/TD/B/L.343/Add.1/

1. In accordance with rule 31 of the Board's rules of procedure, the secretariat wishes to inform the Board that the adoption of the draft resolution contained in document TD/B/L.343 would have financial implications.
2. Operative paragraph 3 of the draft instructs the Secretary-General of UNCTAD to prepare background papers using consultants when this is considered necessary. It is assumed that about 12 man-months of consultants' services would be needed, estimated to cost \$36,000.

INSTITUTIONAL, ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

(b) Activities of the International Trade Centre UNCTAD/GATT

Statement of administrative and financial implications
by the UNCTAD secretariat

/TD/B/L.333/

1. At its sixth session, in January 1973, the Joint Advisory Group a/ on the International Trade Centre reviewed the report of its Technical Committee on its second session and agreed that, in future, the Technical Committee should meet for a longer period. The Group also requested its Chairman to hold further consultations and report thereon to the governing bodies of UNCTAD and GATT, with his recommendations for the organization of the Technical Committee on a permanent basis (ITC/AG/30, para. 54). Pending the completion of the Chairman's consultations, on which a report will be made later to the Board, it has been tentatively assumed in the draft calendar of meetings (TD/B/L.330) that the Technical Committee could meet from 7 to 14 January 1974 and the Joint Advisory Group from 15 to 18 January 1974, at an estimated cost of \$35,000 for conference servicing.
2. When considering the recommendations which will be made by the Chairman of the Advisory Group, the Board may wish to bear in mind the administrative implications of the new programme budget procedures introduced by the General Assembly in December 1972, but not brought to the attention of the Joint Advisory Group when it made the foregoing request to its Chairman in January 1973. The regular budget of the Centre is provided in equal shares by the United Nations and GATT, but the changes introduced by the General Assembly have not been adopted by the Contracting

a/ The Joint Advisory Group was established with the principal task, as set forth in GATT document L/2932 of 22 November 1967, paras. 11-13, and Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 38, document A/6879, para. 27, of advising on the work programme of the Centre.

Parties to GATT. Consequently, a dichotomy arises, since the United Nations now has a two-year budget cycle and a four-year medium-term plan cast in a programme format, while GATT remains on an annual budget cycle, and the budget is presented primarily on the basis of objects of expenditure (for example, salary, travel etc.). This dichotomy has led to the preparation of two separate versions of the Centre's budget: GATT document L/3881, in the traditional format for the year 1974 only, and the United Nations budget document in the new programme format for the biennium 1974-1975, to be submitted to the General Assembly at its forthcoming twenty-eighth session. b/

3. As a result of consultations between the executive heads of GATT and UNCTAD, the Director-General of GATT intends to explore the possibility of presenting to the GATT legislative organs the same programme budget for the Centre, for the biennium 1976-1977, and the same medium-term plan, for the period 1976-1979, as will be presented to the General Assembly.

4. The preparation and review of the new programme budget calls for a carefully co-ordinated time-table if each of the several organs involved is to make its contribution available at the proper time to those that follow in the review process. On the United Nations side, the major organizational units will, after consultation, receive guidance from the Secretary-General in the spring of 1974 concerning the biennium 1976-1977. They will then submit draft estimates, in the autumn of 1974, and the budget for the Organization as a whole will be issued by the Secretary-General of the United Nations in late November 1974. It will be reviewed in turn, during the period from February to May 1975, by the Trade and Development Board, the Committee for Programme and Co-ordination, the Economic and Social Council, and the Advisory Committee on Administrative and Budgetary Questions. The budget will be amended as appropriate in the light of the comments of these review bodies before its submission to the General Assembly for action in the autumn of 1975.

5. In past sessions, the Technical Committee and the Joint Advisory Group have had as the principal document for their consideration the "Work programme of the Centre and its budgetary implications for 197- /the next budget year/", which would be superseded by the new programme budget. The comments of the Technical Committee and of the Advisory Group on the programme budget document would be intended, *inter alia*, to assist the programme and budget organs of the United Nations and GATT in their consideration of the over-all programmes and budgets of their respective organizations, which finance the regular budget of the Centre in equal shares. Accordingly, the Board may wish to recommend that, in principle, the Technical Committee and the Joint Advisory Group be scheduled to meet only in the years when the biennial programme budget and the medium-term plan are to be considered (that is, every other year). However, the Board may wish also to provide for the possibility of scheduling sessions of those bodies in the intervening years if exceptional circumstances should so justify. Such would be the case in 1974, since the Economic and Social Council, at its recently concluded fifty-fifth session, adopted resolution 1819 (LV), in which it invited the Board to report to the Economic and Social Council at its fifty-seventh session on the Centre's responsibilities in the field of trade promotion on the basis of a study to be undertaken by the Joint

b/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 (A/9006 and Corr.1).

Advisory Group. This study could not be undertaken in time for consideration by the Economic and Social Council at its fifty-seventh session unless the Joint Advisory Group were to meet in 1974.

6. In sum, the Board may wish to recommend that:

(a) In principle, the Technical Committee and the Joint Advisory Group should meet only in the years when the biennial programme budget and the medium-term plan are under consideration, that is, 1975, 1977, and subsequent uneven years;

(b) That the Technical Committee and the Joint Advisory Group meet exceptionally in 1974 also, in view of the special study called for by the Economic and Social Council;

(c) That the 1974 sessions should be limited to a total of one week for the two bodies, since the programme budget will not be up for review in that year.

7. In making any such recommendation, the Board will need to bear in mind the need for the concurrence of the competent GATT bodies in accordance with the procedures set out in paragraph 3 above.

ANNEX VIII

MEMBERSHIP OF THE MAIN COMMITTEES OF THE BOARD^{a/}

Committee on Commodities

| | |
|------------------------------|---|
| Algeria | Italy |
| Argentina | Ivory Coast |
| Australia | Jamaica |
| Austria | Japan |
| Bangladesh | Kenya |
| Belgium | Madagascar |
| Bolivia | Malaysia |
| Brazil | Mauritius |
| Bulgaria | Mexico |
| Burundi | Netherlands |
| Canada | New Zealand |
| Central African Republic | Nigeria |
| Chad | Norway |
| Chile | Pakistan |
| China | Peru |
| Colombia | Philippines |
| Costa Rica | Poland |
| Cuba | Republic of Korea |
| Czechoslovakia | Republic of Viet-Nam |
| Denmark | Romania |
| Dominican Republic | Rwanda |
| Ecuador | Senegal |
| Egypt | Spain |
| El Salvador | Sri Lanka |
| Ethiopia | Sudan |
| Finland | Sweden |
| France | Switzerland |
| Gabon | Syrian Arab Republic |
| German Democratic Republic | Thailand |
| Germany, Federal Republic of | Togo |
| Ghana | Trinidad and Tobago |
| Greece | Tunisia |
| Guatemala | Turkey |
| Guinea | Uganda |
| Honduras | Union of Soviet Socialist Republics |
| Hungary | United Kingdom of Great Britain and Northern Ireland |
| India | United States of America |
| Indonesia | Uruguay |
| Iran | Venezuela |
| Iraq | Yugoslavia |
| Ireland | Zaire |
| Israel | |

^{a/} See chap. VII, sect. W above.

Note: It is understood that a State member listed as a member of one or more of the main Committees would be entitled to participate in any resumed or special session of those main Committees which may be held before the fourteenth session of the Board.

Committee on Manufactures

| | |
|------------------------------|---|
| Algeria | Jamaica |
| Argentina | Japan |
| Australia | Kenya |
| Austria | Madagascar |
| Bangladesh | Malaysia |
| Belgium | Mali |
| Bolivia | Mauritius |
| Brazil | Mexico |
| Bulgaria | Netherlands |
| Canada | New Zealand |
| Central African Republic | Nigeria |
| Chile | Norway |
| China | Pakistan |
| Colombia | Peru |
| Costa Rica | Philippines |
| Cuba | Poland |
| Czechoslovakia | Republic of Korea |
| Denmark | Republic of Viet-Nam |
| Dominican Republic | Romania |
| Ecuador | Senegal |
| Egypt | Spain |
| El Salvador | Sri Lanka |
| Ethiopia | Sweden |
| Finland | Switzerland |
| France | Thailand |
| German Democratic Republic | Trinidad and Tobago |
| Germany, Federal Republic of | Tunisia |
| Greece | Turkey |
| Guatemala | Union of Soviet Socialist Republics |
| Honduras | United Kingdom of Great Britain and Northern Ireland |
| Hungary | United States of America |
| India | Uruguay |
| Indonesia | Venezuela |
| Iran | Yugoslavia |
| Iraq | Zaire |
| Israel | |
| Italy | |
| Ivory Coast | |

Committee on Invisibles and Financing
related to Trade

| | |
|------------------------------|---------------------------------|
| Algeria | Jamaica |
| Argentina | Japan |
| Australia | Kenya |
| Austria | Kuwait |
| Bangladesh | Lebanon |
| Belgium | Madagascar |
| Bolivia | Malaysia |
| Brazil | Mali |
| Bulgaria | Mexico |
| Burundi | Netherlands |
| Canada | New Zealand |
| Central African Republic | Nicaragua |
| Chad | Nigeria |
| Chile | Norway |
| China | Pakistan |
| Colombia | Peru |
| Costa Rica | Philippines |
| Czechoslovakia | Republic of Korea |
| Denmark | Republic of Viet-Nam |
| Dominican Republic | Romania |
| Ecuador | Senegal |
| Egypt | Spain |
| El Salvador | Sri Lanka |
| Ethiopia | Sweden |
| Finland | Switzerland |
| France | Syrian Arab Republic |
| German Democratic Republic | Thailand |
| Germany, Federal Republic of | Trinidad and Tobago |
| Ghana | Tunisia |
| Greece | Turkey |
| Guatemala | Uganda |
| Guinea | Union of Soviet Socialist |
| Honduras | Republics |
| Hungary | United Kingdom of Great Britain |
| India | and Northern Ireland |
| Indonesia | United States of America |
| Iran | Upper Volta |
| Iraq | Venezuela |
| Israel | Yugoslavia |
| Italy | Zaire |
| Ivory Coast | |

Committee on Shipping

| | |
|------------------------------|---|
| Algeria | Italy |
| Argentina | Ivory Coast |
| Australia | Jamaica |
| Bangladesh | Japan |
| Belgium | Kenya |
| Bolivia | Kuwait |
| Brazil | Madagascar |
| Bulgaria | Malaysia |
| Canada | Mauritius |
| Central African Republic | Mexico |
| Chile | Netherlands |
| China | New Zealand |
| Colombia | Nicaragua |
| Costa Rica | Nigeria |
| Cuba | Norway |
| Czechoslovakia | Pakistan |
| Denmark | Peru |
| Dominican Republic | Philippines |
| Ecuador | Poland |
| Egypt | Republic of Korea |
| El Salvador | Republic of Viet-Nam |
| Ethiopia | Romania |
| Finland | Senegal |
| France | Spain |
| Gabon | Sri Lanka |
| German Democratic Republic | Sweden |
| Germany, Federal Republic of | Thailand |
| Ghana | Trinidad and Tobago |
| Greece | Turkey |
| Guatemala | Uganda |
| Guinea | Union of Soviet Socialist Republics |
| Honduras | United Kingdom of Great Britain and Northern Ireland |
| Hungary | United States of America |
| India | Venezuela |
| Indonesia | Yugoslavia |
| Iran | Zaire |
| Iraq | |
| Israel | |

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