

**UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**

**REPORT
OF THE TRADE
AND DEVELOPMENT BOARD**

24 September 1969 – 13 October 1970

GENERAL ASSEMBLY

OFFICIAL RECORDS : TWENTY-FIFTH 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 subsidiary bodies are identified as follows:

First session of the United Nations Conference on Trade and Development	E/CONF.46/-
Second session of the United Nations Conference on Trade and Development	TD/-
Trade and Development Board	TD/B/-
Sessional Committees of the Board	TD/B/SC. . ./-
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/AC.5/-
Committee on Invisibles and Financing related to Trade	TD/B/C.3/-
Committee on Shipping	TD/B/C.4/-
Information series of the Board	TD/B/INF.-
Non-governmental organization series of the Board	TD/B/NGO/-

The texts of documents selected for inclusion in the printed *Proceedings* of the second session of the Conference have appeared in five volumes, as follows: *Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. I, Report and Annexes* (United Nations publication, Sales No.: E.68.II.D.14), containing *inter alia* the Conference's resolutions and decisions; vol. II, *Commodity problems and policies* (United Nations publication, Sales No.: E.68.II.D.15); vol. III, *Problems and policies of trade in manufactures and semi-manufactures* (United Nations publication, Sales No.: E.68.II.D.16); vol. IV, *Problems and policies of financing* (United Nations publication, Sales No.: E.68.II.D.17); vol. V, *Special problems in world trade and development* (United Nations publication, Sales No.: E.68.II.D.18).

Symbols referring to resolutions and decisions of the second session of the Conference consist of an arabic numeral followed by "(II)", thus 1 (II), 2 (II), 3 (II), 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 list of participants at 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 tenth regular session and, where appropriate, the reports of certain subsidiary organs of the Board. A list of these supplements is given below:

Supplement No.	Tenth session	Document No.
1	Resolutions and decisions adopted by the Board at its tenth session	TD/B/331
2	Report of the Committee on Manufactures on its fourth session	TD/B/295
3	Report of the Committee on Commodities on its fifth session	TD/B/317
3A	Report of the Permanent Group on Synthetics and Substitutes on its third session	TD/B/287/Rev.1
3B	Report of the Permanent Group on Synthetics and Substitutes on its fourth session	TD/B/314
4	Report of the Committee on Invisibles and Financing related to Trade on its fourth session	TD/B/318
5	Report of the Committee on Shipping on its fourth session	TD/B/301
6	Report of the Special Committee on Preferences on its fourth session (first part)	TD/B/300/Rev.1
6A	Report of the Special Committee on Preferences on its fourth session (second part)	TD/B/329/Rev.1

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ABBREVIATIONS

CCC	Customs Co-operation Council
CMEA	Council for Mutual Economic Assistance
ECA	Economic Commission for Africa
ECAFE	Economic Commission for Asia and the Far East
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
EEC	European Economic Community
GATT	General Agreement on Tariffs and Trade
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
IDA	International Development Association
IFC	International Finance Corporation
ILO	International Labour Organisation
IMCO	Inter-Governmental Maritime Consultative Organization
IMF	International Monetary Fund
IUOTO	International Union of Official Travel Organizations
OAS	Organization of American States
OAU	Organization of African Unity
OECD	Organisation for Economic Co-operation and Development
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNESOB	United Nations Economic and Social Office in Beirut
UNIDO	United Nations Organization for Industrial Development

INTRODUCTION

The present report, the sixth 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.

The Board adopted the present report at its 265th meeting on 24 September 1970. 2/ The report covers the period which has elapsed since 24 September 1969 and consists of the reports on the third part of the ninth session, on the first part of the tenth regular session and on the fourth special session of the Board. *The third part of the ninth session was held from 2 to 16 February 1970, the first part of the tenth session from 26 August to 24 September 1970, and the fourth special session on 12 and 13 October 1970, all at Geneva.*

During the period covered by this report, the following subsidiary bodies of the Board held sessions, of which particulars are given below:

			<u>Report in document</u>
Permanent Group on Synthetics and Substitutes	Third session	27-31 October 1969	TD/B/287
Committee on Manufactures	Fourth session	20-30 January 1970	TD/B/295
Committee on Commodities	Fifth session	7-18 July 1970	TD/B/317
Permanent Group on Synthetics and Substitutes	Fourth session	29 June-3 July 1970	TD/B/314
Committee on Invisibles and Financing related to Trade	Fourth session	20-31 July 1970	TD/B/318
Committee on Shipping	Fourth session	20 April-4 May 1970	TD/B/301
Special Committee on Preferences	First part of fourth session	31 March- 17 April 1970	TD/B/300/ Rev.1
Special Committee on Preferences	Second part of fourth session	21 September- 12 October 1970	TD/B/329/ Rev.1

1/ The five 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 and 24 September 1968 to 23 September 1969 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); and *ibid.*, Twenty-fourth Session, Supplement No. 16 (A/7616).

2/ See part two, para. 418 below.

Part One

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE
THIRD PART OF ITS NINTH SESSION

Held at the Palais des Nations, Geneva,
from 2 to 16 February 1970

INTRODUCTION

1. During the first and second parts of its ninth session, held from 26 August to 15 September and from 15 to 23 September 1969, the Trade and Development Board decided to complete its consideration of a number of the items on its agenda for the ninth session in the course of a third part of the session, scheduled to be held at Geneva from 2 to 13 February 1970. ^{1/} In particular the Board decided to complete during the third part of the session its work on UNCTAD's contribution to the Second United Nations Development Decade (agenda item 3), to resume or continue its consideration of certain items not disposed of during the first and second parts of the session and to take up the consideration of items which it had expressly referred to the third part of the session. The following report contains a succinct account of the Board's deliberations and decisions during the third part of the ninth session concerning the items in question.

2. The third part of the ninth session was opened by the President of the Board, Mr. K.B. Asante (Ghana) on 2 February 1970.

^{1/} See Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part four, paras. 43 and 45; and part three, para. 272, in particular the foot-notes to certain agenda items.

CHAPTER I

UNCTAD AND THE SECOND UNITED NATIONS DEVELOPMENT DECADE

(Agenda item 3)

3. In connexion with agenda item 3, the consideration of which was resumed at the third part of the ninth session, the Board had before it a draft text (TD/B/L.206), submitted by its President and the Secretary-General of UNCTAD, which they had prepared in conformity with the decision taken by the Board at its 225th meeting on 22 September 1969. 2/ In addition, the Board had before it a revised version of the UNCTAD secretariat's study on trade projections for 1975 and 1980 (TD/B/264/Rev.1). During the third part of its ninth session, the Board considered this item at its 228th, 234th, 235th, 236th, 237th and 238th meetings on 3, 13, 14 and 16 February 1970.

General debate

4. The representatives who spoke in the general debate expressed the opinion that document TD/B/L.206 was acceptable as a basis for discussion. They paid a tribute to the President and to the Secretary-General of UNCTAD who, with the assistance of interested delegations, had prepared this text which, in their view, represented a valuable effort to work out a compromise.

5. The representative of a developing country stated that the United Nations in its function as guardian of world peace had resolved to promote a development strategy for the 1970s based on real commitments on the part of all countries to promote technical and financial co-operation and equity in international trade. Although the concept of development was a broad one, UNCTAD's concern was specifically in the fields of international trade and finance. The Preparatory Committee for the Second United Nations Development Decade had not been able to make positive recommendation to the United Nations General Assembly at its last session owing to the lack of agreement in the Trade and Development Board. The philosophical grounds underlying the basic principles of the programme for the Second Development Decade should be respected. Thus, two basic concepts should be set forth in the section entitled "Goals and objectives" of UNCTAD's contribution, namely, those of the Universal Declaration of Human Rights and UNCTAD's decisions on the need for a new international division of labour conducive to a better allocation of human and natural resources.

6. The representative of another developing country said that to be acceptable, an international development strategy ought to commit the international community to eliminate under-development and to achieve more equitable living conditions for more than two thirds of mankind. He pointed out that the Pearson Commission had arrived at some conclusions which were very close to the positions maintained

2/ Ibid., part four, annex I, decision.

by the developing countries and expressed the hope that these conclusions, reached by a group of eminent economists, including several from developed countries, would ultimately be supported by the States represented in UNCTAD. 3/

7. The representative of a third developing country pointed out that the coverage of some topics in document TD/B/L.206, especially those of commodity trade and commodity agreements, market access and competition from synthetics, was not commensurate with the developing countries' interest in these matters. Further, the important sections on financial aid and shipping were still missing from the draft text.

8. The representative of another developing country stressed that developing countries needed a reliable and substantial inflow of funds to carry out their development programmes. In the face of the deteriorating terms of trade of developing countries and reduced financial assistance, he hoped that the world community would contribute larger resources to development projects and that the UNCTAD resolutions on commodity agreements would be implemented, and that a pricing policy assuring an adequate remuneration for developing countries' commodity exports would soon be in operation. Further, a scheme of preferences without discrimination or insistence on reciprocity should be established. The developed countries should be called upon to provide developing countries with financial assistance for port improvements and the establishment of national shipping lines.

9. The representative of a developing country attending the session as an observer complained that UNCTAD's programme of work for the Second United Nations Development Decade was very vague, inadequate and even contradictory, without a single commitment and without a single objective that could be used at least as a means of moral pressure in the international setting. Recognizing the importance of international co-operation, he said that all the Decades together would be like a drop of water in the desert if development were not linked to the structural revolutionary changes in the developing countries. He said that, if the developing countries wished to receive serious support for such far-reaching changes as development necessitated, they ought to begin at home and prove to the world that all the energies of their population were straining to achieve such changes and that all the internal and external barriers hampering them had been abolished. He stressed that one of the factors obstructing UNCTAD's work for furtherance of development was the discrimination within the organization against a developing country because of its social and economic system: such a state of affairs, he added, was not helping the developing countries members of the organization or the organization itself.

10. The representative of a socialist country of Eastern Europe stated that he had serious doubts concerning the effectiveness of some proposals in document TD/B/L.206 in bringing about a radical transformation of developing countries trading relations with Western industrialized countries in order to achieve

3/ Report of the [Lester B.] Pearson Commission, Partners in Development, Report of the Commission on International Development (New York, Praeger Publishers, Inc., 1969).

economic development through trade. He could not accept section A, entitled "goals and objectives", as it stood in view of the proposal (TD/B/L.195) submitted at a previous session by socialist countries. The wording of section B,V, "financial resources for development", should reflect the fact that it referred only to the relations between developing countries and developed market economy countries. Furthermore, some of the paragraphs of section B,IV departed from the letter and spirit of resolution 15 (II) of the United Nations Conference on Trade and Development. He supported the view expressed by the observer for a developing country and stated that no country should be discriminated against as regards participation in the work of UNCTAD bodies because of its economic and social system.

11. The representative of a developed market economy country noted that, as document TD/B/L.206 was the result of a compromise, it could not answer all aspirations. He stressed that it would be unwise to aim at perfection in this respect. In his opinion, document TD/B/L.206 contained two important elements of any useful contribution to be made by UNCTAD to the Second United Nations Development Decade: a stock-taking of UNCTAD's continuing efforts, and an indication of its proposed action for the coming years. Being a dynamic process, the development effort involved a continuing re-evaluation and adaptation of policies in the fields of international trade and finance. For example, it would not be enough to decide upon a general preferences scheme: if the scheme were to benefit fully the developing countries, there would also be a great need for collaboration between UNCTAD and other international organizations to devise complementary measures in order to reach the desired objectives. Likewise, the target of 1 per cent of developed countries' gross national product for financial transfers to developing countries was still valid; although no general date had been fixed for its achievement, efforts would continue to be made to devise ways and means appropriate to this end. In this connexion, he thought that UNCTAD should pay attention, among others, to the promotion of public aid as well as to measures leading to the successful use of private investment in developing countries. In his opinion, the Board should concentrate, during the time at its disposal at the present session, on the preparation of an introductory note with a view to giving the essence of UNCTAD's contribution to the Second United Nations Development Decade, stressing the dynamic character of the Decade and reflecting the spirit in which Governments approached their task during the Decade. To this end, he announced that his delegation would submit the draft of such an introductory note. 4/

12. At the 228th meeting, the President announced that an agreement had been reached, through informal consultations, that the draft of UNCTAD's contribution to the Second Development Decade would be further considered by a contact group of which he and the Secretary-General of UNCTAD would be joint chairmen. The contact group was open to all participants in the session.

13. At the Board's 234th meeting, on 13 February 1970, the President reported on the outcome of the consultations conducted in the contact group. He stated that agreement had been reached in the contact group on a number of amendments (TD/B/L.211) to the draft texts which he and the Secretary-General of UNCTAD had

4/ Draft text subsequently submitted to the Board as document TD/B/L.216.

previously submitted (TD/B/L.206). 5/ He pointed out that on a number of issues it had been impossible to reach agreement in the contact group. He expressed the hope that the Board would be able to reach unanimous agreement on the text concerning UNCTAD's contribution to the Second United Nations Development Decade; at the same time, he emphasized that whatever document the Board might approve, the position of any particular delegation with respect to the text as a whole would not be prejudiced and that it would be open to any representative to make explanatory or interpretative statements concerning the text.

14. In response to suggestions made by several representatives, the President stated that he was ready to conduct further informal consultations with leaders of all groups concerning the form and content of the text to be approved by the Board and with a view to reaching agreement on passages relating to issues on which agreement had not as yet materialized. He added that he would endeavour to take into account in any further draft texts that he might submit to the Board the suggestion made earlier for the addition of an introductory note on the lines indicated in paragraph 11 above.

Volume of transfer of financial resources

15. At the Board's 235th meeting, on 13 February, a text was submitted by the representatives of France, the Netherlands and Sweden concerning the section relating to the volume of transfer of financial resources to be embodied in the document for UNCTAD's contribution to the Second United Nations Development Decade (TD/B/L.214). In introducing the text, the representative of France stated that the principal object of the text was to serve as a yardstick by which each country could measure its own performance. A text along these lines would, in the opinion of the sponsors, be necessary to ensure similarity of efforts during the Second Development Decade. He realized that the text fell short of the aspirations of the developing countries; at the same time, it underestimated the actual performance of some developed countries, including his own. He also pointed out that the text did not change the national positions of the countries which had submitted the text.

16. At the same meeting, a draft text concerning the volume of transfer of financial resources was submitted by the Federal Republic of Germany, Italy and the United Kingdom of Great Britain and Northern Ireland (TD/B/L.212). In presenting the text, the representative of the United Kingdom stated that it was based on a text submitted by his delegation at the outset of the work of the contact group. It had subsequently been improved by amendments proposed by the Federal Republic of Germany. In comparison with other draft proposals that had been considered in the contact group, the new text made provision for the submission at the General Assembly or before of individual statements by developed countries concerning (a) the achievement of the 1 per cent aid target and (b) official financial resources transfers.

17. At the same meeting, a draft was submitted by Australia and the United States of America concerning the volume of transfer of financial resources (TD/B/L.213). In introducing the draft, the representative of Australia

5/ The revised draft texts were subsequently distributed as document TD/B/L.206/Rev.1.

stated that it placed the emphasis where it should be placed, namely, on the question of actual performance in the provision of development assistance.

18. The representatives of several developing countries, commenting on the above-mentioned texts, stated that the position of these countries was still that outlined in document TD/B/L.194, though they expressed their appreciation of the text submitted by France, the Netherlands and Sweden (TD/B/L.214). Appreciation was also expressed to the other delegations of group B countries which had submitted proposals on the volume of the transfer of financial resources. In the view of the representatives of some developing countries, the proposal submitted by the Federal Republic of Germany, Italy and the United Kingdom should be regarded as complementary to that submitted by France, the Netherlands and Sweden. While expressing regret that the developed market economy countries had submitted texts which signified only a slight advance on their earlier positions, the representatives of a number of developing countries suggested that the developed market economy countries should consult with each other with a view to arriving at a common position. Some representatives regretted that the text submitted by France, the Netherlands and Sweden had not been supported by a greater number of developed market economy countries.

19. Various representatives of developed market economy countries informed the Board of the efforts that their Governments had made and were continuing to make with regard to the volume of development aid. ^{6/} Some of them supported the proposal for the submission of unilateral statements at the General Assembly; others expressed the hope that, after the completion of the current appraisal of aid policies by their national authorities, it would be possible to reconsider their attitudes with respect to the various proposals under consideration in the Board.

20. After the conclusion of the debate, the President expressed his appreciation to the delegations which had submitted different texts concerning the volume of transfer of financial resources with a view to bridging the gap between the various positions. It appeared, however, that the Board had found itself unable to agree on any of these texts.

21. The President suggested that all the texts which had been submitted and the relevant passages in document TD/B/L.194 concerning the volume of transfer of financial resources should be appended to document TD/B/L.206/Rev.1 and forwarded with that document.

Shipping and ports

22. With regard to the section in the document relating to invisibles, including shipping, defining UNCTAD's contribution to the Second United Nations Development Decade - a subject which had been discussed informally - a document was submitted by the Chairman of the Working Group which had conducted these informal consultations.

^{6/} See summary record of the 235th meeting (TD/B/SR.235).

23. The President of the Board noted that agreement had not been reached on the text related to shipping questions and that therefore no section on shipping would appear in the document concerning UNCTAD's contribution to the Second United Nations Development Decade (TD/B/L.206/Rev.1). He suggested that the document concerning shipping submitted by the Chairman of the Working Group should be appended to and forwarded with document TD/B/L.206/Rev.1.

24. It was furthermore suggested that the President and the Secretary-General of UNCTAD should continue their efforts to try to widen areas of agreement so that a draft might be submitted to the Board at its tenth session with a view to securing an agreed text at that time. In particular, they were invited to take account of the results of the next session of the Committee on Shipping in their endeavours to work out solutions. This was generally agreed.

Other issues

25. At the 236th meeting of the Board, on 14 February 1970, the President noted that amendments had been proposed in the informal discussions conducted in the contact group to certain paragraphs in document TD/B/L.206/Rev.1. Inasmuch as general agreement had not been reached on the paragraphs or on the amendments in question, he suggested, and the Board agreed, that the Secretary-General of UNCTAD should be invited to prepare the draft of an appropriate foot-note to be inserted wherever relevant.

26. At the 237th meeting, on 14 February 1970, the Secretary-General of UNCTAD suggested that the foot-note might be drafted along the following lines:

"This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1960. Alternative texts or amendments were submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. These alternative texts and amendments appear in appendix ...".

27. At the same meeting, it was suggested that in the case of the section relating to the world food problem in document TD/B/L.206/Rev.1, a foot-note drafted as follows should be inserted:

"The developing countries proposed that the following words be added to the end of this paragraph:

'with due regard for the interests of the food-exporting developing countries'.

Some developed countries were unable to agree to this addition."

28. At the 238th meeting of the Board, on 16 February 1970, at the time when it was about to take a decision with respect to this item, statements - some of which reflected the position of principle of the delegations concerned with respect to UNCTAD's work in connexion with its contribution to the Second United Nations Development Decade - were made by the representatives of Brazil, Canada, Chile,

Colombia, France, India, Japan, Malaysia, Sweden, Uganda, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America, and by the observer for the Holy See. 7/

Action by the Board

29. At the 234th meeting, on 13 February 1970, the Board approved the amendments (TD/B/L.211) proposed to the draft texts submitted by the President and the Secretary-General of UNCTAD (TD/B/L.206) concerning UNCTAD's contribution to the Second United Nations Development Decade. 8/

30. At its 237th meeting, on 14 February 1970, the Board agreed that the foot-notes referred to in paragraphs 26 and 27 above should be inserted in the consolidated text of the document concerning UNCTAD's contribution to the Second United Nations Development Decade.

31. At its 237th meeting, on 14 February 1970, the Board decided that the consolidated text of the document concerning UNCTAD's contribution to the Second United Nations Development Decade (TD/B/L.206/Rev.1), consisting of an introduction and its decision, should be appended to this report as annex I and that appendices thereto should set out (a) the various documents proposed on the volume of transfer of financial resources and shipping questions (appendix A), (b) the texts of amendments proposed to TD/B/L.206/Rev.1 which are referred to in the foot-notes to that document (appendix B), and (c) the texts of any interpretative and explanatory statements, reservations and other declarations made by delegations with respect to UNCTAD's contribution to the Second United Nations Development Decade at the 237th meeting (appendix C). In this connexion, some representatives made statements which they requested should be recorded in the summary record of the meeting.

32. The Board decided further that the relevant part of its report on the second part of its ninth session, including the annex containing the text of proposals submitted at that time, 9/ should be appended as a reference document to the text transmitted herewith concerning UNCTAD's contribution to the Second Development Decade. In order to comply with the relevant General Assembly resolutions concerning the limitation of documentation, however, and since the reference document was intended to serve as background material for the deliberations of the General Assembly at its twenty-fifth session, it has not been reproduced in this report.

33. At its 238th meeting, on 16 February 1970, the Board considered the draft of a decision proposed by the President with amendments thereto proposed by the representative of India (TD/B/L.218) and the draft of an introductory note to the proposed decision submitted by the President with amendments thereto proposed by the representatives of Canada, India and the Union of Soviet Socialist Republic (TD/B/L.219).

34. After some discussion and after accepting certain amendments, the Board adopted the draft decision and the introductory note thereto unanimously. 10/

7/ For a summary of these statements, see the summary record of the meeting (TD/B/SR.238).

8/ For the consolidated text as amended and as approved, see annex I below.

9/ Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part four and annex III.

10/ For the text as adopted, see annex I to the present report.

CHAPTER II

A. Special measures in favour of the least developed among the developing countries (Agenda item 15)

35. The Board considered this item at its 231st, 232nd, 233rd and 234th meetings on 11, 12 and 13 February 1970. It had before it a report of the group of experts on special measures in favour of the least developed among the developing countries (TD/B/288), 11/ note by the Secretary-General of UNCTAD (TD/B/294) and texts adopted by UNCTAD bodies relating to the least developed among the developing countries (TD/B/292).

36. Both the report of the group of experts and the note by the Secretary-General of UNCTAD were commended by the representatives of many countries. It was generally agreed that the pragmatic policy-oriented approach, adopted in essence by the group of experts, was the most appropriate to deal with the highly complex problem of identifying the least developed countries. It was also generally agreed, in accordance with what was stated in the two reports, that the elaboration of special measures in favour of the least developed countries must be a continuing endeavour. The representatives of all countries participating in the debate on this item stressed the need to continue the study of the specific problems of the least developed countries as well as the formulation of the corresponding measures to be adopted in favour of these countries. Many representatives also pointed out that it would be the responsibility of the continuing machinery of UNCTAD in conjunction with other international bodies to devise, within each policy measure, special measures for the least developed countries within their respective fields of competence. Representatives of many countries also expressed the view that co-ordination among all the international organizations involved, including UNCTAD, was necessary so that the special measures in favour of the least developed countries formed an integral part of a global development strategy enabling these countries to derive full benefits from the Second United Nations Development Decade.

37. The representatives of some developing countries pointed to the need to harmonize the special measures to be adopted in favour of the least developed countries with the economic and social priorities set up in their national development plans. The representatives of some developing countries pointed out that the basic characteristics enumerated in paragraph 5 of the report of the group of experts should include pronounced imbalances in the degree of development of less developed regions in some developing countries.

38. The representatives of some developing countries and of a developed market economy country expressed the view that in devising these special measures, account should be taken of the preferential treatment enjoyed by the economically less developed members of existing regional economic groupings.

11/ The group of experts, convened by the Secretary-General of UNCTAD in pursuance of Trade and Development Board resolution 63 (IX), had met at Geneva from 24 November to 5 December 1969.

39. While commending the expert group's report in general, the representatives of some socialist countries of Eastern Europe expressed their disagreement with some of its recommendations concerning trade relations and economic co-operation between the socialist and the least developed countries. The representative of a socialist country of Eastern Europe also pointed out that the group of experts had not sufficiently underlined the significant role that could be played by the public sector in the acceleration of the process of economic and social development. The representative of another socialist country of Eastern Europe expressed the view that the importance of external factors in the economic development of the least developed countries had been over-emphasized by the group of experts, and that the need for social and economic structural changes had not been sufficiently stressed.

40. The representative of a developed market economy country noted that the specific measures recommended by the expert group were fragmentary and constituted mere adjustments of those adopted in favour of all developing countries. He considered that, rather, comprehensive and original solutions should be spelt out for those countries, modelled on what had already been done in the framework of certain regional groupings. The problem should in any case be tackled with all its implications and hence considered in various bodies of the United Nations, including of course UNCTAD, with the co-ordination of the Economic and Social Council.

41. At the Board's 231st meeting, on 11 February 1970, a draft resolution was submitted by Afghanistan, Algeria, Brazil, Chad, Chile, Colombia, Costa Rica, Ghana, Guatemala, India, Indonesia, Iran, Iraq, the Ivory Coast, Jamaica, Madagascar, Malaysia, Mexico, Nigeria, Pakistan, Peru, the Philippines, Rwanda, Somalia, Syria, Tunisia, Uganda, Venezuela and Yugoslavia (TD/B/L.208).

42. In view of the different opinions expressed concerning the draft resolution, the President suggested that informal consultations should take place with a view to resolving differences. At the Board's 234th meeting, on 13 February 1970, the President submitted a draft text which had been worked out through informal consultations (TD/B/L.210).

Action by the Board

43. At its 234th meeting, on 13 February 1970, the Board adopted unanimously the draft submitted by the President. 12/

B. Growth, development financing and aid (Agenda item 6)

44. In connexion with this item, the Board had before it a draft resolution concerning the flow of financial resources, which had been remitted to it by the Committee on Invisibles and Financing related to Trade (TD/B/236/Rev.1 and Corr.1, annex II), and which, in the Board's opinion, seemed to be relevant also to the issues arising under item 3. The consideration of the draft resolution had begun during the first part of the Board's ninth session under item 6. The Board had

12/ The draft resolution referred to in paragraph 41 above was withdrawn. For the text of the resolution adopted, see annex II to the present report, resolution 63 (II).

decided to defer consideration of the draft resolution to its tenth session but, if possible, to discuss it during the third part of the ninth session. 13/

45. The Board considered this item at its 232nd meeting on 12 February 1970.

Action by the Board

46. At its 232nd meeting, on 12 February 1970, the Board decided to refer the draft resolution to the Committee on Invisibles and Financing related to Trade without prejudice to its consideration at the Board's tenth session.

C. World public opinion and the work of UNCTAD

Measures to inform world public opinion of the work of UNCTAD and of the problems of development: report by the Secretary-General of UNCTAD under Board resolution 52 (VIII), paragraph 3 (Agenda item 17)

47. At its 218th meeting, on 12 September 1969, the Board had decided to defer to the third part of its ninth session consideration of two draft resolutions which had been submitted in connexion with this agenda item. 14/ The Board considered this agenda item at its 230th meeting on 9 February 1970.

48. In an introductory statement, the representative of the Secretary-General of UNCTAD reported that the Centre for Economic and Social Information, which had been operating since its creation within the framework of the Office of Public Information, was to have a new institutional basis within the framework of the Department of Economic and Social Affairs of the United Nations. In future, the Centre would provide information support for all departments and agencies of the United Nations engaged in economic and social development and, in particular, would be responsible for mobilizing public opinion in support of the Second United Nations Development Decade. These new institutional arrangements should make it possible to pay more attention to promotion as distinct from mere information and to initiate a range of new activities using new techniques. In addition, he referred to a number of measures of direct and immediate interest to UNCTAD which were among those decided upon by the Programme Committee of the Centre at its meeting in Rome in December 1969. The UNCTAD secretariat had been invited to draw up a list of proposed activities for incorporation into the Centre's over-all programme, and he hoped that the Board would give him time to report on these proposals with full details at a later session. He added that, while the UNCTAD secretariat naturally would wish to strengthen still further its collaboration with the Centre, it would at the same time be grateful if it could continue to rely on the experienced services of the Office of Public Information, both at Headquarters and in the field. 15/

13/ See Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part three, para. 91.

14/ See ibid., para. 224 and, for the text of the two draft resolutions, annex V.

15/ For a fuller account of the statement by the representative of the Secretary-General of UNCTAD, see the summary record of the 230th meeting (TD/B/SR.230).

49. The spokesman of the developing countries members of the Board said that UNCTAD should have its own information service, with adequate means and resources of its own, located in Geneva. Such a service would be able to inform public opinion quickly, from the source, about UNCTAD's work and achievements, including public opinion in developing countries, where such information was noticeably lacking. These countries continued to believe that the means and resources could and should be found for this activity.

50. The spokesman of the members of the Board from the developed market economy countries said that these countries agreed that particular attention should be given to UNCTAD's urgent public information needs and noted with satisfaction that the Centre for Economic and Social Information was inaugurating a new range of activities. He appreciated that the secretariat would need time to work out proposals for specific activities.

51. The spokesman of the socialist countries of Eastern Europe also considered that the UNCTAD secretariat would need time to work out its future activities in the field of information.

52. The representative of India informed the Board that his Government had entrusted an existing institute with the function of disseminating information about UNCTAD in India and he expressed the hope that the Governments of other countries would follow that example and keep the secretariat informed.

Action by the Board

53. The Board decided to defer consideration of this item and of the two draft resolutions to its tenth session.

D. Preferences

Reports of the Special Committee on Preferences on its second and third sessions (Conference resolution 21 (II)) (Agenda item 5)

54. In its resolution 61 (IX) of 12 September 1969, the Board, taking into account that the Special Committee on Preferences, at its third session, had agreed on a time-table and other arrangements for expeditiously completing its work, agreed to review progress in the field of preferences during the third part of its ninth session. By the same resolution, the Board decided to continue the existence of the Special Committee and requested it to submit its final report, to be prepared at the Special Committee's fourth session, at a special session of the Board.

55. The Board considered this item at its 233rd meeting, on 12 February 1970, in the light of a progress report by the Secretary-General of UNCTAD (TD/B/290).

56. In introducing the item, the Secretary-General of UNCTAD stated that the Special Committee on Preferences had, at its third session, requested him to convene, at the appropriate time, a session of the Special Committee after consulting informally with the Chairman and other members of the Bureau of

the Special Committee and member Governments. In the course of these informal consultations, the countries of the Organization for Economic Co-operation and Development had indicated that they would be ready to attend a meeting of the Special Committee which could be convened on or about 16 March 1970 at which they could report on further progress of work in the Organization for Economic Co-operation and Development on the various elements of the general scheme of preferences. Many developing countries had also expressed their readiness to attend such a meeting while others, though not opposed to the holding of a meeting on the date indicated above, preferred a later date. He therefore proposed that the fourth session of the Special Committee on Preferences be scheduled to begin on 31 March 1970.

57. The spokesman for those developed market economy countries which were considering granting preferences made a statement on the way in which the work they were carrying forward among themselves had progressed since the first part of the ninth session of the Board. As had been agreed, they had provided substantive documentation to UNCTAD on 15 November 1969. The donor countries were preparing replies to the questions put on that documentation and they were pursuing their co-ordination efforts with the aim of completing and further harmonizing their submissions. While it was unlikely that this task would be completed before the next session of the Special Committee on Preferences, a report on its progress would be made at that session when useful consultations could take place. 16/

58. Representatives of some developing countries who spoke in the debate expressed gratification with the progress that had already been made, the goodwill shown by the developed market economy countries in submitting the substantive documentation on preferences, and the efforts that had been made to adhere to the time-table set at the third session of the Special Committee on Preferences. None the less, they expressed concern at the work that still had to be done in order to achieve the objectives of Conference resolution 21 (II).

59. Some of them regretted that there were still considerable differences between the positions of some prospective donor countries, and expressed the hope that substantial further progress would have been made by the prospective donor countries in harmonizing their offers by the fourth session of the Special Committee, so that revised offers might then be available and constitute a basis for concrete negotiation. They urged that harmonization of these differences be achieved by alignment with the most liberal features to be found among the different individual offers, not by the reduction of the most liberal offers to the level of the least liberal. Requests were made for a substantial increase in the number of processed agricultural products included in the positive lists of offers, and for the smallest possible number of exceptions, especially in fields such as textiles, in order that all developing countries, including the least advanced among them, should be in a position to gain immediate benefits from preferences. In addition, it was stressed that it would be desirable that the operation of preferences should not be subject to quantitative limitations.

16/ For the text of the statement, reproduced at the Board's request, see annex III to the present report.

60. Representatives of some developing countries expressed the hope that the generalized scheme of preferences would assure benefits to all developing countries. They pointed out that, at its fourth session, the Special Committee on Preferences would have to set up working groups to examine the substantive documentation now being prepared by the UNCTAD secretariat.

61. The representative of one developing country pointed out a number of specific weaknesses in the current offers. These offers did not deal with excise taxes; nor did they include a programme for the liberalization of non-tariff barriers, including restrictive business practices; nor did they provide for the special problems of the least developed of the developing countries to enable them to derive equitable benefits from the general scheme of preferences. In this connexion, he drew attention to the recommendations of the Pearson Commission's report 17/ that import duties and excise taxes on primary commodities produced exclusively in the developing countries be eliminated; that developing countries should be assured of an increasing share of developed countries' markets for agricultural products which may also be produced in developed countries; that quantitative restrictions on manufactured imports from developing countries should be abolished before the end of the 1970s.

62. The representative of another developing country informed the Board of the decision of the recent meeting at a ministerial level of the Interamerican Economic and Social Council to press for a non-discriminatory and non-reciprocal general scheme of preferences, the objective of which is to increase export earnings of the developing countries, promote their industrialization and economic growth and provide special measures for the least developed among the developing countries. In addition to manufactures and semi-manufactures, the scheme should also include agricultural and fishery products.

63. The representative of one developed market economy country expressed the view that it would be in the interests of UNCTAD and of the developing countries to ensure that the different schemes proposed by individual potential donor countries were put into operation as rapidly as possible without posing any prior conditions, rather than waste time trying to formulate an ideal uniform system, since only experience could show whether the burdens of the scheme were uniformly distributed.

64. The representative of a socialist country expressed his appreciation of the offers that had been made. His country gave full support to the request of the developing countries for the rapid achievement of a general scheme of preferences, but felt that the scheme should be genuinely non-discriminatory and apply to all countries whose level of economic development warranted it, irrespective of their social and economic systems and their membership of particular groups within UNCTAD.

Action by the Board

65. At its 233rd meeting, on 12 February 1970, the Board took note of the progress report (TD/B/290) and of the statement of the Secretary-General of UNCTAD concerning the convening of the fourth session of the Special Committee on Preferences.

17/ Report of the Pearson Commission, Partners in Development, Report of the Commission on International Development (New York, Praeger Publishers, Inc., 1969).

E. International shipping legislation

Report of the UNCTAD Working Group on International Shipping
Legislation on its first session
(Agenda item 7)

66. At the first part of its ninth session, the Board had agreed, 18/ as an exceptional measure, to consider, during the third part of its ninth session, the report of the UNCTAD Working Group on International Shipping Legislation on its first session, held from 1 to 12 December 1969 (TD/B/289), in order that the Working Group's report could be forwarded to the United Nations Commission on International Trade Law in time for the first session of its Working Group on International Shipping Legislation. The Board considered this item at its 230th meeting, on 9 February 1970.

67. The spokesman of the developing countries members of the Board expressed satisfaction with the content of the report of the Working Group and considered that the Board should note it and forward it with its comments to the Commission. He stressed that the next session of the UNCTAD Working Group should be held as early as possible because of the urgency of the situation and the importance of the subject to the developing countries. He added that the secretariat had stated that it would be unable to undertake more than one study at a time in the field of international shipping legislation, which implied that the studies requested by the Working Group could not be completed before six years. He expressed the hope that the secretariat would explore the feasibility of completing the work within two or three years and that the necessary budgetary resources would be made available.

68. The representative of a developing country, in commenting on the work programme of the Working Group (TD/B/289, para. 17), stated that, in his interpretation, item 5 of the work programme concerned the question of conference practices, while item 6 referred to the question of the feasibility and the desirability of drafting a general convention governing maritime relations. As regards the relationship between UNCTAD and the United Nations Commission on International Trade Law, he stressed that, whereas questions of policy were within the scope of responsibility of UNCTAD, the preparation of legal instruments was within the competence of the Commission. In his view, the most important items to be considered by the Working Group were items 5 and 6, although for practical reasons his delegation was prepared to accept the order of priorities established by the Group. However, in order to make it possible for the Group to take up these issues as soon as possible, it was essential that the secretariat be given additional budgetary resources so that it could prepare more than one study per year.

69. The spokesman of the socialist countries of Eastern Europe agreed that the Board should take note of the report and forward it to the United Nations Commission on International Trade Law. He urged that the next session of the Working Group be held in December 1970 and that subsequent sessions should be held as soon as possible.

18/ See Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part three, para. 103.

70. The representatives of developed market economy countries who spoke on this subject also agreed that the Board should note the report and forward it to the Commission. The representatives of a number of these countries referred to the exceptional nature of the procedure whereby the Board was considering the report of the Working Group before it had been studied by the Committee on Shipping, and expressed the hope that in future the normal procedure would be followed. One of these representatives suggested that UNCTAD and the Commission should co-ordinate their calendars of meetings, so that the reports of the Working Group could be transmitted to the United Nations Commission on International Trade Law or its appropriate organ after they had been considered by the Committee on Shipping in April of each year. The representative of one of these countries said that it was for the Commission to decide where the preparation of legal instruments could best be undertaken.

71. The representatives of a number of developed market economy countries stated that, while they would not object to the secretariat's accelerating the rate of progress of its work on international shipping legislation, they would not agree to an increase in budgetary allocations for this purpose. The representatives of some developed market economy countries stressed that the next session of the UNCTAD Working Group on International Shipping Legislation should not be held before adequate documentation had been prepared and circulated at least six weeks in advance of the session in accordance with the normal procedure. The representative of a developed market economy country stated that his delegation would also have preferred a different order of priorities, as it had stated in the Working Group. His delegation was prepared, however, to accept the compromise solution adopted.

72. The representative of one developed market economy country stated that, by reason of its dependence on shipping services provided by foreign lines, his country's interest in the subject was similar to that of developing countries.

Action by the Board

73. At its 230th meeting, on 9 February 1970, the Board decided to take note of the report of the UNCTAD Working Group on International Shipping Legislation on its first session and to forward the report to the United Nations Commission on International Trade Law together with the comments made thereon by members of the Board. The Board further decided, on the understanding that documentation would be available to Governments at least six weeks in advance, that the Working Group should hold its second session from 30 November to 11 December 1970, and, should that not be possible, that the Working Group should meet not later than early February 1971.

F. Work programme of the UNCTAD secretariat and its staffing
and budgetary requirements 19/
(Agenda item 21)

74. When adopting the agenda for its ninth session, the Board decided 20/ that this item would be considered during the third part of the session. The decision was taken in the light of the terms of General Assembly resolution 2370 (XXII) and of Economic and Social Council resolution 1367 (XLV) and also because the necessary information could not have been obtained earlier. The intention was that the UNCTAD programme of work and the Board's comments thereon would be submitted to the Committee for Programme and Co-ordination in the spring of 1970.

75. In connexion with this agenda item, the Board had before it a document setting out the UNCTAD work programme carried out in 1969, the programme provided for in the appropriations for 1970, the programme contemplated in the budget estimates for 1971 and the programme projected for 1972 (TD/B/291 and Corr.1). In addition, the proposed work programme of the joint UNCTAD/GATT International Trade Centre (TD/B/291/Add.1 and ITC/AG/9) and the comments thereon by the joint UNCTAD/GATT Advisory Group on the Centre, as formulated at the Group's third session (ITC/AG/11), were circulated (see also annex IV, appendix B below).

76. The Board considered this item at its 236th meeting, on 14 February 1970, during which the chairman of the Working Party introduced its report concerning its deliberations on item 21, which is reproduced below.

1. Information submitted to the Working Party

77. The Working Party heard an introductory statement presented by the Secretary-General of UNCTAD. Particular stress was laid on the dynamic and flexible role which the Conference and its permanent machinery were called upon to play in adapting the programme to respond immediately to the needs and aspirations of the developing countries. The Secretary-General of UNCTAD pointed out that while the Committee for Programme and Co-ordination had competence to consider the priority of UNCTAD's work as a whole in the over-all economic and social programme of the United Nations, the Board had a primary responsibility for reviewing its programme of work and in assessing the soundness of projects, their relative priorities and their scheduling. To this end, the Board's function was to decide on the work to be carried out. It did not extend to the determination of the budgetary requirements, a function devolving upon the Secretary-General of the United Nations, the Advisory Committee on Administrative and Budgetary Questions, the Fifth Committee and the General Assembly.

78. The Secretary-General of UNCTAD proceeded to outline certain recent developments having a direct bearing on UNCTAD's responsibilities which would have corresponding repercussions upon the work programme, which he was endeavouring to administer in a dynamic and flexible manner. These recent developments included

19/ This item was considered by an ad hoc Working Party appointed by the Board at its 227th meeting, on 2 February 1970. For the composition and officers of the Working Party, see chapter III below.

20/ See Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part three, para. 272, foot-note 58.

the determination of UNCTAD's contribution to the Second United Nations Development Decade, the question of special measures to be taken in favour of the least developed countries, several issues in the field of commodities, including cocoa, oilseeds, oils and fats, tea and iron-ore, the generalized scheme of preferences, and work in connexion with non-tariff barriers affecting manufactures and semi-manufactures and developments in the field of invisibles, including the transfer of technology and certain aspects of tourism.

79. The Secretary-General of UNCTAD noted in particular that the UNCTAD work programme and its budgetary requirements as submitted to the Board included information about the programmes carried out in 1969, provided for in the 1970 budget appropriations, contemplated in relation to the 1971 budget estimates and projected for 1972. Budgetary requirements for 1972 had not been shown since they would have to be arrived at in the light of the actions to be taken by the various UNCTAD bodies, up to and including the tenth session of the Board. The 1972 projections were accordingly tentative and limited to the projects for that year that could currently be envisaged.

80. The Working Party noted that practical planning possibilities were influenced by the fact that the United Nations Administrative Management Service was at present completing a thorough survey of the UNCTAD staff and its deployment. Although the Administrative Management Service's recommendations would not directly affect the UNCTAD work programme as such, they would have a bearing on the methods for carrying it out. Thus the recommendations emerging from the survey could have consequences for the detailed staffing proposals regarding 1970 and 1971.

81. The Working Party took into account an assurance by the Secretary-General of UNCTAD that the work programme before the Board would be administered flexibly in terms of the allocation of staff resources to programmes or projects that were judged to merit priority treatment within the terms of reference of the Conference and its permanent machinery.

2. Method of work

82. The Working Party decided that it could fulfil its task more effectively if it considered the UNCTAD work programme and that of the joint UNCTAD/GATT International Trade Centre as a whole, as well as examining the main services in depth.

83. The Working Party considered in depth the work programmes covering the following main fields of activity:

- (a) Research;
- (b) Trade policies;
- (c) Trade expansion and economic integration among developing countries;
- (d) Commodities;
- (e) Manufactures;

- (f) Invisibles;
- (g) Trade with socialist countries;
- (h) Financing related to trade;
- (i) International Trade Centre;^{21/}
- (j) Services common to the main fields of activity.

Other activities of the secretariat described in document TD/B/291 were also considered.

84. In its deliberations, the Working Party was given valuable assistance by the secretariat. The introductory statement by the Secretary-General of UNCTAD, which highlighted activities of special importance to the work programme, was particularly appreciated by the Working Party as a guide to the orientation of its work.

85. Divisional Directors and other senior staff members took an active part in the proceedings of the Working Party. They gave explanations of the work programmes of their divisions and services and replied to numerous questions asked by members of the Working Party. The Working Party greatly appreciated the frank and friendly atmosphere in which these exchanges had taken place. It noted with approval the positive contribution to its understanding of the over-all work programme that this new method of presenting information had provided, and suggested that the same period of work should be followed in future reviews of the UNCTAD work programme.

3. General consideration of the work programme and its budgetary requirements

86. The Working Party acknowledged that the work programme before it presented a significantly broader picture of the existing situation than earlier secretariat reports on the subject had done, and that the document provided a sound basis for its over-all consideration of this basic issue.

87. At the same time, it expressed the hope that the secretariat, in future years, through careful evaluation of the Working Party's review, would be in a position to provide more comprehensive information of the type required by the member States of UNCTAD in relation to its general programme of work. In this connexion, some members suggested the following improvements to future work programme documents: (a) a table showing the number and category of Professional staff and the number of General Service staff, by division; (b) the number of vacant posts by division; (c) a table of consultants by nationality; (d) where feasible, a list of projects showing those of a continuing or ad hoc nature; (e) a consolidated table showing costs of allocating language and meetings services by division; (f) a table reflecting proposed increases in man-month allocations in respect of projected activities; and (g) a table showing all

^{21/} The Working Party did not consider in depth the work programme of the International Trade Centre for the reasons explained in paragraph 106 below.

technical assistance activities of UNCTAD and man-months required for support services. Some representatives considered that additional explanations concerning proposed increases in man-month allocations should be included in future reports.

88. After a statement by the representative of the Secretary-General of UNCTAD, some delegations suggested that, in the interests of limiting the duration of the resumed annual sessions of the Board devoted to consideration of the work programme, in future, attention should be concentrated on certain selected fields of activity without, however, limiting the freedom of any member to raise points about any UNCTAD activity of concern to it.

89. The Working Party took note of the statement of the representative of the Secretary-General to the effect that, taking into account the time-table governing the General Assembly's review of UNCTAD's programmes and the related commitment of resources and staff, the Board might perhaps wish to consider the desirability of scheduling its resumed annual session for future years so that it could be in possession of the particulars of the budgetary requirements involved in the work programme of UNCTAD at least six weeks before it considered the work programme itself. In the revised calendar of meetings for 1971 now before the Board, the proposal was made that the resumed session be convened for a period of one week commencing in late February.

90. The Working Party considered that any decision on this question would be taken by the Board in the light of the calendar of meetings to be approved by it at the current session, and of the over-all programme of United Nations conferences.

91. The Working Party suggested that the introduction to subsequent work programme documents should be designed to present an integrated assessment of the tasks confronting UNCTAD in the particular period under review, including special reference to and the identification of the growing technical assistance component among its current and projected operations. Activities financed through the United Nations Development Programme (UNDP) or from outside sources should be so designated.

92. As a participating agency in UNDP, UNCTAD was now geared to giving increased technical assistance to developing countries. To this end, the Working Party considered that close attention should be paid to these increasing activities with a view to maintaining close and effective co-ordination among the different divisions of UNCTAD on the one hand, and the interested international organizations on the other, as well as ensuring that developing countries were given the fullest opportunity to acquire their own expertise.

93. In the course of the general debate, a consensus was recorded to the effect that the work programme, both in its general aspects and in relation to the various divisions, corresponded to the diverse directives and guidelines given to the UNCTAD secretariat by the Conference, the Board and their subsidiary organs. Nevertheless, useful suggestions were made regarding possibilities for achieving better performance in specific areas.

94. In this context, the view was expressed by some delegations that the documentation supplied for certain UNCTAD meetings had become much too

voluminous.^{22/} In these cases, the quantity was becoming such that it could not readily be assimilated by either the Governments or the representatives attending the sessions. Some representatives referred in this regard to the documentation furnished in the fields of manufactures and invisibles. They noted, at the same time, that this tendency was not universal for all divisions. Other representatives, while recognizing that there was a problem regarding the length of documentation, stressed that the quality of the documents was more important than their size, and that on complex issues detailed information might sometimes be necessary.

95. The representative of the Secretary-General of UNCTAD assured the Working Party that the secretariat was taking deliberate action to control the future volume of documentation. Emphasis would be placed on shorter, well focused documents designed to facilitate policy decisions, and to the extent possible the total volume of documents produced for any one session would not exceed 500 pages. Assurances were given that efforts would also be made to strengthen editorial control, so that the documents would become more concise, cogent and readable. Some members suggested that background papers might be issued in formats similar to those of the research memoranda of the Research Division when they were not immediately relevant to actions to be taken by UNCTAD bodies.

96. An additional obstacle to the effective use of UNCTAD's voluminous working papers was the fact that in many cases essential documentation had, during the present and previous years, failed to be issued in all languages within the limits of the "six-week rule" laid down in the rules of procedure of the Board and its main committees. The secretariat gave assurances that it would make every possible effort to comply with this rule in future.

97. In the review of another general feature of the UNCTAD work programme, several representatives expressed some concern at the continued large-scale expenditure on consultants. Given the gradual institutionalization of the secretariat after its initial years, the hope was expressed by these representatives that it would soon be in a position to fulfil the bulk of its projects with its own established staff resources. The secretariat explained that, over the years, it had come to rely less on the use of consultants and costs had decreased accordingly. However, consultant services were required in certain instances where the necessary expertise was not to be found within the

^{22/} In reply to specific questions, the representative of the Secretary-General of UNCTAD stated that, in 1969, 11,000 pages of documents in the original language of submission and some 29,000 pages in the other three working languages (excluding summary records) had been produced. The expenses incurred were estimated at some \$1,700,000, representing 18 to 20 per cent of the total UNCTAD budget. The volume of documentation varied from session to session - from 178 pages for the Committee on Commodities to some 1,500 pages for the Committee on Shipping and the Committee on Manufactures. He went on to state that the volume of documentation had now reached the full absorption capacity of UNCTAD and the United Nations Office at Geneva, and that it was therefore becoming difficult to issue working papers in good time. On an over-all basis, only 55 to 60 per cent of the documents produced had been issued punctually in the original language; the situation for the other languages was even less satisfactory, since additional translation time had necessarily to be added.

staff. In other instances, it had been found less costly to engage short-term consultants for specialized tasks that did not warrant an increase in the permanent establishment. The Working Party took note of the explanations given by the secretariat.

98. Some representatives stressed the importance in the engaging of properly qualified consultants, of seeking them among developing as well as developed countries, particularly as experts from the developing countries were likely to have special knowledge of the particular conditions and requirements of their own situation. The opportunity should also be provided through UNCTAD's activities for experts from developing countries to gain wider experience, particularly in the field of trade expansion and economic integration. The representatives of some developed market economy countries expressed the hope that, when properly qualified persons from developing countries were engaged as consultants, the administrative requirements of their own countries would not be prejudiced.

99. The Working Party also directed its attention to problems relating to co-ordination. In this connexion, possible areas of overlapping between divisions of the secretariat as well as between UNCTAD's work and the programmes and activities of certain other international organizations were thoroughly examined. The Working Party welcomed the explanations of the secretariat with respect to the extensive arrangements made to assure co-ordination among the UNCTAD divisions and between the work programme of UNCTAD and the programmes and activities of other bodies. The Working Party also expressed its appreciation for measures being taken to this effect, and expressed the hope that so far as possible UNCTAD would make the best use of studies and other data made available through other organizations.

100. The Working Party heard various interpretations from divisional directors on methods for establishing priorities in their areas of responsibility.

101. Some representatives expressed concern that the present system of assigning priorities ("A", "B" and "C"), the excessive use of priority A and the virtual non-use of priority C seriously reduced the value of the ratings. They suggested that a more discriminating use of priorities, especially in connexion with projects to be implemented at an early date, would facilitate rational programming and policy decisions by the secretariat and Governments. Clarifying the time framework for priorities - perhaps limiting their application to the next succeeding year - might simplify the task of setting meaningful priorities. They also believed that background studies having little relevance to policy decisions should generally be assigned a lower order of priority in the UNCTAD work programme than projects on which the Board or its committees were expected to take early action. In this connexion, it was suggested that UNCTAD, as an integral part of the United Nations, should follow the procedures evolved by the Committee for Programme and Co-ordination and the Economic and Social Council concerning the classification of projects.

102. Other representatives agreed that admittedly the present system of assigning priorities was not ideal. In particular, it was extremely difficult to determine priorities among different projects affecting different countries with varying impact. This was clearly revealed with respect to activities projected two or three years in advance, since circumstances would necessarily change, especially in the case of commodity problems.

103. Some other representatives, on the other hand, stressed the complex problems faced by developing countries and the need for urgent action to solve them. They also noted the close relationship between the secretariat's priority gradings and the directives given through the various decisions of the Conference and its subsidiary organs, and were therefore generally in agreement with the priority ratings established by the secretariat in the current work programme. They believed that it would be unrealistic for UNCTAD to grant high priority to projects of immediate importance only and considered that, in determining its priorities, the secretariat should take into account long-term perspectives and grant equal priorities to projects related to these, even though their immediate benefits might not be apparent.

104. The Working Party recognized that the secretariat's task in assigning priorities to specific projects was a particularly difficult one, but urged the secretariat, the Conference, the Board and its subsidiary organs to give this problem special attention in preparing its future work programmes, taking into account the views expressed by the Working Party.

105. The Working Party also directed its attention to the question of the statistical services maintained within UNCTAD. After the ensuing discussion, the secretariat explained that in principle these services were centred in the Research Division and that some other divisions had a very limited number of statistical clerks to meet day-to-day requirements and to perform the specific functions needed by their own staff. The Working Party commended the secretariat on its efforts to rationalize and consolidate the statistical services as performed in the various divisions and expressed the hope that its efforts would lead to the more economic and more efficient use of resources and of the computer terminal in the Research Division.

106. The representative of the Secretary-General of UNCTAD introduced the draft work programme of the joint UNCTAD/GATT International Trade Centre (ITC/AG/9). The Working Party noted that the Centre's work programme had been considered in detail by the joint UNCTAD/GATT Advisory Group at its third session in January 1970. The comments of the Advisory Group thereon were set forth in its report on the session (ITC/AG/11). The Working Party recommended that the Board should accept the recommendation contained in paragraph 14 of the report and, in addition, drew the Board's attention to paragraphs 38 and 40 of the same document. 23/

107. In concluding its general consideration of the item, the Working Party, while recognizing that the budgetary implications of the work programme did not come directly within its terms of reference, noted the replies given by the secretariat to numerous questions put by delegations on these and related aspects of UNCTAD's activities. 24/

23/ The text of those paragraphs is reproduced in annex IV, appendix B, below.

24/ A summary of replies to questions of general interest are reproduced in annex IV below.

4. Individual work programmes of main organizational units and services

(a) Research Division

108. The Acting Director of the Division introduced its work programme (TD/B/291, pp. 11-25).

109. He explained that the Research Division undertook research on projects that were interdivisional in the sense that they extended beyond the competence of more than one Division. In addition, it undertook research on problems of a long-term character.

110. Some representatives expressed concern that the nature of the work programme of the Research Division might entail particular risks of duplication with the work programmes of other UNCTAD Divisions and other international organizations. ^{25/} They mentioned in this connexion the Division's survey of world trade and development, which appeared similar in some respects to the survey of trade in manufactured products of the Manufactures Division and the commodity survey of the Commodities Division. They also indicated their concern that the work of the Research Division should not duplicate work dealing with tariff and non-tariff barriers being done by the Manufactures Division and/or GATT. They also suggested that the Division might avoid any work which would be rendered anachronistic by subsequent agreement on a general scheme of preferences. One representative suggested that studies on development planning should not be initiated by the Research Division in the near future, since the Committee on Development Planning and the regional economic commissions were already doing extensive work along these lines.

111. The Acting Director explained that there was a fundamental difference between the survey of trade brought out by the Manufactures and Commodities Divisions and those prepared by his Division. The survey produced by the Research Division was more general in character, while those prepared by other divisions were based on a commodity-by-commodity or product-by-product approach. Similar differences in approach existed in the studies prepared by the Research Division on non-tariff barriers and on the level and structure of protection in the developing countries. In regard to the former, the basic orientation of the work of the Research Division was to present an aggregate picture, while that of the Manufactures Division was based on a product-by-product approach. Similarly, the study on level and structure of protection would be helpful in determining the long-term impact of tariff preference schemes. It was also pointed out that the work of the Division in the area of development planning concentrated on aspects of particular interest to UNCTAD and that it took into account research carried out by other United Nations organs.

112. Other representatives considered that the work of the Research Division was particularly useful as providing an over-all approach to development problems that did not generally characterize the programmes and activities of the other UNCTAD divisions. They considered that, generally speaking, there was no duplication in the work of the Research Division and that carried out by other divisions, as the basic approach in the work done was different.

^{25/} The discussion on statistical services in general is reflected in paragraph 105 above.

113. The Working Party noted the explanation of the Acting Director and expressed the hope that the secretariat would remain alert to the extent possible to the desirability of avoiding duplication of work carried out in the other UNCTAD divisions while continuing its work in connexion with the analysis of basic problems.

(b) Trade Policies Division

114. The representative of the Secretary-General of UNCTAD made a statement introducing the work programme of the Division (TD/B/291, pp. 27-33).

115. The Working Party took note of the statement and an explanation by the Secretary-General of UNCTAD to the effect that, as part of the rationalization of the work within UNCTAD, the functions of the Trade Policies Division were being reallocated among other parts of the Secretariat, including his own Office.

116. Representatives of some developed market economy countries expressed the hope that better use of resources might be achieved as a result of the reorganization.

117. In reply to a question, the representative of the Secretary-General gave assurances that the necessary resources would be given for the implementation of the project covering principles governing the international trade relations and policies.

(c) Special Programme on Trade Expansion and Economic Integration among Developing Countries

118. A member of the UNCTAD secretariat introduced the work programme of the Special Programme (TD/B/291, pp. 35-49).

119. He pointed out certain salient aspects of the Special Programme's activities, in particular the strengthening of the staff and its consequently improved ability to deal with all aspects of its work in a balanced fashion; its concentration on practical studies and technical assistance; participation with the secretariat of GATT in the trade negotiations among developing countries; and the forthcoming meeting of the Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries. The discussion of the Special Programme dealt with the following points, among others.

120. Concern was expressed by some representatives that delays had been encountered in releasing some of the studies undertaken by the Special Programme. The importance of providing a basis for an exchange of information and experience among developing countries was stressed, particular emphasis being laid on the need for the development of expertise in this field in the developing countries themselves. It was suggested that the Programme should draw upon consultants from the developing countries to the extent possible.

121. Concern was expressed regarding the number of man-months being devoted to back-stopping technical assistance activities, especially in relation to the volume of technical assistance being given to developing countries in this field. In this connexion, questions were raised by some representatives about

the role of the interregional advisers participating in the Programme under the auspices of United Nations technical assistance authorities. It was also suggested that, as an important aspect of technical assistance, experts from developing countries engaged in regional economic integration activities should continue to be given the opportunity to compare and analyse the experience of various regions. It was pointed out by the representative of the secretariat that the experience gained in technical assistance activities would give a practical orientation to the general studies undertaken by the Programme. These activities included substantive support to interregional advisers and participation in specific projects. In conformity with the practice of United Nations technical assistance authorities, reports resulting from specific technical assistance requests were submitted to the requesting Governments.

122. An exchange of views took place concerning the trade negotiations among developing countries and the relation between the Special Programme's work in this area and its other activities. The importance of the negotiations and UNCTAD's participation in them was emphasized by some delegations. Others pointed out that not all countries stood to benefit immediately from these negotiations and that there was thus the need for more equitable allocation of resources between the aspects of the work programme dealing with trade negotiations and the techniques for trade expansion. The representative of the secretariat expressed the intention of the Programme to deal effectively with both projects and pointed out that considerable work was already in progress in relation to the analysis of techniques of trade expansion.

123. The Working Party expressed its support for the role of the Special Programme, including its technical assistance component, with emphasis on enabling the developing countries to acquire their own expertise, and noted that specific field activities should, to the extent possible, be financed with technical assistance funds, including those of UNDP, and closely co-ordinated with the work of the other divisions of the secretariat.

(d) Commodities Division^{26/}

124. The Director of the Division introduced its work programme (TD/B/291, pp. 51-64).

125. Some representatives expressed concern over the possibility that the Division's work might in some cases duplicate work done elsewhere. It was felt, for example, that in its studies of agricultural commodities and of trade prospects for developing countries and its assessments of existing commodity agreements, the Division might be duplicating work done respectively in FAO, other UNCTAD divisions and specialized commodity bodies. While recognizing the broad competence of the Division, these representatives did not believe

^{26/} The relevance of priorities to the Division's work was discussed in the general context of priorities considered in subsection 3 above (see paragraphs 102-104 above), but the Working Party noted the difficult problems of establishing priorities in the commodity field.

that Conference resolution 18 (II) 27/ required the secretariat to do detailed work with regard to commodities receiving special attention in such bodies as the international commodity organizations. It was also felt that in its studies on problems of trade liberalization it might cover the ground with which the GATT Agriculture Committee was concerned. They also questioned the need for the substantial increases in man-months allocated to econometric analyses and commodity projections shown in the Division's work programme.

126. Other representatives, in endorsing the work programme, stressed that the conclusion of international commodity agreements did not in itself put an end to the problems of developing countries producing the commodities concerned. These countries had to make concessions and compromises in order to reach agreement and it was therefore necessary that UNCTAD should continually keep under review the operation of international commodity agreements. These representatives felt that, in the matter of trade liberalization, UNCTAD should not merely co-ordinate the work done in other bodies, such as GATT, but should make its own contribution.

127. The Director of the Division emphasized that the secretariat was making great efforts to avoid unnecessary duplication with the work of other bodies. For example, intersecretariat meetings between UNCTAD and FAO were now taking place regularly at six-month intervals precisely for this purpose. Where duplication could not be avoided, the secretariat was endeavouring to ensure that it was constructive or had an element of additionality. The Director said that in order to fulfil the co-ordinating role in the commodity field conferred on it by Conference resolution 18 (II), the secretariat had to follow closely the activities of all bodies concerned with commodities. In this connexion, he pointed out that in a number of cases detailed studies had to be carried out either because the international bodies concerned were not doing so or because the Committee on Commodities had so directed. In order to be able to respond immediately to needs in the commodity field, where the situation could change dramatically and suddenly, the secretariat had to be in a state of permanent readiness. It therefore had to carry out a continuing study of the market situation and make a continuing assessment of the functioning of existing commodity arrangements. He also drew attention to the fact that UNCTAD had special responsibilities in the field of non-agricultural commodities, where more basic analytical work had to be done than in the field of agricultural commodities. He pointed out that this work represented the essential foundation for the implementation of the programme of studies and activities to which the secretariat was committed in the field of minerals and metals. The increase in man-months for work on econometric analyses and projections was related closely to the anticipated increase in activity in the field of minerals and metals.

128. The Working Party expressed its appreciation to the Director for the cogent explanations he had provided in connexion with the work of his Division, and noted the range of the Division's responsibilities. The Working Party also noted that the work programme of the Division comprised projects

27/ Proceedings of the United Nations Conference on Trade and Development Second Session, vol. I and Corr.1 and 3 and Add.1 and 2, Report and Annexes (United Nations publication, Sales No.: E.68.II.D.14), annex I, p. 37.

grouped according to broad fields of activity rather than the specific measures which tended to characterize the work of the other divisions. The Working Party accordingly recognized the special need for flexibility in implementing its work programme.

129. The Working Party expressed its appreciation for the valuable contribution being made by the Division to the UNCTAD work programme.

(e) Manufactures Division

130. The Acting Director of the Division introduced its work programme (TD/B/291, pp. 65-79).

131. The representatives of some developed market economy countries, while recognizing the tentative nature of the projections of man-months of work as set out in the work programme document, raised questions with respect to particular projects. They referred, for example, to the projected increase in man-months to be devoted to the study of restrictive business practices, and asked whether the resources proposed for country studies could not be reduced, especially since they believed that such studies should be financed from UNDP resources to the extent feasible. They also raised questions concerning the trend towards an increase in the resources devoted to the study of non-tariff barriers other than quantitative restrictions. They suggested that the work of the Manufactures Division with respect to preferences might require relatively little man-power pending agreement on a general scheme of preferences, after which time the highest priority would presumably have to be assigned to this work. Work in the field of tariff reclassification, which to a great extent depended on the outcome of the general scheme of preferences, could meanwhile be accorded a lower priority, and should in any event not be proceeded with until the completion of work currently being done in this connexion by the Customs Co-operation Council. They felt that, in view of the long-term nature of the project on world supply and demand, it should be implemented without any increase in staff. They also stressed that the work of UNCTAD should not duplicate that taking place in GATT in connexion with non-tariff barriers. They pointed out that their views on this question were clearly reflected in the report of the Committee on Manufactures on its fourth session, which also specified the extent of the Division's mandate in this connexion. ^{28/} Finally, they stated that many non-tariff barriers which were likely to affect some exports of the developing countries were reflected in the GATT Inventory, because of the notifications made by countries exporting the same products.

132. On the question of preferences, restrictive business practices and non-tariff barriers, the representatives of developing countries and the socialist countries of Eastern Europe stressed that the work programme projected by the Division correctly reflected the decisions of the Committee on Manufactures and that the staffing requirements indicated were modest given the urgency, complexity and size of the work programme. They emphasized that the Committee on Manufactures at its fourth session had recognized that UNCTAD had an

^{28/} See Official Records of the Trade and Development Board, Tenth Session, Supplement No. 2 (TD/B/295), chapter III.

important role to play in the field of non-tariff barriers, including quantitative restrictions, considering the urgency of the problems of the developing countries. They urged that the Division should continue to give the highest priority to its work on preferences, including the preparation of substantive documentation on the various aspects already identified as essential elements of any proposed scheme.

133. On the subject of country studies, representatives of some developing countries stated that they had found them of practical use in taking steps for the promotion and diversification of exports of their manufactured products, and urged that the preparation of such studies should not be made to depend on the availability of funds from UNDP. They considered that it would not be desirable to hold up work on the question of tariff reclassification and that it should not be linked to the general scheme of preferences, and urged that the Customs Co-operation Council be requested to expedite its work on the subject.

134. Representatives of developing countries emphasized the important role which the Division was playing in the promotion of trade in manufactures of developing countries and expressed their support for the work programme.

135. The work programme of the Division was noted and appreciation was expressed for its valuable contribution to the work programme of UNCTAD, for the Acting Director's comprehensive replies to questions and for his assurance that in the field of non-tariff barriers the Division expected to develop full co-operation with GATT with a view to avoiding duplication.

(f) Division for Invisibles

136. The Director of the Division introduced its work programme (TD/B/291, pp. 81-101).

137. While recognizing the fact that useful work had been done by the Division in gathering and analysing basic economic data on shipping and ports, some representatives of developed market economy countries expressed the hope that future work in this field would not duplicate work being done by the Inter-Governmental Maritime Consultative Organization (IMCO), the United Nations Commission on International Trade Law, the regional economic commissions and other organizations. They also hoped that the volume of documentation would be kept within the necessary limits.

138. Representatives of some developed market economy countries considered that some projects in the work programme were not of primary importance. Taking into account the fact that, in 1970, this Division had as large a number of professional staff as any other UNCTAD Division, those representatives said they were not convinced that the proposed assignment of additional professional staff to the Division was justified. They recalled that the secretariat had informed the Committee on Shipping that the additional studies requested could be accomplished within available resources. They also believed that savings might be made, inter alia, in travel costs through careful planning and co-ordination of field missions undertaken in connexion with the Division's work.

139. The representatives of some developed market economy countries asked for further information on the increase in man-months for some projects in the field

of shipping, particularly for the projects concerning technological progress in shipping and improvement of port operations. The representative of one of these countries made suggestions for the reduction of the professional man-months required for three projects - structure of shipping industry, technological progress in shipping and improvement of port operations. The representative of another of these countries said that his Government had supported the work on ports with a bilateral grant and was prepared to consider extending further support in future, provided the necessary counterpart resources were made available.

140. The representatives of the socialist countries of Eastern Europe expressed the hope that the Division's future work programme would be increasingly oriented towards the formulation of policies, programmes and concrete solutions. In this connexion, they expressed doubts as to the practical value of certain publications being produced by the Division, in particular those of an unnecessarily descriptive nature, such as, for example, document TD/B/C.4/42.

141. Several representatives of developing countries indicated their approval of the work programme undertaken in the field of invisible trade and chiefly in regard to shipping. They did not share the opinion previously expressed by some delegations that some of the projects of the Division were not of primary importance, since they believed all of them had been undertaken by the Division in strict conformity with the decisions of the Committee on Shipping and of the Committee on Invisibles and Financing related to Trade. Neither could they agree that the budgetary allocations were ample for the development of the activities of the Division. In this respect, some representatives of developing countries mentioned that with the resources now available it would take at least six years to complete the programme of work of the international legislation unit. Several representatives of developing countries stressed that the economic studies undertaken by the Division in relatively new fields had proved extremely useful to their respective countries. While recognizing the documentation problems discussed in the foregoing paragraphs, they nevertheless considered that one of the responsibilities of the Division was to assemble material and prepare factual and analytical studies. It was also indicated that the work programme of the Division as regards freight rates, conference practices and the structure of the shipping industry was of utmost importance. In general, they believed that there had been no duplication of work, since UNCTAD was mainly concerned with the political and economic implications of the problem of invisibles, and in particular of shipping, while other international bodies, like the Inter-Governmental Maritime Consultative Organization and the United Nations Commission on International Trade Law, dealt exclusively with technical, juridical or administrative aspects of the problem. It was further suggested by these countries that, because UNCTAD was the only international forum for the discussion of the political and economic implications of shipping, the discussions taking place within UNCTAD in this field should be intensified and adequate provision should be made so as to enable the Division for Invisibles to backstop this effort.

142. The Director of the Division pointed out that only one Professional post had been added to the staff of the Division in 1970. He emphasized, moreover, that it had been possible for the Division to absorb new activities requiring additional work relating to problems of the land-locked countries, international shipping legislation and the transfer of technology without asking for additions to the established posts. This had been done mainly on an ad hoc basis by

postponing work on other priority projects. Shifts in priorities among and between shipping projects had also necessarily been made in response to requests for new studies by the Committee on Shipping. All projects undertaken by the Division were performed in response to directives or recommendations of the Committee on Shipping or of the Committee on Invisibles and Financing related to Trade. With regard to expenditure on travel, he explained that official missions were necessary to gather data for research into problems of shipping, port development and the problems of land-locked countries as these could not be obtained solely from publications and replies to questionnaires. The Division was well aware of the need for close co-operation and co-ordination with other international organizations and every effort was being made to ensure that the work on shipping, development of ports and insurance did not result in the duplication of work done by other organizations. The Director explained that the counterpart resources referred to by the representative of a developed market economy country in relation to his Government's bilateral grant to certain port operations projects (see paragraph 139 above) implied that the staff required to execute these projects would have to be supplied from the established UNCTAD manning-table. In reply to the issues raised in relation to the practical value of the Division's studies on shipping and ports, the Director pointed out that such papers necessarily contained a descriptive element for the purposes of identifying certain basic facts not always generally known, since, because of well-known historical circumstances, a number of developing countries had not been in a position to acquire the necessary expertise in these fields. He also referred to page 81 of document TD/B/291, subparagraph (a) under the item "invisible trade", which stated that one of the main responsibilities of the Division was "to assemble material and prepare factual and analytical studies on matters relating to shipping, insurance, tourism, transfer of technology and other invisible items...".

143. It was generally recognized that the secretariat's work on tourism was in a stage of transition, owing to the expected shift of certain aspects of UNCTAD's work in that field to other organizations, and that the provision for work on the transfer of technology was still tentative, since the Board had still to decide on a work programme on this subject, which would be considered at its tenth session.

144. The Working Party thanked the Director for the explanations he had given and for the valuable contribution his Division was making in the field of invisibles, including shipping. It expressed appreciation for his statement that he would bear in mind the views put forward in the Working Party during its discussions, as well as the recommendations of the Committees to which he was responsible.

(g) Division for Trade with Socialist Countries

145. The Director of the Division introduced its work programme (TD/B/291, pp. 103-111).

146. He drew attention to three main points of activity as being specially important: (a) consolidation and improvement of the work of the sessional committee, including the organization of consultations on trade expansion; (b) follow-up action on the basis of conference resolution 15 (II); (c) role of technical assistance in the implementation of the work programme.

147. Representatives generally endorsed the work programme of the Division.

148. The importance of paying attention to specific problems of co-operation between socialist countries and subregional groupings of developing countries was also noted.

149. The need for intensified co-ordination with other UNCTAD divisions, the International Trade Centre, the United Nations Industrial Development Organization (UNIDO) and the regional economic commissions was generally emphasized, especially since the shift in the priorities of UNCTAD and other organizations might call for the identification of responsibilities and methods of co-operation, according to the nature of new projects. The representative of one developed market economy country suggested that a redefinition of the Division's responsibilities might be called for and urged the secretariat to clarify the precise responsibilities of the Division. Particular concern was expressed by some members about the work of the Expert Group on Multilateral Payments Arrangements in trade with the socialist countries. The Director assured the Working Party that close co-operation with the Division for Financing was maintained as a matter of course.

150. In reply to the points raised, the Director stated that a report by the Secretary-General of the United Nations 29/ set forth the terms of reference of the UNCTAD divisions, including those of the Division for Trade with Socialist Countries, and clearly defined the allocation of responsibilities among the various organizational units. He went on to explain that the Commodities Division, the Manufactures Divisions and the International Trade Centre were currently engaged in complementary activities to further the promotion of trade in commodities and manufactures between the developing countries and the socialist countries of Eastern Europe. In accordance with its responsibilities, as further defined in the current work programme (TD/B/291, p. 104, paragraph (g)), his Division co-operated with the two UNCTAD divisions and the International Trade Centre to the extent that trade policy aspects were involved.

151. In noting the work programme of the Division, the Working Party recognized the importance of the work being performed by it and expressed appreciation to the Director for his explanations.

(h) New York Liaison Office (financing related to trade)

152. The Director of the New York Liaison Office introduced the work programme of the Office, which is responsible, inter alia, for work on financing related to trade (see TD/B/291, pp. 113-122).

153. The Working Party noted with satisfaction that no increase in staff was proposed for the years 1970-1972. The Working Party discussed the size of the New York Office and the substantive functions allocated to it from the point of view of co-ordination with the rest of the UNCTAD secretariat as well as

29/ Official Records of the General Assembly, Nineteenth Session, Annexes, annex No. 13, document A/5829.

with the Department of Economic and Social Affairs, the International Monetary Fund and the International Bank for Reconstruction and Development. It was noted that both the UNCTAD secretariat and the Department of Economic and Social Affairs had major responsibilities in the field of financing and projections and that the location of these activities in New York permitted close co-operation between these units and a division of labour between them. On the other hand, it was observed that the distance of the Office from UNCTAD headquarters might complicate its co-ordination vis-à-vis the other UNCTAD divisions.

154. The Working Party discussed the manpower allocated to the analysis of the volume, terms and conditions of the flow of resources to developing countries, on the one hand, and of the mobilization of resources by developing countries on the other. It noted that the Committee on Invisibles and Financing related to Trade regarded these two sets of studies as complementary to one another. While every effort was being made to avoid duplication with studies produced elsewhere, the UNCTAD secretariat had been given certain specific tasks by the Committee calling for independent study.

155. Questions were raised regarding the increase in the number of man-months assigned to work on trade prospects and capital requirements of developing countries after 1969. The Working Party noted that the level of activity in this field had been reduced in 1969 because of staff vacancies and that it was now proposed to resume the work at the level previously maintained. In this connexion, it was noted that the major study, entitled Trade Prospects and Capital Needs of Developing Countries, 30/ had a significant contribution to the understanding of the trade gap problems of developing countries. However, one delegation questioned whether there would be any utility in refining this study, given the technical difficulties of making such projections.

156. The Working Party noted that the technical assistance activities of the New York Liaison Office involved substantive and increasing backstopping in foreign trade planning and projections. The Director explained that it was hoped to expand work along these lines as vacant positions were filled. For 1970, these activities would include the organization of a seminar on the planning of the foreign trade sector. In reply to a question whether the seminar was similar to programmes sponsored by the International Trade Centre, the Director explained that it covered the strategy of foreign trade, harmonization of national plans in the field of commodity exports, export development in the field of manufactures, and the pattern of import substitution. Only the third subject was within the competence of the Trade Centre, which would be participating in that section of the seminar.

157. In reply to questions raised by the representatives of several developed market economy countries regarding the relationship between the number of backstopping personnel to the volume of technical assistance being given, the Director said that backstopping requirements exceeded the actual and prospective staff resources being allocated to technical assistance. In this connexion, the representatives of developing countries emphasized that considering the importance which they attached to the work done by the New York Liaison Office, adequate steps should be taken to ensure that the necessary resources for backstopping were made available.

30/ United Nations publication, Sales No.: E.68.II.D.13.

158. The Working Party thanked the Director for the information he had provided and expressed appreciation for the valuable contribution being made by the New York Liaison Office to the UNCTAD work programme.

159. Consideration was given to the large number of General Service posts in relation to Professional posts. It was explained that this was due to the fact that work on projections necessitated particularly intensive use of statistical clerks. It was also noted that a review of this question had taken place since the appearance of the work programme document, and that a reduction in the number of General Service posts from the level indicated in that document would be made.

(i) Services common to main fields of activity and Administrative and Conference Services

160. In addition to examining the main fields of activity, the Working Party held a brief discussion on the services common thereto. The representative of the Secretary-General of UNCTAD explained that logistic support was given by UNCTAD through its Conference Planning and Servicing Unit, which provided guidance in the execution of the UNCTAD meetings programme; by the External Relations Unit, which maintained liaison with Governments and with organizations working in the field of trade and development; by the Technical Assistance Co-ordination Unit for the UNDP programme; and by the Information Service, which operated in close collaboration with the Centre for Economic and Social Information at United Nations Headquarters. Statistical services were provided centrally for UNCTAD by the Statistical Office of the United Nations.

161. Explanations were given about the Technical Assistance Co-ordination Unit and its precise role, particularly in regard to its relationship to the activities of UNCTAD as an executing agency of technical assistance projects, and to the International Trade Centre. ^{31/} Some representatives expressed the hope that in future the work programme would include a full description of the backstopping activities of UNCTAD, including those implemented by the substantive divisions. It should also show the relation between the resources devoted to backstopping and the technical assistance expenses financed by all sources, particularly by UNDP and the regular programme of technical assistance of the United Nations. Other representatives stated that they would not wish the secretariat to allocate an undue number of man-hours to such a task.

162. The discussions also touched briefly on administrative and conference services provided to UNCTAD by other offices of the United Nations. These services (such as translation, document reproduction, and payroll, accounting, library and general services) were not attached to UNCTAD and came under the direction of the relevant common services. Their problems related to administration rather than the programme of work and as such fell within the special competence of such bodies as the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee of the General Assembly. Some delegations expressed concern about the total amount devoted to these services and the increase in the related estimates between 1969 and 1971. In

^{31/} For the Working Party's discussion on the Centre, see paragraph 106 above.

reply, the representative of the Secretary-General of UNCTAD explained that the extent of the conference services required was determined primarily by the meetings programme adopted by the Board. The workload arising from the meetings was estimated on the basis of past experience and the number of staff to carry it out were then calculated by using workload norms such as pages per day by translator etc. The secretariat also explained that the estimates for the third session of the Conference were based on the assumptions that it would have a maximum duration of five weeks, including the preparatory meeting, that it would be held at Geneva, and that the organization would include a plenary, three committees of the whole and a small number of working parties. The large sum for temporary assistance (\$611,000 in 1970) was required to meet peak periods in the fluctuating programme of meetings. The "other expenses" item under conference services provided mainly for the cost of paper and other supplies used in the internal reproduction of documents. The Working Party welcomed the intention of the secretariat to assign an editor to strengthen its editorial control over documents.

163. The secretariat also explained that the increase in the cost of conference services was largely accounted for by increases in salaries, particularly those of short-term language staff, as there was no significant variation in the over-all meeting programme for the years under consideration. There was no change in the staff requested for administrative and other services and the higher cost was therefore due to changes in salary rates.

164. In recognizing the essential nature and special competence of the secretariat's administrative services, the Working Party expressed its appreciation for efforts being made to keep resources allotted to these services within manageable limits, taking into account the over-all resources available to UNCTAD.

165. The representatives of a developed market economy country, speaking at the Board's 236th meeting, on 14 February 1970, stated that the procedure employed for the examination of the programme of work at the eighth and ninth sessions had proved useful, and he hoped that it would be continued. In particular he appreciated the frank exchange of views concerning the programme of work.

166. The representative of a socialist country of Eastern Europe stated that, while the examination of the programme of work had been a useful exercise, he hoped that the secretariat would do its utmost to limit expenditure on purposes for which no specific authority existed in the budget instruments of the United Nations; in this connexion, he referred, in particular, to the meetings of regional groups not held during regularly scheduled sessions of UNCTAD bodies, but serviced by the secretariat.

Action by the Board

167. At the Board's 236th meeting, the Board agreed to take note of the foregoing report on the discussions of the programme of work of UNCTAD and to supplement it with particulars concerning the percentage distribution of costs among the different fields of activities of UNCTAD; the percentage distribution of increases in the UNCTAD budget (1971 in comparison to 1970); the extent of group meetings; and relevant excerpts from the report of the joint Advisory

Group on the UNCTAD/GATT International Trade Centre on its third session (ITC/AG/11) concerning the Centre's work programme and budgetary requirements. 32/

G. Other business

(Agenda item 27)

1. Preparations for the third session of the Conference

168. In conformity with the authority conferred upon him by the Board during the first part of its ninth session, 33/ the Secretary-General of UNCTAD prepared a draft of the provisional agenda for the third session of the Conference (TD/B/L.202). The Board held a preliminary discussion relating to this matter at its 237th meeting, on 14 February 1970.

169. The Secretary-General of UNCTAD, introducing the note by the secretariat (TD/B/L.202), stated that he had consulted delegations concerning the provisional agenda for the third session of the Conference, the place where it might be held and its possible date. In conformity with Board decision 45 (VII), the agenda for the third session of the Conference should be limited to those issues which were mature for settlement or for which further directives were required. The duration should also be shortened. Because of the need for selectivity, the provisional agenda (TD/B/L.202) necessarily did not mention certain items, including possibly some which were considered important by certain delegations.

170. So far as the possible place of the third session of the Conference was concerned, he drew attention to General Assembly resolution 2609 (XXIV), which reaffirmed the general principle that United Nations bodies should meet at their respective established headquarters and that a Government which invited them to meet elsewhere had to commit itself to defray the additional expenses directly or indirectly involved. His own preference would be in favour of Geneva as the location for the third session of the Conference.

171. So far as the date of the third session of the Conference was concerned, he explained that for a number of reasons a decision was called for immediately. First, the date of the third session of the Conference had to be reconciled with the date of a proposed conference of UNIDO; the General Assembly had directed by its resolution 2578 (XXIV), that the two conferences should not be held in the same year. Whereas under General Assembly resolution 1995 (XIX), the third session of the Conference, to conform with the provisions governing frequency, should be held in 1971, he had been informed that the only possible period - September 1971 - would cause difficulties for a number of delegations because that period coincided with the regular session of the General Assembly. Although to schedule the third session of the Conference for 1972 would be a

32/ For these particulars, see annex IV below.

33/ See Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr. 2), part three, paras. 257-260.

departure from General Assembly resolution 1995 (XIX), he gathered that a date early in 1972 would be preferred by most delegations. Another factor in favour of holding the third session of the Conference at Geneva in 1972 was that, by then, improved and expanded facilities would be available in the new wing being built in the Palais des Nations.

172. As regards the provisional agenda for the third session of the Conference, a number of representatives considered that the Secretary-General of UNCTAD should continue his consultations and that the decision on the provisional agenda should be taken by the Board at its tenth session.

173. In reply to questions concerning the place of the third session of the Conference, the Secretary-General of UNCTAD stated that no offers had been received from any Government to act as host to the Conference.

Action by the Board

174. At the 237th meeting, on 14 February 1970, the President proposed and the Board agreed that (a) the provisional agenda of the third session of the Conference should be determined by the Board at its tenth session in the light of further consultations to be conducted by the Secretary-General of UNCTAD, on the basis of which he would, if necessary, submit the draft of the provisional agenda with appropriate adjustments; (b) provisionally Geneva should be the location of the third session of the Conference, and (c) provisionally, and subject to further consultations to be conducted by the Secretary-General of UNCTAD, the third session of the Conference might be scheduled for early 1972, the UNIDO secretariat being informed accordingly.

2. International monetary issues

175. The Board considered this question at its 230th meeting, on 9 February 1970, in the light of the report of the Expert Group on International Monetary Issues, 34/ which had met at United Nations Headquarters in New York from 17 to 25 September 1969. Its report was submitted to the Board under Board resolution 55 (VIII).

176. The consideration of this item was introduced by the Secretary-General of UNCTAD. In his view, the report of the Expert Group was of outstanding importance. He drew particular attention to the proposal of the Expert Group for a "link" between international monetary reform and the provision of development assistance. He pointed out that the Expert Group had translated the fundamental idea of the link into the reality of the new system of Special Drawing Rights.

177. He said that the establishment of a link would be based on the assumption that developed countries were willing to increase development assistance. A link could provide a solution to some of the balance-of-payments and budgetary

34/ International Monetary Reform and Co-operation for Development (United Nations publication, Sales No.: E.70.II.D.2).

difficulties cited as obstacles to increases in aid programmes. National authorities would maintain control over the link through the review associated with each new allocation of Special Drawing Rights. As regards institutional arrangements, he pointed out that the Expert Group favoured whichever method of introducing the link would most readily secure the agreement of Governments. He expressed satisfaction that the Government of one of the developed market economy countries had given strong support to the link. He said that the additional pressure of demand resulting from the operation of the link would not be of major proportions and could be contained through normal fiscal and monetary policy. He endorsed the view of the Expert Group that it would be an auspicious beginning of the Second United Nations Development Decade if developed countries declared their willingness to use the system of Special Drawing Rights to expand the flow of resources to developing countries.

178. Speaking for the developing countries members of the Board, the representative of a developing country stated that these countries supported the conclusions of the Expert Group. ^{35/} He recommended that the Board transmit the report to the Committee on Invisibles and Financing related to Trade, with a view to its transmittal to the International Monetary Fund and the International Bank for Reconstruction and Development.

179. The representative of another developing country stressed the concept of universality which in his view should be applied during all negotiations on monetary reform. He stated that further substantive discussion of the report could take place in the Committee on Invisibles and Financing related to Trade. He drew attention to two specific problems: the review of quotas in the International Monetary Fund and the share of developing countries in total quotas; and the link between development finance and the creation of Special Drawing Rights. In his view, practical steps were needed in UNCTAD to reach agreement on a formula for the link.

180. Speaking for the developed market economy countries members of the Board, one representative stated that it was premature to consider the link at this stage because Special Drawing Rights had become effective only six weeks ago. In his view, the report should be transmitted to the Committee on Invisibles and Financing related to Trade, which was the appropriate UNCTAD body to consider monetary issues.

181. The representative of the International Monetary Fund stated that the report had been received with interest. He noted the view of the experts that concern about the state of the reserves of developed countries was an important factor in the deteriorating climate for aid. He stated that the 1969 report of the Executive Directors of the Fund found that a case could be made for saying that by 1968 world reserves had become less than adequate. Commenting on the proposed link, he stated that the Articles of Agreement of the International Monetary Fund did not permit Special Drawing Rights to be allocated to, or even held by, development financing institutions. However, if member countries wished to commit larger amounts to development aid in consideration of their receipt of Special Drawing Rights allocations, that was an entirely different question.

^{35/} Ibid., chapter VII.

Furthermore, he stated that the Managing Director of the International Monetary Fund hoped that the increased easing of the reserve position resulting from Special Drawing Rights would lead to an expansion of aid.

182. He stated that, owing to the proposed quota increases, developing countries' quotas could increase by about 34 per cent, broadening their possible access to the general facilities of the Fund as well as to the compensatory financing and buffer stock financing facility. The recommended quota adjustments had been determined by the kind of considerations that had been applied in the past. These considerations would be reviewed for the purpose of future adjustments in quotas.

183. He stated that the decisions on Special Drawing Rights had been taken in the light of global needs. Taking into account Special Drawing Rights and prospective quota increases during the Second United Nations Development Decade, the underlying international liquidity conditions were more promising for trade and development than they had been in the last decade.

Action by the Board

184. At its 230th meeting, on 9 February 1970, the Board decided to refer the report of the Expert Group on International Monetary Issues, together with the comments made thereon by members of the Board during the third part of the ninth session, to the Committee on Invisibles and Financing related to Trade and to request the Committee to report to the Board at the earliest opportunity, preferably at its tenth session.

3. Rotation of the office of Chairman and Rapporteur of the main committees of the Board among countries listed in parts A and C of the annex to General Assembly resolution 1995 (XIX)

185. Referring to the Board's decision regarding the cycle of rotation of the offices of Chairman and Rapporteur of the main committees of the Board taken at its 216th meeting, on 11 September 1969, 36/ the spokesman for the group of developing countries members of the Board requested the Board to amend the cycle again in a manner which would (a) allocate the office of Chairman in the first year of the cycle of the Committee on Commodities to an Asian member of Group A and in the fourth year to an African member of Group A; and (b) allocate the office of Rapporteur in the sixth year of the cycle of the Committee on Shipping to an Asian member of Group A and in the seventh year to a member of Group C. 37/

36/ See Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part three, paras. 266 and 267, and annex I "Other decisions".

37/ It was explained that the suggested modifications did not affect the rotation of offices among Groups B and D as provided for in the existing text of the annexes of the rules of procedure of the four Committees.

Action by the Board

186. At its 231st meeting, on 11 February 1970, the Board decided that the annexes to the rules of procedure of the Committees relating to the cycles of rotation of offices should be amended in the manner suggested. 38/ The spokesman of the developing countries of Asian members of the Board expressed his agreement with the action taken by the Board and expressed the hope that the arithmetical imbalance which resulted from this action would be corrected in the next seven-year cycle of rotation.

38/ For a table showing how the offices would rotate and setting out the amended versions of the relevant provisions in the annexes of the rules of procedure of the four Committees, see annex II to this report, "Other decisions".

CHAPTER III

ORGANIZATIONAL MATTERS

A. Opening of the third part of the ninth session

187. The third part of the ninth session of the Trade and Development Board was opened by the President, Mr. K.B. Asante (Ghana) on 2 February 1970. The President made a statement. 39/

B. Organization of the work of the third part of the ninth session

188. At its 227th meeting, on 2 February 1970, the Board decided to appoint a Working Party of eighteen members 40/ to consider item 21, "Work programme of the UNCTAD secretariat and its staffing and budgetary requirements" and to report to the Board. It was agreed that the Working Party would be open to any delegations interested in particular aspects of the work programme.

189. At the Working Party's first meeting on 3 February it elected as its Chairman Mr. H. Brillantes (Philippines); at its second meeting, on 4 February, it elected Mr. A. Melnikov (USSR) as its Vice-Chairman-cum-Rapporteur.

190. The Working Party held ten meetings from 3 to 13 February 1970. Its report was considered at the Board's 236th meeting, on 14 February 1970. 41/

C. Replacement of three Vice-Presidents

191. Three Vice-Presidents, who had been previously elected, had indicated that they would be unable to attend during the third part of the ninth session. 42/ The Board, at its 228th meeting on 3 February 1970, upon the nomination of the

39/ For the text of the statement, see the summary record of the 227th meeting (TD/B/SR.227).

40/ The members were: Afghanistan, Australia, Chile, Congo (Democratic Republic of), Czechoslovakia, Federal Republic of Germany, Finland, France, Ghana, Hungary, India, Jamaica, Mexico, Philippines, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America.

41/ See chapter II, section F, above.

42/ In accordance with the procedure established at the Board's third session, a notification stating that a vice-president would 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).

delegations concerned, unanimously elected Mr. Hiroshi Yokota (Japan) to replace Mr. Isao Abé, Mr. Mircea Petrescou (Romania) to replace Mr. Gheorghe Dolgu and Mr. Guillermo Calderon (Mexico) to replace Mr. Julio Faesler.

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

192. At its 231st meeting, on 11 February 1970, the Board adopted the report of the Bureau (TD/B/296) in which it was stated that the Bureau had examined and found in order the credentials of all representatives attending the third part of the ninth session.

E. Membership and attendance

193. The following States members of the Board were represented at the session: Afghanistan, Algeria, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chad, Chile, Colombia, Costa Rica, Czechoslovakia, Denmark, Federal Republic of Germany, Finland, France, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran, Iraq, Italy, Ivory Coast, Jamaica, Japan, Madagascar, Malaysia, Mexico, Netherlands, New Zealand, Nigeria, Pakistan, Peru, Philippines, Poland, Romania, Rwanda, Somalia, Spain, Sweden, Switzerland, Syria, Tunisia, Uganda, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

194. The following countries members of UNCTAD sent observers to the session: Argentina, Bolivia, Ceylon, China, Congo (Democratic Republic of), Cuba, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Holy See, Ireland, Israel, Kuwait, Lebanon, Malawi, Morocco, Norway, Panama, Republic of Korea, Republic of Viet-Nam, Saudi Arabia, South Africa, Thailand, Trinidad and Tobago, Turkey and Uruguay.

195. The Economic Commission for Africa, the United Nations Economic and Social Office in Beirut, the United Nations Industrial Development Organization and the United Nations Development Programme were represented.

196. The following specialized agencies were represented: The International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, and the International Monetary Fund.

197. The Contracting Parties to the General Agreement on Tariffs and Trade were represented.

198. The following intergovernmental bodies were represented: African, Malagasy and Mauritian Common Organization, European Economic Community, European Free Trade Association, International Union for the Protection of Intellectual Property, League of Arab States, Organisation for Economic Co-operation and Development, Organization of African Unity, Organization of American States, Permanent Secretariat of the General Treaty on Central American Economic Integration.

199. The following non-governmental organizations were represented:

(a) General category:

International Bar Association, International Chamber of Commerce, International Christian Union of Business Executives, International Confederation of Free Trade Unions, International Federation of Agricultural Producers, International Federation of Purchasing, International Law Association, World Confederation of Labour, World Federation of Trade Unions, World Federation of United Nations Associations;

(b) Special category:

International Chamber of Shipping, International Hotel Association, Rubber Industries Liaison Bureau of the European Common Market.

F. Review of the calendar of meetings
(Agenda item 24)

200. The Board considered this item at its 23⁴th meeting, on 13 February 1970. The representative of the Secretary-General of UNCTAD introduced the note by the secretariat (TD/B/L.203 and Add.1 and 2) containing the revised calendar of UNCTAD meetings for the remainder of 1970 and the tentative schedule of meetings for 1971 and 1972. He explained that a slight rearrangement of the calendar of meetings for 1970 had become necessary in consequence of the decision taken by the Board at its 23³rd meeting that the fourth session of the Special Committee on Preferences should be convened on 31 March 1970. Regarding the tentative schedule of meetings for 1971, he suggested that, if the tenth session of the Board were to be resumed early in 1971, the resumed session should be held from 1 to 5 March instead of early in February, thus giving Governments more time to study the work programme and its budgetary requirements, a document which could not be made available until early January. As the fourth session of the Committee on Invisibles and Financing related to Trade had been postponed to July 1970, it might also be advisable to postpone the fifth session and tentatively schedule it for July/August 1971. Finally, the dates 11 to 15 January 1971 should be inserted in the calendar for the sixth session of the Advisory Committee to the Board and to the Committee on Commodities in accordance with the recommendation made by the Advisory Committee at its fourth session.

201. The representative of a developing country expressed surprise that the fourth session of the Special Committee on Preferences was scheduled to last for three weeks and entered strong reservations concerning the proposed duration of that session.

202. The Secretary-General of UNCTAD stated that he proposed to consult with the Bureau of the Special Committee and with interested delegations before the session, to decide on the programme of work. Until those consultations had been concluded, it would be very difficult to estimate exactly how much time would be required for the session. It had therefore been considered advisable to provide for a three-week session.

203. The President suggested that it should be left to the Secretary-General of UNCTAD to hold his consultations and that the entry in the calendar of meetings relating to the Special Committee on Preferences be amended to read "beginning 31 March and extending, if necessary, to 17 April 1970".

204. The representatives of a number of developing countries expressed regret that the meeting of the Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries had been postponed until November 1970.

205. The Secretary-General of UNCTAD stated that he attached considerable importance to this meeting and had carefully explored the possibility of holding it before the tenth session of the Board. While it would be possible to schedule it for August 1970, after consultations with delegations it had been considered that, in view of the extremely heavy programme of meetings at that time, it would be preferable to postpone the meeting of the Group until November 1970.

206. The representatives of several developed market economy countries stated that, if the next session of the Committee on Invisibles and Financing related to Trade were held in July, as proposed in the revised calendar submitted by the secretariat, there would be insufficient time between that session and the tenth session of the Board for Governments to consider the results the Committee's session. They stated that it would have been preferable to schedule the Committee's session for November 1970.

207. The representative of a developed market economy country expressed the opinion that an additional budgetary allocation should not be necessary to cover the cost of the fourth session of the Special Committee on Preferences, since it appeared unlikely that the funds allocated for the meetings of the large number of working parties and study groups would be fully utilized.

208. The representative of the Secretary-General explained that additional funds would be requested later in the year only if it proved that the cost of the sessions could not be absorbed within the budgetary allocation for the year. As a considerable number of working parties and study groups were foreseen for 1970, it was not considered advisable, at this stage, to reduce further the provision for such meetings.

Action by the Board

209. The Board adopted the revised calendar of meetings for the remainder of 1970 and the tentative schedule of meetings for 1971 and 1972. 43/

G. Provisional agenda for the tenth session of the Board (Agenda item 25)

210. The Board had adopted its provisional agenda for the tenth session during the second part of its ninth session, at its 217th meeting, on 12 September 1969. At that time, it noted that the inclusion of certain items was dependent on decisions yet to be taken during the third part of the ninth session and expressed the hope that with the appropriate organization of work it would be possible to consider some items in conjunction with other related matters.

43/ For the calendar of meetings as adopted, see annex II below, decision 66 (IX)

211. During the third part of the ninth session, the Board considered this item at its 231st, 232nd and 233rd meetings, on 11 and 12 February 1970. The Secretary of the Board introduced a note prepared by the UNCTAD secretariat (TD/B/L.201), in response to the Board's request, 44/ containing some suggestions for the organization of the work to be done at the tenth session on the basis of the provisional agenda as adopted.

212. He explained that the note had been prepared on the basis of past experience and of the President's proposals for the improvement of the Board's methods of work. 45/ He drew attention to some specific suggestions for dealing with particular items on the provisional agenda. He added that the secretariat would prepare annotations to the provisional agenda to serve as a guide to delegations and that the secretariat's suggestions made in its note would be adjusted in the light of comments made by members of the Board and of the outcome of the ninth session.

213. In the ensuing debate, several representatives expressed reservations about the desirability of making provision at this stage for a resumption of the tenth session and recalled in this respect the Board's earlier decision 45 (VII) that in principle the Board would hold only one regular session annually. Some of them expressed the opinion that the Board might perhaps find it necessary at an appropriate moment to review its former decision in respect of the number of sessions of the Board in any one year. The representatives of two developing countries suggested that provision should be made under agenda item 7 of the provisional agenda for the consideration of a progress report on supplementary financial measures to be prepared by the staff of the International Bank for Reconstruction and Development.

214. The representative of a developed market economy country reiterated the concern he had previously expressed about the inclusion of item 9 in the provisional agenda. The representative of another developed market economy country expressed concern about the length of the agenda; so many items were included in the provisional agenda that he doubted that Governments or the secretariat would be able to prepare for a thorough consideration of all of them. Experience showed that it had been hardly possible to deal with more than three or four items adequately during any one session. He therefore suggested that the Secretary-General of UNCTAD should prepare, in consultation with permanent delegations and well in advance of the session of the Board, a guide showing which items of the agenda appeared to call for substantive discussions. This view was supported by other representatives.

215. The representative of a developed market economy country, referring to earlier comments on the planning of the work of the Board's tenth session and in particular to the suggested resumption of that session in February 1971, proposed that, in future years, the programme of work of the UNCTAD secretariat should be reviewed during the August/September session, which would fit in better with the time-table of the administrative and budgetary bodies of the United Nations, rather than at a resumed session of the Board. Accordingly, he proposed that the suggested calendar (TD/B/L.203) and the provisional agenda for the tenth session should be modified with a view to omitting the provision for a resumption of the

44/ See Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part three, paras. 299-301.

45/ Ibid., annex IV.

tenth session in February 1971 and with a view to making provision for the appointment of a working party during the August/September 1970 session of the Board to deal with the item concerning the programme of work of UNCTAD. It would naturally be open to the Board, he added, to determine at its tenth session if there should be any resumed session; for example, a special session of the Board might be needed to consider preparations for the third session of the Conference.

216. Several representatives stated that, in their opinion, the Board should not at its ninth session anticipate its possible decisions at the tenth session; the Board should determine in the light of conditions then prevailing whether or not to reconvene in February 1971.

217. The representative of the International Bank for Reconstruction and Development stated, with reference to comments on item 7 of the provisional agenda of the tenth session, that the Bank would report to the Board at its tenth session on the subject of supplementary financing, though he was not yet certain whether the report would be oral or in writing.

Action by the Board

218. After some discussion at the Board's 232nd meeting, on 12 February 1970, it was agreed that item 7 (c) (i) of the provisional agenda for the tenth session should be amended to read:

"(i) Financing related to trade, including the relevant part of the report of the Committee on Invisibles and Financing related to Trade, and a progress report by the International Bank for Reconstruction and Development on supplementary financing."

219. It was further agreed at the 235rd meeting that under item 16, entitled "Other business", the Board would consider at its tenth session the organization of its work at that session.

220. In addition, the Board requested the Secretary-General of UNCTAD, with a view to facilitating preparation for the tenth session and the conduct of business at that session, to determine, in consultation with interested delegations, those of the agenda items which might more particularly form the subject of a substantive discussion at that session. It invited the Secretary-General of UNCTAD to communicate the results of his consultations to the delegations as soon as possible and before the commencement of the tenth session and to give the necessary priority to the preparation of documents relating to the items so determined.

H. Financial implications of the actions of the Board (Agenda item 26)

221. At the Board's 238th meeting, on 16 February 1970, attention was drawn to the secretariat's summary statement concerning the financial implications of the actions of the Board (TD/B/297). ^{46/} The Board took note of the statement.

^{46/} For the text of the statement, see annex V below.

I. Adoption of the report of the Board to the General Assembly
(Agenda item 28)

222. At its 238th meeting, on 16 February 1970, the Trade and Development Board adopted the present report on the third part of its ninth session.

J. Closure of the session

223. At the same meeting, after the Secretary-General of UNCTAD and the President had made closing statements, ^{47/} the President declared the third part of the Board's ninth session closed.

^{47/} For a summary of these statements, see the summary record of the 238th meeting (TD/B/SR.238).

ANNEX I

Decision 64(LX). The contribution of UNCTAD to the preparatory work for the Second United Nations Development Decade

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Introduction

1. In formulating this contribution of UNCTAD to the preparatory work for the Second United Nations Development Decade, States members reiterate their faith in the principles and purposes laid down in the Charter of the United Nations and, in a spirit of solidarity and co-operation, have undertaken to intensify their joint efforts in promoting, within the competence of UNCTAD, the economic development and the social progress of the developing countries during the Second United Nations Development Decade.

2. The contribution of UNCTAD to the Second United Nations Development Decade must be regarded as a continuing effort designed to accelerate the growth of developing countries through the adoption and implementation of appropriate trade and aid policies. It should therefore be seen in a dynamic context, that is, one which requires continuing review within the machinery of UNCTAD with the aim of tackling effectively the major problems within its competence that the international community will face during the Decade, taking into account the developments which may occur in the implementation of the policy measures within UNCTAD's competence, and seeking at all times new areas of agreement and the widening of existing ones. To attain these objectives, UNCTAD will use its established machinery, namely, the United Nations Conference on Trade and Development, the Trade and Development Board and the

standing committees, in accordance with the statement ^{b/} adopted by the Board on 17 May 1969.

3. UNCTAD, fully conscious of the significance of the responsibilities that devolve upon it in the field of international trade and related problems of economic development, will continue to work in close co-operation with other international organizations, within and outside the United Nations system, for the programme of action to be launched for the Decade of the 1970s. Only through considerable, sustained and concerted efforts by all concerned will it be possible to achieve the objectives of this enterprise of international solidarity on the success of which hinges the well-being of the majority of the inhabitants of the world.

Decision

1. The Board recalled the statement adopted at its 200th meeting on 17 May 1969 on the subject of UNCTAD's contribution to the preparatory work for the Second United Nations Development Decade. At the second part of its ninth session the Board had reached agreement on some, and at its present session the Board was able to reach agreement on many more, areas within the competence of UNCTAD. The areas on which it was not able to reach agreement are:

(a) Firstly, the target dates. The developing countries felt strongly that to be meaningful, the programme of action for the Second United Nations Development Decade should indicate target dates for the implementation of certain measures. Developed countries have not accepted the setting of such dates and their inclusion in the text would render the paragraphs in question unacceptable to

^{a/} Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2). In order to comply with the relevant General Assembly resolutions concerning the limitation of documentation, however, and since appendix D was intended to serve as reference material for the deliberations of the General

Assembly at its twenty-fifth session, it has not been reproduced in this report.

^{b/} *Ibid.*, part two, annex I.

many of them. In the absence of agreement on this question, target dates were put in brackets.

(b) Secondly, the volume of aid and shipping. The Board was not able to formulate the contribution of UNCTAD on these two questions. It was therefore decided not to include any text under the relevant headings and to reproduce in an appendix A the draft texts which were proposed in the case of the volume of aid and the draft text which resulted from consultations on shipping.

(c) Thirdly, other issues, identified by a footnote to the relevant paragraphs, in relation to which alternative texts or amendments are contained in appendix B.

2. It was also agreed to attach the statements made by delegations on the contribution of UNCTAD as appendix C.

3. Except for the matters not agreed upon, referred to in paragraph 1 above, and taking into account the statements referred to in paragraph 2 above, it is the consensus of the Board to adopt UNCTAD's contribution to the preparatory work for the Second United Nations Development Decade as set out below.

4. The Board agreed that efforts should continue with a view to arriving at agreed texts on the matters referred to in paragraph 1 above.

*238th plenary meeting,
16 February 1970.*

A. Goals and objectives^{a/}

1. The aim is to promote sustained economic growth especially in developing countries leading to "higher standards of living, full employment and better conditions of economic and social progress and development" so as to facilitate the process of narrowing the gap in living standards between developed and developing countries. The primary responsibility for their development rests with the developing countries themselves. While appreciating the efforts already made by the developing countries to mobilize and make effective use of their internal resources, it is considered that further efforts in this regard are essential for accelerating economic development in the developing countries. A fuller mobilization and more effective utilization of the domestic resources of these countries, however, is possible only with concomitant and effective international action. The present and future work of UNCTAD with regard to the policy measures to be adopted within the context of the Second United Nations Development Decade should be considered against this background.

2. On the basis of a target of around 6 per cent^{b/} annual average rate of growth of the gross product of the

^{a/} *Ibid.*, Part Four, para. 24.

^{b/} This is a working hypothesis, as indicated in the statement adopted by the Board at its resumed eighth session. Should this figure be revised, all quantitative targets in the trade sectors will be adjusted accordingly. It may be noted that the Committee for Development Planning has expressed the opinion that it is possible for developing countries as a whole to achieve an average annual rate of expansion of 6 to 7 per cent in total gross product.

developing countries, the import requirements of these countries would increase at an estimated average annual rate of about [6.7] per cent, implying an average annual growth rate of about [7.2] per cent in their exports.^{c/}

3. Action in UNCTAD to support the efforts of the developing countries to meet their requirements should give highest priority to:

(a) The developing countries achieving the maximum increase in their net foreign exchange earnings from exports;

(b) Supplementing the resources at the disposal of the developing countries through financial and technical assistance from the developed countries;

(c) Increasing the flow of modern technology to the developing countries to keep pace with their development needs.

B. Policy measures

I. Commodities^{d/}

1. Within the context of an international commodity policy, the international community should continue to give highest priority to efforts aimed at securing:

- (i) Stable, remunerative and equitable prices for primary commodities with a view to improving the foreign exchange earnings from exports of primary products from the developing countries;
- (ii) Improved access to the markets of the developed countries;
- (iii) Measures to promote marketing and consumption of primary products, including those in processed and semi-processed form, exported from the developing countries to the markets of the developed countries;
- (iv) A reduction in the dependence upon a narrow range of primary products which is characteristic of many developing countries, especially the least developed, and help for them to diversify their economic base.

(a) *Commodity agreements and arrangements, including buffer stock financing*

2. As far as the products regarding which no international action as envisaged in resolution 16 (II) of the United Nations Conference on Trade and Development has taken place are concerned, all efforts will be made to secure

^{a/} The assumptions on which these figures have been estimated are set out in "Trade projections for 1975 and 1980: results of a study prepared by the Secretary-General of UNCTAD" (*Official Records of the Trade and Development Board, Ninth Session, First and Second Parts, Annexes*, agenda item 3, document TD/B/264/Rev.1). These assumptions and the resulting figures have not been fully discussed by the Board.

^{b/} The provisions of this section, having been prepared in the context of the Second United Nations Development Decade, are primarily directed towards the problems faced by the developing countries. Any measure in the field of international commodity policy will, however, take into account the over-all situation with regard to trade in a particular commodity and will not be applied so as to impose adverse effects on the interests of countries concerned.

such action [before 31 December 1972], in accordance with the procedures set out in that resolution, on the basis of a time-table for the consideration of these matters to be drawn up before the launching of the Second United Nations Development Decade.

3. For products of the temperate zone produced by developing countries, the efforts made within UNCTAD should be continued, in conformity with resolution 16 (II) and in co-operation with the other international organizations concerned, with a view to: (a) expediting the examination and evaluation of the particular problems of these products; and (b) preparing measures that could be adopted with the aim of reaching mutually acceptable solutions early in the Second United Nations Development Decade.

4. The Secretary-General of UNCTAD should continue his consultations with a view to the conclusion of an agreement on cocoa as early as possible.

5. Efforts will continue to reach agreement as soon as possible on appropriate measures to stabilize the price of tea, bearing in mind the interests of both consumers and producers.

6. The major exporting and importing countries not yet parties to the International Sugar Agreement of 1968 are urged by those which are to consider acceding to it as early as possible with a view to strengthening the working of the Agreement in the stabilization of sugar prices.

7. Measures should be taken to secure as early as possible negotiations with a view to the prompt renewal of those commodity agreements which have already been concluded but which are about to expire.

8. Further consideration should be given to the question of, and arrangements for, consultations among producing countries.

9. When concluding or reviewing commodity agreements which incorporate buffer stock mechanisms and when pre-financing of buffer stocks becomes necessary, all financing possibilities should be considered, in particular resources that could be made available from the international financial institutions, but also those available in developed and developing countries from sources of private capital, and from Governments in the form of loans or any other form of voluntary contributions.

10. The formulation of a general agreement on commodity arrangements will be kept under active consideration.

(b) Pricing policy

11. Agreement was reached on the desirability of a set of general principles on pricing policy which would serve as guide-lines for intergovernmental consultations and actions to be taken with regard to stabilizing the markets for individual commodities. ^{g/}

^{g/} This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the

12. One of the aims of a pricing policy for commodities of export interest to developing countries should be to secure stable, remunerative and equitable prices with a view to improving the foreign exchange earnings from exports of primary products from the developing countries. Efforts to attain that aim should be actively pursued, having due regard to the market situation of individual commodities and to the work carried out by the international bodies concerned. In this connexion, specific measures should be accorded priority on a commodity-by-commodity basis, in particular in the context of commodity agreements and arrangements. ^{h/}

13. Account should be taken of the detailed suggestions as to the objectives of a pricing policy and operational guide-lines which have been put forward within UNCTAD, as well as of the relevant UNCTAD resolutions.

14. On a commodity-by-commodity basis, intergovernmental consultations should be continued and intensified in co-operation, where appropriate, with the other international organizations concerned, with the aim of reaching concrete and significant results early in the Second United Nations Development Decade [and in any case not later than 1972].

(c) Access to markets

15. Agreement was reached on the desirability of adopting concrete measures on trade liberalization as a means of increasing the export earnings of developing countries. The improvement of conditions of access to the markets of developed countries is one element in promoting trade expansion.

16. No new tariff and no new non-tariff barriers should be created (nor should existing barriers be increased) by developed countries against imports of primary products of particular interest to developing countries. ^{h/}

17. Efforts towards securing the liberalization and expansion of trade in commodities should be actively pursued. Developed countries should accord priority to reducing or eliminating duties and other barriers to imports of primary products, including those in processed or semi-processed form, ^{h/} of export interest to developing countries, through international joint action and/or individual action. The aim should be to ensure that developing countries have improved access to world markets and to market growth for products in which these countries are presently or potentially competitive.

18. To this end, intergovernmental consultations should be continued and intensified in co-operation, where appropriate, with other international organizations concerned, with the aim of reaching concrete and significant results early in the Second United Nations Development Decade [and in any case not later than 1972].

Board's decision of 22 September 1969. An alternative text and an amendment were submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. The alternative text and the amendment appear in appendix B.

^{h/} Subject to relevant provisions of Annex A.II.1 to the Final Act of the first session of the Conference.

(d) *Diversification programmes*

19. Diversification programmes should be one of the means of correcting the deficiencies of existing economic structures in developing countries. Taking into account the basic need of each country for balanced economic development, such programmes should aim at:

(a) The expansion of production of semi-manufactures and manufactures in developing countries;

(b) The increase in exports of semi-processed and processed commodities by these countries;

(c) The broadening of the pattern of exports in favour of commodities with relatively dynamic demand conditions in the world market;

(d) The increase of food production in food deficient countries.

20. Developed countries and the appropriate international financial institutions, including regional development banks, should give increased attention in their current assistance programmes to the diversification problems of the developing countries in order to supplement the resources provided by the developing countries themselves. Specific funds for diversification should be one of the features of commodity arrangements wherever it is considered necessary.

21. Close co-ordination and co-operation between UNCTAD, the Food and Agriculture Organization of the United Nations, the International Bank for Reconstruction and Development, other competent organizations and Governments should be continued or established, in order to avoid the diversification efforts of individual countries leading to, or perpetuating, over-supply of certain commodities in the world market.

(e) *Competition from synthetics and substitutes*

22. In the case of natural products facing falling prices or shrinking markets, as a result of the competition of synthetics and substitutes:

(a) Appropriate action should be taken as far as is practicable to improve their competitiveness;

(b) Developed countries should reduce progressively, to the fullest extent possible, with a view to their eventual elimination, tariff and non-tariff barriers against these natural products, in primary or in processed form;

(c) Intensive research and development efforts should be initiated to improve their market conditions, cost efficiency and the diversification of end uses, and ways and means should be found to finance such activities.

23. In connexion with research and development efforts it has been agreed that UNCTAD should play an important role in identifying the problems and areas where research is needed.

24. In their financial and technical assistance programmes the developed countries and the international organizations concerned should give sympathetic consideration to requests for assistance for developing countries producing natural products which suffer serious competition from synthetics and substitutes, in order to help

them to diversify into other areas of production, including processing of primary products.

25. Governments of States members of UNCTAD and producers of synthetics are urged to bear in mind, when taking decisions concerning the creation and use of synthetic products, the desirability of taking due account of supply and demand for both natural and synthetic products affected by those decisions. It is further recognized that where natural products are able to satisfy present and anticipated world market requirements it is desirable in the context of national policies that no special encouragement should be given to the creation and utilization of new production, particularly in the developed countries, of directly competing synthetics. Appropriate action should be taken as far as practicable, to improve the competitiveness of natural products and to study all possibilities of complementarity between natural products and synthetics.

(f) *Consultations on the disposal of surpluses and strategic reserves*

26. The machinery for consultation on surplus disposal which existed during the 1960s should be widened and reinforced in order to avoid or minimize possible adverse effects of disposals of production surpluses or strategic reserves on normal commercial trade and to take account of the interests of both surplus and deficit countries.

II. *Manufactures and semi-manufactures*

General

1. It is already recognized that there is an urgent need for the diversification and expansion of the export trade of developing countries in manufactures and semi-manufactures as a fundamental means of accelerating their economic development and raising their standards of living.

2. It is also already recognized that there is the need for increased access, in the largest possible measure, to markets for manufactured and semi-manufactured products of interest to developing countries, so as to enable these countries to increase and diversify their exports of those products on a stable and lasting basis.

3. Individual and joint action, by both developed and developing countries, in this field should therefore facilitate diversification and expansion in the trade of manufactures and semi-manufactures of developing countries.

4. It should be the aim of the measures taken and those which may be taken for the liberalization and expansion of trade, to enable the developing countries to attain increased participation commensurate with the needs of their development in the growth of international trade in manufactured and semi-manufactured products.

(a) Preferences^{1/}

5. At its second session the Conference recognized the unanimous agreement in favour of the early establishment

^{1/} This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own

of a mutually acceptable system of generalized, non-reciprocal and non-discriminatory preferences which would be beneficial to the developing countries, and to that effect established a Special Committee on Preferences. Such a system, designed to increase the export earnings of developing countries, to help promote their industrialization and to accelerate the rate of their economic growth will be an element of importance for the economic development of developing countries. A system in accordance with the Conference resolution 21 (II) should be put into effect and maximum efforts should be made within UNCTAD to adhere to the established time-table.

(b) *Tariff and non-tariff barriers*

6. While it is expected that the introduction of a generalized system of preferences should of itself reduce tariff barriers, work on various aspects of tariff matters should continue.

7. It was agreed at the first session of the Conference that developed countries should not, ordinarily, raise existing tariff or non-tariff barriers to exports from developing countries, nor establish new tariff or non-tariff barriers or any discriminatory measures, where such action would have the effect of rendering less favourable the conditions of access to their markets of manufactured and semi-manufactured products of export interest to developing countries.^{j/}

8. Intergovernmental consultations should be continued and intensified in co-operation with other competent international organizations with a view to giving effect [at latest by 1972] to measures for the relaxation and progressive elimination of non-tariff barriers affecting trade in manufactures and semi-manufactures of interest to developing countries. These consultations should take into account all groups of processed and semi-processed products of export interest to developing countries.

(c) *Adjustment assistance*

9. It is realized that substantial imports of manufactures and semi-manufactures may involve some readjustment in the industrial structures of the developed countries. To this end the developed countries should consider arrangements [early in the Decade] for assisting the adaptation and adjustment of industries and workers in situations where they are or may be adversely affected by increased imports of manufactures and semi-manufactures from developing countries.^{k/}

responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. An amendment was submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. This amendment appears in appendix B.

^{j/} In this connexion, see paragraph 9 of Annex A.III.4 to the Final Act.

^{k/} This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads

(d) *Export development and promotion*

10. Developing countries should intensify their efforts to make greater use of trade promotion as an instrument for the expansion of their exports both to developed countries and to other developing countries. Effective assistance should be made available by the international community to the developing countries in order to help them to formulate and put into effect appropriate export policies and training programmes and evolve export promotion techniques. The work of the UNCTAD/GATT International Trade Centre should be continued and appropriately strengthened in co-operation with the existing regional trade promotion centres and within the framework of the United Nations export promotion programme in keeping with the increasing needs of developing countries.

(e) *Restrictive business practices*

11. Restrictive business practices particularly affecting the trade and development of the developing countries should be identified with a view to the consideration of appropriate remedial measures.

12. In all matters covered by paragraphs 6 to 11 above it should be the aim to reach concrete and significant results early in the Second United Nations Development Decade [and in any case not later than 1972].

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

1. It has been agreed that the expansion of trade and economic co-operation and integration among developing countries are important elements in the international development strategy.^{l/} It is further recognized that the responsibility for instituting schemes for regional integration among developing countries, or measures for trade expansion among them, rests in the first instance with the developing countries themselves.

2. The developing countries should continue their efforts to negotiate and put into effect further meaningful commitments among themselves within the framework of their choice, adapting them to the circumstances in the various parts of the developing world.

3. They should in particular speed up the current negotiations designed to elaborate mutually beneficial preferential trade arrangements which foster a rational and outward-looking expansion of production and trade, and avoid undue injury to the trade interests of third parties, including third developing countries.

4. Within the framework of Conference declaration 23 (II), the developed market-economy countries are pre-

and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. An alternative text and amendments were submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. The alternative text and the amendments appear in appendix B.

^{l/} See Conference declaration 23 (II).

pared to support, in the allocation of their financial and technical assistance, initiatives in regional co-operation instituted by developing countries.

5. The developed market-economy countries have undertaken specifically to consider what help can be given to any concrete proposals that may be put forward by developing countries. In order to implement declaration 23 (II), such help can take the form of action in the field of commercial policy as well as financial aid and technical assistance.

6. Socialist countries of Eastern Europe for their part are ready to extend their support to the developing countries following the appropriate principles by which the socialist countries are guided in this respect.

7. All member countries of UNCTAD recognize the competence of UNCTAD to play an important role in this field by providing support and encouragement and by undertaking periodic reviews of the progress achieved, while taking into account the operational responsibilities in this field of the regional economic commissions, the United Nations Economic and Social Office in Beirut, the United Nations Industrial Development Organization and other competent international and regional and sub-regional bodies, and inviting them to intensify their activities in this field.^{13/}

IV. Trade relations among countries having different economic and social systems

1. Agreement was reached at the second session of the Conference on resolution 15 (II), "Trade relations among countries having different economic and social systems including problems of East-West trade, paying attention particularly to the trade interests of the developing countries and taking into account the work in this field of other United Nations organs, including the regional economic commissions".

2. A dynamic development of world trade as a whole can play an important part in facilitating the achievement of the objectives of the Second United Nations Development Decade. To this end UNCTAD will, therefore, having regard to the interests of the developing countries, pay close attention, *inter alia*, to measures taken to promote trade between countries having different economic and social systems in accordance with resolution 15 (II).

3. Countries having different economic and social systems, including those participating in East-West trade, should continue and intensify their mutual efforts towards the expansion of trade and to this end seek to remove the economic, administrative and trade policy obstacles to the development of trade, and promote constructive measures in the field of economic, industrial, technical and scientific co-operation.

4. The socialist countries of Eastern Europe should take duly into consideration the trade needs of the developing

countries and in particular their production and export potential when quantitative targets are fixed in their long-term economic plans, adopt appropriate measures designed to maximize and diversify imports of primary commodities from developing countries and undertake measures so that imports of manufactures and semi-manufactures from them constitute a growing element in their total imports of manufactures and semi-manufactures. They should also adopt the necessary measures to expand further their trade with developing countries, *inter alia*, those set out in section II of resolution 15 (II). At the same time they should promote the diversification of the structure and geographical basis of this trade with these countries in order that the largest possible number of developing countries derive the maximum benefit from this trade. [Socialist countries of Eastern Europe should take the necessary action to fully implement, by the beginning of the Decade, and in any case not later than 1972, recommendations contained in resolution 15 (II), section II of the Conference.]

5. Developing countries, in their efforts to increase their over-all trade, should give, in particular, due attention to the possibility of expanding their trade with socialist countries:

(a) By granting to these countries conditions for trade not inferior to those granted normally to the developed market-economy countries;

(b) By undertaking steps to facilitate the implementation of the measures contained in paragraph 4 above and by carrying out other positive measures with a view to promoting the further expansion of economic ties and the increase and diversification of mutual trade exchanges.

6. It is recognized that no uniform method of introducing multilateralism in payments relations between developing countries and the socialist countries is practical at this time. It is considered desirable, therefore, that elements of flexibility and multilateralism be progressively introduced or extended in payments arrangements between the developing and the socialist countries by appropriate consultations among the countries concerned, taking into account specific economic circumstances and patterns of trade.

7. In order further to promote trade among countries having different economic and social systems, appropriate consultations can be held in the framework of UNCTAD, which would lead to a better knowledge of their respective trading possibilities and requirements.

V. Financial resources for development – domestic and external financial resources

1. Economic development entails mutually reinforcing efforts by developed and developing countries. Developing countries must, and do, bear the main responsibility for financing their own development. The developed countries for their part recognize their responsibility to provide increased resources to the developing countries under more favourable terms. External resources in support of develop-

^{13/} The Intergovernmental Group established by Board resolution 53 (VIII) will meet as soon as possible to examine, consider and make recommendations on matters enumerated in that resolution.

ment should not replace but should supplement domestic efforts. It is recognized however that the fullest mobilization and most effective utilization of the domestic resources of developing countries is possible only with concomitant and effective external assistance.

A. Mobilization of domestic financial resources^{n/}

2. Developing countries should mobilize their internal resources as fully as possible to ensure the most effective use of available resources both internal and external. This process will as required involve, *inter alia*, giving special attention to the domestic savings ratio, fiscal and financial policies and their administration and the promotion of public and private investment.^{o/}

3. Within the general international framework of measures designed to improve the institutional and structural environment in connexion with economic and social development, it has been recognized that in many developing countries there is need to pursue appropriate reforms in key areas.^{o/}

4. While it is for each country to determine its own needs and priorities in the light of individual circumstances, it is considered important that developing countries should continue to apply and where appropriate, strengthen policies conducive to improved development planning and its implementation, particularly in those areas deemed to be of special importance to their economic and social development. Consideration should be given to the establishment of targets wherever appropriate.^{o/}

B. External Resources

(i) Volume of transfer of financial resources

...

(ii) Terms and conditions of development assistance

1. During the past decade the terms of development assistance have generally remained too hard. It has been recognized that further efforts are required to soften the terms of assistance by such means as increasing the grant component of financial transfers, lowering interest rates, and lengthening maturities and grace periods. In that context, the Development Assistance Committee of the Organisation for Economic Co-operation and Development adopted in 1969 a Supplement to the 1965 Recommendation designed to soften and harmonize terms and conditions of assistance to developing countries. To achieve that end the developed countries members of the Development Assistance Committee should make their best efforts

^{n/} As this matter falls also within the competence of other international organizations further contributions from them on the subject may be forthcoming.

^{o/} This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. An alternative text was submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to

to reach the norms set out in the Supplement and apply the recommendations in the shortest time possible [and in any case before the launching of the Decade.] Developed countries should consider measures aimed at the further softening of the terms and are endeavouring to arrive at a more precise assessment of the circumstances of individual developing countries and at a greater harmonization of terms given by individual developed countries to individual developing countries. Moreover, the developed countries have agreed to consider, in the further evolution of their assistance policies during the Decade, *inter alia*, the specific suggestions for further softening of the terms of aid as contained in Conference decision 29 (II). [They should, in any case, attain these objectives by the end of the Decade.]

2. In the light of decision 29 (II) it is agreed that financial assistance should, in principle, be untied. While it may not be possible to untie assistance in all cases, developed countries should rapidly and progressively take what measures they can in this respect both to reduce the extent of tying of assistance and to mitigate any harmful effects. Where loans are tied essentially to particular sources, developed countries should make, to the greatest extent possible, a part of the loans available for utilization by the recipient countries for the purchase of goods and services from other developing countries.

3. It is hoped that the analysis of the techniques of lending at present being undertaken by the International Bank for Reconstruction and Development at the request of UNCTAD will facilitate further steps to improve the terms and conditions of assistance. There are several proposals for increasing flows of financial resources on favourable terms to developing countries which should be considered. Some of these, including that for a multilateral interest equalization fund, are aimed at reducing the interest charges borne by developing countries.

4. The developed countries have been urged, in order to make external resources available to developing countries on easier terms and conditions, to provide, to the greatest extent possible, an increased flow of aid on a long-term and continuing basis and by simplifying the procedure for the granting and effective and expeditious disbursement of aid.^{p/}

(iii) Debt servicing problem of the developing countries

5. It is recognized that there are grave problems of external indebtedness and that some of them are, or may become, acute. Such problems arise not only from official lending but also from commercial credit, including suppliers' credits. The latter have become of increasing importance as a source of finance and have contributed to the indebtedness problem of a number of developing countries. Improvements in the institutional arrangements for dealing with problems of indebtedness should be considered in the light of the continuing analysis of the whole question of indebtedness. Arrangements for forecasting, and if possible forestalling, debt crises should also be improved. Developed countries should help in preventing

arriving at an agreed text for this paragraph. This alternative text appears in appendix B.

^{p/} See General Assembly resolution 2170 (XXI).

such crises by providing assistance on appropriate terms and conditions, and developing countries by undertaking sound policies of debt management. Where difficulties do arise, the countries concerned should stand ready to deal reasonably with them within the framework of an appropriate forum, in co-operation with the international institutions concerned. In such a co-operative undertaking, the full range of methods available for dealing with such difficulties should be drawn upon, including, as may be required, measures such as arrangements for rescheduling and re-financing of existing debts on appropriate terms and conditions.

(iv) Increase of multilateral financial transfers

6. It has been recognized that multilateral financial transfers will play an important role in the course of the Second Development Decade. The volume of resources made available through multilateral financial institutions should therefore be increased to the fullest extent possible, and techniques should be evolved to enable them to fulfil this role in the most effective manner.

(v) Access to capital markets of developed countries

7. Improvement should be sought in the access of developing countries and international financial institutions to capital markets, particularly those of countries in payments surplus.

(vi) Conditions for an increased contribution of private investment to development

8. In addition to official financial flows, foreign private investment can play an important role in the economic growth of developing countries by supplying them with capital and managerial and technological know-how. In order to maximize the developmental impact of private investment in developing countries it should be undertaken in a manner consistent with the economic and social development objectives and priorities set by the host countries. To this end foreign private investors in developing countries should endeavour to provide for an increase in the local share in management and administration, training and employment of local labour, including personnel at the managerial and technical levels, participation of local capital and reinvestment of profits. A better understanding of the rights and obligations of host countries, developed countries and investors would contribute to increased flows of private capital. Developing countries should give due encouragement to private foreign investment, taking into account the areas in which investment should be sought and bearing in mind the importance for its attraction of conditions conducive to sustained investment. Developed countries should consider adopting further measures to encourage the flow of private capital and technical know-how to developing countries. ^{9/}

^{9/} This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. An alternative text was

(vii) Safeguarding development efforts of the developing countries against fluctuations in their export earnings

9. Arrangements for supplementary finance can help to meet the problem of disruption of development arising from adverse movements in the export proceeds of developing countries. In the context of the search for appropriate means for dealing with such problems. The International Bank for Reconstruction and Development is working out arrangements for supplementary financing. If appropriate, the International Bank for Reconstruction and Development is invited to consider introducing them.

10. Considerable experience has been gained in the operation of the revised Compensatory Financing Facility of the International Monetary Fund. Suggestions for its improvement which have been or may be referred to the International Monetary Fund are recommended to Governments members of the Fund for their consideration.

(viii) International liquidity

11. It is recognized that the satisfactory operation of the international monetary system has a bearing on the problems of development. In this respect further consideration should also be given to the various proposals for a link between the Special Drawing Rights and external development financing. ^{10/}

(ix) Outflow of financial resources from developing countries

12. Concern has been expressed about the outflow of financial resources from developing countries which may affect their economic growth. The question whether measures could be taken at the international level in order to control the outflow of such resources to developed countries from developing countries to conform to their development objectives will be further examined in the light of a study to be prepared by the Secretary-General of UNCTAD.

VI. Invisibles, including shipping

1. The objective is to promote, by national and international action, the earnings of developing countries from invisible trade and to minimize the net outflow of foreign exchange from these countries arising from invisible transactions, including shipping.

submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. This alternative text appears in appendix B.

^{10/} This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. An alternative text and an amendment were submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. The alternative text and the amendment appear in appendix B.

Shipping and ports

...

Insurance and reinsurance

2. The objective of reducing the cost of insurance and reinsurance for developing countries, especially the foreign exchange cost, should be achieved by appropriate measures, bearing in mind the risks involved, to encourage and assist the growth of national insurance and reinsurance markets in developing countries and the establishment to this end, where appropriate, of institutions in these countries or at the regional level.

Tourism

3. The States members of UNCTAD recognize tourism as a development industry and agree that the tourist potential of developing countries should be promoted so as to increase their foreign exchange earnings from the tourist trade. To this end, UNCTAD will co-operate with the other international organizations active in the field of tourism and in particular, the International Union of Official Travel Organizations,^{2/} and keep under review measures taken or to be taken to reduce the cost of international travel. Governments of developed countries which are States members of UNCTAD are urged to endeavour to avoid exchange restrictions on tourism and, where they exist, to remove them as soon as practicable and in other ways to facilitate the travel of their residents to developing countries and to keep under review the possibility of increasing facilities for customs franchise for local products, handicrafts and traditionally produced goods acquired by their residents in the course of travel abroad for the purpose of tourism. Developing countries should consider the possibility of co-operating with each other in tourist development programmes and of strengthening such co-operation.

4. Close and sympathetic consideration should be given by States members of UNCTAD, directly or through international agencies, to requests from developing countries for assistance related to insurance, reinsurance and tourism.

VII. Transfer of technology

1. The aim is to ensure that developing countries have access to modern technology so as to enable them effectively to promote their economic development. Urgent consideration should therefore be given to measures to enable them to acquire modern technology under terms and conditions appropriate to their needs and to strengthen research and development activities in developing countries as a basis both for adapting foreign, and for promoting indigenous, technology.

2. UNCTAD is determined to play its proper part in contributing to the achievement of this aim which it considers to be a matter of high priority. It has therefore

undertaken as a matter of urgency a study of the elements for a programme of work in the field of transfer of technology.^{2/} This study will take into account proposals made on the subject in UNCTAD.

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

1. It has been recognized in Conference resolution 24 (II) that the least developed among developing countries confront special problems in their efforts to accelerate their economic and social improvement and that there is a need to provide effective and concrete measures that can ensure their sustained economic growth and enhance their ability to benefit fully from measures designed in favour of developing countries as a whole.

2. It should not be the objective of any special measures taken in favour of the least advanced developing countries to create discrimination among the developing countries, but to ensure due benefits for the least developed among them so that all developing countries can derive equitable benefits.

3. In the formulation of the international development strategy, the international community should pay due attention to the special handicaps of the least developed countries with the object of removing their disabilities; special measures in favour of the least developed among developing countries should be found within the framework of the Second United Nations Development Decade, covering in particular the following aspects:

(a) In the field of commodities, special consideration should be given to commodities of interest to the least developed among the developing countries and, in concluding commodity agreements, the interest of the least developed among the developing countries should receive due attention;

(b) In the field of manufactures and semi-manufactures, measures in favour of developing countries should be so devised as to allow the least developed among developing countries to be in a position to derive equitable benefits from such measures. Particular consideration should be given to the question of including in the general scheme of preferences products of export interest to the least developed among the developing countries;

(c) In the field of development finance and technical assistance, national and international assistance agencies should give particular attention to the needs of the least developed countries;

(d) In the field of trade promotion, special attention should be paid to the needs of the least developed countries

^{2/} This study is to be considered by the Trade and Development Board at its tenth session, in conformity with resolution 62 (IX), and further material on UNCTAD's contribution in this field may be forthcoming in the light of its conclusions. It is recognized that certain important aspects of the transfer of technology fall within the competence of other international organizations and that, in order to achieve the desired results, close attention will have to be paid to the question of co-ordination.

^{1/} See the introductory part of the Report of the Conference of UNCTAD.

to improve the efficiency and quality of their production for exports as well as marketing techniques in order to meet the competitive requirements of world markets.

4. All these measures should be devised bearing in mind the need to identify the least developed among the developing countries in the context of each specific measure concerned, taking fully into account the identifying criteria relevant to the policy measure in question.

IX. *Special measures in favour of land-locked countries*

1. In view of the special problems of the land-locked developing countries, the land-locked situation should be considered as a factor in determining the criteria for the identification of the least developed among the developing countries. National and international financial institutions should accord appropriate attention to the special needs of these countries in extending adequate financial and technical assistance to projects designed for the development and improvement of the transport and communications infrastructure needed by these countries, in particular of the transport modes and facilities most convenient to them and mutually acceptable to the transit and the land-locked developing countries concerned. All States invited to become parties to the Convention on Transit Trade of Land-locked States of 8 July 1965^{v/} should investigate the possibilities of ratifying or acceding to it with a view to making it effective at the earliest possible date.

2. In the light of the general recommendations made in Conference resolution 11 (II), specific measures in favour of land-locked developing countries will be elaborated by the Trade and Development Board after its consideration of the report of the group of experts on problems of land-locked countries in 1970.

3. When any agreement is discussed and elaborated in the field of trade and development, it is considered desirable that any special problems of the land-locked developing countries receive due attention.

X. *Technical co-operation and trade promotion^{v/}*

1. Technical assistance in the field of international trade and invisibles has an essential role to play in promoting exports from developing countries and raising their income from invisible transactions.

2. In order to ensure a fuller use of technical assistance in the field of international trade and invisibles, developed countries should consider placing greater emphasis on, and making wherever possible increased resources available for, technical assistance in the area of trade and invisibles both in the multilateral framework and in their bilateral co-operation with developing countries.

^{v/} See *Official Records of the Trade and Development Board, Second Session, Annexes*, agenda item 6, document TD/B/18.

^{v/} Certain aspects of trade promotion are included in section II above on "Manufactures and semi-manufactures".

3. In order to take full advantage of this form of international co-operation, developing countries should pay special attention to trade promotion in the formulation of their over-all technical assistance programmes. Consideration should be given to measures which will enable developing countries to formulate in the most effective way their requests for technical and pre-investment assistance with regard to trade promotion, commercial policy, regional integration, shipping, insurance, tourism and the training of personnel.

XI. *World food problem*

1. While some developing countries are making promising progress in increasing agricultural production and improving productivity of the agricultural sector, *inter alia* by the introduction of new techniques, the persistence of the world food problem constitutes one of the major obstacles to social and economic development.

2. The solution of the world food problem is the joint responsibility of the whole international community. The primary responsibility for meeting their food needs rests, however, with the developing countries themselves. They should pay special attention, in the formulation of balanced and integrated development plans, to the requirements of the agricultural sector. Wherever necessary, they should adopt measures to remove institutional and structural impediments to the development of agriculture, implement land reform and improve the availability of key agricultural requisites including the establishment of agro-industries.

3. Developed countries for their part should, where appropriate, continue to co-operate fully in these efforts of the developing countries and particularly should continue, and wherever possible increase, their technical and financial assistance to developing countries in order to help them improve agricultural productivity, increase food production and provide agricultural requisites. Where this is required as an interim measure of assistance to food deficit countries, bilateral and multilateral food aid should be provided on a fair and just basis among developed countries. ^{w/}

Note: It is recognized that important aspects of this problem fall within the competence of, and will be dealt with by, other international organizations, in particular the Food and Agriculture Organization of the United Nations and the World Food Programme.

C. *Implementation review*

1. It is recognized that UNCTAD will have a major role to play with respect to matters within its field of competence in any review procedure that may be set up by the General Assembly for the assessment of progress

^{w/} The developing countries proposed that the following words be added to the end of this paragraph: "with due regard for the interests of the food-exporting developing countries". Some developed countries were unable to agree to this addition.

towards the achievement of the over-all goals and objectives of the Second United Nations Development Decade. The existing procedure for the review of the UNCTAD recommendations is set out in resolution 19 (II) of the Trade and Development Board. The Board will determine the extent to which progress has been made in the implementation of policy measures within its field of competence. The purpose will be to identify difficulties and obstacles with a view to reaching agreement on positive action for the achievement of objectives and targets agreed upon for the Second United Nations Development Decade. ~~z/~~

2. In addition to the deepening and widening of areas of agreement and the achievement of new agreements, the review of the implementation of the recommendations and

~~z/~~ This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. An alternative text was submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. This alternative text appears in appendix B.

resolutions adopted by the Conference and its continuing machinery will be one of the major preoccupations of UNCTAD during the Decade. ~~z/~~

D. World public opinion

1. It is assumed that the competent organs of the United Nations system will make sustained and co-ordinated efforts to mobilize world public opinion during the Second United Nations Development Decade so that ordinary men and women everywhere understand and support the development efforts of their Governments and of the international community.

2. In this connexion, UNCTAD, within the resources available to it, will co-operate with the above-mentioned organs and with the Centre for Economic and Social Information in particular, with a view to mobilizing world public opinion in support of the objectives of the Decade, bearing in mind the fact that the Governments of the countries members of UNCTAD have the main responsibility for mobilizing public opinion concerning this question in their respective countries.

APPENDIX A

1. Various texts proposed concerning the volume of transfer of financial resources

Text proposed by the delegations of France, Netherlands and Sweden^a

The member States of UNCTAD consider that one of the essential elements to help developing countries to reach the development objectives recommended for the Second United Nations Development Decade is to achieve, as soon as possible and in any case before the middle of the Decade, the target defined in decision 27 (II) of the United Nations Conference on Trade and Development under which each economically advanced country should endeavour to provide annually to developing countries financial resource transfers of a minimum net amount of 1 per cent of its gross national product.

It is thus necessary that developed countries which have not yet reached this target do everything in their power to attain it very rapidly. It is furthermore desirable that those which have reached or exceeded it endeavour to maintain the volume of their contributions at this level and if possible to increase them.

It would also be necessary for a substantial proportion of the resources thus transferred to be provided in the form of official development assistance. To this end, member States recognize that, within the framework of their total aid effort, a target for official aid expressed in terms both of volume and of a date for its attainment, would represent a basic element for the implementation of the international development strategy. They will continue their efforts to arrive at a satisfactory solution on this question, in the light of Conference decision 27 (II).

Text proposed by the delegations of the Federal Republic of Germany, Italy and the United Kingdom of Great Britain and Northern Ireland^b

The United Nations Conference on Trade and Development at its first session called on each developed country to endeavour to supply to the developing countries financial resources in a minimum net amount approaching 1 per cent of its national income. At the second session of the Conference, agreement was reached on a new target of 1 per cent of gross national product, as set out in decision 27 (II). This represented an increase on average of 25 per cent over the earlier target. In the view of the developing countries, this target should be achieved by 1972.

The transfer of official resources is of particular importance. There can be no doubt that the prospects for success of the developing countries in executing their own plans can be greatly enhanced by reasonable assurances that sustained levels of official development assistance will be forthcoming from developed countries and international financial institutions. In the view of the developing

countries, developed countries should by 1972 provide a minimum of 0.75 per cent of their gross national product by way of net official financial resource transfers as defined in decision 27 (II).

The positions of the developed countries as regards a date for the attainment of the 1 per cent aid target still show significant points of difference. Some of these countries have already attained the target; others have committed themselves to do so by a certain date; while others, who have not yet done so and are unable to commit themselves to a particular date, will do their utmost within their possibilities to meet the aid volume target as soon as they can.

Differences persist also among developed countries in respect to the proposals of the developing countries on official flows. A number of developed countries have stated that within the 1 per cent target defined in decision 27 (II) they are prepared to attempt to provide a minimum of 0.75 per cent of the gross national product by way of net official financial resource transfers. One developed country has expressed the view that this proportion should be at least 0.50 per cent. The other developed countries have not been prepared to accept any precise ratio. All these countries, however, accept the importance of official bilateral and multilateral flows within the total and will either undertake specific commitments in this respect or do their utmost to ensure that official bilateral and multilateral flows represent a substantial part of the resources provided.

In view of the importance, in the context of the Second United Nations Development Decade, of each developed country doing its utmost to achieve the maximum under these heads and in view of the need to make progress in the implementation of decision 27 (II), each developed country envisages submitting an individual statement to make known its intent concerning:

(a) The achievement of the 1 per cent aid target; in this regard, it is desirable that all countries which have not yet attained that target do their utmost to meet it as rapidly as possible; in addition, it is desirable that all countries who have already met this target shall endeavour to ensure that their net financial resource transfers are maintained and to envisage, if possible, an increase in them;

(b) Official financial resource transfers; in this regard, it is desirable that a substantial part of the aid of the developed countries should consist of official development aid and that the developed countries should endeavour to increase, within their possibilities, this part of their aid.

These statements of intent should be made at the twenty-fifth session of the General Assembly or before and be attached to the final document on the Decade. The developed countries should, at appropriate intervals during the Decade, examine whether they can supplement these statements of intent or make advances on them.

^a Document TD/B/L.214.

^b Document TD/B/L.212.

*Text proposed by the delegations of Australia
and the United States of America^c*

The United Nations Conference on Trade and Development at its first session called on each developed country to endeavour to supply to the developing countries financial resources in a minimum net amount approaching 1 per cent of its national income. At the second session of the Conference, agreement was reached in terms of decision 27 (II) on a new target of 1 per cent of gross national product, representing an increase, on average of 25 per cent over the earlier target. In view of the developing countries this target should be achieved by 1972. Some donor countries have indicated that they are prepared to meet this target either at this date or at the latest by 1975. Other donor countries do not feel able to accept a precise date. Given its importance for the attainment of the aims of the Second United Nations Development Decade, the subject of policy measures to reach the target for the volume of resource transfers will be of continuing concern and should be kept under review.

The transfer of official resources is of particular importance in this connexion. Governments of the developed countries supplying the bulk of resource transfers to developing countries encounter difficulty in committing themselves to specific targets to be fulfilled by pre-determined dates. Moreover, the resources which individual developed countries can make available differ in composition, in view of the difference in their economic structure. On the other hand, there can be no doubt that the prospects for success of the developing countries in executing their own plans can be greatly enhanced by assurances that sustained levels of official development assistance will be forthcoming from developed countries and international financial institutions. Developed countries should therefore give consideration to the measures which they might take to increase the ratio of their net official development assistance to gross national product, taking account of the suggestions as to possible target figures which have been advanced.

The Trade and Development Board calls attention to the importance in this connexion of such procedures as may be decided upon with regard to the review of progress toward achievement of the goals of the Decade.

*Text proposed by the Group of 31 developing countries
members of the Board^d*

"15. Developing countries must and do bear the main burden of financing their own development. The developed market-economy countries and centrally planned economy countries for their part recognize their responsibility to supplement the efforts of developing countries by providing increased resources to them under more favourable terms bearing in mind that special consideration should be given to developing countries which have not so far received adequate international aid.

"16. Developed countries should, by 1972, provide annually to developing countries financial resources transfer of a minimum net amount of 1 per cent of its gross national product at market prices in terms of actual disbursement having regard to the special position of those countries

^c Document TD/B/L.213.

^d Paragraphs 15, 16 and 17 of document TD/B/L.194 as reproduced in Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part four, annex III, p. 286.

which are net importers of capital; those developed countries which have already met the target as defined above should endeavour to ensure that their net financial resource transfers are maintained and envisage, if possible, an increase in them.

"17. Developed countries should within the 1 per cent target defined in resolution 27 (II) and within the time-limit prescribed in paragraph 16 above, provide a minimum of 0.75 per cent of their gross national product by way of net official financial resource transfers as defined in resolution 27 (II) of the second Conference."

2. Text proposed concerning shipping and ports

*Draft text resulting from consultations
in the Contact Group*

1. The objective is to promote by national and international action, the earnings of developing countries from invisible trade, and to minimize the net outflow of foreign exchange from these countries arising from invisible transactions, including shipping.^e

Shipping and ports

2. Governments of States members of UNCTAD recognize the principle that the developing countries should have [a substantially increasing participation] [a substantial participation] [increasing participation] in the carriage of maritime cargoes [on the basis of sound economic criteria, taking into account their economic needs].

3. In the light of this objective, the following measures are agreed upon:

(a) In view of the common interest of member countries of UNCTAD, shippers, and shipowners in improving ports, thus lowering the cost of maritime transport and permitting reductions in freight rates, a concerted national and international effort should be evolved in the course of the Decade to promote the development and improvement of port facilities. Governments of developed countries members of UNCTAD should, upon request from developing countries, give due consideration to extending, directly or through international institutions, financial and technical assistance for the development and improvement of the port facilities of the developing countries.

(b) Maritime transport costs, the level and structure of freight rates, conference practices, adequacy of shipping services and related matters should be kept under review within UNCTAD. Freight rates and related matters should be the subject of consultations between [shippers and shipowners] [interested parties] [parties directly concerned] on the national and regional levels [in pursuance of Conference resolution 2 (II)]. The consultation machinery between shippers and shipowners should be improved. Since the level of port costs is an important element in total maritime transport costs, port improvement leading to a reduction of the cost of shipping operations in ports should be taken into account in reviewing and adjusting freight rates as well as the application of cost reducing technological developments to maritime transport.^f

^e Text approved by the Board at the second part of its ninth session (see Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part four, para. 33.)

^f This last sentence may become a separate paragraph.

(c) Governments of members of UNCTAD recognize the principle that the national flag lines of developing countries should be admitted as full members of liner conferences [covering the foreign trade of the developing countries concerned in compliance with the recommendation in paragraph 5 of Conference resolution 3 (II)] [affecting their maritime traffic].^g

(d) Governments of developed countries members of UNCTAD should, upon request from developing countries, duly consider extending, directly or through international institutions, financial and technical assistance to the devel-

^g This may follow paragraph 2, since it concerns principles.

oping countries to establish and expand the national and regional merchant marines of the latter [including their tanker fleets]. Such assistance should include, *inter alia*, the training of personnel in the economic, managerial, technical and other aspects of shipping.

(e) [Developing countries which are exporters of bulk materials, such as oils and mineral ores, should be encouraged and suitably assisted to utilize and increase their national merchant marines for the maritime transportation of their exports.]

4. Additional measures to attain the objectives stated in paragraph 1 should be considered within the work programme of the continuing machinery of UNCTAD.

APPENDIX B

Amendments to, or alternative texts for, certain paragraphs of the text of UNCTAD's contribution to the preparatory work for the Second United Nations Development Decade

B. Policy measures

I. Commodities

(b) Pricing policy

Alternative text proposed by the Group of 31 developing countries members of the Board

Replace paragraphs 11 and 12 by the following:

"11. Before the third session of the Conference at the latest, general principles of pricing policy should be agreed upon so as to serve as guide-lines for intergovernmental consultations. These principles should secure stable, remunerative and equitable prices and provide to the developing producing countries the foreign exchange resources that they require to implement an economic policy conducive to their over-all economic development.

"12. One of the aims of a pricing policy for commodities of export interest to developing countries should be to secure stable, remunerative and equitable prices with a view to improving the foreign exchange earnings from exports of primary products from the developing countries.

"Efforts to attain that aim should be actively pursued, having due regard to the market situation of individual commodities and to the work carried out by the international bodies concerned. In this connexion, specific measures should be accorded priority on a commodity-by-commodity basis, in particular in the context of commodity agreements and arrangements."

Amendments proposed by a number of Group B countries

Paragraph 11: add following new sentence at end:

"Pricing policy is one element in the improvement of export earnings."

Paragraph 12: amend first sentence to read:

"One of the aims of a pricing policy for primary commodities, particularly those from developing countries, should be to secure stable, remunerative and equitable prices with a view to introducing a dynamic element into the foreign exchange earnings derived from exports of primary products, particularly those from the developing countries."

* * *

II. Manufactures and semi-manufactures

(a) Preferences

Amendment proposed by the Group of 31 developing countries members of the Board

Insert the following at the end of section (a) "Preferences":

"The Secretary-General of UNCTAD should, in co-operation with the Governments and organizations concerned, carry out a study on the impact of special preferences on the economy of the developing countries which at present enjoy such preferences.

"The new system of general preferences should ensure at least equivalent advantages to developing countries enjoying preferences in certain developed countries to enable them to suspend their existing preferences on manufactures and semi-manufactures. From the beginning, provisions should be incorporated in the system of general preferences, for the developing countries to redress any adverse situation which may arise for these developing countries as a consequence of the institution of the general system of preferences."

* * *

II. Manufactures and semi-manufactures

(c) Adjustment assistance

Alternative text proposed by the Group of 31 developing countries members of the Board

Replace paragraph 19 by the following:

"It is realized that substantial imports of manufactures and semi-manufactures may involve some readjustment in the industrial structures of the developed countries. An important objective of such readjustment should be to promote an optimum utilization of world resources to the mutual benefit of both developing and developed countries. To this end the developed countries should evolve a meaningful programme early in the Decade for assisting the adaptation and adjustment of industries and workers in situations where they are or may be adversely affected by increased imports of manufactures and semi-manufactures from developing countries."

Amendment proposed by a number of Group B countries

Delete the section on "Adjustment assistance" and add the following paragraph to section (b) (Tariff and non-tariff barriers):

"In this context, attention will continue to be paid as appropriate to relevant measures taken in the field of adjustment assistance."

* * *

V. Financial resources for development

A. Mobilization of domestic financial resources

Alternative text proposed by a number of group B countries

Replace paragraphs 2 to 4 inclusive by the following:

"As the developing countries bear and must continue to bear by far the main burden of financing their own development, their efforts to mobilize and to make effective use of their internal resources will be a crucial factor determining success or failure in attaining the objectives of the Decade. Some of the areas on which developing countries' efforts should be focused are set out below, but it is recognised that each country must determine its own priorities and needs, in the light of its individual circumstances. To facilitate effective planning and a meaningful assessment of real progress in the course of the Decade, it would be desirable for each developing country to establish for itself targets for achievement in those areas deemed to be of most critical importance to its own economic and social growth. Furthermore, it is hoped that work under way in UNCTAD pursuant to a resolution of the second session of the Conference will facilitate the identification of factors conditioning growth in developing countries.

"Developing countries should adopt policies for transforming traditional attitudes, to the extent that they are an impediment to change, and for creating an institutional environment conducive to political, legislative and administrative reforms should be sought, *inter alia*, in the key areas of public and private saving; fiscal and financial policies and tax reform; and the promotion of public and private investment.

"(i) *Public and private saving*: developing countries should give consideration to the measures which they might take to increase the ratio of domestic savings to gross national product.

"(ii) *Fiscal and financial policies - tax reform*: developing countries should review their policies in this area, bearing in mind the importance of an efficient budget and tax policy, and of an orderly system of tax administration, for the attainment of the objectives of the Decade not only as regards sustained economic growth but also concerning the goal of sustained improvement in the well-being of the individual.

"(iii) *Promotion of public and private investment*: developing countries should ensure that public investment targets in their national plans are consistent with the objectives of the Decade. Where appropriate, they should consider the adoption of measures for enlisting private capital investment, both domestic and foreign, in sectors compatible with their over-all plans and objectives. Such measures might include, *inter alia*, the mobilization of private domestic resources through the development of national and regional capital markets: technical assistance should be considered where appropriate.

"It is recognized that important aspects of these key areas fall also within the competence of other international organizations, and that these proposals may have to be expanded or modified after consideration of the views of the appropriate bodies."

Add to text on above subject:

"In view of the importance of each developing country doing its utmost within its possibilities to secure maximum achievement under these heads, it was felt inappropriate to seek to draft any declaration which would, if it were to prove generally acceptable, inevitably contain many qualifications which are at the moment essential for a number of developing countries. It was agreed, therefore, that developing countries would be invited to submit individual

statements of intent to supplement the broad statements of principles contained in the paragraphs above. These statements might appropriately be made at the twenty-fifth session of the General Assembly and attached to the final documentation on the Decade. Developing countries should at appropriate intervals during the Decade examine whether they can supplement these statements of intent or make advances on them."

* * *

V. *Financial Resources for Development*

B. *External resources*

- (vi) *Conditions for an increased contribution of private investment to development*

Alternative text proposed by a number of Group B countries

Replace paragraph 8 by the following:

"Further efforts should be made by both developed and developing countries to stimulate private foreign investment, which can play a strategic role in the economic development of developing countries by providing capital, technical services and know-how, including the training and employment of local labour. There is a continuing need to reconcile the desires of potential investors for equitable treatment with the concern of recipient countries that foreign investments should be undertaken in a manner consistent with their economic and social objectives. Much depends on the policies of developing countries, whose plans should take account of areas in which foreign private investment should be sought; and of measures appropriate to attract it, including those necessary to create a favourable business climate. On the part of developed countries, consideration should be given to further measures to encourage the flow of private capital and technical know-how to developing countries when by its nature and management it will significantly contribute to the development of the host country."

* * *

V. *Financial resources for development*

B. *External resources*

- (viii) *International liquidity*

Alternative text proposed by the Group of 31 developing countries members of the Board

Substitute the only paragraph under this heading (i.e. paragraph 11) by the following:

"Serious consideration will be given to the possibility of the establishment at latest by 1972 of a link between the allocation of new reserve assets under the scheme of Special Drawing Rights and the provision of additional development finance to developing countries."

Amendment proposed by a number of Group B countries

In section (viii), delete the second sentence in paragraph 11.

C. Implementation review

*Alternative text proposed by the Group
of 31 developing countries members of the Board*

Replace paragraphs 1 and 2 by the following:

"1. It is recognized that UNCTAD will have a major role to play with respect to matters within its field of competence in association with any review mechanism that may be set up by the General Assembly for the assessment of progress towards the achievement of the over-all goals and objectives of the Second United Nations Development Decade. The existing procedure for the review of the UNCTAD recommendations is set out in resolution 19 (II) of the Trade and Development Board. The Board will determine the extent to which progress has been made in the implementation of policy measures within its field of competence. The purpose will be to identify difficulties and

obstacles with a view to reaching agreement on positive action for the achievement of objectives and targets agreed upon for the Second United Nations Development Decade.

"2. UNCTAD's contribution to the Second United Nations Development Decade must be regarded as a continuing effort on the part of the international community and of all peoples and Governments concerned to promote the trade and development of the developing countries. In the context of the dynamic nature of the development process, UNCTAD will concentrate on a rapid implementation of agreed measures, widen existing agreements and seek new areas of agreement in order to achieve the goals and objectives within its field of competence. In addition to the deepening and widening of areas of agreement and the achievement of new agreements, the review of the implementation of the recommendations and resolutions adopted by the Conference and its continuing machinery will be one of the major preoccupations of UNCTAD during the Decade."

APPENDIX C

Verbatim texts of the statements made or submitted in writing by delegations
at the 237th meeting of the Trade and Development Board on 14 February 1970

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Editorial note: References made in the statements reproduced below to sections, pages, paragraphs and footnotes are (except as otherwise specified) references to sections, pages, etc., in document TD/B/L.206/Rev.1 (or, in some cases, to document TD/B/L.206), which was the document before the Board at the time when the statements were made.

Australia

[Original text: English]

The Australian delegation wishes to make some observations on two parts of document TD/B/L.206/Rev.1, as now amended, namely, the commodities section and the reference in the financing section to the link between Special Drawing Rights and development assistance. These observations supplement other observations ascribed to Australia in the general statement on behalf of Group B by the distinguished representative of the Netherlands.

Commodities

I will deal first with the section of the document relating to commodities.

When the Australian delegation put forward its proposals for a footnote in this section in association with Canada and New Zealand it did so as a country which shares the problems of the developing countries in the field of international commodity trade. Like the developing countries, we are heavily dependent for our foreign exchange earnings on the export of primary commodities. Our common cause with them is reflected in our strenuous and unrelenting efforts over the years to secure improved conditions for international trade in primary commodities for the benefit of all producer countries. Just one recent example of this is the 1968 International Sugar Agreement.

A satisfactory level of export earnings is necessary for the continued development of the Australian economy. On this will depend our capacity to make an effective contribution to the development of the developing countries during the Second United Nations Development Decade.

The footnote to the title "Commodities" now adopted, in the opinion of the Australian delegation, puts the text on commodities in full perspective. It means, in our understanding, that in taking measures in the field of international commodity policy within UNCTAD, such measures will not impose adverse effects on the interests of all those countries which depend heavily for their foreign exchange earnings on the export of commodities.

The link

I turn now to the matter of the link.

As was mentioned in the statement made on behalf of Group B, several delegations have proposed an amendment to the text of TD/B/L.206/Rev.1 relating to international liquidity which calls for the deletion of the second sentence. The Australian delegation is among those delegations which support this amendment. In our view it would serve no worthwhile purpose to embark upon studies of the various proposals for a link between Special Drawing Rights and development assistance at this stage.

We do not favour the idea of establishing any link between the creation of Special Drawing Rights and the provision of aid to developing countries. In our view the considerations which should be taken into account in determining whether any additional liquidity should be created are not the same as those which underlie arguments for increasing the flow of aid to developing countries – reserve creation and aid are two different concepts and there are obvious dangers in confusing the two.

This does not deny that an increase in international reserves resulting from the creation of Special Drawing Rights should be seen by some donors as enhancing their capacity to provide more aid. As the representative of the International Monetary Fund has mentioned, several countries have already expressed the hope that the improved reserve positions resulting from the allocation of Special Drawing Rights will lead to an expansion of development aid. While we share this hope, we believe that the relevant decisions should be taken by the donor country concerned in the light of its capacity to provide aid and not be specifically linked with reserve creation.

I recall the understanding expressed by the distinguished representative of the Netherlands that this statement should be regarded as having the same status as the general statement made by him on behalf of Group B and will be annexed to document TD/B/L.206/Rev.1 as amended, and sent forward with it.

Finally, I would like to join all other delegations who have spoken, in congratulating you, Mr. President, and the Secretary-General, on the tremendous contribution you have made with your collaboration over such a long time to the success of our work on this important matter.

Brazil

[Original text: English]

Reservations

1. Footnote 1, page 6 (Commodities)

We interpret this footnote as a reaffirmation of the need to direct all efforts to the commodity problems of developing countries.

We reject any interpretation tending to suggest that measures beneficial to developing countries might not be adopted in the light of allegations by (any) developed countries that their interests are being harmed.

Our basic assumption is that any measures favourable to developing countries are, by definition, favourable to the whole international community, and therefore to the developed countries making the allegations.

2. Footnote 2, page 8 (Access to markets)

We reject strongly this footnote, if it implies that access measures may be subjected to a *chapeau* that completely nullifies the operative value of the recommendations.

No such *chapeau* can be accepted by Brazil in the context of the development.

3. Page 16 B, (ii) (Terms and conditions of development assistance)

We interpret this section as covering commercial credits.

The new title suggested for this section: "Terms and conditions of development assistance" should in no way be

interpreted as a restriction to decision 29 (II) of the United Nations Conference on Trade and Development.

Bulgaria (on behalf of Bulgaria, Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics)^a

[Original text: Russian]

1. The socialist countries, participating in UNCTAD in the preparation of an agreed programme of international measures for the Second United Nations Development Decade for the purpose of helping the developing countries to overcome their economic backwardness, have endeavoured to ensure that this programme supports progressive tendencies in the development of these countries, protects them against a neo-colonialist policy, contributes to the normalization of international economic relations as a whole and at the same time takes into account the basically different approach of the socialist and the capitalist States to the problems of trade and development.

2. The socialist countries are convinced that an important guarantee for the effectiveness of the measures planned by UNCTAD for the Second United Nations Development Decade is provided by the acceptance and the fulfilment, on the part of all countries, of certain basic principles corresponding to the aims enshrined in the United Nations Charter and also to the spirit and letter of General Assembly resolution 1995 (XIX).

3. On the basis of the foregoing, the socialist countries have submitted to the Trade and Development Board their proposals regarding the goals and objectives of UNCTAD in connexion with the measures set forth in the programme of the Second United Nations Development Decade.^b

4. In view of the fact that within the Trade and Development Board it was not possible to reach agreement on this question, the socialist countries deem it essential to announce that they will support in UNCTAD those measures for the programme of the Second United Nations Development Decade which correspond to the following goals and objectives:

To promote the expansion and normalization of international trade, the development of economic co-operation among all States, irrespective of their social and economic systems, on the basis of equal rights and mutual advantage;

To contribute to the overcoming and abolition of the consequences of colonialism and the policy of neo-colonialism in the field of international trade, to the elimination of discriminatory practices and the normalization of international trade on the basis of the principles governing international trade relations and trade policies, approved at the first, and endorsed by the second session of the United Nations Conference on Trade and Development;

To contribute to the conversion of foreign trade into an effective instrument of independent national economic development, so that it could adequately support and stimulate a fuller utilization of the domestic resources of the developing countries in the interests of those countries themselves.

^a Also circulated to the Board as document TD/B/L.215.

^b TD/B/L.195.

In this connexion, it is borne in mind that the primary responsibility for economic development lies with the developing countries themselves and that their domestic resources must constitute the main source for the financing of their economic development. At the same time, the necessary international measures should be taken to create conditions in which their resources can be supplemented and reinforced. The developing countries are entitled to count on compensation from those developed countries which, as a result of inequitable economic relations, have impaired, and continue to impair, the economic development of those countries;

To help overcome the obstacles barring the extension of trade and economic co-operation between the advanced market-economy countries and the socialist countries, and to promote the further expansion of trade and economic relations between the socialist and the developing States;

To promote the acceptance of appropriate measures for the restructuring of the existing system of production and trade, in order that all groups of countries may benefit from a fairer international division of labour;

To ensure the application of measures for the removal of tariff, non-tariff and other obstacles impeding the harmonious development of international trade, with particular reference to the developing countries' export interests;

To contribute, within UNCTAD's competence, to the expansion of the export potential of the developing countries in the field of commodities and manufactures both through appropriate international support action and through action at the national level based on the implementation in these countries of agrarian and other social and economic reforms, the development of national industries and particularly export industries and the strengthening of the public sector and economic planning and the enlistment of the broad masses of the people in the solution of urgent economic and social problems;

To contribute, within UNCTAD's competence, to the creation, through the channels of international trade and economic co-operation, of proper conditions for a wider utilization of scientific and technological advances with a view to promoting the establishment of such an international division of labour under which the efforts, natural and human resources of all countries, and especially developing countries, would be more effectively employed;

To contribute through the implementation of its principles and recommendations to the strengthening of peace and an atmosphere of mutual confidence and understanding among nations.

5. The socialist countries also deem it necessary to emphasize that UNCTAD will be unable to fulfil its task in connexion with the application of the recommendations of the Second United Nations Development Decade until it has been converted into a truly universal trade and development organ by means of which the efforts of all States concerned can be effectively mobilized in the interests of the economic and social progress of mankind.

6. During the work on an agreed final text of the document called "UNCTAD and the Second United Nations Development Decade: UNCTAD's contribution", the delegations of the socialist countries submitted their

amendments and reservations. They deem it necessary to reproduce these reservations in this statement in summary form, since, although they are agreed to endorse the above document, they retain their basic position on the following problems:

A. Goals and objectives

The socialist countries do not consider that this section in its present form sufficiently reflects the objectives at which UNCTAD should aim in the Second United Nations Development Decade in order to assist the developing countries effectively to overcome the economic consequences of colonialism and guard their interests against a policy of neo-colonialism. The socialist countries believe that the establishment of over-all indicators for the developing countries can only make sense if these indicators are a synthesis of the tasks of national plans and programmes for the economic and social development of the countries of Asia, Africa and Latin America. They therefore do not support the section in its present wording.

B. Policy measures

Part I. Commodities

Part II. Manufactures and semi-manufactures

In supporting the measures for the elimination of trade barriers and the provision of wider access to markets with a view to increasing imports by developed market-economy countries of commodities, manufactures and semi-manufactures of export interest to developing countries, as set out in these two parts, the representatives of the socialist countries confirm the positions on questions of "trade liberalization" and "access to markets" which they have repeatedly stated in various organs of UNCTAD. They further confirm their countries' intention to continue to promote increased exports of commodities, manufactures, and semi-manufactures by developing countries and to take the measures laid down in resolution 15 (II) of the Conference with that end in view.

Part I. Commodities:

(e) *Competition from synthetics and substitutes, paragraph 25;*

Part II. Manufactures and semi-manufactures:

(c) *Adjustment assistance, paragraph 5.*

The socialist countries do not consider that these two paragraphs apply to them, since they take no account of the planning features of the socialist economy.

(e) *Restrictive business practices*

The socialist countries observe that, in accordance with resolution 25 (II) of the Conference, this part deals with restrictive business methods used by private undertakings in developed countries.

Part IV. Trade relations among countries having different economic and social systems: paragraph 4, sentence in square brackets

The socialist countries note that resolution 15 (II) refers to measures which will be carried out systematically

throughout the period of the Second United Nations Development Decade. In this connexion, the setting of a specific time limit for the implementation of these measures would be contrary to the spirit of the above-mentioned resolution.

Part V. Financial resources for development

The socialist countries consider legitimate the demands of the developing countries for the granting to them by the capitalist countries of financial resources for development, since these countries are responsible for the burdensome consequences of colonialism and for the continuing exploitation of the developing countries by monopolist capital. At the same time they do not support the wording of part V (except section A, "Mobilization of domestic financial resources," and section B (ix), "Outflow of financial resources from developing countries"), since it takes no account of their position concerning questions of development financing, does not distinguish between capitalist and socialist industrial countries, does not reflect the fact that socialist countries never have exploited and do not exploit developing countries, and therefore do not and cannot bear any moral or material responsibility for the economic backwardness of the countries of Asia, Africa and Latin America.

The socialist countries intend to continue to pursue a policy of furnishing economic and technical assistance to the developing countries in overcoming the economic consequences of colonialism, in creating an independent national economy, and particularly an industry, and in accelerating rates of economic growth. In providing assistance, the socialist countries will continue to base themselves on specific and economically sound proposals for co-operation, taking account of their own possibilities and those of the developing countries concerned. They will be guided by the principles of international trade relations and trade policy contributing towards development, and by recommendations A.III.2, A.III.7, A.IV.3, A.IV.6 and resolution 15 (II) of the Conference. They are prepared to utilize funds obtained from the repayment of credits granted to developing countries for the purchase of goods in these countries, particularly of goods produced at undertakings constructed by means of such credits.

The socialist States will, as heretofore, adhere to such forms and methods of economic and technical co-operation with developing countries as are in conformity with the basic objectives of these countries' social and economic plans and programmes and guarantee complete observance of national sovereignty and their unquestionable right fully to dispose of their national and natural wealth.

They also intend to expand aid to developing countries with respect to the training of national managerial and technical personnel and with respect to technical assistance in accordance with the principles set out in recommendation A.IV.25 of the first session of the Conference.

D. World public opinion

The socialist countries consider that the principles set forth in this paragraph should apply to all countries of the world.

7. The socialist countries emphasize that the development of co-operation between the socialist and the developing countries must be the result of joint efforts by both

sides. The prospects for such co-operation will therefore be determined not only by the growing economic potential of the socialist States and their willingness to expand relations. They will also depend on the intensity of effort in the developing countries themselves to exploit available possibilities and on the degree to which these countries comply with the corresponding recommendations of the Conference, more particularly resolution 15 (II).

Canada

[Original text: English]

This statement is linked to that of the spokesman of Group B and should be treated in the same manner.

Commodities

Although not wishing to oppose the section on commodities in document TD/B/L.206/Rev.1, my delegation is concerned, in several instances, that the wording adopted, in placing emphasis on the interests of developing countries, may be subject to misinterpretation. Consequently, we should like to clarify for the record our interpretation of this document on a number of important points.

Canada, as a major exporter of primary products, believes that stable, remunerative and equitable prices for primary commodities should apply to exporters of primary products from all producing countries, whether they be developing or developed. Therefore, we do not interpret the existing reference to "developing countries" in paragraph 1 (i) and paragraph 12 of chapter I, "Commodities" as restrictive.

Because we strongly support the principle of market access improvement, we feel that both developed and developing countries should improve market access and therefore we do not interpret the existing reference to "developed countries" in paragraph 1 (ii) as restrictive.

We do not believe it is realistic or desirable to restrict the promotion of consumption of primary products to those exported from developing countries to the markets of developed countries. For this reason, we do not interpret the existing references to "developing countries" and "developed countries" in paragraph 1 (iii), respectively, as restrictive.

My delegation would wish to add that our acceptance of paragraph 2 of this section is based on the understanding that the application of any time-table for the consideration of the matters referred to will be governed by the procedures set out in resolution 16 (II) of the United Nations Conference on Trade and Development. Similarly, in paragraph 3, we are not convinced that the action envisaged is necessary and believe that any further consideration of these matters should, as indicated, be in accordance with the procedures set out in resolution 16 (II).

Footnotes

With regard to the footnotes relating to paragraphs in the text which have been the subject of annexed amendments by developing countries, my delegation reserves the right to reconsider other sections of TD/B/L.206/Rev.1 if and when the aforementioned paragraphs are subject to changes.

Chile

[Original text: Spanish]

In the opinion of the Chilean delegation a strategy for development in the coming decade implies a real programme of action to be taken by the international community in order to combat underdevelopment — now the primary problem of mankind. The strategy must define both the approach to the solution of the problems of underdevelopment, the objectives and the measures to be taken and the target dates for their implementation. If it is to have any real meaning, it must define the respective responsibilities of the developing countries and the developed nations.

This being our delegation's view of what a strategy for development should be, members of the Trade and Development Board will understand that the texts on which agreement has been reached do not satisfy us. Nor can they satisfy us, for they contain no specific commitments, no clear objectives, no precise dates apart from those agreed on earlier, for example, in connexion with preferences.

We had thought that the formulation of the strategy for the Second United Nations Development Decade would be something more than a mere declaration of intent. We thought that it might be the point of departure for practical collective measures to overcome the crisis in which international co-operation finds itself today — a crisis to which the Presidents of Argentina and Chile at their meeting a month ago agreed to call attention in every international forum, and to which even the report of the Pearson Commission^c referred in no uncertain terms.

Unfortunately, the texts on which agreement has been reached are mere expressions of intent, declarations and recommendations, not very different — although admittedly less general — from those so freely made in international and regional gatherings in the 1950s and 1960s. It is as well to remember that those statements, declarations and recommendations have not prevented an accelerated and drastic widening of the economic and technological gap between the developed world and the developing countries in recent years. It was against this type of verbal action that the Latin American countries protested at last year's historic meeting of the Special Committee on Latin American Co-ordination, when they agreed to call for the adoption of "specific and practical measures leading to the removal of the external obstacles to development". The agreement reached at Viña del Mar^d spelt out those measures, which, moreover, coincide with those defined by all the developing countries in document TD/B/L.194. My delegation hopes that ultimately the General Assembly will adopt that document as UNCTAD's contribution to the formulation of the strategy for the Second United Nations Development Decade. We would refer in particular to what the document says concerning the volume of transfer of external resources and the terms and conditions of such transfer, especially the statement that loans should not be tied. We note that the proposal in document TD/B/L.206/Rev.1 fails to list the basic criteria which should govern international financial co-operation and which were defined in the Viña del Mar Agreement.

^c Partners in Development: Report of the Commission on International Development (New York, Praeger Publishers, Inc., 1969).

^d Latin American Consensus of Viña del Mar, signed on 17 May 1969.

The reservations just read out by the Netherlands representative on behalf of Group B and other Groups confirm our view that the agreed part of the document we are going to transmit to the Preparatory Committee for the Second United Nations Development Decade is a development strategy only in name and that the UNCTAD contribution on which agreement has been reached is of very limited value and cannot be regarded as an effective instrument for speeding up development. Those reservations and those made by Group D also strengthen our belief that the countries which have attained a high level of development are not yet willing to participate, during the coming decade, in a major effort to tackle the development problem with the same determination and resources that have produced spectacular results in space exploration. The proposed development effort contrasts sharply with the resources allocated for military expenditure and armaments which, according to recent studies, exceed \$150,000 million annually.

Notwithstanding what I have just said, we glimpse a few rays of hope. First of all, I would mention the negotiations which have begun between the Latin American countries and the United States of America. The first phase of these negotiations, at which problems of concern to all the developing countries were discussed, has just ended at Caracas, Venezuela. I would also mention the proposals submitted yesterday by France, the Netherlands, Sweden, Italy, the Federal Republic of Germany and the United Kingdom on the volume of financial aid. This means that the situation is taking a turn for the better.

It is because of the hopes to which these facts give rise and because the Board will have to review the more controversial texts and endeavour to reach agreement that my delegation will not oppose the transmittal of document TD/B/L.206/Rev.1 to the Preparatory Committee for the Second United Nations Development Decade.

We trust that the amendments submitted by the Group of 31, i.e. the majority of the countries members of the Board, will be approved by the General Assembly.

Were the text of document TD/B/L.206/Rev.1 definitive, we would vote against it.

My Government is convinced, on the basis of its experience of Chilean public opinion, that a declaratory document of this kind on international co-operation for development, containing no commitments on specific measures, will only serve to increase the Chilean people's already acknowledged loss of confidence in international co-operation and in the organizations established to show the path for such co-operation and and serve as a forum for collective decisions.

I propose now to state my delegation's reservations on the agreed texts in document TD/B/L.206/Rev.1:

First: the Chilean delegation does not accept the wording of the footnote to the section entitled "Commodities" because it appears to imply that measures in the field of international commodity policy should also cover commodities from the industrial countries, whereas the entire Second United Nations Development Decade and the international strategy must be focused on the solution of problems affecting the developing countries. Moreover, according to this wording, measures could not be taken in favour of the developing producer countries if they might have adverse effects on the developed producer countries.

Secondly: we also cannot accept the wording of paragraph 17 of document TD/B/L.206/Rev.1 in the form in which it has been agreed, since the general reference to Annex A.II.1 to the Final Act of the first session of the Conference would limit the scope of the entire content of that resolution. In the opinion of the Chilean delegation, the footnote should be worded as follows: "Subject to relevant provisions of Annex A.II.1, Part II of the Final Act of the Conference at its first session".

Thirdly: in paragraph 25 on the disposal of surpluses and strategic reserves, [it should be stated that] consultations should precede the disposal of surpluses in order to avoid any adverse effects on the developing countries.

Fourthly: the approach to the question of reduction and elimination of non-tariff barriers affecting the manufactures and semi-manufactures of the developing countries is not commensurate with the needs of those countries. The reduction and elimination of such barriers should be completed by the beginning of the Decade and not later than 1972, and UNCTAD should identify on a product-by-product basis the items of special interest to the developing countries.

Fifthly: the Chilean delegation does not accept the formulation concerning the terms and conditions of assistance as the existing terms add an additional burden to the financial and external resource inflow problems of the developing countries. For this reason, the Chilean delegation maintains its full support for the relevant texts in paragraphs 18, 19, 20 and 21 of document TD/B/L.194.

Sixthly: the Chilean delegation also has reservations concerning the agreement reached in the paragraphs on the debt servicing problem of the developing countries (part V of section B (iii)), of document TD/B/L.206/Rev.1. Since this is one of the heaviest burdens weighing on the economies of the developing countries, the Chilean delegation cannot accept any formulation which does not go as far as that proposed in paragraphs 23 and 24 of document TD/B/L.194.

Seventhly: nor can the Chilean delegation accept the way in which document TD/B/L.206/Rev.1 has dealt with the question of the contribution of private investment to development. Foreign private investment must not be considered as aid or be counted as a part of financial co-operation for development. Private foreign investment must be subject to the decisions and priorities of the developing countries and must contribute to the mobilization of domestic resources, generate inflows and avoid outflows of foreign exchange, promote savings and real technological research and serve as a complement to national investment, preferably in association with it. For this reason, the Chilean delegation believes that any agreement for the Decade in this field cannot be less than the formulation in paragraph 33 of document TD/B/L.194.

Mr. President, after hearing the reservations of the Group B delegations, I formally request, with even greater justification, that document TD/B/L.194, which contains the developing countries' views on UNCTAD's contribution to the Second United Nations Development Decade, be annexed to the document which the Board is to transmit to the Preparatory Committee.

Colombia

[Original text: Spanish]

Colombia has endorsed and helped to draft the documents submitted by the developing countries ever since the Group of 75 – the forerunner of the present Group of 77 – was set up. My country has endorsed the Charter of Algiers⁶, the agreement of Viña del Mar and also document TD/B/L.194, submitted during the second part of the ninth session of the Trade and Development Board, which contains the concerted proposals of the Latin American countries regarding UNCTAD's contribution to the programme for the Second United Nations Development Decade.

However, Colombia has endorsed and supported these documents, not in order to impose the will of a majority but because they present goals and aspirations and are an attempt to enlist the understanding and co-operation of the developed countries in which wealth is concentrated.

Were the principle of majority rule to prevail, the 31 developing countries members of the Board would only have to impose their texts for the whole problem to be solved.

My delegation associates itself with all the statements of the developing countries as the surest means of demonstrating to the international community the dangers which will result if the development gap between countries and between geographical areas is allowed to widen.

My delegation wishes to thank and commend the President of the Board and the Secretary-General of UNCTAD for the consultations they have held and the efforts they have made, under the mandate given them by the Board, to find points and areas of agreement on UNCTAD's contribution to the Second Development Decade.

These consultations are reflected in document TD/B/L.206/Rev.1 which, although it does not contain all that the developing countries wanted as far as the Second Development Decade is concerned, is an attempt at a more realistic approach.

Even though the developed countries were unable, at the level of their representation at this session, to meet all the developing countries' requests, they showed goodwill and understanding on certain points, as was demonstrated by some of the delegations in their individual statements. On the question of the mobilization of resources, some willingness to make commitments was shown.

We must now hope that, in the other forums in which the programme for the Second Development Decade will be considered, the developed countries will show greater generosity, understanding and political will than they have shown here.

My delegation expresses the hope that in the Preparatory Committee for the Second United Nations Development Decade, in the Economic and Social Council, in the Second Committee of the General Assembly and in the plenary meetings of the General Assembly, the developed countries will be represented at a higher political level than they are at this session and that they will contribute to the adoption

⁶ See Proceedings of the United Nations Conference on Trade and Development, Second session, vol. I and Corr.1 and 3 and Add.1 and 2, Report and Annexes (United Nations publication, Sales No.: E.68.II.D.14), annex IX, p. 431.

of a strategy for the Second Decade which will fully meet the developing countries' demands and needs in the field of economic and social development.

The final instance, the highest and most important one, namely the General Assembly, will provide the Governments of the developed countries with a decisive opportunity to demonstrate their co-operation at a high level.

I wish the item on the Second Development Decade godspeed on its journey across the Atlantic to New York.

Ecuador

[Original text: Spanish]

The delegation of Ecuador is gratified that the Trade and Development Board has approved the document concerning UNCTAD's contribution to the Second United Nations Development Decade. However, while it appreciates the efforts made to this end, it wishes to state that the document does not fully satisfy the just aspirations of the developing countries whose position was duly set forth in document TD/B/L.194. It hopes that all countries will co-operate with a view to improving UNCTAD's work in the future.

France

[Original text: French]

The French delegation wishes to make the following statement concerning certain points relating to UNCTAD's contribution to the Second United Nations Development Decade mentioned in document TD/B/L.206/Rev.1 and its annexes:

1. Commodities

The French delegation considers that the measures proposed under B, "Policy measures", section 1, "Commodities", should be interpreted in the spirit of recommendation A.II.1 adopted at the first session of the United Nations Conference on Trade and Development, which leaves the Governments of member States free to choose the policies they wish to follow.

2. Manufactures

In connexion with the measures of adjustment mentioned in paragraph 5 of section II "Manufactures and semi-manufactures" and in the amended version of paragraph 5 proposed by the developing countries, the French delegation recognizes that measures to adjust or adapt certain industries in the developed countries may contribute towards the expansion of trade with the developing countries, but it believes that such measures should take account of economic and social considerations which only the Governments concerned are in a position to assess.

3. With reference to the section "Financial resources for development", the French delegation wishes to indicate its position on three points:

(a) It does not regard the creation of an *interest equalization fund* (B (ii), 3) as a satisfactory solution to the problem of the developing countries' debt servicing burden;

(b) *Consolidation of refinancing operations* (B (iii), 1) should remain entirely exceptional because of the drawbacks they present both for the debtor country and for the creditor country;

(c) Finally, the French delegation believes that any supplementary financing arrangements can be only a palliative without any impact on the real problem, which is to ensure a stable and remunerative market for the commodities which are the main source of foreign exchange for the vast majority of the developing countries.

4. The foregoing observations are in addition to those which were made on behalf of the Group B countries by the Chairman of that Group and with which the French delegation associated itself.

Ghana

[Original text: English]

Ghana supports the point of view indicated in document TD/B/L.194 and regrets the fact that developed countries could not accept the legitimate demands of developing countries and thereby make the Second United Nations Development Decade a more meaningful endeavour in international co-operation.

Believing that international co-operation is impossible without compromise, and conscious of the fact that the Trade and Development Board must state its contribution clearly and unequivocally so that UNCTAD members and the secretariat may know what is expected of them, the delegation of Ghana unreservedly rejects all the amendments which have been made to the text of document TD/B/L.206/Rev.1.

The delegation of Ghana believes that the only issues which should be left for a political solution are those relating to:

- (a) Volume of transfer of financial resources; and
- (b) Target dates.

It also supports, however, as a compromise, the political resolution of the outstanding issues on shipping and ports.

In the view of the delegation of Ghana, the Trade and Development Board should accept its responsibilities and not remit so many issues to the General Assembly.

Italy

[Original text: French]

The Italian delegation associates itself with those delegations which have secured approval of document TD/B/L.206/Rev.1, because it believes that that document represents, on the whole, an important and essential step forward in the matter of UNCTAD's contribution to the Second United Nations Development Decade.

While it realizes that the problems of development are so vast that they cannot be solved entirely, even within the space of ten years, the Italian delegation wished to stress the importance of the increasing international recognition of these problems. There is a recognition both of the close interdependence between the economies of all countries as far as development is concerned, and of the need to modify the structure of trade.

This development should indeed be noted with the greatest satisfaction, for, nowadays, any approach to conjunctural problems that does not take into account medium- and long-term problems and the need to adopt necessary measures of a structural nature may well prove very short-sighted. The solution of existing economic

problems in purely conjunctural terms would not only make it impossible — let us face the fact — to carry out essential structural reforms, but would also lead to the reappearance, in much more acute form, of the very problems which we thought we had solved.

This seems all the more consistent with the principles governing UNCTAD's activities, as the organization was established precisely to act upon the structure of world trade in order to achieve development objectives.

After several years of activity, however, this aim can hardly be said to have been pursued and attained. On the contrary, we have been confronted with proposals and the introduction of compensatory finance machinery which, although useful in conjunctural terms, may not solve the problem of structural reform.

It is for these reasons in particular that the Italian delegation agrees with all the proposals in document TD/B/L.206/Rev.1 which are designed to maintain the level of the developing countries' export earnings, provided, however, that efforts are made to use this income to effect structural reforms in the economies which, in turn, should modify balance-of-payments trends, bring trade flows back into real balance and thereby also effect a redistribution of the world's goods, services and capital.

In that spirit, the Italian delegation therefore confirms the validity, as principles, of all the targets set in decisions 27 (II) and 29 (II) of the United Nations Conference on Trade and Development concerning the volume of transfer of resources and the terms and conditions of assistance. However, it must also confirm the reservations made in respect of those decisions at the second session of the Conference at New Delhi and in the Development Assistance Committee, as far as the possibility of accepting the dates set for attainment of the targets is concerned.

The Italian Government will of course continue its constant efforts to attain those targets as soon as possible. In that connexion it should, however, be remembered that it has to take account of Italian public opinion which cannot overlook the serious imbalances still existing within the country, whether of a regional, structural or territorial nature.

It should also be clearly emphasized that, although a considerable part of total aid should come from official sources, the importance of aid from private sources should not be overlooked. The amount of such aid should in fact be increased, provided of course that it is furnished in the interest of the developing countries and even, if necessary, is subject to control by the recipients. The Italian delegation also feels obliged to refer to the problem of "international liquidity". It believes that satisfactory functioning of the international monetary system has and will have an important influence on the problem of development.

With regard to a possible link between a share of the Special Drawing Rights and development requirements, the Italian delegation can only confirm the statements already made by representatives of the Government of Italy in other international forums, statements with which all are familiar.

In conclusion, the Italian delegation also wishes to stress the need to view the Second United Nations Development Decade in dynamic and not in static terms. In other words, the Decade will call for efforts to bring a continuing effort

of reappraisal, of innovation and of implementation of machinery for promotion and supervision and for all countries, whether industrialized or developing, to consider themselves morally bound to report periodically, in the appropriate international forum, on what they have done and propose to do to attain their development objectives, which should henceforth be viewed very much as forming part of a whole.

Madagascar

[Original text: French]

I wish to express to you, Mr. President, and to the Secretary-General of UNCTAD our gratitude for the efforts you have made to secure agreement on UNCTAD's contribution to the Second United Nations Development Decade.

The document submitted to us is the result of joint efforts; it is a compromise which forms a generally acceptable whole.

It is not of course complete, but my delegation hopes that, on those points on which agreement has still not been reached, solutions will be found that are acceptable to all countries in the permanent organs of UNCTAD.

My delegation wishes particularly to stress the need for the international community to take the interests and development needs of the newer and least advanced of the developing countries into account in whatever measures it may adopt.

Mexico

[Original text: Spanish]

I wish first to congratulate you, Mr. President, and the Secretary-General of UNCTAD on having finally obtained agreement on this agenda item, even though this has entailed the use of footnotes indicating the position of each group of countries.

The Mexican delegation's position is given in document TD/B/L.194, of which it is a sponsor, and which it hopes will be sent to the Preparatory Committee for the Second United Nations Development Decade as an annex to document TD/B/L.206/Rev.1. My delegation has approved this document because it contains a compromise text which should be dynamic, that it to say it sets out the minimum which it hopes international co-operation will contribute during the Second United Nations Development Decade.

I have already expressed my disappointment at the position of some Group B countries which, despite the efforts of other countries in that Group, have accepted no definite commitments but have taken a position in favour of a document TD/B/L.206/Rev.1 that will be vague in its main provisions and that will spread uncertainty regarding the development which will thus be achieved during the Second Development Decade. Consequently my delegation supports the position set out in paragraphs 16 and 17 of document TD/B/L.194 concerning financial resource transfers.

However, in recording our disappointment that no formal commitment has been made concerning the date and volume of financial resource transfers, we should like to express our hope that even if no agreement is reached at present on this important point, we shall have in the very near future a clear and unambiguous commitment regarding

the amount of the resources to be made available to the developing countries. In the texts of the statements made by some highly industrialized countries we can discern some elements which may facilitate the conciliation of points of view which, if divergent today, must soon become responsive to the wishes of all the countries represented here.

Unlike some other delegations, the delegation of Mexico considers that the establishment of a multilateral interest equalization fund, an idea which it has supported for many years, would provide suitable machinery for correcting the structural deficiencies that hamper achievement of the ultimate objectives with regard to terms and conditions of assistance. My delegation expresses its desire and hope that agreement may be reached in the near future on the constitution of such a fund, as a genuine and eminently practical contribution by the international community towards altering the unjust and burdensome terms which the poorer countries have to bear in facing the needs and problems inherent in the development process.

With regard to shipping, we must express our dissatisfaction that, despite the efforts made, there has been no progress on this item, especially on the aspects of greatest interest to the developing countries, such as cargo reservation, participation in freight conferences, provision of financial and technical assistance on favourable terms to enable developing countries to develop their merchant marines and transportation of petroleum.

My delegation is pleased to note that all countries members of UNCTAD fully appreciate that tourism is a development industry. Many countries have, in fact, been able to convert this activity into an additional source of wealth, not only monetary, but also cultural, and a means of bringing nations together that contributes to the attainment of many development objectives. Tourism constitutes a vast potential for all the countries of the Third World and its development is already bringing considerable benefits. We hope that, in accordance with the text which we have approved, the developed countries will co-operate with the other organizations which are dealing with this subject at the international level and that they will carry out any measures likely to promote and increase the flow of tourism.

It only remains, therefore, for me to express my conviction that substantial progress will be made in the forums in which the subject of UNCTAD and the Second United Nations Development Decade are to be discussed, and that the Decade itself will be one of substantial progress also.

Netherlands (on behalf of the Group B countries)^f

[Original text: English]

Speaking on behalf of Group B, I shall outline the views held by some or all of the Group B countries on the contribution UNCTAD will make to the strategy for development. Allow me, Mr. President, at the outset, to express our appreciation for the efforts made by you and the Secretary-General of UNCTAD which resulted in TD/B/L.206. This document had two major merits. First, it was drawn up over a period of time and represented a series of compromises which were difficult to reach. Second, it

^f Also circulated to the Board as document TD/B/L.217.

appeared sufficiently in advance of the Trade and Development Board's session to give Governments time to consider it. Only these two conditions, Mr. President, made it possible for many delegations in Group B to respond to your appeal, and to come to this session prepared to accept the text or to agree to its transmittal to the appropriate authorities with the addition of a few observations and reservations. None of us thought the document perfect. We regarded it as what it is, a carefully balanced compromise in which all sides have conceded much. By no stretch of the imagination can it be considered an accurate statement of Group B's position.

Many Group B countries are able to accept the document without any formal reservation. However, a number of countries members of Group B have one or two points of explanation which they would like noted. Some others, while agreeing that the document should be put forward, believe that a more precise definition expressed in reservations or observations on a few points would be useful in the further work on the preparation of the Second United Nations Development Decade. In order to save time at this late stage, I have been empowered to give you the necessary indications of individual positions.

First, Mr. President, may I deal with the reservations. I shall try as far as possible to take them in the order in which they apply to document TD/B/L.206/Rev.1.

As far as goals and objectives are concerned, it is maintained by some delegations, including those of Canada and the United States, that the fourth sentence as at present drafted is inaccurate and misleading, because it implies that a fuller mobilization and more effective use of domestic resources in developing countries is entirely dependent on international action. The second paragraph of this section is regarded by these delegations, and by those of the United Kingdom and Australia, as based on a study by the UNCTAD secretariat on which they still have serious reservations, some of which were expressed at the second part of the ninth session of the Board. This paragraph is accepted for transmittal by these delegations only on that understanding. A number of these delegations believe that paragraph 3 (c) as at present drafted exaggerates both the importance of this subject in relation to trade and aid and tends to prejudge the decision of the tenth session of the Board on this question.

On financial resources for development, the United States and Italy must enter a reservation on the use of the word "only" in the last sentence of paragraph 1 of the preamble.

As regards the untying of aid, France maintains its view that this is a question of lesser importance than the volume of aid. In the view of the French delegation, multilateral aid should in any case not be tied.

The delegation of New Zealand, particularly in view of that country's special position as a net importer of capital and a consumer of shipping, and of their dependence on exports of primary products, must make a general reservation under this head. The delegation of Austria wishes also to put on record its position in regard to aid volume and terms and conditions, which is unchanged.

On the question of link between Special Drawing Rights and development assistance mentioned in the section on international liquidity, the view of Group B countries is that the amendment to the text in TD/B/L.206 proposed by the Group of 31 is unacceptable. The preference of most

Group B countries is clearly brought out in the amendment on this subject tabled in their name, which calls for the deletion of the second sentence in the relevant paragraph of TD/B/L.206.

To turn now to the explanations to which I referred at the outset.

As far as commodities are concerned, the delegations of Australia, Canada and New Zealand will make their position clear in separate statements. The only other points concern synthetics and substitutes, where those delegations which made reservations when the corresponding text was adopted by the Committee on Commodities wish to put it on record that these reservations are maintained.

In the section on manufactures, it is the general view of Group B countries that the work of UNCTAD in the field of non-tariff barriers must be so undertaken as usefully to complement but not duplicate the work of GATT. They also interpret paragraph 7 of the section on trade relations between countries having different economic and social systems as referring to the consultations provided for in the relevant decision of the Trade and Development Board at its eighth session. Some of these countries continue to feel that such consultations are appropriate only where normal channels do not exist.

In the chapter on financial resources, there is a widespread feeling in Group B that the section on domestic financial resources should be strengthened. The delegation of Italy considers that section B on external resources should be read in the light of decision 27 (II) of the United Nations Conference on Trade and Development. A number of delegations including the United Kingdom, wish to emphasize their understanding that the section on terms and conditions of development assistance applies only to official aid.

With regard to insurance, it is the view of Switzerland, the United Kingdom and the United States that the foreign exchange cost of insurance and reinsurance should be considered on a net basis.

On tourism, it is the general view of Group B that, especially in the light of General Assembly resolution 2529 (XXIV), the section agreed in document TD/B/L.206 should not be read as conferring an expanded role on UNCTAD.

As far as the world food problem is concerned, Canada and New Zealand attached importance to better co-operation among donors of food aid.

Finally, and in particular as regards implementation review, it is felt by Group B that the text should not read as in any way prejudging the decision to be taken by the General Assembly on this question.

This has, I am afraid, been rather long. The only excuse is that it has been less long-drawn out than the numerous individual statements which I hope this procedure will avoid or at least, reduce to a minimum both in number and in length. It is my understanding that this statement, together with supplementary statements by Group B countries which should be regarded as having the same formal status as this statement, will be annexed to document TD/B/L.206 as amended and sent forward with it.

In conclusion, may I thank you, Mr. President, and the Secretary-General, once again for all the work you have done and thank also all the delegations of all Groups who

participated in the original Group of 15 and in the many other groups that have contributed to this decision, which is welcomed by us all.

New Zealand

[Original text: English]

My delegation would wish firstly to associate itself with the statement made on behalf of Group B by its Chairman setting out generally shared reservations on the text which we have agreed upon. We would like this further statement to be recorded in the same manner as that statement.

While the text on the Second United Nations Development Decade probably does not fully satisfy any country we are pleased that agreement has been achieved on a basic text which may be transmitted to the Preparatory Committee for the Second United Nations Development Decade.

It is perhaps desirable to remind the Trade and Development Board that Group B, the Group in which New Zealand is pleased to caucus, is not a homogeneous group of industrial giants.

Our economy includes many aspects which have been consistently recognized in texts of the United Nations Conference on Trade and Development and of the Board as creating special situations. I refer to our heavy dependence for export earnings on a narrow range of primary products, to the early stage of industrialization in which we find ourselves, and to the very strenuous endeavours which we are making to industrialize, all of which make us particularly sympathetic to the needs of developing countries, to the fact that we are net importers of capital and consumers of shipping. These factors limit our ability fully to subscribe to many UNCTAD aspirations.

The footnote on primary products which the Board has incorporated in the chapter on Commodities frees me of the obligation to refer in detail to the difficulties which New Zealand, in common with Australia and Canada, experienced with that chapter.

We welcome the fact that the Board understood our apprehensions and was ready to clarify the text.

We would have liked a comparable reference to developed food-producing countries in the section of the world food problem. After discussion with other delegations, we refrained from offering a formal amendment but it is the understanding of the New Zealand delegation that measures taken to provide food aid will not adversely affect the interests of those countries whose trade depends heavily on the export of primary commodities.

It seems to be an unfortunate but unavoidable characteristic of statements of explanation such as this that they seem to emphasize unduly the negative aspects of a country's position. In our case, at least, such an impression would be totally misleading. Notwithstanding the difficulties I have just outlined, New Zealand fully intends to do its utmost within its possibilities to contribute positively to the objectives of the Second United Nations Development Decade. As an example of the spirit with which we approach this task I think I need only mention our intention to participate in the proposed general scheme of preferences and to continue to work towards the achievement of the 1 per cent target.

In conclusion, my delegation would like to commend the great efforts made by the President and by our Secretary-General to secure finality for our endeavours at this session.

Peru

[Original text: Spanish]

The delegation of Peru considers it necessary to make certain comments and reservations with regard to document TD/B/L.206/Rev.1, which sets out the UNCTAD contribution to the Second United Nations Development Decade.

In the first place, we believe that the line taken in the footnote to the sub-heading "Commodities", on page 6 of the English text, is inappropriate. We feel that, in the context of measures to promote the development of the less advanced countries, it consolidates the advantages and the status that certain developed countries continue to enjoy, however artificially, in the primary products sector.

With regard to chapter V, "Financial resources for development," Peru's policy and aspirations in the matter of international financing stem from the principles embodied in the agreements reached at ministerial level at the meeting of the Special Committee on Latin American Co-ordination at Viña del Mar, and in the decisions adopted at the thirteenth session of the Economic Commission for Latin America, which are also partly reflected in document TD/B/L.194 submitted to the Trade and Development Board at its ninth session.

We therefore wish to enter a reservation with respect to paragraph 2 of section B (ii), on page 17 of document TD/B/L.206/Rev.1, which refers to the tying of financial assistance. We cannot agree to recognize, in the context of measures recommended for achieving development goals during the coming Decade, the "principle" that it may not be possible to untie assistance in all cases. The Peruvian delegation considers this politically and economically unacceptable.

With reference to sub-paragraph (vi) of that section, on page 18, "Conditions for an increased contribution of private investment to development", Peru, which accepts foreign investment within the terms of its sovereignty and national competence, confirms that the guarantees afforded to foreign investment in Peru are those specified in the Constitution of the State, namely the same guarantees as are enjoyed by nationals. We therefore wish to make a specific reservation with regard to the phrase "obligations of host countries" in the above-mentioned paragraph, as we consider it ambiguous.

Philippines (on behalf of the Asian countries members of the Board and members of the Group of 77)

[Original text: English]

On behalf of the Asian countries members of the Trade and Development Board, members of the Group of 77, I wish to place on record our gratification over the agreement now reached on a submission by UNCTAD (document TD/B/L.206/Rev.1 and annexes) to the appropriate organs of the United Nations for incorporation into the preparatory work on an international development strategy for the 1970s.

We regard this submission as an initial contribution.

We would have preferred a more comprehensive and explicit document, and deeply regret that this was not possible in the circumstances.

We are particularly distressed over the failure to reach agreements on target dates, volume and transfer of resources and shipping.

We consider it essential to underscore that the compromise texts contained in this initial contribution should in no way be regarded as a retreat from decisions already reached in particular fields within UNCTAD's competence.

On those issues on which it was neither possible to expand existing areas of agreement nor reach more specific understandings, further work must be pursued in the permanent machinery of UNCTAD.

On matters in which UNCTAD has competence in conjunction with other international organizations, we hope that the final elaboration of the development strategy as regards those particular matters will take full account of the existing agreements in UNCTAD and not detract from their force nor impinge upon UNCTAD's competence.

We consider that UNCTAD's contribution to the formulation of the strategy for the Second United Nations Development Decade must be dynamic, not static. Efforts towards improvement must be co-terminous with the Decade itself.

Further efforts on the part of UNCTAD members must be animated by the spirit of constructive partnership, and in full awareness of collective needs, in particular of developing countries.

The international community must pool its resources together with a view to eradicating the present world compartments of "haves" and "have-nots" and bring about a world community of peoples living in harmony and brotherhood - all entitled to the enjoyment of the dignity and worth of the human person - and in freedom, justice and fraternity.

Romania

[Original text: French]

The Romanian delegation has studied with interest the draft texts on UNCTAD's contribution to the Second United Nations Development Decade and particularly appreciates the great skill displayed by the President of the Trade and Development Board and the Secretary-General of UNCTAD in drawing up, on the basis of complex consultations, a document which, we feel, shows large areas of agreement.

The experience of developed and developing countries alike clearly shows that the principal requirement for speedy and harmonious economic and social development is a national effort by each country, each people having primary responsibility for its own development, as well as the right to adopt its own particular approach to development.

It is also clear, however, that these efforts must be combined with the international community's contribution.

I should like to renew the assurance that Romania will give all the support it can to efforts to secure speedier advancement of the developing countries during the Second United Nations Development Decade and will always continue to do its utmost to increase its trade and

economic co-operation with the developing countries. During the first United Nations Development Decade, trade between Romania and the developing countries increased at an average annual rate of 17 per cent, i.e. faster than its foreign trade as a whole, for which the rate was about 11 per cent. The fact that we have concluded long-term trade and co-operation agreements, thereby establishing a stable and promising basis for economic relations and for development and diversification of economies, is an indication that in the future Romania's trade with the developing countries will remain at a high level.

Romania is all the more sensitive to the concern of the developing countries regarding the forthcoming Decade because it has itself undertaken a broad development programme designed to overcome the economic backwardness it inherited from the past.

After the war, the people of Romania made great efforts, under a long-term policy, to develop the country's material and human resources through industrialization. Nevertheless, on the basis of its level of national income *per capita*, the structure of its economy and economically active population, the volume and pattern of its foreign trade and the place it occupies in the international division of labour, Romania has still a long way to go before it can be classified as a developed country from an economic point of view. That is why the Romanian people are firmly resolved to continue to make every effort during the Decade to narrow the gap separating it from the level reached by the developed countries. To this end, some 28 to 30 per cent of the national income will be allocated to investment during the forthcoming period. We are anxious to apply improved methods of planning and organization which will help to make our economy more efficient.

Having to face the same problems as the developing countries, we support their very justifiable proposals.

Ever since its establishment, UNCTAD has placed emphasis on the practical measures to be taken to implement, as soon as possible, the recommendations of the United Nations Conference on Trade and Development regarding the volume and terms of foreign aid, including the transfer of an amount equivalent to 1 per cent of the gross national product.

The removal of all discriminatory measures in international trade, the progressive reduction and eventual elimination of tariff and non-tariff barriers hindering trade expansion, the development and introduction of a generalized system of non-reciprocal and non-discriminatory preferences in favour of the developing countries, irrespective of their socio-economic system and the UNCTAD group to which they belong, — these are all measures which are essential for economic development. It is also particularly important to agree upon the basic principles of international economic relations. We firmly believe that normal relations between countries and peoples can be achieved only within the framework and on the established basis of international law, in observance of the principles of independence and national sovereignty, of non-interference in internal affairs, and of equal rights and mutual benefit. These principles are the very cornerstone of international legality and are obligatory and indispensable both for the harmonious development of relations between States and for finding solutions to the major problems now confronting mankind. For these reasons we believe that all necessary steps should be taken in order to achieve as soon

as possible broad agreement on the principles adopted at the first session of the Conference.

We must again stress that all UNCTAD's activities and the fulfilment of the tasks defined in the programme for the Decade will necessarily be seriously hampered so long as all countries concerned cannot play their part and so long as our membership excludes representatives of socialist countries with the requisite economic potential, population and share in international trade to make a substantial contribution to co-operation and towards solving the world's socio-economic problems.

Normalization and expansion of international trade, and development of economic, industrial, technical and scientific co-operation between countries cannot fail to contribute to development.

The Romanian delegation is therefore prepared to support the text entitled "The contribution of UNCTAD to the Second United Nations Development Decade", as a starting point both as regards the efforts to be made by the developing countries themselves and those to be made by the developed countries. It stresses, however, that each country must take part in these efforts in the light of its economic level and development needs, and that all the developing countries should be able to benefit from this contribution regardless of their socio-economic system or membership of a particular UNCTAD group.

Switzerland

[Original text: French]

May I be allowed to make a short statement at the conclusion of this debate on item 3 of our agenda.

The Swiss delegation can give its approval to the document on the contribution of UNCTAD to the Second United Nations Development Decade, in its present form. In doing so, it wishes to place on record its great appreciation of the efforts made by the President of the Trade and Development Board and by the Secretary-General of UNCTAD throughout this session.

My delegation must, however, point out that, as now formulated, UNCTAD's contribution to the Second Development Decade corresponds only in part to the objectives which should have been set, objectives which my delegation set out in the proposals it submitted for consideration at this session of the Board. These proposals, which are to be found in document TD/B/L.216, are reproduced below:

"At the meeting of the Board on 3 February 1970, the delegation of Switzerland suggested the preparation of an introductory note to the proposed UNCTAD contribution for the Second United Nations Development Decade. The purpose of the note would be to summarize briefly UNCTAD's contribution and to show the spirit in which Governments viewed the tasks they would have to perform during the Second Decade.

"...

"1

"1. The Second United Nations Development Decade provides an opportunity for all the countries members of UNCTAD to intensify their efforts in the field of development and to establish a constructive partnership based upon the interdependence of their destinies and the reciprocity of their interests.

"II

"2. Raising the levels of living of the developing countries, ensuring rational utilization of their resources and improving their social conditions call for steady and persistent efforts at the international co-operation and national policy levels. Both developing and developed countries are uniting their efforts to these ends.

"3. The developing countries, which are assuming the primary responsibility for their development, are endeavouring to mobilize as fully as possible their own resources — with which they are already financing 85 per cent of their investment — and to ensure that the most effective possible use is made of the internal and external resources at their disposal. They are seeking to improve their structural and institutional framework with the object of promoting development.

"4. The developed countries are endeavouring, in particular, to improve outlets for the exports of the developing countries, to enable those countries to participate more actively in the international division of labour and to provide them with a greater amount of financial resources.

"III

"5. Since its establishment, UNCTAD has formulated objectives, defined policies, drawn up work programmes and commenced their execution. This initial work having been done, its efforts will be devoted, in priority, during the Second Decade, to the practical achievement of the objectives which the member Governments have assigned themselves.

"6. The programme drawn up for the Second Decade should enable UNCTAD to deal with the vital problems facing the developing countries, taking into account the developments which may occur. The programme must therefore be regarded as a dynamic one calling for a constant effort by the international community and by all the peoples and Governments concerned.

"7. The Governments of the member countries are resolved to take the measures required to enable the most rapid progress possible to be made, during the Second Decade, towards the achievement of the jointly agreed objectives.

"8. They intend to apply, with such modifications as may prove necessary, the following policies:

"(a) Consolidation of the results achieved:

Renewal of existing commodity agreements;
Maintenance of the degree of trade liberalization already achieved;
(To be completed).

"(b) Implementation of the agreements in principle which have already been reached:

Volume of transfer of financial resources;
Generalized system of preferences;
Measures relating to commodities not yet the subject of commodity agreements;
Terms and conditions of aid;
(To be completed);

"(c) Efforts to conclude new agreements of principle within the framework of UNCTAD's objectives:

Mobilization of internal resources;
Provision of external financial resources on preferential terms;
Access to the capital markets of the developed countries;

Contribution of private investment to development;
Regional co-operation and integration;
Measures in favour of the least developed among the developing countries;
Measures in favour of land-locked countries;
(To be completed).

"IV

"9. The countries members of UNCTAD are determined to co-operate closely in order to give full effect to the agreed programme for the Second United Nations Development Decade. They agree to make, near the mid-point of the Decade, an evaluation of the progress achieved with a view to taking any necessary measures for the completion of the Decade."

Tunisia

[Original text: French]

I welcome this opportunity of expressing to you, Mr. President, the Tunisian delegation's deep gratitude and great appreciation of the very skilful and efficient manner in which you handled the difficult task of directing the discussion throughout the different parts of the ninth session of the Trade and Development Board, a session which will mark an epoch in the history of UNCTAD.

As far as the present part of the session is concerned, I feel that it is particularly difficult to judge our achievements on the basis of the balance reflected in document TD/B/L.206/Rev.1 on UNCTAD's contribution to the preparatory work for the Second United Nations Development Decade. Whatever merits this text may have, it is seriously weakened by the fact that certain sections have had to be left blank and by the appendices which have had to be annexed to it. We all know how the appendices are to be treated; as for the blanks, that procedure might well be used henceforth to identify whatever is of ill omen. We believe, however, that this text does reflect both the time and the circumstances in which it was produced, with the good and the bad of each. That is why the Tunisian delegation, which has complete faith in international co-operation, wishes again to express its full and unreserved support for the document. We take this opportunity to congratulate and compliment those who helped directly or indirectly to draft it and, in particular, the President of the Board and the Secretary-General of UNCTAD and their assistants.

We should like, moreover, if we may, to pay a tribute to all the delegations of developed countries which, by their actions, words or intentions, have shown their understanding of our concerns — of the concerns, that is, of the developing countries — although, basically these concerns are common to us all, just as we all share the human condition.

We hope that throughout the Decade UNCTAD may pursue its activities with the same zeal and the same dynamism and that it may achieve the objectives it has set itself. If it does so it will have made an appreciable contribution to fashioning the new and better world to which all humanity aspires and to which the international community is sincerely pledged.

Uganda

[Original text: English]

Summary of statement by the representative of Uganda

The representative of Uganda expressed his appreciation to the President of the Trade and Development Board, the Secretary-General of UNCTAD and to the fifteen delegations which assisted him in elaborating further work on UNCTAD's contribution to the Second United Nations Development Decade as contained in document TD/B/L.206. He agreed with both the President and the Secretary-General of UNCTAD in their transmittal note to this document that UNCTAD's contribution to the Second Development Decade was not a once-and-for-all exercise but had to be regarded as a continuing and dynamic effort.

The Uganda delegation agreed with the proposal that the final product of the Board's consideration of UNCTAD's contribution to the Second Development Decade, as contained in document TD/B/L.206/Rev.1, should be adopted by consensus. This document, although generally acceptable to the Board, was not entirely satisfactory to all delegations, including that of Uganda; indeed, this could not be the case because it was the result of compromise which involved give and take both on the part of the developed and developing countries. The Uganda delegation voiced its regret at the Board's inability to agree on certain essential key areas which should feature in UNCTAD's contribution to the Second United Nations Development Decade. In particular, the Uganda delegation singled out the Board's inability to agree on the essential topic of the volume of transfer of external financial resources to developing countries. Although the primary responsibility of developing countries for the development of their countries rested squarely on their shoulders, the role which was played by external development assistance was of vital importance. Uganda had done all within its possibility to mobilize all its resources, financial and otherwise, to cope with the task of economic development and the welfare of its people and would continue to increase its efforts in this regard during the 1970s. The assistance it received from many friendly countries and international financial institutions had not only been appreciated but had been of crucial importance to it, because, without it, its economic programmes would have lagged. The Ugandan delegation was sincerely thankful to such friendly Governments and international financial institutions for the assistance given to Uganda and trusted that that support would continue to be available, that it would be increased in volume, and, in some appropriate cases, the terms thereof liberalized.

On the topic of shipping, it was hoped that the international community would be able during the Second United Nations Development Decade to come to agreement on the important issues in that sector on which the Board had been unable to reach an agreed contribution.

The subject of targets and dates was of very vital importance to the delegation of Uganda in respect of all the convergent policy measures which the international community agreed as being necessary in order to realize the objectives of the Second United Nations Development Decade. It was Uganda's hope that political will would be manifested in substantial measure to enable the theme of international co-operation through development to be realized in a meaningful manner. The contribution which had been made by UNCTAD was a list of desirable policy

measures to be adopted. That contribution would be of no practical value unless it was translated into concrete action programmes by the developed countries and the international community as a whole.

There were three topics included in UNCTAD's contribution on an interim basis. The first of those was the special measures which should be adopted in favour of the least developed among the developing countries. On 13 February 1970, the Board adopted resolution 65 (IX) in which it requested the permanent machinery to consider the problems of the least developed among the developing countries, taking into account the report of the expert group on the subject which was contained in document TD/B/288. § The Uganda delegation hoped that the permanent organs would address themselves to the various proposals made by the expert group and formulate realistic, but meaningful, policy measures which would be adopted in favour of the least developed among the developing countries to enable them to derive full benefits from the Second United Nations Development Decade.

The second topic was that of special measures which should be adopted in favour of the land-locked countries. The Board naturally was unable to make any concrete proposals on that subject until it had had the benefit of the proposals and recommendations of the intergovernmental group which was due to be convened in June 1970. Uganda hoped that realistic proposals dealing with the problems of land-locked countries would be adopted by the international community.

The third topic which was dear to the Uganda delegation was that of trade expansion, economic co-operation and regional integration among developing countries. On this the Board had also been unable to make any meaningful contribution for inclusion in UNCTAD's contribution to the Second United Nations Development Decade. At its second session the United Nations Conference on Trade and Development unanimously adopted a resolution on that matter — declaration 23 (II), popularly known as the Concerted Declaration. Uganda hoped that when the intergovernmental group's meeting had been held in November 1970, positive and concrete measures would be taken, both by the developed and the developing countries, to realize the objectives of the Concerted Declaration.

United States of America

[Original text: English]

United States reservations and interpretations

I. The United States supports sending forward as UNCTAD's contribution to the Second United Nations Development Decade the text in TD/B/L.206/Rev.1 prepared during the informal consultations and in this and previous sessions of the Trade and Development Board. We hope other organs of the United Nations responsible for preparing the over-all strategy will have more success in reaching agreement on important issues than we have had here. We are of course associated with the statement made by Group B but to make the United States position completely clear we must reserve on a few points in TD/B/L.206/Rev.1 and clarify our position on some others.

§ See *Official Records of the Trade and Development Board, Ninth Session, third part, Annexes, agenda item 15.*

We request that these reservations and comments be annexed to the draft.

II. The United States cannot accept the paragraphs of TD/B/L.206/Rev.1 listed below for the reasons stated:

A. Goals and objectives

The United States delegation does not accept the fourth sentence of paragraph 1 because it implies that a fuller mobilization and more effective use of domestic resources in developing countries is entirely dependent on international action. The United States believes the provision of external resources should be forthcoming in response to the development efforts of developing countries and their performance in making productive use of domestic and external resources. We believe there are substantial possibilities for improving this performance whether or not further international action is taken.

The bracketed figures in paragraph 2 are not accepted by the United States delegation. First, these figures have not been discussed in the Board, and the United States delegation does not accept some of the assumptions which underlie the projections involved. Secondly, the determination of which variables should be included in the strategy and their quantification, and for stating these variables in such a way that they are internally consistent, is a proper function for the Preparatory Committee for the Second United Nations Development Decade.

B., I. (e) Commodities: Competition from synthetics and substitutes

The United States is unable to accept the second sentence of paragraph 25 because no recognition is given to price and quality considerations. We believe no special encouragement should be given to the creation and utilization of new production of directly competing synthetics only when natural products with competitive prices and qualities are able to satisfy present and anticipated world requirements.

B., V. Financial resources for development

The United States cannot accept the final sentence of paragraph 1 of this section for the same reasons as stated above in relation to the first paragraph of section entitled "Goals and objectives".

Finance

(ii) Terms and conditions of development assistance

The United States is unable to accept the final sentence of paragraph 2 because it suggests that untying of aid should include making competitive suppliers in the donor country ineligible to compete on an equal basis with suppliers in developing countries. It is also unable to accept paragraph 4 because the long terms now extended for

United States official assistance make it impossible to consider lengthening terms further at this time. The wording might also suggest an assumption on the volume of aid and we believe this subject should be dealt with in another section.

(viii) International liquidity

The United States does not accept the second sentence of this paragraph because at this time it does not believe the question of the relationship between Special Drawing Rights and external development financing should be considered.

(ix) Outflow of financial resources from developing countries

The United States is unable to accept the paragraph in this section. It covers an extraordinarily complex subject in an inadequate fashion. It does not distinguish clearly between such totally different financial flows as earnings on productive investments and capital flight. The United States believes that private investment and technological arrangements make a major net contribution to development and that statements such as that in this section may discourage the flow of such private investment and technology to the developing countries.

The United States also wishes to make it clear that its constitutional system makes it impossible for its Government to accept the concept of arbitrary dates for various actions as suggested by some developing countries.

III. The United States accepts the following sections subject to the interpretations given below:

B., I. Commodities

Since this section is devoted to the problems of the developing countries, the United States understands that nothing in it limits the right of any developed country to foster and protect its own export trade in primary products.

B., II. Manufactures and semi-manufactures

The United States notes that negotiations on non-tariff barriers are taking place and will continue to take place in GATT and paragraph 4 under (b) does not authorize any duplication of these negotiations elsewhere.

In closing, Mr. President, we wish to express our sincere thanks for the truly tremendous efforts made by you and our Secretary-General in trying to reach agreement on all matters in the field of competence of UNCTAD. You have recognized the practical necessity of expanding areas of international agreement step by step. We hope that such recognition of reality will eventually be the basis for the participation of all UNCTAD members in the practical co-operation necessary for maximum progress in development during the next Decade.

ANNEX II

OTHER RESOLUTION AND DECISIONS ADOPTED BY THE BOARD
AT THE THIRD PART OF ITS NINTH SESSION

Resolution

- 65 (IX) Special measures in favour of the least developed among
the developing countries (agenda item 15)
Resolution of 13 February 1970

Decision

- 66 (IX) Revised calendar of UNCTAD meetings for the remainder of
1970 and tentative schedule of meetings for 1971 and 1972
(agenda item 24) (adopted on 13 February 1970)

Other decisions taken by the Board
at the third part of its ninth session

Rotation of the offices of Chairman and Rapporteur of the main
Committees of the Board among countries listed in parts A and
C of the annex to General Assembly resolution 1995 (XIX) . .

RESOLUTION

65 (IX). Special measures in favour of the least developed among the developing countries

The Trade and Development Board,

Recalling its resolution 63 (IX), adopted unanimously at the second part of its ninth session, on special measures to be taken in favour of the least developed among the developing countries,

Recalling further that, at the second part of its eighth session, in its outline of UNCTAD's contribution to the Second United Nations Development Decade it agreed that there was a need to provide effective and concrete measures that could ensure the sustained economic growth and enhance the ability of the least developed among the developing countries to benefit fully from measures designed in favour of developing countries as a whole,^{2,3}

Expressing its general agreement with the considerations of the Secretary-General of UNCTAD, as set out in paragraph 4 of his note,^{2,4} that it is essential that special attention should be paid to the problem of the least developed among the developing countries within the context of the international development strategy for the Second United Nations Development Decade,

Taking special note of resolution 24 (II) of the United Nations Conference on Trade and Development which recommends, *inter alia*, "that special measures be devised, within a global strategy, of convergent measures in order to enable the least developed among the developing countries

to derive equitable benefits so that all the developing countries are enabled to gain comparable results . . ."

1. Expresses its appreciation to the Secretary-General of UNCTAD for the speed and efficiency with which he convened a group of experts, as suggested in its resolution 63 (IX), and takes note of its report;^{2,5}

2. Welcomes General Assembly resolution 2564 (XXIV) of 13 December 1969 in which the Secretary-General of the United Nations is requested to recommend special measures within the framework of the Second United Nations Development Decade for dealing with the special problems of the least developed among the developing countries;

3. Requests that, in keeping with the over-all programme of work entrusted to the Secretary-General of the United Nations under General Assembly resolution 2564 (XXIV), each of the main committees and the other relevant subsidiary bodies of UNCTAD consider the problems of the least developed among the developing countries and, taking into account the report of the group of experts, submit concrete proposals to the Board on what effective measures might be taken within their fields of competence;

4. Further requests the Secretary-General of UNCTAD to report to the Board at its tenth session on the efforts being made in the remainder of the United Nations system in response to General Assembly resolution 2564 (XXIV);

5. Resolves to consider what further action may be necessary at that time.

234th plenary meeting,
13 February 1970.

a/ See Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part two, annex I, appendix, section B, para. 8.

b/ TD/B/294.

c/ Official Records of the Trade and Development Board, Ninth Session, Third Part, Annexes, agenda item 15, document TD/B/288.

DECISION

66 (IX). Revised calendar of UNCTAD meetings for the remainder of 1970 and tentative schedule of meetings for 1971 and 1972

	<i>1970</i>	<i>Duration</i>	<i>Location</i>
Special Committee on Preferences, fourth session	beginning 31 March and extending, if necessary, to 17 April	3 weeks	Geneva
United Nations Tin Conference, 1970	13 April - 15 May	5 weeks	Geneva
Committee on Shipping, fourth session	20 April - 1 May	2 weeks	Geneva
Permanent Group on Synthetics and Substitutes, fourth session . .	29 June - 3 July	1 week	Geneva
Committee on Commodities, fifth session	7-17 July	2 weeks	Geneva
Committee on Invisibles and Financing related to Trade, fourth session	20-31 July	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities, fifth session	17-21 August	1 week	Geneva
Trade and Development Board, tenth session	25 August - 18 September	4 weeks	Geneva
Intergovernmental group on trade expansion, economic co-oper- ation and regional integration among developing countries . . .	2-18 November	2½ weeks	Geneva
Working Group on International Shipping Legislation, second session	30 Nov. - 11 Dec.	2 weeks	Geneva
Trade and Development Board, fourth special session	to be determined ^{d/}	1 week	Geneva
Working Group on Tungsten, seventh session	to be determined	1 week	Geneva
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity conferences	as required	up to 5 weeks	Geneva
Commodity consultations	as required	3-4 weeks	Geneva
Working parties and study groups	as required	up to 13 weeks	Geneva
	<i>1971</i>	<i>Duration</i>	<i>Location</i>
Advisory Committee to the Board and to the Committee on Commodities, sixth session	11-15 January	1 week	Geneva
Joint UNCTAD/GATT Advisory Group on the International Trade Centre, fourth session	January	4 days	Geneva
Committee on Manufactures, fifth session	Jan./Feb.	2 weeks	Geneva
Trade and Development Board, resumed tenth session	1-5 March	1 week	Geneva
Committee on Shipping, fifth session	March/April	2 weeks	Geneva
Permanent Group on Synthetics and Substitutes, fifth session . . .	June/July	1 week	Geneva
Committee on Commodities, sixth session	July	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities, seventh session	July	1 week	Geneva
Committee on Invisibles and Financing related to Trade, fifth session	July/August	2 weeks	Geneva
Trade and Development Board, eleventh session	24 August - 17 September	4 weeks	Geneva
Committee on Tungsten	as required	1 week	Geneva
Working Group on Tungsten, eighth session	to be determined	1 week	Geneva
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity conferences	as required	up to 10 weeks	Geneva
Commodity consultations	as required	4-5 weeks	Geneva
Working parties and study groups	as required	up to 20 weeks	Geneva

^{d/} See paragraph 2 of Board resolution 61 (IX).

Note: At its 237th meeting the Board decided that provisionally, and subject to further consultations to be conducted by the Secretary-General of UNCTAD, the third session of the United Nations Conference on Trade and Development might be scheduled for early 1972 in Geneva. Once the Board has made its recommendation to the General Assembly the following tentative schedule of meetings might have to be adjusted accordingly:

	<i>1972</i>	<i>Duration</i>	<i>Location</i>
Advisory Committee to the Board and to the Committee on Commodities, eighth session	January	1 week	Geneva
Joint UNCTAD/GATT Advisory Group on the International Trade Centre, fifth session	January	4 days	Geneva
Committee on Manufactures, sixth session	Jan./Feb.	2 weeks	Geneva
Trade and Development Board, resumed eleventh session	8-11 February	4 days	Geneva
Committee on Invisibles and Financing related to Trade, sixth session	February/March	2 weeks	Geneva
Committee on Shipping, sixth session	March/April	2 weeks	Geneva
Permanent Group on Synthetics and Substitutes, sixth session . . .	June/July	1 week	Geneva
Committee on Commodities, seventh session	July	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities, ninth session	July	1 week	Geneva
Trade and Development Board, twelfth session	22 August - 15 September	4 weeks	Geneva
Committee on Tungsten	as required	1 week	Geneva
Working Group on Tungsten, ninth session	to be determined	1 week	Geneva
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity conferences	as required	up to 10 weeks	Geneva
Commodity consultations	as required	4-5 weeks	Geneva
Working parties and study groups	as required	up to 20 weeks	Geneva

*234th plenary meeting,
13 February 1970.*

OTHER DECISIONS TAKEN BY THE BOARD
at the third part of its ninth session

Rotation of the offices of Chairman and Rapporteur of the main Committees of the Board among countries listed in parts A and C of the annex to General Assembly resolution 1995 (XIX)^{e/}

The cycle of rotation of the offices of Chairman and Rapporteur, involving the two sub-groups of Group A and Group C, was changed by a decision taken at the 216th meeting of the Board on 11 September 1969.^{f/} According to the amended cycle, an African member of Group A would be Chairman of the Committee on Commodities for two consecutive years (namely, in the seventh year of the first cycle and in the first year of the second cycle). In the Committee on Shipping both the office of Chairman and the office of Rapporteur would be held by members of Group C in the sixth year of the cycle.

In order to rectify this situation, the Board at its 231st meeting on 11 February 1970, decided that the annexes to the rules of procedure of the four main Committees relating to the cycles of rotation of offices would be amended in the manner set out in the table below.

Chairmen – Total for seven years: Africa: 6; Asia: 5; C: 5

Year	Committee on Commodities	Committee on Manufactures	Committee on Invisibles and Financing	Committee on Shipping
First	A (Asia) ^{g/}	C	B	A (Asia)
Second	D	B	A (Asia)	C
Third	B	A (Africa)	C	D
Fourth	A (Africa) ^{g/}	A (Asia)	D	B
Fifth	C	D	B	A (Africa)
Sixth	B	B	A (Africa)	C
Seventh	A (Africa)	A (Africa)	A (Asia)	B

Rapporteurs – Total for seven years: Africa: 5; Asia: 5; C: 6

Year	Committee on Commodities	Committee on Manufactures	Committee on Invisibles and Financing	Committee on Shipping
First	B	A (Asia)	C	D
Second	C	C	D	B
Third	A (Africa)	D	B	A (Africa)
Fourth	B	B	C	C
Fifth	A (Asia)	A (Africa)	A (Asia)	B
Sixth	A (Africa)	A (Asia)	B	A (Asia) ^{h/}
Seventh	D	B	A (Africa)	C ^{h/}

Over-all for seven years: Africa: 6 + 5 = 11; Asia: 5 + 5 = 10; C: 5 + 6 = 11

^{e/} See Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 15 (A/8015/Rev.1), part one, paras. 185 and 186.

^{f/} See *Ibid.*, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part three, annex I, p. 217.

^{g/} In the Board's decision of 11 September 1969, the Chairmanship in the first year was allocated to Africa and that in the fourth year to Asia.

^{h/} In the Board's decision of 11 September 1969, the Rapporteurship in the sixth year was allocated to Group C and that in the seventh year to Asia.

The amended texts of the annexes to the rules of procedure of the four main Committees are set out below:

Committee on Commodities

Annex to rules of procedure

"The following rotation of groups within the seven-year cycle, commencing from 1965, shall be followed with respect to the election of the Chairman and of the Rapporteur of the Committee:

"*First year:* The Chairman shall be an Asian member ^{1/} of Group A and the Rapporteur shall be a member of Group B.

"*Second year:* The Chairman shall be a member of Group D and the Rapporteur shall be a member of Group C.

"*Third year:* The Chairman shall be a member of Group B and the Rapporteur shall be an African member of Group A.

"*Fourth year:* The Chairman shall be an African member of Group A and the Rapporteur shall be a member of Group B.

"*Fifth year:* The Chairman shall be a member of Group C and the Rapporteur shall be an Asian member of Group A.

"*Sixth year:* The Chairman shall be a member of Group B and the Rapporteur shall be an African member of Group A.

"*Seventh year:* The Chairman shall be an African member of Group A and the Rapporteur shall be a member of Group D."

Committee on Manufactures

Annex to rules of procedure

"The following rotation of groups within the seven-year cycle, commencing from 1965, shall be followed with respect to the election of the Chairman and of the Rapporteur of the Committee:

"*First year:* The Chairman shall be a member of Group C and the Rapporteur shall be an Asian member ^{1/} of Group A.

"*Second year:* The Chairman shall be a member of Group B and the Rapporteur shall be a member of Group C.

"*Third year:* The Chairman shall be an African member of Group A and the Rapporteur shall be a member of Group D.

"*Fourth year:* The Chairman shall be an Asian member of Group A and the Rapporteur shall be a member of Group B.

"*Fifth year:* The Chairman shall be a member of Group D and the Rapporteur shall be an African member of Group A.

^{1/} Including Yugoslavia.

"*Sixth year:* The Chairman shall be a member of Group B and the Rapporteur shall be an Asian member of Group A.

"*Seventh year:* The Chairman shall be an African member of Group A and the Rapporteur shall be a member of Group B."

Committee on Invisibles and Financing related to Trade

Annex to rules of procedure

"The following rotation of groups within the seven-year cycle, commencing from 1965, shall be followed with respect to the election of the Chairman and of the Rapporteur of the Committee:

"*First year:* The Chairman shall be a member of Group B and the Rapporteur shall be a member of Group C.

"*Second year:* The Chairman shall be an Asian member ^{1/} of Group A and the Rapporteur shall be a member of Group D.

"*Third year:* The Chairman shall be a member of Group C and the Rapporteur shall be a member of Group B.

"*Fourth year:* The Chairman shall be a member of Group D and the Rapporteur shall be a member of Group C.

"*Fifth year:* The Chairman shall be a member of Group B and the Rapporteur shall be an Asian member of Group A.

"*Sixth year:* The Chairman shall be an African member of Group A and the Rapporteur shall be a member of Group B.

"*Seventh year:* The Chairman shall be an Asian member of Group A and the Rapporteur shall be an African member of Group A."

Committee on Shipping

Annex to rules of procedure

"The following rotation of groups within the seven-year cycle, commencing from 1965, shall be followed with respect to the election of the Chairman and of the Rapporteur of the Committee:

"*First year:* The Chairman shall be an Asian member ^{1/} of Group A and the Rapporteur shall be a member of Group D.

"*Second year:* The Chairman shall be a member of Group C and the Rapporteur shall be a member of Group B.

"*Third year:* The Chairman shall be a member of Group D and the Rapporteur shall be an African member of Group A.

"*Fourth year:* The Chairman shall be a member of Group B and the Rapporteur shall be a member of Group C.

"*Fifth year:* The Chairman shall be an African member of Group A and the Rapporteur shall be a member of Group B.

Sixth year: The Chairman shall be a member of Group C and the Rapporteur shall be an Asian member of Group A.

Seventh year: The Chairman shall be a member of Group B and the Rapporteur shall be a member of Group C."

ANNEX III

STATEMENT MADE AT THE 233RD PLENARY MEETING OF THE TRADE AND DEVELOPMENT BOARD ON 12 FEBRUARY 1970 BY THE REPRESENTATIVE OF THE NETHERLANDS AS SPOKESMAN FOR DEVELOPED MARKET ECONOMY COUNTRIES WHICH ARE CONSIDERING GRANTING PREFERENCES

During the first part of its ninth session, in September 1969, the Trade and Development Board decided that it would, at this resumed session, again survey the progress made in the task of preparing a generalized system of preferences in favour of the developing countries. The Board may, therefore, be interested to receive from the developed countries members of Group B, a report on the way in which the work they are carrying forward among themselves has progressed since last autumn.

When I spoke on behalf of Group B countries last September, I indicated that they were then engaged in preparatory work and were holding intensive consultations among themselves with a view to communicating to UNCTAD, before 15 November, "substantive documentation" on the progress of their work and on their intentions.

Thanks to sustained efforts on the part of the eighteen countries of Group B which envisage participating as donors in the generalized system of preferences, that objective was attained within the time-limit. On 14 November 1969, the Secretary-General of the Organisation for Economic Co-operation and Development handed to Mr. Pérez Guerrero, Secretary-General of UNCTAD, the "substantive documentation" which embodied the results achieved at that stage of the proceedings. It was immediately circulated by the UNCTAD secretariat in document TD/B/AC.5/24 and its ten addenda, the latter containing the texts of the individual detailed communications addressed to the OECD by the various donor countries.

In its general part, this document traces its descent from an earlier report, which was distributed under the symbol TD/56 at the second session of the United Nations Conference on Trade and Development at New Delhi, and in which the member countries of OECD had already expressed concerted views. It contains a description of the methods of work which have been adopted and a preliminary analysis of some of the principal characteristics of generalized preferences as envisaged by the developed countries with market economies. As the document makes plain, any analytical comparison of these submissions must be made subject to many reservations, because each of them was conceived independently and as a whole. There is therefore a considerable risk in abstracting any specific element from the submissions for separate examination. In order to avoid misunderstandings, due account should be taken of this consideration in any interpretation of the substantive documentation.

For over two months now, all the member States of UNCTAD have had access to this detailed documentation illustrating the way in which the countries of Group B envisage approaching and dealing with the matter of preferences.

As we have indicated in the introduction to our documentation, the submissions of the countries which are considering granting preferences are of a provisional nature and therefore still subject to modification. In some cases, moreover, the details are incomplete. There also continue to be important conceptual differences between the various approaches. For these reasons, the donor countries intend to pursue their co-ordination efforts in OECD, with the aim of completing and further harmonizing their submissions.

The countries of Group B have been engaged in such efforts since last November. While it is unlikely that the task will be completed before the forthcoming consultations with developing countries, we will report on the progress of these efforts during the next session of the Special Committee on Preferences, the timing of which could be decided by this Board. In any event, we consider that useful consultations with developing countries can take place during that meeting, on the basis of the detailed documentation which we have already forwarded to UNCTAD and of any supplementary information which may become available by that time. The results of these consultations will of course be taken into account when the developed countries subsequently resume their work within OECD.

It goes without saying that the countries of Group B will do all in their power to answer as precisely as possible all questions requiring explanation and amplification which might arise from the examination of the substantive documentation. The Secretary-General of UNCTAD has undertaken, in his note verbale dated 26 November 1969 (TD/423), to gather all the questions of this kind which the member States might wish to put and to seek to obtain the necessary replies in collaboration with the OECD secretariat and with the countries concerned. We are grateful to him for taking this initiative, which cannot fail to speed up our work. Questions which are raised as a result of this initiative are being transmitted to OECD where they are carefully studied. Our aim is to try to answer these specific questions and any others which may be raised at the forthcoming meeting of the Special Committee.

The prospective donor countries are looking forward to the opportunity of entering into fruitful consultations with the developing countries on the substance of the issues involved in the question of preferences.

ANNEX IV

SUMMARY OF SECRETARIAT REPLIES TO QUESTIONS CONCERNING
THE PROGRAMME OF WORK OF UNCTAD AND ITS BUDGETARY
REQUIREMENTS a/

1. The percentage of distribution of the increase of \$1,887,800 (17.5 per cent) in the budget estimates drafted for 1971 in comparison with the 1970 appropriation for UNCTAD (section 15 of the budget estimates of the United Nations) is made up as follows: 9.8 per cent for the third session of the Conference; 3.8 per cent for the increased cost of maintaining the existing 1970 staff provisions; 1.8 per cent for the United Nations share of the costs of the International Trade Centre; 1.5 per cent for the cost of new staff requested for 1971; and 0.80 per cent for all other items relating mainly to increases in costs of general expenses, printing and travel.
2. The percentage of UNCTAD resources devoted to each of its main fields of activity, executive direction and management, policy-making organs, and administrative and conference services is shown in appendix A below. It should be noted that conference services, which have been distributed to the fields concerned, taken globally would amount to approximately 24 per cent of total budgetary resources. Attention is also called to the fact that the percentage shown for the International Trade Centre represents only the contribution made by the United Nations, an equivalent contribution being made by the GATT.
3. The secretariat was asked whether it would be possible to determine the cost of the group meetings held in UNCTAD as distinct from the official meetings. It was explained that there were in fact two categories of group meetings - those held during the official meetings of the various UNCTAD bodies and those held at times other than during sessions of these bodies. In the first category of meetings were those held before the beginning of official meetings; these were served by the same interpreters. In the opinion of the secretariat, they helped in reaching agreed solutions and therefore did not necessarily add to the duration and consequently the cost of the sessions. The number of meetings in the second category - those held at times other than during sessions of UNCTAD bodies - were rather limited (81 in 1969 in relation to the total of 1,431 meetings). They were normally held at times when the regular UNCTAD interpreters were available and in that circumstance additional cost was not involved.

a/ See paragraph 167 of part one above.

Appendix A

SUMMARY OF BUDGETARY REQUIREMENTS

(expressed in percentages of total budget)

	1969 revised appropriations	1970 revised estimates	1971 estimates
I. EXECUTIVE DIRECTION AND MANAGEMENT			
Office of the Secretary-General of UNCTAD and Office of Administration	6.00	6.13	5.30
II. ACTIVITIES OF THE UNCTAD SECRETARIAT			
A. Main fields of activity			
Research	6.79	6.94	6.38
Trade policies	0.87	0.87	0.74
Trade expansion	3.01	3.40	3.16
Commodities	18.07	17.34	15.73
Manufactures	11.31	11.07	10.22
Invisibles	13.80	13.51	12.28
Trade with socialist countries	2.59	2.63	2.21
Financing related to trade	11.65	11.19	9.86
B. Services common to the main fields of activity			
Conference affairs and external relations	4.98	5.15	4.45
Technical assistance co-ordination	0.88	0.87	0.86
Information services	1.33	1.30	1.10
Statistical services	1.40	1.35	1.16
III. ADMINISTRATIVE AND CONFERENCE SERVICES			
Conference services (distributed to the activity concerned)	-	-	-
Administrative and other services	8.32	8.02	6.90
IV. POLICY-MAKING ORGANS			
Conference	-	-	9.79
Trade and Development Board	4.38	4.38	3.38
TOTAL UNCTAD section 15	95.38	94.15	93.52
UNCTAD/GATT International Trade Centre	4.62	5.85	6.48
TOTAL APPROPRIATIONS	100.00	100.00	100.00

Appendix B

Text of paragraphs of the report of the joint UNCTAD/GATT
Advisory Group on the International Trade Centre on its
third session (ITC/AG/11) brought specifically to the
Board's attention by the Working Party a/

"14. Subject to the observations made in this report, the Group agreed to recommend to the governing bodies of UNCTAD and GATT the work programme for 1971 as outlined in part III of document ITC/AG/9 as representing a realistic programme for 1971 with the understanding that the implementation of that programme would depend on decisions of the budgetary bodies. Most representatives recognized that the programme for 1971 had been formulated taking into account budgetary considerations and therefore constituted a minimum programme.

.....

"(a) Overhead costs of assistance projects financed by the UNDP

"38. It was brought to the attention of the Group that the Centre did not receive any contributions from the UNDP Technical Assistance component to defray even a part of the expenses incurred by the Centre in providing substantive support to projects financed from the Technical Assistance component; neither did UNCTAD, though it was a participating and executing agency of the UNDP. In this respect, the Centre's position was very different from the Specialized Agencies which received from UNDP 14 per cent on Technical Assistance projects and 11 per cent on Special Fund projects to defray the overhead costs involved in programming and operating these projects. So long as this situation continued, it would be inevitable that the entirety of these costs would have to be provided for in the regular budget of the Centre. It was suggested that countries that were major contributors to the United Nations and UNDP might explore the possibilities of changing the present system under which overhead contributions on UNDP projects, for which the Centre provided substantive support, accrued to the United Nations.

.....

"(b) Joint UNCTAD/GATT Budget Committee

"40. The Group took note of a suggestion that a joint UNCTAD/GATT Budget Committee, similar to the joint UNCTAD/GATT Advisory Group, might be set up to examine the budget of the Trade Centre. The point was made that at present the budget was being examined separately both by the GATT Budget Committee and the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ). This had created certain problems, since it was difficult for these organs to take a co-ordinated view of the budget proposals."

a/ See paragraph 106 of part one above.

ANNEX V

FINANCIAL IMPLICATIONS OF THE ACTIONS OF THE BOARD

Summary statement

1. In accordance with rule 31 of its rules of procedure, the Board has been advised, in the course of its discussions, of the administrative and financial implications of the review of the calendar of meetings. These are as follows:

<u>Agenda item</u>	<u>Document containing detailed statement of financial implications</u>	<u>Action by the Board</u>	<u>1970 (US dollars)</u>
5	TD/B/L.203/Add.1	Convening of a fourth session of the Special Committee on Preferences; plus the fourth special session of the Board	85,000

2. The financial implications of these items were not provided for in the 1970 budget appropriations. The development of the programme of the Conference will be kept under review, but it is foreseen that it will be necessary in due course to submit supplementary estimates.

Part Two

REPORT OF THE TRADE AND DEVELOPMENT BOARD
ON THE FIRST PART OF ITS TENTH SESSION

Held at the Palais des Nations, Geneva,
from 19 August to 24 September 1970

INTRODUCTION

1. The tenth regular session of the Trade and Development Board was opened on 26 August 1970 by Mr. K.B. Asante (Ghana), the outgoing President. He made a statement in which he touched upon both the shortcomings and achievements of UNCTAD and pointed out that a great deal still remained to be done, both by the developed and by the developing countries, in order to achieve the objective of greater and more rapid economic development and the promotion of international trade. 1/
2. Immediately after the opening meeting, the Board held a meeting devoted to commemoration of the twenty-fifth anniversary of the establishment of the United Nations. The newly elected President, Mr. P.A. Forthomme (Belgium), made a statement in which he noted some of the principal events that had marked the first twenty-five years of the United Nations. He said that in a world characterized by profound differences in production and standards of living and in economic and social structures, it was the task of the United Nations, by recourse to its machinery and its spiritual and material resources, to harmonize the interests of the different countries and groups of countries. In the framework of the United Nations, UNCTAD was a unique agency in which Governments could concert their policies and reconcile their different interests for the greater good of the international economic community and to meet the exigencies of development.
3. The spokesman of the various groups of countries members of the Board made statements in which they reaffirmed their support for the ideals and principles enshrined in the Charter of the United Nations and for the efforts which had been made to put them into effect. They expressed the hope that the twenty-fifth anniversary would be the occasion for a progressive strengthening of international co-operation, in particular in the context of the Second United Nations Development Decade. This co-operation should cover all fields with a view to consolidating peace, through sustained economic and social progress. The Secretary-General of UNCTAD made a statement in which he associated himself with the sentiments expressed by those who had spoken before him. All the speakers paid a tribute to the role played by Switzerland as host country of the headquarters of UNCTAD. The representative of Switzerland, in acknowledging these tributes, said that Switzerland, although not a Member of the United Nations, participated actively in the work of the organs and organizations in the United Nations system and that the federal and cantonal authorities would continue to do all in their power to create the most favourable conditions possible for the work of the United Nations agencies in Geneva. 2/
4. The present report summarizes the deliberations of the Board during the first part of its tenth session. 3/

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- 1/ For a full account of Mr. Asante's statement, see the summary record of the 239th meeting (TD/B/SR.239).
 - 2/ For a full account of these statements, see the summary record of the 240th meeting (TD/B/SR.240).
 - 3/ For a fuller account, see the summary record of the meetings (TD/B/SR.239-TD/B/SR.265).

CHAPTER I

REVIEW OF THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CONFERENCE

(Agenda item 6)

5. The Board devoted eight consecutive meetings to consideration of this agenda item, beginning on 27 August and ending on 2 September 1970. It had before it as basic documentation the annual report prepared by the Secretary-General of UNCTAD in compliance with resolution 19 (II) of the Board. This report, entitled "Review of international trade and development 1969/70", is divided into two parts: a review of recent trends in trade and development (TD/B/309) and an outline of trade policy developments (TD/B/309/Add.1). In addition, in accordance with a suggestion made at the ninth session, the text of the statement by the Secretary-General was circulated to all members of the Board a few days before the opening of the session. ^{4/} In this statement, he set forth the principal measures on which the international community should reach agreement, particularly in the area of trade policy.

6. In opening the debate, the Secretary-General commented on certain matters bearing on UNCTAD's activities. Referring to the progress made in certain fields, he mentioned in particular UNCTAD's notable contribution to the preparation of an international development strategy. He pointed out, however, that some important issues were still unresolved and said he was confident that they would be settled in due course through concerted efforts. The Secretary-General drew attention to the steadily declining share of the developing countries in world trade and called for steps to remedy that situation by more intensive action on all fronts and by ensuring an orderly and realistic transition towards the new objectives. Among the means of correcting that disturbing trend, he mentioned the generalized system of preferences, which should, however, be accompanied by other measures directed towards the same end.

7. Referring to the inflationary trends in many industrialized countries, the Secretary-General stressed the need to take preventive measures and, at all costs, to prevent inflation from reaching the developing countries. He also drew attention to the danger of the materialization of the protectionist threats which were again darkening the horizon. He hoped that all States members of UNCTAD would realize that their interests were being taken into consideration and would agree that special attention should be paid to the developing countries and particularly to the least developed among them. In that respect he mentioned the importance, in that connexion, of the transfer of modern technology for speeding up the development of those countries which could and should absorb it.

8. Lastly, the Secretary-General said that the third session of the Conference would be an important event in the Second United Nations Development Decade and should be planned as efficiently as possible. At the conclusion of his statement

^{4/} For the text of the statement, see annex III below.

he introduced Mr. Stein Rossen, who has just been appointed Deputy Secretary-General of UNCTAD.

9. It was agreed that delegations could comment on items 4, 5 and 9, in addition to item 6, during the general discussion, without prejudice to specific consideration of those items later. During the ensuing discussions, almost all delegations expressed their satisfaction with the quality of the background documents submitted to them, and reiterated their support for resolution 19 (II) of the Board, which had assigned to the Board, as the permanent organ, the main responsibility for reviewing the implementation of the recommendations of the Conference. They welcomed the advance circulation of the Secretary-General's statement and said that they had listened with great interest to the remarks he had made. Many representatives had emphasized the special importance of the agenda item at the present session, held on the threshold of the Second Development Decade. The representative of a developed market economy country suggested that in future the review should cover the results achieved in fulfilling the programme for the Second Development Decade.

10. The representatives of several developing countries expressed disappointment at the slowness with which UNCTAD's recommendations were being implemented. While they appreciated the relative improvement in the volume and value of their export trade during the past year, they considered that it was due to market factors. There was no guarantee of a continuation of the present trend so long as the developed countries failed to reform the pattern of trade in accordance with the decisions already taken by UNCTAD.

11. They expressed deep concern at the widening trade, income and technological gap between developed and developing countries and again deplored the developed countries' lack of a political will to achieve the goals which had been set. They appealed to all the developed countries to look upon development as a universal phenomenon calling for the combined efforts of the developing countries themselves, as well as the support of the developed nations.

12. Some representatives of developing countries and developed market economy countries recognized that many problems still remained to be solved, but considered that UNCTAD had made undeniable progress. The ideas it had put forward had been developed and practical solutions had already been or would very shortly be adopted in certain areas. They therefore viewed the situation with a measure of optimism.

13. The representatives of some developed market economy countries noted in particular that the growth target of 5 per cent per annum for the First United Nations Development Decade would be exceeded by a comfortable margin, that exports of developing countries were at record levels and that their terms of trade had improved substantially since 1962. However, they noted that in spite of the very high rate of economic growth of the developing countries, living standards in those countries were still deplorably low. One developed market economy country pointed out that the main cause of the discrepancy in the per capita rates of economic growth in rich and poor countries was their differing rates of population increase. The representatives of the developed market economy countries reaffirmed their intention to assist and co-operate with the developing countries to promote their economic growth and development.

14. The representatives of the socialist countries of Eastern Europe noted that there had been an improvement in UNCTAD's work and called for a more rapid rate of economic and social development in the developing countries. The normalization of international trade should, in their view, be based on the application of the principles of trade relations adopted at the first and reaffirmed at the second session of the Conference. They considered that UNCTAD should take steps to put them into effect, and that their countries, for their part, had adhered to UNCTAD's recommendations and they took them into account in planning their foreign trade.

15. The representative of a socialist country of Eastern Europe, affirming his full support for the just demands of the developing countries, mentioned that his country ought to be regarded in the same way as the other countries at a similar level of economic development.

16. The representatives of the socialist countries of Eastern Europe and some developing countries emphasized that UNCTAD should be truly universal both in its principles and in its membership and laid particular stress on the need to admit the German Democratic Republic. They considered that UNCTAD's objectives would be more easily attained, particularly at the third session of the Conference, and that its work would be more effective if the principle of universality were applied to the problems of its membership.

17. The representative of a developed market economy country pointed out that a discussion on participation in UNCTAD, a matter which was in any case governed by General Assembly resolution 1995 (XIX), could only complicate the accomplishment of the Board's tasks.

18. Referring to recent trends in international trade, 5/ many representatives of developing countries noted that in 1969 the developing countries' share of world trade had decreased further, despite the increase in the volume of their exports. The representative of a developed market economy country said that one of the main reasons for the relative decrease was the rapid growth of trade between certain developed market economy countries, including in particular trade among members of regional groupings. That rapid growth, which was due to the efforts to specialize made by those countries at the regional level, did not adversely affect the expansion of trade with the developing countries. Representatives of the developing countries nevertheless claimed that their foreign trade had become more vulnerable, particularly as the share of primary commodities in international trade was also declining.

19. Several representatives of developed and developing countries expressed their concern over the new protectionist trends which could jeopardize the vital interests of all countries in international trade. The representatives of developing countries feared that such trends might particularly endanger the exports of developing countries. They expressed the hope and desire that protectionist trends would be resisted. If unfortunately some protectionist measure were introduced by certain developed countries, it was firmly hoped that they would not be applied to the imports coming from developing countries.

5/ In support of their statements, many representatives quoted extensively from statistical data, particularly with regard to developments in their own country or group of countries. These figures are to be found in the summary records of the relevant meetings.

20. The impact of regional economic groupings of certain developed market economy countries on the trade of third countries was deplored by the representatives of socialist countries of Eastern Europe and by some representatives of developing countries. Some of them felt that the policy of these economic groupings was a serious obstacle to the normalization of trade and was hampering international co-operation. Accordingly, they requested that the annual report by the secretariat should pay greater attention to the impact of the European Economic Community's activities. The representative of one developing country stressed the need to agree on rules to govern that important question.

21. The representative of a developed market economy country, speaking on behalf of EEC, mentioned the positive implications, supported by statistical evidence, of the economic integration of EEC. He added that such results proved that EEC is a group fully open to developing countries and that its economic expansion is a favourable factor for these countries.

22. The representatives of the socialist countries of Eastern Europe, referring to the conclusions approved at the ninth session of the Board, stressed that special attention should be given to the implementation of Conference resolution 15 (II). That resolution should be put into effect in its entirety and in all its parts.

23. The representatives of the socialist countries of Eastern Europe drew attention to the dynamic expansion of trade between their countries and the developing countries. They pointed out that they had taken due account of UNCTAD's recommendations and referred, in particular, to the conclusion of long-term agreements with the developing countries. Some representatives of those countries said that they had also concluded important long-term agreements with certain developed market economy countries, but that the development of the economic relations of the socialist countries with the developed market economy countries was held back by the discriminatory obstacles which still remained, contrary to the recommendations of UNCTAD. The representative of a developing country said that he viewed the growth in East-West trade as a hopeful sign; but that by the same token it was important that trade with the developing countries should also be expanded. The representative of a developing country stressed the importance of increasing East-West trade on a multilateral basis.

24. Some representatives of developed market economy countries drew attention to the important part played by expansion of trade, economic co-operation and regional integration among the developing countries in accelerating their economic development process and in rationalizing the relevant programmes. The representative of a developing country suggested that that important question should be included regularly in the agenda of the Board's sessions. The representatives of some developing countries observed that their efforts to achieve integration were still slow and that their trade still consisted mainly of traditional products. The representatives of certain developing countries expressed the hope that interested developing countries would take a more active role in trade negotiations among them, carried out within GATT in co-operation with UNCTAD which could help in expanding their mutual trade.

25. Reference was made to the meeting of the intergovernmental group to be held in November 1970 for the purpose of studying these questions. The representatives of developing countries gave their approval to the participation in this meeting of all intergovernmental bodies which are not designated under rule 78 of the Board's rules of procedure and which are concerned with these problems.

Commodities

26. The members of the Board considered the problems arising in connexion with commodities and made a number of comments on the progress of the work of the Committee in the light of the Committee's report on its fifth session. 6/

27. The representatives of several countries deplored the Committee's failure to reach agreement on pricing policy and trade liberalization or on access to markets. The representative of a developing country observed that it was lack of time which had prevented the Committee from adopting a text on those questions at its last session. He was convinced that agreement could be reached in the Board at its present session.

28. On the question of trade liberalization, the representatives of several developing countries pointed out that the standstill agreements had not been observed in a number of cases and that some developed market economy countries had continued to apply tariff and non-tariff restrictions. Representatives of developing countries and of some developed countries referred, in particular, to the agricultural commodities sector, where progress on the question of access to markets had been very limited. In some cases, further barriers had even been created, particularly against temperate zone products. The representative of a developed country stressed the need to liberalize commodity trade. The representative of a developing country suggested the formulation and application of a dynamic concept of "market sharing", to ensure a steady increase in imports of agricultural commodities from developing countries to the markets of the developing countries, with the final aim of fully liberalizing trade in those commodities.

29. The representative of a developed market economy country said that trade liberalization in relations between developed and developing countries would not in itself provide the latter with the increase in export earnings they needed, because their economies were more fragile. That was why UNCTAD was endeavouring to increase the number of international commodity agreements and to work out a scheme of tariff preferences in respect of finished and semi-finished products exported by the developing countries. Whether at the international or the national level, any economic policy aimed at expanding the trade of the third world presupposed a substantial degree of government intervention.

30. Several representatives emphasized the importance of the commodity-by-commodity approach and other countries stressed the need to accelerate the implementation of Conference resolution 16 (II). The representatives of some socialist countries stressed the importance of achieving commodity price stabilization and protecting commodity producing countries from speculation by middlemen. The representatives of some developing countries noted with satisfaction the considerable progress made in identifying problems relating to certain primary commodities and advocated the adoption of immediate practical measures for their solution. Some delegations stressed the importance of research and development to improve the competitiveness of natural products.

6/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 3 (TD/B/317).

31. Several representatives recognized that progress had been made in the consultations and negotiations on certain commodities in respect of which agreements had been signed or renewed, specifically sugar, olive oil and tin. Other commodities including coffee, tea, wheat, cocoa and iron ore, were also discussed. Many representatives stressed the need for negotiating understandings concerning those of the commodities which were not as yet the subject of international arrangements. Some of these representatives insisted on the early implementation of resolution 16 (II); others stressed the adoption of flexible positions in this respect.

32. Several representatives of developing countries expressed their support for the agreement reached in the Committee on Commodities concerning consultations between producing and consuming countries. The representative of a developed market economy country said that care should be taken to avoid solutions that were unrelated to the actual production and marketing conditions of each commodity or which did not take account of the special requirements of countries importing and processing primary commodities.

33. The urgent need to reach agreement on pricing policy, the expansion of trade and access to markets was emphasized by many delegations.

34. The representative of a developing country drew attention to the limited scope of the proposals of the International Monetary Fund on the pre-financing of buffer stocks. Nevertheless he considered those proposals a step in the right direction and hoped to learn soon the attitude of the Fund to the new International Tin Agreement. Those proposals concerned only member countries with balance-of-payment difficulties. He hoped that special arrangements would also be made in favour of the least developed among the developing countries and the land-locked countries.

35. The resolution adopted by the Committee on Commodities on disposals of surpluses and strategic reserves (resolution 4 (V)) was considered an important step forward. The representative of a developing country said that implementation of that resolution was the responsibility of the developed countries.

36. Representatives of some developing countries expressed regret at the failure of the Committee on Commodities to reach agreement on the formulation of special measures in favour of the least developed among the developing countries. They hoped that that gap would soon be filled.

Diversification

37. Many representatives drew attention to the importance of horizontal and vertical diversification of exports from the developing countries and said it should be given high priority. The representative of a socialist country of Eastern Europe mentioned his country's success in diversification. He also stressed the importance of geographical diversification of exports. The representatives of certain market economy countries referred to the proposal they had submitted to the Committee on Commodities at its fifth session, inviting the Secretary-General to prepare proposals for concrete action by the appropriate national and international bodies for the solution of structural problems in a number of specific fields of the commodity sector. Several representatives

expressed their satisfaction at the decision of the International Bank for Reconstruction and Development (IBRD) to give special attention to diversification problems.

38. The representatives of developing countries said that their diversification efforts were hampered by their lack of adequate financial resources. They also pointed out that diversification would not fully achieve its objectives if access to the markets of the developed countries continued to be blocked by the existing protectionist measures. The representative of a developing country stated that it was important to harmonize diversification plans so as to avoid transferring the problems of one commodity to another.

System of generalized, non-reciprocal and non-discriminatory preferences in favour of developing countries

39. Various representatives stressed that the establishment of a generalized system of preferences as provided for in Conference resolution 21 (II) would be a measure of vital importance, work on which should be completed in UNCTAD before the General Assembly launched the Second United Nations Development Decade at its twenty-fifth session. Some of these representatives said they were convinced that such a system would benefit both developed and developing countries through its stimulating effect on international trade. In addition, some developed market economy countries stressed the need for developing countries to pursue internal policies to promote efficient and competitive export industries.

40. Representatives of the developing countries, noting the report of the Special Committee on Preferences on the first part of its fourth session, 7/ regretted the delay in working out the arrangements for the system. Some representatives of developing countries attributed the delay to difficulties which still remained among the donor developed countries. They stressed the urgency of initiating the scheme, even if imperfections in its application were to persist. However, some of those representatives expressed the hope that the scheme would be applied without prior conditions. The hope was also expressed that improved offers from the developed countries would be submitted to the Special Committee on Preferences in time for it to examine them in detail at its next session on 21 September 1970 and transmit its report to a special session of the Board before 20 October 1970. The objective was to have the system announced by the General Assembly at its twenty-fifth session and included in the programme for the Second United Nations Development Decade.

41. The representatives of the donor developed countries said they were sparing no effort to attain that objective and gave assurances that no avoidable delay would occur.

42. The representatives of many delegations, referring to Conference resolution 21 (II), stressed the non-reciprocal and non-discriminatory character of the system. The representative of a developed market economy country said that, in his delegation's opinion, only a single comprehensive scheme could endure that the developed countries made comparable efforts. He added, however, that he would not insist on that point.

7/ Ibid., Supplement No. 6 (TD/B/300/Rev.1).

43. The representative of the same developed market economy country expressed the hope that countries which were both donors of general preferences and beneficiaries of reverse preferences might issue a statement indicating their willingness to forgo reverse preferences on condition that their elimination did not cause any prejudice to the developing countries granting them. The representative of a developing country participating in an existing preference scheme said that his delegation could not accept any proposal that might adversely affect his country's foreign trade. He added that he saw no connexion between the continuance of the existing preference systems and the participation of all developing countries in the benefits of a generalized system of preferences.

44. With regard to the preliminary offers made by the donor countries, the representatives of the developing countries urged that the generalized system of preferences should cover a wider range of export products of real interest to their countries. Some of these representatives asked, in particular, for primary commodities to be included, while others stressed the need first to promote industries in their countries to enable them to benefit from the system. Another representative of a developing country maintained that, under the present conditions, the proposed system would be of no benefit to his country. A representative of one developing country stressed the importance, in that connexion, of co-operation between UNCTAD and UNIDO. The representatives of several developed market economy donor countries reaffirmed their countries' favourable attitude with regard to certain products of importance for the developing countries.

45. Representatives of developed market economy countries and of developing countries expressed the hope that the socialist countries would adopt measures on the same lines, so as to increase further their imports from developing countries. The representative of a socialist country of Eastern Europe confirmed his country's willingness to grant preferences to developing countries. The representative of another socialist country of Eastern Europe said that his country would like to benefit from the generalized system of preferences.

Non-tariff barriers

46. Many representatives said that it was essential to eliminate non-tariff barriers.

47. The representatives of several developing countries suggested that a working group should be appointed within UNCTAD to study the problems of identification and elimination of non-tariff barriers. Some representatives stressed the need in that connexion for closer co-operation between UNCTAD and GATT. The representatives of developing countries requested early and separate measures to be taken by developed countries to eliminate non-tariff barriers affecting the trade of developing countries already identified by UNCTAD and GATT. The secretariat report on liberalization of non-tariff barriers (TD/B/306) was noted with interest.

48. Most developed countries considered that the GATT expansion of trade programme was the proper context for negotiations concerning the reduction of non-tariff barriers and that there was therefore no need or justification for UNCTAD to set up a working group on that topic. They felt that any action within UNCTAD in this area should be designed to support and assist the progress of the GATT programme. The secretariat might, if requested, for example, assist the developing countries with respect to their participation in the expansion of trade programme.

49. The report of the Committee on Manufactures on its fourth session ^{8/} was considered with a view to its approval. The representative of a developed market economy country, referring to the work of that Committee, said that its chief task was first to complete the arrangements for the generalized system of preferences. Only after the system had been definitively established should the Committee concentrate on non-tariff barriers.

Export promotion

50. The importance of continued promotion of exports from developing countries was emphasized by several delegations. The representative of a developed market economy country referred to the technical training and trade promotion programmes which his country had established under the auspices of the International Trade Centre. Several representatives of developing countries expressed their satisfaction with the work in the field of technical assistance done by the International Trade Centre.

Development finance

51. The members of the Board recognized that the developing countries had the primary responsibility for their economic and social advancement, but they emphasized the vital role to be played by contributions of foreign capital in supplementing the mobilization of internal resources.

52. Commenting on recent trends in the flow of financial resources, the representatives of many developing countries deplored the decline in the transfer of resources and the drop in the ratio of the volume of aid provided by the countries members of the Development Assistance Committee to their gross national product. They pointed out that the decline was occurring at a time when the capacity of their countries to absorb foreign resources was expanding appreciably. Most of them expressed the view that, apart from the six developed market economy countries which had achieved, were about to achieve or had announced a reasonable target date to achieve the 1 per cent target, the trend among the developed countries was away from that target. Some representatives of developing countries congratulated those developed countries which had achieved or were about to achieve the 1 per cent target. They reiterated the hope that all the developed countries would shortly attain the 1 per cent target, with 0.75 per cent coming from official resources.

53. Several representatives of developed market economy countries described the measures which had been taken or which were being envisaged by their Governments in the matter of development assistance and transfers of financial resources. Some of them gave the dates which their Governments had set for attaining the 1 per cent target. The representative of one developed market economy country announced that his Government had taken in May the decision to make every effort to reach the 1 per cent target by 1975 and observed that by that date his country's gross national product was expected to amount to \$400,000 million.

^{8/} Ibid., Supplement No. 2 (TD/B/295).

54. Other representatives of developed countries cited their countries' balance-of-payments and budgetary difficulties in explanation of the fact that they had not attained the 1 per cent target and were not in a position to accept any date for its attainment. The representative of one developed market economy country stated that his Government attached greater importance to the quality of assistance than to its volume. While admitting that the prospects of an increase in the volume of assistance by his country were not good, he said that his Government was resolutely addressing itself to the task of improving the conditions of aid.

55. The representatives of certain developing countries expressed the hope that the socialist countries of Eastern Europe would associate themselves with the efforts to attain the 1 per cent target.

56. The representative of one socialist country of Eastern Europe supported the request of the developing countries that the 1 per cent target should be attained. The representatives of the other socialist countries of Eastern Europe stated that the 1 per cent target was not applicable to their countries, since they had never exploited the developing countries and were in no way responsible for their underdevelopment. Moreover, they stated that they were prepared to extend mutually advantageous commercial and economic co-operation with the developing countries on the basis of economically sound, specific proposals, within the limits, in each case, of the possibilities open to the two parties. Some of them stressed the desirability of devoting to development assistance a part of the funds allocated for armaments.

57. The representatives of some developing countries drew attention to the vast outflow of funds from their region and produced figures in support of their statements. They noted with concern that, in the case of some of their countries, the outflow of profits being repatriated was greater than the inflow of foreign private capital. The representative of a socialist country of Eastern Europe requested the secretariat to continue to study in depth the question of the outflow of funds from the developing countries. The delegations of developed market economy countries noted that such outflows represented profits on the cumulative value of foreign investment made over a period of years. They also pointed out that in assessing the effect of private foreign investment, it was necessary to take into account export earnings generated by such investment, foreign exchange saved through import substitution, the benefits from the transfer of technology, management etc. The representatives of some other developed market economy countries, speaking in more general terms, expressed similar ideas.

Conditions and terms of financial aid

58. The representatives of many developing countries expressed their deep concern at the continued hardening of the terms of aid and the increasing burden of debt servicing. They deplored the recent rise in the interest rate of the International Bank for Reconstruction and Development and expressed the hope that the replenishment of the resources of the International Development Association would enable more countries to benefit from that institution's facilities.

59. The representatives of these countries also deplored the practice of tied aid. They stressed the urgent need for more flexible terms of aid and called on the developed countries to renounce the tying of aid. The representatives of some developed countries expressed their sympathy with the developing countries on that issue and supported the gradual elimination of the practice of "tied aid".

60. The representative of one developed market economy country stated that his country had attained the revised standards of the Development Assistance Committee regarding the terms of aid, and that his Government had taken steps to provide the developing countries with loans on very favourable terms.

Official resources

61. The representatives of many developing countries and of some developed market economy countries stressed the need for an increase in the share of official aid in the flow of financial resources. Some representatives regarded the multilateralization of aid as a step forward in the process of improving the terms of aid.

Private investment

62. Some representatives of developing countries pointed out that the bulk of the financial resources transferred to developing countries consisted of private investments. The representatives of several developing countries drew attention to the disadvantages of that situation in view of its impact on their balance of payments.

63. The representatives of certain developed market economy countries emphasized the stimulating effect of private investment on development. One of these representatives said that the economic and social benefits which foreign private capital brought to the developing countries should not be overlooked. The representatives of some developed countries referred to abuses of foreign private capital both by certain investors and by certain recipient countries, and stressed the desirability of establishing common rules to govern private investment and assure it adequate safeguards. The representative of one developed country opposed the laying down of any rigid rule regarding the ratio of official to private aid. The representative of a developed market economy country announced the setting up in his country of an enterprise to encourage private investment in the developing countries.

Supplementary financing

64. The representatives of several developing countries and of certain developed market economy countries referred to the question of supplementary financing and expressed their concern at the new direction the work of the International Bank for Reconstruction and Development in that field appeared to be taking. They reaffirmed their interest in the implementation of that scheme. The representative of one developed market economy country restated its reservations concerning the supplementary financing mechanism.

Link between Special Drawing Rights and development financing

65. The representatives of the developing countries were unanimous in considering it desirable to establish a link between the use of Special Drawing Rights by the developed countries and the creation of supplementary means of aid to development. The representatives of several developed market economy countries expressed reservations regarding the establishment of a direct link between Special Drawing Rights and financial aid to development, stressing the importance of first putting Special Drawing Rights on a sound basis.

66. Referring to the work of the Committee on Invisibles and Financing related to Trade, the representatives of several developing countries, basing themselves on the report of that Committee on its fourth session 9/, expressed disappointment with the results of that session. They regretted in particular the fact that no decision could be reached on the aid volume target and on the date for achieving that target. They expressed the hope that solutions would be found to the unresolved issues.

67. The representatives of some developed market economy countries stressed the importance of the resolutions adopted by the Committee concerning continuity in provision of financial resources for development (resolution 3 (IV)) and special measures in favour of the least developed among the developing countries (resolution 4 (IV)). One of these representatives considered that it was premature for the Board to take action on international monetary issues, flows of financial resources and the establishment of a multilateral interest equalization fund.

Shipping

68. In the course of the general debate, several representatives referred to the question of shipping in connexion with the progress of UNCTAD's work on particular problems and with the Second United Nations Development Decade. 10/ Several representatives welcomed the progress made by the Committee on Shipping at its fourth session when it had adopted seven important resolutions. The representative of a developing country regarded that as a significant step forward reflecting UNCTAD's efforts to find appropriate solutions to the problems of underdevelopment. The representatives of several developing countries expressed satisfaction at the adoption of the resolutions but stressed the urgent need to implement them in order to remedy an extremely disturbing situation. One of these representatives drew attention to the reduction of the developing countries' share in the world merchant fleet and the vessel procurement problems of the developing countries. He also expressed the hope that the countries of the Organisation for Economic Co-operation and Development would soon soften the terms of credit sales of vessels to developing countries and would comply with the provisions of resolution 9 (IV) of the Committee on Shipping.

9/ Ibid., Supplement No. 4 (TD/B/313).

10/ See chapter II above on the Second United Nations Development Decade.

69. Several representatives of developing countries deplored the successive increase in freight rates decided upon unilaterally since the second session of the Conference. They considered that freight rates should not be raised without prior consultations between the shipping conferences and shipping companies of the developed countries on the one hand, and the shippers and representatives of the developing countries, on the other. In their view, the present very high freight rates should be adjusted to a level which was commercially acceptable to the developing countries, whose exports of non-traditional products should enjoy promotional freight rates. The shipping conferences, by continuing to deny participation on equal terms to the merchant marines of the developing countries, gave reason to doubt their ability to satisfy the demands and aspirations of those countries for a greater share in merchant shipping. They emphasized the right of the developing countries to aid and protect their merchant marines. One of these representatives expressed the hope that the Board would take a decision, during the session, supporting the position of the developing countries on the question of cargo reservation.

70. The representatives of certain developed market economy countries stated that they shared the concern of the developing countries at the increase in freight rates and stressed the importance of shipping costs in their foreign trade. Speaking on behalf of several developed market economy countries, the representative of one of these countries expressed their interest in UNCTAD's work on shipping and declared their readiness to finance the study on ports which was to be made by the secretariat. The representative of one developed market economy country recognized the importance of cargo reservation within the limits of adequate economic and efficient operation. The representative of another developed market economy country stressed the importance of technical assistance and the promotion of equitable and fair competition which could reduce shipping costs and thus improve the trading position of the developing countries.

Transfer of technology

71. Although this topic was the subject of a specific agenda item, a number of delegations referred to it in the course of the general debate.

72. The representatives of many developing countries pointed to the growing technological gap between the developed and the developing countries and referred to the major role technology should play in development. They considered that UNCTAD was fully competent to deal with questions relating to the transfer of technology and referred in that connexion to Economic and Social Council resolution 1454 (XLVII). They stressed the need to establish appropriate intergovernmental machinery within UNCTAD and suggested that it should take the form of a main committee.

73. The representatives of certain developed market economy countries supported the transfer of technology to the developing countries and said that it was first of all essential to undertake the necessary studies and consultations in that regard. The representative of one developed market economy country, while acknowledging that international organizations had a role to play in that field, said that it was a supplementary role only and not an essential one. He considered that the division of responsibilities among the organizations within the United Nations system with regard to the transfer of technology should be determined by the Economic and Social Council.

74. The representative of one socialist country of Eastern Europe emphasized the need for intensifying UNCTAD's efforts to facilitate the transfer of technology to the less developed countries.

75. Several representatives noted with satisfaction the study by the secretariat on elements of a programme of work for UNCTAD relating to the transfer of technology (TD/B/310). The representatives of several developing countries urged that a specific work programme should be drawn up and that it should cover in particular the main channels used in the transfer of technology, costs of the transfer, access to technology, trade and the transfer of technology, substitution of domestic for imported technology and choice of technology. The representative of one of these countries stressed the need to study the financial and fiscal measures that could be taken by developed countries to improve and promote the transfer of technology to developing countries. The representative of one developed market economy country said he favoured a detailed study that would first of all identify the possibilities and limits of the transfer of technology, taking into account the capacity of the developing countries to absorb such technology. The representative of another developed market economy country, while stating that he was in favour of the transfer of technology to the developing countries, said that such transfers should be made with due regard for industrial and intellectual property rights. The representative of a third developed market economy country stated that his Government was establishing an international research centre in the hope that it would contribute to a better understanding of the role which scientific and technical research and development play in the process of development.

CHAPTER II

UNCTAD AND THE SECOND UNITED NATIONS DEVELOPMENT DECADE

Agenda item (4)

76. The Board considered item 4 at its 250th, 252nd, 256th, 257th and 259th meetings held on 3, 7, 9, 14, 15 and 16 September 1970. The President drew attention to the fact that when the Board adopted its decision 64 (IX), entitled "The contribution of UNCTAD to the preparatory work for the Second United Nations Development Decade", it had left unresolved a number of issues which would form part of that contribution. In that connexion, the Board had decided at its ninth session to request the President of the Board and the Secretary-General of UNCTAD to continue their consultations with the delegations concerned and to take account of the results of the fourth session of the Committee on Shipping so that a draft text on shipping and ports might be submitted at the tenth session of the Board. 11/ The President of the Board and the Secretary-General of UNCTAD accordingly submitted a draft text to the Board (TD/B/L.229). The President also drew attention to Economic and Social Council resolution 1556 A (XLIX), which requested the Trade and Development Board to continue its efforts to reach agreement on those issues within its competence that still remained unresolved.

77. Having regard to the progress achieved, the representatives of several developing countries, socialist countries of Eastern Europe and developed market economy countries paid a tribute to the outgoing President, Ambassador Asante of Ghana, for his considerable efforts throughout the ninth session and for his constructive initiatives aimed at determining and broadening the areas of agreement, activating the Board's consultation machinery and improving its methods of work. The representatives of several developing countries pointed out, however, that many basic issues remained unresolved and they stressed the urgent need for the Board to settle them before the opening of the twenty-fifth session of the General Assembly, during which the Second United Nations Development Decade was to be proclaimed. Since all the countries members of the Economic and Social Council had accepted the invitation to the Board at its tenth session (paragraph 9 of resolution 1556 (XLIX)) to continue its efforts to reach agreement on the unresolved issues, they expressed confidence that the Board would be successful in this respect. They emphasized, in particular, that the brackets placed around the quantitative targets and dates should be deleted. They expressed serious concern at the inability to reach even a tentative agreement on the transfer of financial resources which were indispensable parts and conditions of the Decade. The representative of one developing country said that it was unrealistic to expect all donor countries to accept the same date for the fulfilment of the financial flows target.

11/ See part one above, para. 24.

78. The representatives of several developed market economy countries confirmed their support for a global development strategy, but considered that the possibilities of reaching agreement in UNCTAD on the outstanding issues had been exhausted and that the questions which had been left unresolved should be settled by the General Assembly. That did not, however, exclude any further efforts on the initiation of discussion within the framework of the Board to find bases for the solution of those questions. They expressed satisfaction at the success of the efforts of the outgoing President and the Secretary-General of UNCTAD with respect to shipping. They said they were prepared to support the text submitted to the Board, although they did not consider it entirely satisfactory. The representative of a developed market economy country expressed the view that the strategy would be of value only if its recommendations were realistic and capable of being carried out.

79. The representatives of several socialist countries of Eastern Europe expressed the hope that agreement would be reached on the unresolved issues so that the work of the General Assembly of the United Nations on matters relating to the Second United Nations Development Decade might be facilitated. They recalled decision 64 (IX) of the Board concerning UNCTAD's contribution to the preparatory work for the Second Development Decade, which also solved, as far as the competence of UNCTAD was concerned, the problems of the contribution of the socialist countries to the Decade. One of these representatives deplored the fact that enormous financial resources were being squandered for destructive ends instead of being channelled to development.

80. At the 250th meeting, the President suggested that further informal consultations on the draft text on shipping and ports (TD/B/L.229) should be held to consider an amendment which a delegation had suggested. That suggestion was adopted. At the 252nd meeting, on 7 September 1970, the Secretary-General of UNCTAD submitted to the Board a revised text on shipping and ports, to be added to the text of UNCTAD's contribution to the Second United Nations Development Decade.

81. The examination of the other issues which had not been resolved at the ninth session was entrusted to a contact group set up for the purpose and working under the aegis of the President of the Board.

82. At the 256th meeting, on 14 September 1970, the President gave an oral report on the work of the contact group. He pointed out that the group had decided to base its consultations on the outstanding issues on the list in paragraph 5 of Economic and Social Council resolution 1556 (XLIX), with the exception of the following two items:

(a) The question of shipping, since it had been settled by the Board at the 252nd meeting, even before the contact group had been set up;

(b) The question of the transfer of technology, since it was covered by item 14 of the agenda for the tenth session and had been referred to a Sessional Committee.

83. With regard to the contribution of the socialist countries of Eastern Europe to the Second Development Decade, the President suggested that the attention of the General Assembly should be drawn to certain chapters of decision 64 (IX) of the Trade and Development Board. The representatives of several socialist countries of Eastern Europe reaffirmed their position with regard to Economic and Social Council resolution 1556 (XLIX) and emphasized that they had taken part in the discussion of item 4 solely on the basis of decision 64 (IX) of the Trade and Development Board, in which the problems concerning their countries' contribution to the Second Development Decade on matters within UNCTAD's competence were resolved.

84. At the 257th meeting, on 15 September 1970, the President informed the Board that, despite considerable efforts by all parties and the active co-operation of the Secretary-General of UNCTAD, it had not been possible to reach agreement on the other issues enumerated in Economic and Social Council resolution 1556 (XLIX).

85. The representatives of several developing countries expressed the view that the report should reflect and draw attention to the positive trends noted by the Board and the contact group, with regard to the United Nations Second Development Decade. They had in mind the exertion of further positive efforts by several developed countries with regard to various targets of the Decade, as expressed in the general debate. Specifically, they suggested that the constructive texts of the Secretary-General of UNCTAD as submitted to the contact group with regard to target dates in the field of trade and the question of adjustment assistance, be recorded and transmitted to the Governments and to the General Assembly. Although no agreement was reached on these texts, the representatives of the above-mentioned developing countries thought that those texts that were commented on favourably by several representatives in the contact group might assist discussion of those issues within the General Assembly.

86. The President said that the Secretary-General of UNCTAD had suggested draft texts on certain issues still outstanding and that the Board could consider two alternative procedures: either to insert in the Board's report the draft texts proposed by the Secretary-General of UNCTAD, or to request him to transmit them to the Secretary-General of the United Nations and to the Under-Secretary-General for Economic and Social Affairs, so that they could be used to facilitate the work of the General Assembly and the Second Committee.

87. The President's suggestions were extensively discussed at the 257th and 259th meetings.

88. At the 259th meeting, on 16 September 1970, the spokesman for the developing countries members of the Board read out a declaration (TD/B/L.238) and requested that it be incorporated in the report under item 4. The representatives of several developed market economy countries, in taking note of the declaration, made some comments on its content and tone, pointing out in particular that the absence of a compromise could not be imputed to a want of effort on their part since representatives of this group had been the only ones to suggest any proposals to narrow differences in the contact group. They reaffirmed that they did not consider it essential for the success of the Second United Nations Development Decade to set target dates for the achievement of its objectives.

89. The representative of a socialist country of Eastern Europe said that his country had always adopted a positive attitude towards the Second Development Decade, a position which was in conformity with Conference resolution 15 (II), and which it had reaffirmed at the ninth session of the Board and during the first part of its tenth session. He did not think that dates should be set for the implementation of resolution 15 (II).

90. The representative of a developed market economy country deplored the regrettable situation that had arisen owing to the lack of agreement on issues that were vital for the Second Development Decade. He believed that the declaration made on behalf of the developing countries members of the Board would have the merit of drawing the attention of the Governments of the developed countries to the profound disappointment of the developing countries.

Action by the Board

91. At its 252nd meeting on 7 September 1970, the Board unanimously adopted as part of its contribution to the Second Development Decade, the revised text on shipping and ports submitted by the Secretary-General of UNCTAD (see paragraph 30) of the United Nations. 12/

92. At its 259th meeting, on 16 September 1970, the Board decided, in the light of the President's suggestions (see paragraph 33 above), to draw the attention of the General Assembly to:

(a) Chapter IV of decision 64 (IX) of the Trade and Development Board relating to the contribution of the socialist countries of Eastern Europe to the Second United Nations Development Decade, the text of which had been approved by the Board with the exception of a passage in brackets contained in paragraph 4. That passage was to remain in brackets.

(b) Chapter III, paragraph 6, of decision 64 (IX) of the Board, relating to the role of the socialist countries of Eastern Europe with regard to trade expansion, economic co-operation and regional integration among developing countries.

93. The Board also considered that, although it had not been possible for the contact group to reach any specific agreement either on those issues which remained unresolved or on the relevant draft texts, the discussions had been useful in that they had helped to clarify further the underlying issues and had led to a measure of rapprochement on some matters.

94. As regards more particularly target dates in the field of trade and the question of adjustment assistance, the Secretary-General of UNCTAD submitted for consideration by the contact group draft texts containing suggestions made by some delegations participating in that group. Various amendments to those texts were proposed in subsequent consultations, but no agreement was reached on them. Nevertheless, the Board invited the Secretary-General of UNCTAD to transmit his draft texts 13/ to the Secretary-General of the United Nations so that they would be readily available for reference purposes in connexion with the consideration by the General Assembly, at its twenty-fifth session, of the International Development Strategy for the Second United Nations Development Decade.

95. At the same meeting, on 16 September 1970, the Board decided to accept the request of its sponsors to insert in the report the text of the declaration made on behalf of the developing countries members of the Board (see paragraph 33 above). The text is given below:

12/ For the text as adopted, see annex I below, decision 67 (X).

13/ For the draft texts, see the summary record of the 259th meeting (TD/B/SR.259).

"UNCTAD AND THE SECOND UNITED NATIONS DEVELOPMENT DECADE

"Declaration by the Group of 31 developing countries
members of the Trade and Development Board

"1. The developing countries, members of the Trade and Development Board, express their grave concern at the fact that it has not been possible to reach complete agreement on a number of substantive issues in UNCTAD's contribution to the international development strategy for the Second United Nations Development Decade. This has given rise to legitimate apprehensions that the entire preparatory work for the adoption of the international development strategy might be seriously threatened. Coupled with many other adverse trends in the field of trade and aid, these developments constitute a symptom of the crisis which is threatening the very basis of international economic co-operation.

"2. The Economic and Social Council, at its 49th session, had requested the Trade and Development Board to continue efforts to reach agreement on the issues within its competence which still remained unsolved. The developing countries appreciate that, as a result of intensive efforts and the spirit of compromise, it has been possible for the Board to reach agreement on UNCTAD's contribution in respect of shipping and ports. They have also noted the positive statements made by representatives of a number of developed countries, as well as the useful suggestions offered by the Secretary-General of UNCTAD with a view to assisting in reaching agreements on the other outstanding issues. The developing countries, however, regret that on these issues agreements could not be reached. They attach great importance to the unresolved issues which constitute vital and indispensable elements in the international development strategy. These are:

"(a) Target dates for the transfer of resources from developed to developing countries and the target for the official component of such transfers;

"(b) Target dates concerning terms and conditions of assistance;

"(c) Link between the allocation of Special Drawing Rights and the provision of additional development finance to developing countries;

"(d) Target dates in the field of international trade;

"(e) Adjustment assistance measures;

"(f) Restrictive business practices;

"(g) Target dates in the contribution of socialist countries of Eastern Europe to the Second Development Decade.

"3. One of the main difficulties in reaching agreement on those unresolved issues arises from the reluctance of developed countries to accept a time bound programme of action for the Second Development Decade. The goals and objectives for the Decade can be achieved only if the policy measures for

their attainment are subject to specific target dates. It would, therefore, be necessary to reach agreement on this important issue. Apart from this, certain conceptual differences still persist on many important issues such as link between Special Drawing Rights and development assistance and measures for adjustment assistance. It is noted that agreements have been reached in other international organizations with regard to adjustment assistance. It is, therefore, important that this matter should also be resolved within the framework of the strategy for the Second Development Decade.

"4. There is imperative need for the developed countries, in undertaking meaningful commitments within the framework of the international development strategy, to display the necessary political will which alone can lead to complete agreement on all the elements of the strategy. The developing countries urge the developed countries to undertake such commitments. They therefore emphasize the great responsibility that rests on the developed countries and appeal to them to reconsider their positions to enable the forthcoming session of the General Assembly to open up a new era in the international economic co-operation.

"5. The developing countries reiterate their strong belief that the primary responsibility for their economic development rests on them. At the same time, they wish to emphasize that a fuller mobilization and more effective utilization of their domestic resources is possible only with concomitant and effective international action. They also wish to emphasize that international co-operation for development is a process which benefits the developed and developing countries alike. The developing countries are determined to continue and further strengthen their efforts towards the improvement of their mutual co-operation. However, these efforts can be successful only with adequate international support.

"6. The launching of the Second United Nations Development Decade at the twenty-fifth anniversary celebrations of the United Nations should be an event of vital significance and a turning point in the process of international co-operation. The developing countries therefore express the hope that it will be possible on this occasion for the combined will of the world community to be brought to bear, at a high political level in evolving a strategy for the Second Development Decade."

CHAPTER III

THIRD SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: OBJECTIVES, PROVISIONAL AGENDA, PROGRAMME OF PREPARATORY WORK AND PROPOSED ORGANIZATION

(Agenda item 5)

96. During the general debate, several speakers referred to the preparations for the third session of the Conference and commented favourably on the note by the Secretary-General of UNCTAD (TD/B/L.221), which contained an illustrative list of substantive items suggested for inclusion in the draft provisional agenda for the third session of the Conference.

97. The representatives of developing countries, while in favour of a selective agenda, asked the Secretary-General of UNCTAD to prepare an interim report to be considered at the second part of the tenth session on the various matters still under consideration by the subsidiary organs of the Board, as in their opinion the provisional agenda could be drawn up only in the light of such a report. The representatives of several developed countries supported the idea of preliminary consultations on the question, but thought it was too early to reach a final decision on the draft agenda.

98. The representatives of the socialist countries of Eastern Europe supported the idea of careful selection of the items to be included in the provisional agenda of the third session of the Conference, provided that the range of subjects was not too restricted and that no important question relating to international trade was neglected in the preparations for the Conference or at the Conference itself. The representative of a socialist country of Eastern Europe mentioned that the question of the transfer of technology should also be included in the agenda for the third session of the Conference. In the opinion of the representatives of the socialist countries of Eastern Europe, the question of the principles governing international trade relations should be one of the major items to be examined by the Conference. They stressed the importance of the question of participation in the third session of the Conference by countries which were not members of UNCTAD.

99. After the general debate, the Board considered agenda item 5 more specifically at its 253rd, 256th, 257th, 258th and 261st meetings, on 8, 14, 15, 16 and 17 September 1970.

100. The Secretary-General of UNCTAD, in a statement on this specific point, referred to the note he had submitted (TD/B/L.221) and explained the basis of the illustrative list of items that might be included in the draft agenda for the third session of the Conference. He referred to Board decision 45 (VII), setting out the criteria that should govern the choice of items for inclusion in the agenda for the Conference. He said that the illustrative list took into consideration the results of his consultations with delegations. The list was very provisional and was divided into two sections. The first related to a

review of past activities and future plans, to enable the Conference to lay down guidelines for the permanent machinery of UNCTAD, and the second concerned more specific matters falling within UNCTAD's field of competence. He explained that the list made no mention of the transfer of technology, in order to avoid anticipating what the Board might decide at its tenth session. Nor did the list mention problems concerning the land-locked countries or the least developed of the developing countries, because those questions would be raised in the consideration of other items.

101. He added that the length of the agenda would of course determine the duration of the Conference, and consequently the number of items should be kept within reasonable limits.

102. Regarding the date and place of the third session of the Conference, he reminded the Board of the provisional decision it had taken at the ninth session that the Conference should be held at Geneva early in 1972. A number of delegations called for adherence to this decision and the provision to limit the duration of the Conference to three or four weeks.

103. At the 253rd meeting, a draft resolution (TD/B/L.233) was submitted by Bulgaria, Czechoslovakia, Hungary, Iraq, Poland, Romania, Syria and the Union of Soviet Socialist Republics, recommending that the General Assembly should invite interested countries not members of UNCTAD to participate in the third session of the Conference.

104. Representatives of developed market economy countries said that the question of the membership of UNCTAD had been explicitly settled by the General Assembly in its resolution 1995 (XIX) and that, in their view, the draft resolution submitted raised a political problem outside the Board's competence. They pointed out that the Economic and Social Council, at its forty-ninth session, had rejected a draft resolution in similar terms.

105. The representatives of the countries sponsoring the draft resolution stated their reasons for submitting the proposal and referred to recent events on the international scene in Europe. They believed that UNCTAD should strive for universality in its membership in order to make its action more effective.

106. The representative of one developed market economy country, supported by the representatives of other such countries, drew attention to the complications that any decision to implement the draft resolution would involve for the chances of success in the complex negotiations which his country was conducting in the interest of peace and security in Europe and throughout the world.

107. The representatives of some developing countries stated that, while recognizing that it was within the Board's competence to make recommendations to the General Assembly, they could not accept the implications of the operative paragraph of the draft resolution. Others thought that the Board was not the appropriate forum in which to consider the question dealt with in the draft resolution.

108. The representatives of many developing countries and developed market economy countries indicated that if the draft resolution were voted on, they would vote against it.

109. The observer for a developing country stated that his country firmly supported the draft resolution. He added that the problem of the participation of a country in UNCTAD's work was not a political event. Nor did he see either in the United Nations Charter or in the reality of the world situation anything debarring a country from membership of UNCTAD if its international commercial practices were not incompatible with the objectives of the Conference.

110. The representatives of the countries sponsoring the draft resolution underlined that the Board was fully competent to make a recommendation of this kind to the General Assembly and stressed the view that nothing in the draft resolution was in contradiction with resolution 1995 (XIX) of the General Assembly. Some of them stressed also that neither the Charter of the United Nations nor Assembly resolution 1995 (XIX) made membership in a United Nations body dependent on relations between different States.

111. At the 257th meeting, on 15 September 1970, a revised text of the draft resolution was submitted by Bulgaria, Czechoslovakia, Hungary, Iraq, Poland, Romania, Syria and the Union of Soviet Socialist Republics (TD/B/L.233/Rev.1). It was explained that, having regard to the views expressed by several representatives, the sponsors of the draft had decided to amend it by inserting in the operative paragraph the phrase "and which adhered to the principles of the United Nations Charter".

112. In the course of the 261st meeting, the sponsors also announced that they were deleting the fourth preambular paragraph of the revised resolution, beginning with the words "Noting that the possibility...".

113. In the course of the discussion of the revised draft resolution, the representative of one developed market economy country, speaking on a point of order, moved the closure of the debate. The representatives of the sponsor countries stated that it was not possible under the rules of procedure to close the debate on part of an item if it had not been subdivided previously. The President ruled that debate on a question could be closed without closing debate on the whole item. The motion was voted upon and carried by 27 votes to 11, with 11 abstentions. The representatives of the sponsor countries objected to the procedure followed in this case.

114. On the objectives, provisional agenda and programme of preparatory work for the third session of the Conference, the Board had before it a draft decision submitted by the President (TD/B/L.244).

Action by the Board

115. After discussion, the Board, at its 257th meeting, on 15 September 1970, in a roll-call vote, rejected the revised draft resolution (TD/B/L.233/Rev.1), as

amended, by 28 votes to 9, with 12 abstentions. 14/ At its 261st meeting, on 17 September 1970, the Board adopted the draft decision (TD/B/L.244) submitted by the President. 15/

14/ For the text of the revised draft resolution as amended by its sponsors, see annex VIII below. The result of the vote was as follows:

In favour: Algeria, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Syria, Union of Soviet Socialist Republics, Yugoslavia.

Against: Australia, Belgium, Brazil, Canada, Chad, Colombia, Costa Rica, Denmark, Federal Republic of Germany, France, Greece, Guatemala, Iran, Italy, Ivory Coast, Jamaica, Japan, Madagascar, Malaysia, Netherlands, New Zealand, Philippines, Rwanda, Senegal, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Afghanistan, Austria, Chile, Finland, Ghana, India, Indonesia, Mexico, Pakistan, Switzerland, Tunisia, Venezuela.

For the debate on the draft resolution and on the explanations of vote, see the summary record of the 257th meeting (TD/B/SR.257).

15/ For the text as adopted, see annex I below, decision 71 (X).

CHAPTER IV

PRINCIPLES GOVERNING INTERNATIONAL TRADE RELATIONS AND TRADE POLICIES CONDUCTIVE TO DEVELOPMENT: CONFERENCE RESOLUTION 22 (II)

(Agenda item 9)

116. The representatives of developing countries who spoke in the general debate on this item stressed the importance of the principles and recommendations enunciated at the first session of the Conference and reaffirmed at the second. The representative of one developing country expressed the view that the principles should cover three questions of major importance to the developing countries and the international community: the expansion of East-West trade on a multilateral basis; the impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries; and trade expansion, economic co-operation and regional integration among developing countries.

117. The representative of a developing country stated that, although it had not been possible so far to narrow the divergence of views, a few principles, without being universally accepted, had nevertheless been applied in practice; an example was the principle of non-reciprocal preferential treatment for developing countries.

118. The representative of another developing country said that there was strong opposition in many key sectors to the principles and recommendations adopted at the first session of the Conference. It was important to reach agreement on those principles and thus fulfil the mandate established by recommendation A.I.3 of the first session of the Conference. The draft resolution submitted to the Board at its third session 16/ would constitute a suitable basis for consultations that could take place in the Board. Agreement on the principles which could be considered in further detail at the third session of the Conference would be a valuable contribution to the attainment of the objectives set for the Second United Nations Development Decade.

119. The representative of another developing country suggested that UNCTAD should frame new principles that might be incorporated in the set of principles approved at the first session of the Conference. When the new principles, which would be referred to the third session of the Conference for final approval, were being formulated, certain developed countries should indicate their current position with regard to the principles on which they had abstained or which they had voted against at the first Conference.

120. The representatives of the socialist countries of Eastern Europe said that the principles adopted at the first session of the Conference and reaffirmed at

16/ Official Records of the General Assembly, Twenty-first Session, Supplement No. 15 (A/6315/Rev.1), p. 8.

the second session should be accepted and applied by all countries. They pointed out that the socialist countries applied those principles in their economic relations with other countries.

121. The representative of one socialist country of Eastern Europe stated that many countries were applying those principles without having accepted them. The representative of a socialist country of Eastern Europe said that in his country the principles were taken fully into account in planning the development of foreign trade and economic and technical co-operation with other countries. The representative of a socialist country of Eastern Europe said that the principles should be one of the primary topics for consideration in the preparatory work for the third session of the Conference and at the Conference itself. The representative of a socialist country of Eastern Europe expressed the opinion that any addition to the principles would imply their revision. For that reason, nothing should be added to the existing principles nor should they be amended.

122. Several representatives of developed market economy countries considered that there was no need to add to the principles. One of these representatives stated that further consideration of the principles, either at the current session of the Board, or at the third session of the Conference, would clearly only hamper UNCTAD's efforts to apply viable, pragmatic and universally acceptable policies to promote the economic growth of the developing countries. The negotiations in UNCTAD had shown the difficulty of reaching agreement on complex general policy measures requiring the harmonization of vital national interests. UNCTAD was no longer at the stage where simple but unworkable formulas were proposed and put to the vote.

Action by the Board

123. At its 254th meeting, on 11 September 1970, the Board decided, on the proposal of the representative of a developing country, to defer consideration of the item to its eleventh session, in the context of the general debate on the implementation of the recommendations of the Conference.

CHAPTER V

INTERNATIONAL TRADE AND FINANCING: CONSIDERATION OF ACTION ARISING FROM THE ACTIVITIES OF THE MAIN COMMITTEES AND OTHER SUBSIDIARY BODIES OF THE BOARD 17/

(Agenda item 7)

A. Commodity problems and policies

124. The documents relating to this item were the report of the Committee on Commodities on its fifth session, 18/ the reports of the Permanent Group on Synthetics and Substitutes on its third 19/ and fourth sessions, 20/ the reports of the Advisory Committee to the Board and to the Committee on Commodities on its fourth and fifth sessions (TD/B/298 and TD/B/320) and the report of the UNCTAD secretariat on negotiations or consultations on individual commodities (TD/B/312).

1. Report of the Committee on Commodities on its fifth session

125. Many representatives expressed satisfaction at the success of the Committee on Commodities in having reached agreement on two out of the four items outstanding from the second session of the Conference, although many representatives of both developed and developing countries noted with disappointment that, despite the great efforts made to narrow differences, agreement still had not been reached on the questions of pricing policy and trade liberalization. However, the representative of a developed market economy country expressed the view that too much time had been spent in seeking agreement on general principles on these matters and that it was time to turn to more practical approaches to the problems involved.

126. The Chairman of the informal contact group which met to consider the draft resolution on this subject submitted by the representative of a developing country reported that it had not been possible to reach agreement; the matter was accordingly remitted to the plenary of the Board. 21/

127. Many representatives welcomed the emphasis of the Permanent Group on Synthetics and Substitutes on the need for greater research and promotion efforts for natural products facing competition from synthetics.

17/ This item was referred to a sessional committee for consideration and report.

18/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 3 (TD/B/317).

19/ Ibid., Supplement No. 3 A (TD/B/287/Rev.1).

20/ Ibid., Supplement No. 3 B (TD/B/314).

21/ For subsequent action, see paragraph 138 below.

128. Welcoming the increased attention given by the secretariat to temperate zone products, the representatives of several developing and socialist countries emphasized the need to improve access for these products to developed market economy countries. The representatives of certain developed market economy countries also welcomed the emphasis placed on the need for improved access and stressed that in its further work on market sharing, the secretariat should take due account of the efficiency of production as the basis for participation in the market. They hoped the secretariat would give due weight to the desirability of achieving increased opportunities for exporters to compete for a fair share of the market and of market growth. The representatives of certain other developed market economy countries referred to the reservations made during the consideration of the item and expressed doubts about the practical value of future secretariat work on this subject. The observer for one developing country, an important exporter of temperate zone products, drew attention to the importance that his country attached to the study on market sharing indicated in document TD/B/C.1/93, paragraph 7, and asked that this study be submitted at the next session of the Committee on Commodities. The representative of another developing country, also an important exporter of temperate zone products, supported this declaration and stated that paragraph 135 of the report of the Committee on Commodities 22/ which referred to this study, had been adopted without any reservations.

129. The representative of a developing country said that he did not share the criticism reflected in the report of the Committee on Commodities regarding the work of the Advisory Committee. The Advisory Committee was doing valuable work in giving guidance to the Committee on Commodities and the shift in the emphasis which had taken place in the work of the Advisory Committee was a step in this direction.

130. Referring to the recently concluded International Tin Agreement, the representative of a developing country expressed appreciation for the decision by a developed consuming country to contribute to the financing of buffer stocks and expressed the hope that other developed consuming countries would share with the producing countries the burden of the financing of buffer stocks of tin.

131. Great importance was attached to the subject of diversification, which was considered by some developed countries to offer one of the best solutions to the problems of the developing countries. Many representatives, of developing as well as developed countries, expressed satisfaction that the Advisory Committee would devote an entire session in the near future to the important matter of diversification along the lines indicated in the report of the Advisory Committee to the Committee on Commodities (TD/B/320). It was agreed, however, that in order to reduce the additional cost of the special session of the Advisory Committee to the lower estimate of \$30,000 quoted in paragraph 8 of document TD/B/L.223/Add.2, only the report of the special session should be translated into the other three working languages and distributed to the Committee on Commodities. The representative of a developed market economy country, while agreeing with this amount, urged the secretariat to meet the expense from its regular consultant budget and by allocation from the eighteen weeks' available meeting time for working parties and study groups referred to in document TD/B/L.223. The opinion was stressed that diversification was a priority item on the agenda for the next session of the

22/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 3 (TD/B/317).

Committee on Commodities and that consequently adequate time had to be provided in order to make a thorough treatment of the matter possible. In keeping with this, it was recommended that the Committee on Commodities should set up a sessional working party at its sixth session to consider the report of the Advisory Committee. The representative of a socialist country of Eastern Europe said that, while diversification was of great importance, the most important task of the Committee on Commodities was to promote the negotiation of international commodity agreements.

132. It was generally recognized that the agreement concerning consultations among producing and consuming countries, reached at the last session of the Committee on Commodities, could prove useful to the Secretary-General of UNCTAD in his efforts to promote international action on individual commodities. In this regard, the representative of a socialist country of Eastern Europe stated that his Government had withdrawn its reservation to the agreement, which was reflected in the report of the Committee. He stressed, however, that his Government was opposed to any departure from the principle of universality in international action on commodities. The representative of one developed market economy country noted that Conference resolution 16 (II) had given the Secretary-General of UNCTAD an adequate mandate in this area and doubted that the decision adopted by the Committee on Commodities was really necessary. This representative also attached importance to the principle of universality in international action on commodities. This representative and the representatives of other developed market economy countries reiterated their understanding that the new procedures should be used only in exceptional cases, when (after preliminary work at the international level) there was a real prospect of subsequent joint action by all interested parties, producers and consumers, and that all such parties should be consulted before separate meetings of producers or consumers were called.

133. A draft resolution on the subject of disposals of surpluses and strategic reserves had been outstanding since the second session of the Conference. It was noted that the Committee on Commodities at its fifth session had adopted a resolution on this subject (resolution 4 (V)).

134. Referring to the resolution submitted by the Committee on Commodities concerning the proposed Intergovernmental Committee on Oilseeds, Oils and Fats, the representative of a developing country proposed that, since the text gave rise to sharply contradictory interpretations, particularly among those not present at the meeting, and since, in any case, developing countries had important reservations about it, the Board should remit the resolution to the Committee on Commodities for reconsideration, taking into account the decision on the matter to be taken at the forthcoming meeting of the FAO Committee on Commodity Problems. This proposal was supported by several representatives of both developed market economy and developing countries.

Action by the Board

135. At its 263rd meeting, on 18 September 1970, the Board, in adopting the sessional committee's report, took note of the report of the Committee on Commodities on its fifth session.

136. The Board decided to remit to the next session of the Committee on Commodities for further consideration that Committee's resolution concerning the proposed

Intergovernmental Committee on Oilseeds, Oils and Fats. The representative of one developed market economy country, while agreeing with the proposal, stated that there would be no change in his country's position that the legal status of the Intergovernmental Committee on Oilseeds, Oils and Fats should not be modified. The representative of another developed market economy country recalled that his *delegation had reserved its position in the Committee on Commodities on the grounds, inter alia*, that it was inappropriate for UNCTAD to act on this matter until a decision had been taken in the FAO Committee on Commodity Problems.

137. At the Board's 263rd meeting, on 18 September 1970, the representative of the Philippines submitted a draft decision concerning pricing policy and liberalization of trade (TD/B/L.248). He explained that he had been authorized to try to draft an acceptable text on the subject and that, after informal consultations, he had succeeded in preparing the text of the draft decision, which was not sponsored by any group of countries, but had the support of all. He therefore hoped that the draft would be approved by the Board. He added that the adoption of the text would in no way prejudice any subsequent agreement that might be reached during the twenty-fifth session of the General Assembly in connexion with the adoption of the International Development Strategy for the Second United Nations Development Decade.

138. At its 263rd meeting, on 18 September 1970, the Board adopted by consensus the draft resolution submitted by the representative of the Philippines. 23/

139. Without opposing the adoption by consensus of the resolution, the representatives of several developing countries and of some developed market economy countries made individual comments and raised specific objections with respect to some provisions of the resolution adopted. 24/ The substance of these observations and objections is included in annex II below.

B. Expansion and diversification of exports of manufactures and semi-manufactures of developing countries

1. Report of the Committee on Manufactures on its fourth session 25/

(a) Tariff reclassification

140. The representative of the secretariat reported on progress in the work on the technical study of tariff reclassification of hand-made/handicraft products carried out by UNCTAD in collaboration with the Customs Co-operative Council.

141. He stated that the secretariat of the Customs Co-operative Council, after examining the technical information supplied by the developing countries, considered that the notified hand-made/handicraft products could be classified in four major categories, which should be examined separately. One category included products which traditionally appeared as separate tariff items. The second category

23/ For the text as adopted, see annex I below, resolution 73 (X).

24/ See the summary record of the meeting (TD/B/SR.263).

25/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 2 (TD/B/295).

included products with a high labour content, which on detailed examination would always reveal individual differences between the hand-made and machine-made product. The remaining two categories of handicraft products, covering products not readily identifiable as different from machine-made products, would require further detailed technical information in order to make their separate identification possible. This classification of the products was approved by the Nomenclature Committee and by the Customs Co-operative Council itself.

142. He pointed out that the purpose of the technical examination of hand-made/handicraft products was not necessarily to provide new separate tariff classification for each individual product, but to seek criteria to distinguish such products from similar machine-made goods. These criteria would serve as an authoritative basis for providing more favourable tariff treatment for these products. He recalled that this work was of relevance in the context of the Generalized Scheme of Preferences and that the forthcoming meeting of the Special Committee on Preferences would provide an opportunity to clarify whether certain hand-made/handicraft products were or were not included in that Scheme.

143. The representatives of a number of developing countries who spoke on this subject expressed satisfaction with regard to the work on tariff reclassification of hand-made/handicraft products and especially with regard to the results of the technical examination carried out by the secretariat of the Customs Co-operative Council. They considered that this very important work should be continued and the further progress achieved in this field be reported to the Committee on Manufactures at its fifth session.

144. One of these representatives stated that the work on tariff reclassification not only supplemented work on the Generalized Scheme of Preferences in that it would make more products eligible for duty-free treatment, but also that it would permit duty-free entry instead of partial duty reduction for certain products coming directly within the scope of the Generalized Scheme of Preferences. He said that the second session of the Intergovernmental Group of Experts on Tariff Reclassification could be held early in 1971 and urged the developed countries to participate actively in the work of that session.

(b) Non-application of most-favoured-nation treatment

145. As regards the non-application of most-favoured-nation treatment to developing countries, the representative of one developed market economy country reaffirmed his Government's policy of entering into normal relations with as many countries as possible on the basis of the most-favoured-nation treatment. He regretted that a number of countries continued to discriminate against his country in particular by invoking article XXXV of the General Agreement on Tariffs and Trade. He expressed his Government's appreciation of the action taken by the Governments of two developing countries which had recently disinvoked the provisions of that article in relation to his country and appealed to other countries discriminating against his country to take similar action.

(c) Liberalization of non-tariff barriers

146. In reviewing his country's activities in the field of import liberalization, the representative of a developed market economy country stated the new policy of his Government in expanding and accelerating the implementation of its

liberalization programme. The liberalization of sixty products originally envisaged to be completed by the end of 1971 would now come into effect by the end of April of that year. Some additional twenty products were due for liberalization by the end of September 1971. The representative of another developed market economy country referred to the intention of his Government to abolish quantitative restrictions on cotton textiles by January 1972, with the result that all such restrictions on manufactures and semi-manufactures from developing countries would have been removed except those on certain jute manufactures and on a few processed agricultural products originating in the dollar area maintained in the interests of Caribbean Commonwealth countries.

147. The representatives of developed market economy countries who participated in the debate considered that UNCTAD had particular responsibilities in respect to non-tariff barriers affecting the trade of developing countries and that the Committee on Manufactures could lend valuable assistance to GATT in respect of the identification and analysis of the effects of non-tariff barriers affecting the trade from developing countries. The Committee on Manufactures provided a forum for the discussion of problems in this field. The setting up of the Sessional Committee at its fourth session, and the similar procedure contemplated for its fifth session, provided UNCTAD with machinery for examining the progress in this work and for considering questions in this field. The creation of new institutional machinery, namely, of an ad hoc working group within UNCTAD, would not be useful and might only serve to complicate and duplicate international efforts already under way in GATT. Moreover, preparatory substantive work in UNCTAD had not advanced far enough, and in any case the creation of such a body was not justified. They stressed that the activities of UNCTAD in the field of non-tariff barriers should assist and complement those of GATT and not duplicate them. They noted with appreciation the assistance which the UNCTAD secretariat had been extending to the developing countries in the identification of non-tariff barriers of concern to these countries, which they stated should be encouraged.

148. These representatives further considered that the main responsibilities for negotiations for the removal of non-tariff barriers rested with GATT and reiterated the views they had expressed on the subject at the fourth session of the Committee on Manufactures. Considerable progress had already been made in this field in that organization and a number of groups and committees had been meeting with a view to examining in detail the various types of non-tariff barriers and considering steps which might be taken for the liberalization of these barriers. Moreover, in its activities regarding the liberalization of non-tariff barriers, the Contracting Parties had requested the various GATT bodies concerned to take into account the special problems of the developing countries. Furthermore, the fact that many developing countries were not members of GATT did not imply that the interests of these countries were not being taken into account in the activities of that organization, especially as the same non-tariff barriers affected both members and non-members of GATT. One of these representatives noted that the product-by-product approach had been used in GATT in dealing with non-tariff barriers and that this should not be duplicated in UNCTAD.

149. They also stressed the importance of avoiding overlapping and duplication of efforts in the field of non-tariff barriers between UNCTAD and GATT and that close co-operation between these two organizations was essential.

150. The observer for GATT recalled the statement 26/ made by the representative of that organization at the fourth session of the Committee on Manufactures regarding GATT's work programme on tariff and non-tariff barriers, in particular the creation of sixteen working groups and committees within that organization to consider the inventory of non-tariff barriers involving some 800 notifications from Contracting Parties to GATT and to initiate appropriate action for the liberalization of these barriers. These groups and committees had spent a total of sixty-seven working days on non-tariff barriers during the first nine months of 1970. He stated that, as a result of this work, the Contracting Parties had already identified some important areas in which action was needed and the mechanisms through which arrangements might be made. In many areas, solutions for the specific problems of developing countries were expected to emerge within the framework of broader global solutions which were already under examination and discussion. In other areas, the possibilities of priority action on barriers which applied more particularly to the trade of developing countries were being explored. While in some well-defined areas some measures of liberalization had been taken, the pace of further advance depended greatly on the political will of Governments to move to the stage of negotiations and to agree on solutions and policy measures that corresponded to their stated objectives. He added that the GATT work on tariff barriers was an integral part of the programme for the liberalization of trade in industrial products for which basic documentation had been prepared to permit an objective analysis of the tariff situation which would exist after the Kennedy Round concessions had been fully implemented. This information was of special interest to the developing countries, and the Committee on Industrial Products would meet shortly to consider how the policy analysis of the data might be carried out. He drew attention to the report of the UNCTAD Committee on Manufactures which mentioned the need for close co-operation between the secretariats of UNCTAD and GATT in the field of non-tariff barriers. He stated that the UNCTAD secretariat had been in a position to follow closely the GATT work on non-tariff barriers applied to agricultural and industrial products through its participation in the meetings of the relevant groups and through regular contacts with the GATT secretariat.

151. The representatives of several developing countries noted with appreciation the unilateral measures taken by a major developed market economy country in accelerating and expanding the scope of its programme of import liberalization, and hoped that further liberalization on an accelerated basis would be carried out with respect to products of export interest to them. They expressed the hope that other developed market economy countries concerned could follow a similar policy.

152. The representatives of developing countries drew attention to decision 1 (IV) of the Committee on Manufactures recognizing the particular responsibilities of UNCTAD in respect of non-tariff barriers affecting the trade of developing countries and according priority attention to this question. They also drew attention to the programme of work which that Committee had requested the UNCTAD secretariat to undertake in pursuance of this decision. These representatives reaffirmed the great importance of UNCTAD activities in the field of non-tariff

26/ For a summary of that statement, see the report of the Committee on Manufactures on its fourth session (Official Records of the Trade and Development Board, Tenth Session, Supplement No. 2 (TD/E/295)), para. 45.

barriers in view of the adverse effects of these barriers on the trade of developing countries and of the tendency towards the world-wide escalation of these measures in developed market economy countries. There was therefore an urgent need for continuing action by UNCTAD in carrying out its programme of work in this field, including the evolution of concrete measures for the liberalization of these barriers in the early part of the Second United Nations Development Decade.

153. The representatives of some developing countries noted that there were some seventeen bodies in GATT which had met for a total of seventy days to consider the question of non-tariff barriers. However, in spite of this, not much had been achieved in that organization in terms of concrete measures for the liberalization of those barriers adversely affecting the trade of the developing countries.

154. The representatives of the developing countries noted the differences in the approaches between UNCTAD and GATT in dealing with the liberalization of non-tariff barriers. They considered that the UNCTAD approach of identifying, on a product-by-product basis, non-tariff barriers of serious concern to the developing countries was more appropriate to the problems faced by the developing countries than the barrier-by-barrier method adopted in GATT. The former was more conducive to concrete results for the developing countries. They therefore stressed the need to establish the ad hoc working group, mentioned in Committee decision 1 (IV), to deal with the problems of non-tariff barriers on a more universal and practicable basis. The creation of such a working group would enable nearly half of the developing countries members of UNCTAD that were not Contracting Parties to GATT to participate actively in the work in this field.

155. The representatives of many developing countries stated that owing to the great variety and complexity of non-tariff barriers, the problem was to obtain sufficient information for a rigorous analysis of the effects of these barriers on the trade of developing countries. In this connexion, they said that the UNCTAD secretariat should collect as much information as possible, particularly as regards the reasons for the maintenance and the rules and regulations concerning the administration of those barriers in the developed market economy countries. They appealed to the developed market economy countries concerned to provide this information.

156. After the representative of the GATT secretariat had stated that GATT documentation on the subject of non-tariff barriers could not be made available to developing countries not Parties to GATT without a decision to that effect by the Contracting Parties, the representative of a developing country stated that this was indeed a good reason for the developing countries, many of which were not Parties to GATT, not to rely solely on that organization concerning the question of non-tariff barriers.

157. The representatives of developing countries expressed their appreciation of the assistance which the UNCTAD secretariat had extended to developing countries regarding the identification of non-tariff barriers of export interest to them in pursuance of decision 1 (IV) of the Committee on Manufactures. Some of these representatives stated that without such assistance it would not have been possible for their Governments to draw up lists of specific products of export interest to them subject to non-tariff barriers in the developed market economy countries. They stressed the value of such assistance and requested the UNCTAD secretariat to continue to provide such assistance to countries that needed or requested it.

158. The representative of one developing country stated that his Government was not in favour of the establishment of an ad hoc working group in UNCTAD to deal with the question of non-tariff barriers, if the purpose of such a group was to negotiate the removal of non-tariff barriers. He was, however, agreeable to the establishment of such a group if it were to assist the developing countries not Parties to GATT in identifying and considering measures for the liberalization of such barriers. He thought that GATT was the more appropriate institution for negotiations for the removal of such barriers.

159. The representatives of socialist countries of Eastern Europe who spoke on this subject stated that the attitude of their countries with regard to UNCTAD activities in the field of non-tariff barriers had been made clear at the fourth session of the Committee on Manufactures. They considered that non-tariff barriers constituted one of the main obstacles to international trade, hampering not only the trade of the developing countries, but also that of the socialist countries of Eastern Europe. They therefore favoured their elimination. They considered that activities in this field should not be a monopoly of GATT and that UNCTAD should not be left out of this field simply because GATT was already dealing with the problem. In this connexion, they supported the views of the developing countries regarding the creation of a working group to deal with this question. They stressed, however, that all measures aimed at the liberalization of non-tariff barriers should be of a universal character, for otherwise they might lead to increased discrimination in international trade. One of these representatives pointed out that the secretariat should devote particular attention to the problem of non-tariff barriers in trade between countries having different economic and social systems. In this connexion, he suggested that there should be closer co-operation between the Division for Manufactures and the Division for Trade with Socialist Countries.

160. The representative of the Secretary-General of UNCTAD, in response to questions raised by certain delegations, stated that, in pursuance of decision 1 (IV) of the Committee on Manufactures, the UNCTAD secretariat was carrying out a study on the identification, on a product-by-product basis, of non-tariff barriers, including quantitative restrictions of serious concern to the developing countries as affecting their trade. To facilitate the study, the Secretary-General of UNCTAD had addressed a note verbale to States members of UNCTAD requesting information. He stated that a number of member States had already replied to the questionnaire and had provided valuable information. However, as might be expected, there were still certain gaps in the information which had to be filled. Also in pursuance of decision 1 (IV), the secretariat had assisted a number of developing countries in identifying non-tariff barriers of concern to them. As a result of such assistance, useful information had become available from the countries concerned.

161. He further stated that, as requested by the Committee on Manufactures, the UNCTAD secretariat, in carrying out its programme of work, was taking into account the information already available in GATT and other international organizations, and was following closely the work in the GATT committees and working groups concerning non-tariff barriers. In line with the decision of the Committee, the UNCTAD secretariat would endeavour to strengthen further its collaboration with GATT and would draw upon all available documentation in that organization in the preparation of its report, which would be submitted to the Committee on Manufactures at its fifth session.

(d) Adjustment assistance measures

162. As regards the question of adjustment assistance measures, the representatives of some developing countries stated that the liberalization of tariff and non-tariff barriers would not yield the desired results unless such measures were taken by developed market economy countries to facilitate greater access to their markets. They expressed the hope that the UNCTAD secretariat would be able to complete, in time for the fifth session of the Committee on Manufactures, the up-dating of existing studies on adjustment assistance measures in force.

Action by the Board

163. The Trade and Development Board took note of the report of the Committee on Manufactures on its fourth session.

164. Concerning the question of establishing an ad hoc working group on non-tariff barriers, mentioned in decision 1 (IV), section E, of the Committee on Manufactures, the Trade and Development Board considered that, in the light of the views expressed in the debate and of the progress report by the UNCTAD secretariat on the work done in this field, the matter could be appropriately taken up for consideration and, if possible, decision by the Committee on Manufactures at its fifth session.

2. Report of the Special Committee on Preferences on the first part of its fourth session

165. The Board had before it the report of the Special Committee on Preferences on the first part of its fourth session, 27/ containing the results of the detailed and intensive consultations on the preliminary submissions by the prospective preference-giving countries and, in particular, the suggestions made for improving these offers.

166. The representatives of developing countries who spoke in the debate stated that, during the second part of its fourth session, the Special Committee on Preferences should adopt a meaningful and effective scheme of preferences which would be in full accord with the objectives set forth in Conference resolution 21 (II). They stated that they intended to address themselves in detail on this subject at the forthcoming session of the Special Committee.

167. These representatives expressed the hope that the revised offers by developed market economy countries would represent a substantial improvement on the initial submissions and would not introduce any new element which would have the effect of restricting rather than liberalizing the preliminary offers which had been discussed in detail at the Committee's previous session and would also take into account the views expressed by developing countries during the first part of its fourth session on the various elements of the scheme. Many of these representatives emphasized that the scheme should provide for a broad product coverage, in particular concerning processed and semi-processed agricultural products so as to enable the developing countries whose exports were largely confined to such

27/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6 (TD/B/300/Rev.1).

products to benefit from the scheme; for special measures in the tariff field in favour of the least developed among developing countries; and for the solution of the problem of existing preferences, so that all developing countries could benefit from the scheme on a non-discriminatory basis and that countries already enjoying preferences should receive at least equivalent compensation for the loss of their advantages in preferred markets. While expressing regret over the delay in implementing the scheme, they hoped that it would be agreed upon very shortly, so that it could become an integral part of the Second United Nations Development Decade.

168. The representatives of some developing countries expressed the hope that the socialist countries of Eastern Europe would also be in a position to indicate their contribution to the scheme.

169. The representative of one developing country stated that parallel measures should be adopted to enhance the value of the General Scheme of Preferences, in particular, in the field of export promotion by the International Trade Centre, by closer co-operation with UNIDO, and by appropriate lending policies by financial institutions. He also suggested that the agenda for the next meeting of the Special Committee on Preferences should be broad enough to cover all unsettled matters.

170. The representative of one developing country referred to the agreement that had been reached by the Group of 77 at the second session of the Conference on the question of special measures for the least developed among the developing countries, and on the question of equivalent advantages to developing countries enjoying preferences in order to make possible the suspension of these preferences, as stated in articles 13 and 14 respectively of the draft decision TD/II/C.2/L.5. ^{28/} In his view, this agreement had not been abrogated by the Group of 77 and was, therefore, still binding.

171. The representative of developed market economy countries who spoke in the debate stated that they would reserve discussion on this item for the forthcoming session of the Special Committee on Preferences. One of these representatives stated that the general scheme of preferences was vital to the expansion of exports of manufactures and semi-manufactures from developing countries and hoped that its adoption was imminent.

172. The representative of a socialist country of Eastern Europe reaffirmed that his country was prepared to grant preferences to developed countries in accordance with resolution 21 (II). He stated that his Government looked forward to examining the final offers of the developed market economy countries, and specially those from countries with a level of economic development comparable to his own, but it was clear from past discussions on the subject that it would not be possible to agree on a common scheme as called for in resolution 21 (II). He hoped to be in a position to present to the Special Committee on Preferences at its forthcoming session more detailed information on his country's contribution towards the implementation of resolution 21 (II).

^{28/} For the text of the draft decision, see Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. I and Corr.1 and 3 and Add.1 and 2, Report and Annexes (United Nations publication, Sales No.: E.68.II.D.14), annex VII, B, appendix 1, pp. 276 to 278.

173. The representative of another socialist country of Eastern Europe stressed that the General Scheme of Preference should provide for substantial tariff cuts and that it should be applied on the basis of economic criteria and irrespective of the economic and social systems of the beneficiary countries concerned.

Action by the Board

174. The Trade and Development Board took note of the report of the Special Committee on Preferences in the first part of its fourth session.

C. Financing related to trade and invisibles

1. Financing related to trade, including the relevant part of the report of the Committee on Invisibles and Financing related to Trade, and a progress report by the International Bank for Reconstruction and Development on supplementary financing

175. In connexion with item 7 (c) (i) of its agenda, the Board had before it the report of the Committee on Invisibles and Financing related to Trade on its fourth session 29/ as well as a copy of a letter dated 14 August 1970 sent by the President of the International Bank for Reconstruction and Development to the Secretary-General of UNCTAD concerning supplementary financing. 30/

- (a) Report of the Committee on Invisibles and Financing related to Trade on its fourth session

176. As regards the flow of financial resources, developing countries expressed appreciation of the efforts of those developed countries which had either attained the 1 per cent assistance target, or had adopted measures with this end in view. They considered it essential, however, that a date should be set for the achievement of the target by all developed countries and expressed the hope that such a date would be accepted within the context of the decision to be taken by the General Assembly concerning the Second United Nations Development Decade.

177. They also attached great importance to acceptance by the developed countries of a target for official assistance, as had been proposed at the second Conference and supported by the Pearson Commission. 31/

178. The representatives of developing countries considered that a direct link should be established between the creation of Special Drawing Rights and the provision of additional development finance. They indicated their support for the second memorandum by developing countries on international liquidity contained in annex III to the Committee's report. They expressed the hope that this question would be considered at the forthcoming annual meeting of the International Monetary Fund in Copenhagen, and that studies would be initiated with a view to the establishment of a direct link at the next allocation of Special Drawing Rights, due to be determined in 1972.

29/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 4 (TD/B/318).

30/ For the text of the letter, see annex V below.

31/ For the report of the Pearson Commission, see Partners in Development, Report of the Commission on International Development (New York, Praeger Publishers Inc., 1969).

179. Representatives of developing countries who spoke on this item took the view that the terms and conditions on which financial resources were provided to the developing countries were onerous. They suggested that early action should be taken by the developed market economy countries to attain the 1969 Development Assistance Committee terms target and move towards the terms target that had been proposed at the second Conference. While welcoming the considerable increase that had been proposed in the provision of resources for the International Development Association, they drew attention to the need to broaden the base of operations of the Association in a manner which would permit concessional loans to be provided to countries not presently qualifying for assistance from the Association. Representatives of developing countries also supported the proposal for creating a multilateral interest equalization fund, and expressed the hope that those developed countries that had not yet agreed to the establishment of an intergovernmental group to examine this proposal would reconsider their position so as to permit the group to be established without further delay.

180. The representative of one developing country suggested that the studies being carried out on the balance of payments effects of private foreign investment should provide a basis for giving confidential advice to Governments of developing countries which were considering offers of foreign private investment. This advice would not only serve to make available the experience gained by other countries, but could also help in determining the amount and adequacy of incentives to be given. In this connexion, the representative of a developed market economy country commented that it would not be appropriate for UNCTAD to become involved in advice on specific instances of private foreign investment in developing countries, but that general advice in this field could be given by United Nations bodies, including UNCTAD, within their respective spheres of competence. On all these subjects, the representatives of developing countries indicated that their position had not changed in the past month and was as stated in the report of the Committee on Invisibles and Financing related to Trade on its fourth session.

181. Representatives of developed market economy countries who spoke on this item described the measures being taken by their countries to enlarge the volume of development assistance. Some of them indicated that their countries had already attained the 1 per cent level, others noted that their Governments intended to meet that objective by 1972 or 1975, or that they had accepted the target while not being able to set a date for its attainment. Several representatives of developed market economy countries were, however, unable to agree to the establishment of a time-table.

182. The representatives of some developed market economy countries supported the proposal for setting a target for official development assistance along the lines recommended by the Pearson Commission. Some of them suggested that a target would be more useful if it were set at a realistic level which could be attained in the near future: in this connexion, 0.5 per cent and 0.6 per cent of the gross national product were variously suggested. Other representatives were unable to accept a time-table for the attainment of such a target, or were opposed in principle to the setting of such a target.

183. Many representatives of developed market economy countries reaffirmed the opposition voiced by their delegations in the Committee to a link between the creation of Special Drawing Rights and additional development finance. They considered that such a link would generate inflationary pressures and that there was a basic incompatibility in seeking to link the questions of international liquidity and development finance.

184. With respect to the proposal for a multilateral interest equalization fund, the representatives of several developed market economy countries stated that no useful purpose would be served by establishing an intergovernmental group to consider the question, and one of these representatives felt that the time had come to discontinue any further consideration of this matter. It was pointed out that the major increase in the resources of the International Development Association that would result from the third replenishment would add considerably to the flow of highly concessional finance to the developing countries.

185. Representatives of socialist countries of Eastern Europe who spoke in the debate reiterated their views on the 1 per cent target and stated in this connexion that the 1 per cent target concept did not take into account the specific features of the socio-economic system of socialist countries, more particularly the non-existence of private capital markets in their countries, nor the specific contribution of socialist countries to international co-operation benefiting the developing countries. Attention was also drawn to the fact that the socialist countries at a more advanced stage of development transferred substantial resources to the less developed socialist countries. They stated that socialist countries would continue their practice of trade and economic co-operation with developing countries for the mutual benefit of both sides. They added that any effective solution to the problems arising in connexion with the reform of the international monetary system would require the co-operation of all countries and not merely of countries members of a restricted group.

186. Many representatives of both developing and developed market economy countries expressed support for the Committee's resolutions 3 (IV) and 4 (IV) dealing, respectively, with continuity in the provision of financial resources for development and with special measures for the least developed among the developing countries. The representative of one developed market economy country said that acceptance of resolution 3 (IV) would have required his Government to discontinue programme lending, which would hardly be in the interests of developing countries. He stated that his delegation had opposed resolution 4 (IV) because of the reference to the waiving of local counterpart requirements, since such local contributions were in its view the best guarantee that the projects undertaken were those to which the recipient country concerned attached priority.

187. The representatives of many developing and a few developed market economy countries voiced support of the conclusions on tied aid contained in annex II of the Committee's report.

188. At its 262nd meeting, on 18 September 1970, the President drew attention to the text of three draft resolutions, entitled "International monetary issues", "The flow of financial resources" and the "Multilateral interest equalization fund", reproduced in annex IV of the report of the Committee on Invisibles and Financing related to Trade in its fourth session. He informed the Board that it had apparently not been possible to reach agreement on any of these three draft resolutions.

189. The representative of a developing country drew attention to the draft submitted by the developing countries members of the Board, entitled "A second memorandum on international liquidity; the position of the developing countries on the link" (TD/B(X)/SC.I/L.9).

190. The developing countries members of the Board submitted a draft declaration on lending policies (TD/B(X)/SC.I/L.5).

191. Commenting on this draft declaration, the representative of a developed market economy country stated that the draft was misleading and contained errors of fact. For example, the reference to an increase in interest rates was not applicable to official bilateral assistance or to the loans of the International Development Association, both of which continued to be made on the same concessional terms as in earlier years. The representative of another developed market economy country stated that, since the draft declaration dealt with international loans in the widest sense, he wished to refer to his delegation's announcement made in the general debate to the effect that this Government had decided to grant loans at concessional rates ranging from 2 to 7.5 per cent.

192. The representative of a socialist country of Eastern Europe stated that interest rates had been rising only in the market economies, and that this would have no effect on the terms of lending by his Government, which would continue at rates between 2.5 per cent and 3 per cent, a level which had been maintained over the past ten years.

193. The developing countries members of the Board also submitted a draft resolution relating to the development of invisible receipts from tourism (TD/B(X)/SC.I/L.8).

Action by the Board

194. After an exchange of views, the Board decided at its 262nd and 263rd meetings, on 18 September 1970:

- (a) To take note of the report of the Committee on Invisibles and Financing related to Trade on its fourth session;
- (b) To take no action on the two draft resolutions entitled respectively "International monetary issues" and "The flow of financial resources";
- (c) With respect to the draft entitled "A second memorandum on international liquidity; the position of the developing countries on the link",
 - (i) To take note of the statement of the developing countries members of the Board concerning international liquidity (reproduced in an appendix to Board decision 64 (IX)) and of the memorandum submitted by the developing countries, entitled "A second memorandum on international liquidity"; 32/
 - (ii) To request the Secretary-General of UNCTAD to keep himself informed of developments in this matter and to report to the Board at its eleventh session;
- (d) With respect to the draft resolution entitled "Multilateral interest equalization fund", to add an appropriately worded item to the provisional agenda for its eleventh session;

32/ For the text of the second memorandum, see annex IV below.

(e) With respect to the draft declaration submitted by the developing countries members of the Board concerning lending policies (TD/B(X)/SC.I/L.5), to annex the text of the draft declaration to this report; 33/

(f) With respect to the draft resolution submitted by the developing countries members of the Board concerning the development of invisible receipts from tourism (TD/B(X)/SC.I/L.8), to refer the draft resolution to the Committee on Invisibles and Financing related to Trade for consideration at its fifth session. 34/

(b) Report by the International Bank for Reconstruction and Development on supplementary financing

195. The representative of the International Bank for Reconstruction and Development reported on the developments regarding supplementary financing which had taken place since the adoption of Board resolution 60 (IX) on 12 September 1969, and referred to a letter dated 14 August 1970 sent by the President of the Bank to the Secretary-General of UNCTAD. 35/

196. In response to questions addressed to him by representatives of developing countries, the representative of the Bank stated that the position that he had put forward in his statement reflected the views of the Executive Directors of the Bank. With respect to whether a technical study had been made of a discretionary scheme of supplementary financing, the President, after consultation with the Executive Directors, had concluded that, in the light of paragraph 5 of the appendix to Board resolution 60 (IX), it would not serve any useful purpose to explore the technicalities of such a scheme since there was only very limited support among the Part I member countries of the International Development Association for the provision of additional resources for supplementary financing. For the same reason, no study had yet been made regarding the methods of determining export shortfalls a posteriori, the definition of objective criteria in a discretionary scheme, the relationship between compensatory financing and supplementary financing, or the cost of a discretionary scheme. However, in his letter he referred to the President's statement that the Bank was keeping the matter under study.

197. The representatives of developing countries expressed surprise and disappointment at the general tenor of the statement by the representative of the Bank and of the letter from its President to the Secretary-General of UNCTAD. They said that while resolution 60 (IX) had endorsed the view that additional resources would be required for the implementation of a scheme of supplementary financing, it had not implied that the drawing up of a scheme should depend on the availability of additional resources. In their view, the Board had expected that the Bank would first work out a scheme that was technically feasible and make an estimate of its cost. Only when these steps had been completed would it be possible to determine how much in the way of additional resources would be

33/ For the text of the draft declaration, see annex VI below.

34/ For the text of the draft resolution, see annex VII below.

35/ For the text of the letter, see annex V below.

required, and whether such resources might in fact be made available. The view was expressed that the whole question of supplementary financing would have to be examined by the Conference at its third session.

198. The representatives of some developed market economy countries expressed disappointment and concern at the way in which this matter had been handled by the Bank. They indicated that, in their view, the Bank should reconsider its position and work out a suitable scheme of supplementary financing and they asked that this view be conveyed by the representative of the Bank to its Executive Directors. Only after a scheme had been drawn up would it be appropriate to consider whether there was sufficient political and financial support for it.

199. Other developed market economy countries indicated that in their view, the Bank had carried out the task requested of it in Trade and Development Board resolution 60 (IX). They noted that there had been competition for resources between the large increase in the replenishment of funds of the International Development Association and the needs of supplementary financing, and in these circumstances it had been necessary to bear in mind the view previously expressed by developing countries that basic development finance should have priority over supplementary finance. These representatives expressed the view that, until the prospects for additional resources for supplementary financing became more favourable, it would be premature to determine the details of a particular scheme. There was nevertheless a possibility that the International Development Association could consider making loans in cases where export shortfalls endangered the implementation of a development plan. They stressed that the IBRD had not closed its consideration of the matter, but was keeping it under study. Some developed market economy countries pointed out that the increased resources available to the World Bank Group and the various measures recently adopted by it would provide, and in some instances were already providing, for an increased flow of financial resources to developing countries. By means of these measures and the lending policies of the International Development Association and the Bank, many of the purposes for which the scheme of supplementary financing was intended could be met. They noted as well that the distinction drawn between basic and supplementary finance was in some respects an artificial one.

200. The developing countries members of the Board submitted a draft declaration relating to supplementary financial measures (TD/B(X)/SC.I/L.4). It was agreed to refer this draft declaration to the President of the Board for further action.

201. At its 261st meeting, on 17 September 1970, the Board had before it a draft declaration on supplementary financial measures submitted by the President (TD/B/L.245).

202. The debate on this draft showed that it was likely to receive general support; the representative of one developed market economy country, however, stated that he could only accept the draft without its paragraph 6, which was inappropriate since the Bank had just indicated that consideration of the question should be deferred for the time being. The draft declaration was adopted by 33 votes to 1, with 10 abstentions.

Action by the Board

203. At its 261st meeting, on 17 September 1970, the Board adopted the declaration, the text of which is reproduced below: 36/

"FINANCING RELATED TO TRADE AND INVISIBLES

"Declaration on Supplementary Financial Measures

"1. The United Nations Conference on Trade and Development, at its first session, adopted recommendation A.IV.18 on supplementary financial measures, on the basis of a proposal submitted by the United Kingdom and Swedish representatives. Under this recommendation the IBRD was invited to study the feasibility of a scheme to deal with problems arising from adverse movements in developing countries' export proceeds of a nature or duration which could not adequately be dealt with by short-term balance-of-payments support.

"2. Following upon the completion of this study by the staff of the World Bank, 37/ the Trade and Development Board established an inter-governmental group to consider the issues involved. The Inter-Governmental Group submitted a report to the second session of the United Nations Conference on Trade and Development, which decided to keep the group in being, suitably expanded, for the purpose of considering and attempting to resolve certain outstanding issues. 38/

"3. The Inter-Governmental Group submitted its report to the Trade and Development Board at its ninth session. The report contained a set of conclusions intended to constitute a basis for the preparation of a discretionary scheme of supplementary financing. These conclusions are reproduced below in the attached document.

"4. In resolution 60 (IX), approved by roll-call vote with no votes against, the Trade and Development Board expressed its agreement with the above-mentioned conclusions of the Inter-Governmental Group. It invited the competent organs of the IBRD, on the basis of the conclusions of the Inter-Governmental Group, to consider working out arrangements for supplementary financing and, if appropriate, to consider introducing them.

"5. Pursuant to this invitation, the representative of the IBRD informed the Trade and Development Board orally at its tenth session that the President of the World Bank had, in a written communication to the Secretary-General of UNCTAD, 39/ indicated the Bank's intention to defer further detailed consideration of a scheme for supplementary financial

36/ For explanations of vote, see the summary record of the meeting (TD/B/SR.261).

37/ Supplementary Financial Measures - Study Prepared at the Request of the United Nations Conference on Trade and Development, the International Bank for Reconstruction and Development, December 1965. Transmitted to UNCTAD under the symbol TD/B/43.

38/ Conference resolution 30 (II).

39/ TD/B(X)/SC.I/L.2.

measures. The reason given for this decision was that for the moment there is very limited support for making contributions for the purpose of supplementary financing over and above the sums already pledged for the replenishment of IDA.

"6. The Trade and Development Board considers, however, that it is necessary for an effort to be made to work out the details of a discretionary scheme of supplementary financing that could be implemented within the World Bank group, and to assess the probable cost of such a scheme. The member countries of the World Bank would then be in a position to judge whether the additional resources required might be made available.

"7. The Trade and Development Board therefore expresses the hope that the World Bank will give further consideration to the adoption of supplementary financial measures at the earliest practicable opportunity, and that in the meantime it will pursue its efforts at working out a discretionary scheme of supplementary financing.

"8. The Trade and Development Board invites the IBRD to make available a report on this matter before the eleventh session of the Board."

"Appendix

- "I. Arrangements for supplementary finance can be designed to help meet *the problem of disruption of development arising from adverse movements in the export proceeds of developing countries.*
- "II. Supplementary financial measures should be administered within the World Bank Group in consultation with the International Monetary Fund.
- "III. In the operation of any supplementary financial measures, discretion should be left to the agency so as to ensure the best possible adaptation to the merits and needs of each case in meeting the objectives expressed in paragraph 2 of Conference decision 30 (II). It can be expected that, on the basis of the experience gained in the operation of supplementary financial measures, appropriate objective criteria will be developed so as to provide reasonable assurance of help to protect a country's development plan or programme against the effects of export shortfalls. The agency would take into account the development plan, including its targets, and all information relevant to the objectives of supplementary financial measures.
- "IV. Any understandings involved in the operation of supplementary financial measures should be no different in character from those which now arise in the relationships between the Bank and member countries.
- "V. It is the general consensus of the Group that it would be of little value merely to divert available resources from basic development finance for the purpose of supplementary financing. The cost of a discretionary scheme cannot be estimated pending the preparation of a scheme."

2. Report of the Committee on Shipping

204. In proposing that the Board take note of the report of the Committee on Shipping on its fourth session, 40/ many representatives stated that at its fourth session the Committee had achieved important results in the field of shipping and that these had been achieved in a spirit of co-operation. The representative of one developing country pointed out that the fourth session of the Committee on Shipping constituted a landmark in the history of international co-operation in shipping, demonstrating how UNCTAD could achieve fruitful results in all fields of international co-operation. He added that the right of developing countries to protect their merchant marines and their claim to gain admission for their merchant marines to liner conferences had been recognized at the session. He also drew attention to the resolutions on conference practices and on special measures relating to the least developed among the developing countries which had been adopted at that session. He pointed out, however, that developed market economy countries had not yet implemented UNCTAD resolutions on the financing of the purchase of ships by developing countries, and expressed the hope that the countries of the Organisation for Economic Co-operation and Development concerned would soon be able to reach a more precise agreement in this respect. The representative of another developing country drew attention to the important advances achieved since that session, in the form of the "Policy measures on shipping and ports for the Second United Nations Development Decade" agreed upon by the Trade and Development Board at the present session. 41/

205. The representatives of some developed market economy countries drew attention to the agreement reached on these policy measures. The representatives of several of these countries stated that their delegations had either voted against or abstained from voting on resolution 15 (IV) "Assistance to shipping" of the Committee on Shipping and that the action of the Board in taking note of the report should not be construed as their endorsement of the resolution.

206. The representative of a socialist country of Eastern Europe stated that the adoption of resolution 12 (IV) was a milestone in the work of the Committee on Shipping, as was the unanimous adoption of the report of the UNCTAD Working Group on International Shipping Legislation on its first session. The representative of another socialist country of Eastern Europe, while confirming the position of his delegation on the decisions taken by the Committee on Shipping at its fourth session, reiterated the explanations his delegation had given on various questions at that session and in particular those stated in paragraph 79 of the report on that session.

207. The representative of the Netherlands expressed his Government's wish to participate with the Nordic countries in contributing to the UNCTAD ports project and expressed the hope that Governments of other countries would follow their example. The Secretary-General of UNCTAD thanked the representative of the Netherlands.

40/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 5 (TD/B/30L).

41/ Decision 67 (X).

Action by the Board

208. The Board took note of the report of the Committee on Shipping. Some observations having been made during the debate regarding the status of the resolutions of the Committee on Shipping, the secretariat was asked to provide a legal opinion on the matter. In response to this request, the Secretary-General of UNCTAD made the following statement:

"In response to the request made in connexion with the legal questions that were raised during the consideration of the report of the Committee on Shipping on its fourth session, the secretariat would like to make the following statement, which has been prepared in consultation with the Under-Secretary-General for General Assembly Affairs and Legal Counsel of the United Nations.

"1. According to United Nations practice, decisions of subsidiary organs adopted within their terms of reference do not require the endorsement or approval by the parent body concerned unless the terms of reference of the subsidiary organ require such endorsement or approval, and unless the decision in question calls for action by the parent organ. Similarly, according to United Nations practice, the act of taking note of the report of a subsidiary organ by its parent body does not in principle imply the expression of an opinion or judgement on the report and/or on the decisions contained therein or annexed thereto; by such action the parent organ takes cognizance of the contents of the report and of the decisions of its subsidiary organ.

"2. All the resolutions adopted by the Committee on Shipping at its fourth session appear to be within the terms of reference of the Committee, as set out in Board resolution 11 (I) and decision 12 (I) of 29 April 1965, and their implementation does not require, nor depend on, further action by the Board. The Committee, in the introduction to its report, stated that it 'hopes that the Trade and Development Board will take note of this report and endorse the resolutions and other decisions adopted by the Committee'. It is for the Board to decide whether or not to take the action mentioned in the introduction to the Committee's report. However, as the effectiveness of the resolutions and decisions of the Committee does not depend on their endorsement or approval by the Board - should the Board decide not to endorse them - the resolutions and decisions of the Committee would remain legally valid, that is, their status as Committee resolutions and decisions would be unimpaired.

"I hardly need to add that the statements in explanation of votes made by delegations within the Committee in connexion with the adoption of the resolutions in question similarly stand in the record."

CHAPTER VI

PARTICULAR PROBLEMS IN THE FIELD OF TRADE AND DEVELOPMENT^{42/}

(Agenda item 14)

A. Trade promotion

209. It was pointed out that the fourth session of the Joint Advisory Group of the UNCTAD/GATT International Trade Centre was tentatively scheduled for January 1971.

Action by the Board

210. It was agreed that the report of the Joint Advisory Group of the UNCTAD/GATT International Trade Centre on its fourth session would be considered during the second part of the Board's tenth session in conjunction with the discussion of UNCTAD's programme of work in trade promotion.

B. Technical assistance activities, including training of technical and special staff in the field of export promotion and invisibles transactions

211. At the third part of its ninth session, the Board had requested an integrated assessment of the tasks confronting UNCTAD as a new operational agency responsible for United Nations technical assistance projects in the general field of international trade and invisibles. In compliance with this request, the secretariat of UNCTAD submitted to the tenth session a report entitled "Technical assistance activities of UNCTAD" (TD/B/315).

212. Most of the representatives of developed and developing countries participating in the debate welcomed this report and expressed satisfaction with the work accomplished during the initial stage covered by the report. The representative of one developed market economy country, on the other hand, expressed reservations about the too extensive scope of the activities developed as described in the report.

213. The Board noted the main areas of activity which had been developed within the UNCTAD general field of competence and several representatives from all groups stressed the particular importance of training and the priority which they attached to export promotion and trade expansion and integration among developing countries.

214. Numerous references were made by representatives from all groups to the importance of the work of the International Trade Centre, whose activities in the field of export promotion were highly praised by representatives of both developed and developing countries. The representative of the Secretary-General

^{42/} This item was referred to a sessional committee for consideration and report.

of UNCTAD indicated that all projects in the field of export promotion assigned by UNDP to UNCTAD for execution were implemented through the International Trade Centre under the joint guidance of UNCTAD and GATT. The two parent bodies of the Centre were also fully agreed that its activities should be limited to export promotion, and should not embrace the field of trade or commercial policy.

215. Several representatives of developed market economy countries expressed concern about the possible duplication of UNCTAD activities in the field of trade policy with those of other international organizations. The representative of the Secretary-General of UNCTAD indicated that the great majority of the projects in this field contained in the UNCTAD programme were training projects, which included the GATT commercial policy courses and other training courses on a regional basis. For some of these GATT also assumed either total or partial substantive responsibility. The representative of a socialist country of Eastern Europe said that GATT, by reason of its character, could not deal so broadly with problems of technical assistance in the field of trade policy as UNCTAD could, and considered it necessary for the secretariat of UNCTAD, in consultation with the interested countries, to study the possibility of the organization of such courses by UNCTAD. He added that UNCTAD should adhere to the principle of equitable geographical distribution when recruiting specialists for UNCTAD technical assistance projects. The representative of the secretariat indicated that concern with this question was shared by the whole United Nations system and that the UNCTAD secretariat would certainly keep it in mind.

216. Still with respect to the programme in the field of trade policy, the representative of the Secretary-General of UNCTAD also indicated, in reply to a question by the representative of a developed market economy country that advisory services by experts in the field of trade policy were either of a technical nature or consisted of presenting to the requesting Governments the elements of analysis necessary for them to take their decisions; in accordance with general United Nations policy those services did not aim at advocating any specific policy.

217. At the request of a representative speaking on behalf of some developed market economy countries the representative of GATT gave a review of the work of that organization in the field of technical assistance.

218. Several representatives from different groups referred to the importance of disseminating information about the nature of the technical assistance projects which might be developed in the fields of competence of UNCTAD, in particular in connexion with the preparation of country programmes under the new UNDP programming procedures; one representative suggested in this respect that the Secretary-General of UNCTAD prepare models of such projects for submission to Governments through the UNDP resident representatives; others suggested that information about actual projects should be made broadly available. The need for co-ordinating UNCTAD technical assistance activities with those of other United Nations bodies and organizations and in particular the regional commissions and their specialized bodies and the United Nations Economic and Social Office in Beirut, non-United Nations agencies and bilateral aid programmes was also stressed by representatives of all groups. In explaining UNCTAD's role in the new UNDP programme, the representative of the Secretary-General of UNCTAD stressed that the organization's work was co-ordinated by the UNDP resident representatives, who also acted as the secretariat's agents in the field of UNCTAD technical assistance activities. He emphasized that UNCTAD's efforts were therefore an integral part of the total UNDP programme and assured the representatives that projects were co-ordinated with those of other international organizations and bilateral aid programmes.

219. As regards administrative support for the UNCTAD technical assistance programme, several representatives of all groups indicated that it should reflect the most effective assistance from the point of view of the receiving countries, and expressed confidence that the best possible solution would be worked out at the appropriate stage by all concerned on the basis of the experience gained.

220. The representative of one developed market economy country queried the budgetary implications of the expansion of technical assistance activities and expressed concern regarding the budgetary effect of the transfer from New York to Geneva of certain administrative functions. The representative of the Secretary-General of UNCTAD stated that an increase in such activities would undoubtedly call for an increase in the personnel resources required to carry them out properly. In this regard, it was important to keep in mind, however, that overheads for technical assistance projects executed under the UNCTAD programme accrued as a revenue to the United Nations budget, and that the UNCTAD secretariat was expected, in accordance with established United Nations practice, to include in the UNCTAD part of the United Nations regular budget any additional funds required for this purpose.

221. The representative of one developed market economy country stressed the advisability of seconding UNCTAD secretariat staff to technical assistance assignments of medium- and long-term duration for UNCTAD technical assistance projects. The representative of the Secretary-General of UNCTAD mentioned that the secretariat was very much aware of the advisability of providing its staff with field experience.

222. Several representatives of different groups expressed concern over the reduction in the resources applied to projects in the field of international trade and invisibles under the United Nations Regular Programme for Technical Co-operation, and expressed the hope that a solution would be found to give to this field a share more consonant with the importance attributed by Governments to this sector of activity.

223. Many representatives from all groups indicated that progress reports on the UNCTAD technical assistance programme should be submitted annually to the Board. In this respect, several representatives expressed a desire for a more detailed assessment and appraisal of the programme, especially of that part which was not reported separately to the Joint Advisory Committee of the UNCTAD/GATT International Trade Centre. The representative of the Secretary-General of UNCTAD replied that the secretariat would be pleased to supply such an annual report and would consider regular critical evaluation of the UNCTAD technical assistance programme.

224. The President of the Board submitted a draft decision (TD/B/L.249) on this sub-item at the Board's 263rd meeting, on 18 September 1970. The representatives of several developing countries emphasized the importance they attached to technical assistance and expressed the hope that UNCTAD would become more operational in that field, so as to help the least developed countries especially. One of those representatives expressed a wish for broader geographical distribution of UNCTAD's technical assistance.

225. The representatives of developed market-economy countries likewise recognized the importance of technical assistance for the developing countries and said they were prepared to support the President's proposal. They believed that UNCTAD had a part to play within the framework of the United Nations Development Programme (UNDP).

226. The representatives of the socialist countries of Eastern Europe supported the President's proposal, and emphasized the importance they attached to technical assistance for the developing countries.

Action by the Board

227. At its 263rd meeting, on 18 September 1970, the Board adopted the draft decision submitted by the President. 43/

228. The representative of Jamaica said that as he understood it the Board, in adopting that decision, was also endorsing the guidelines laid down by the Board during the third part of its ninth session, namely, that UNCTAD's technical assistance activities should provide developing countries with every opportunity of expanding their training programmes and broadening their own experience, and that more experts from developing countries should be recruited to work on UNCTAD projects in that field.

C. Progressive development of the law of international trade: report of the United Nations Commission on International Trade Law on the work of its third session

229. In accordance with General Assembly resolution 2205 (XXI), the Board had before it the report of the United Nations Commission on International Trade Law (UNCITRAL) on the work of its third session. 44/ The General Assembly resolution provided that any comments or recommendations which the Board might wish to make on the report, including suggestions on topics for inclusion in the work of the Commission, should be transmitted to the General Assembly in accordance with the relevant provision of Assembly resolution 1995 (XIX). The report of UNCITRAL included an account of the action taken in respect of its work on international shipping legislation and the co-ordination of this work with the related activities of UNCTAD.

230. The representative of a developing country expressed satisfaction with the work done by UNCITRAL at its third session, held in New York in April 1970, and welcomed its work programme on the subjects of international sale of goods; international payments and international commercial arbitration. In particular he welcomed the approach approved by UNCITRAL to take up consideration of articles 1 to 7 of the Uniform Law on International Sale of Goods on a systematic and thorough basis.

231. On the subject of international shipping legislation, he stressed the need for co-ordination of the efforts of the working groups of UNCTAD and UNCITRAL and welcomed the procedure evolved at the third session of UNCITRAL whereby the Chairman of its Working Group would attend the meetings of the UNCTAD Working Group on the subject. This was in line with the Board's recommendation at the first part of its ninth session that there should be continued close co-operation between UNCTAD and UNCITRAL in the field of international legislation on shipping

43/ For the text as adopted, see annex I below, decision 72 (X).

44/ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 17 (A/8017).

He suggested that the member Governments of the UNCITRAL Working Group could simultaneously undertake the preliminary work of collecting information on the items included in the work programme of the UNCTAD Working Group and make preliminary studies of existing conventions and other regulations on the subjects, taking into account the work done by other bodies in those fields, so that as and when the UNCTAD Working Group was able to make its recommendations, the UNCITRAL Working Group could, without any loss of time, apply itself to the task of drafting the requisite legislation.

Action by the Board

232. The Board took note with appreciation of the report of the United Nations Commission on International Trade Law on the work of its third session, taking note also of the comments made thereon in the course of the debate.

D. Transfer of technology, including know-how and patents^{45/}

233. The discussion on this agenda item was opened by a representative of the Secretary-General of UNCTAD. He introduced the documentation prepared in pursuance of Board resolution 62 (IX) consisting of "Elements of a programme of work for UNCTAD" (TD/B/310 and Corr.1) which contained an outline of a possible programme of work for UNCTAD in the field of transfer of technology to developing countries. The secretariat had also prepared for the convenience of delegations a document (TD/B/L.224 and Corr.1 and Add.1) which reproduced, in chronological order, the texts of resolutions, decisions and recommendations approved by the Conference, the Board, a Committee and the Economic and Social Council relating to this subject, as well as the texts of relevant resolutions, extracts from reports, statements and records.

234. He explained that the study concluded that there were four main areas which were central to the proposed work programme for UNCTAD. These were:

- (a) Main channels used in the transfer of technology;
- (b) Costs of the transfer;
- (c) Access to technology;
- (d) Trade and the transfer of technology.

In two other areas UNCTAD might participate in activities initiated by other organizations, such as substitution of domestic for imported technology, and choice of technology.

235. As specified in resolution 62 (IX), the Secretary-General of UNCTAD had also undertaken informal consultations with representatives of groups on the basis of the secretariat study with a view to facilitating action by the Board at its tenth session.

^{45/} Statements on this item were also made in the course of the debate on item 6 (see chapter I above).

236. At a later stage in the debate it was pointed out by a representative of the Secretary-General that, as requested in Board resolution 62 (IX), the work programme had been elaborated after appropriate consultations with the organizations of the United Nations system and other organizations concerned (the Department of Economic and Social Affairs of the United Nations Secretariat, the United International Bureaux for the Protection of Intellectual Property, the Economic Development Institute of the International Bank for Reconstruction and Development, FAO, the ILO, the Organization of American States, the Organisation for Economic Co-operation and Development, UNESCO, UNIDO, UNITAR and WHO). An attempt had been made to ensure that there would not be any unnecessary duplication of work, particularly in various sectors in which functional organizations within the United Nations system and other bodies were active.

237. There was an extensive discussion in the course of which many representatives expressed their views on a number of issues - the role of technology transfer in economic development, the obstacles to absorption and utilization of technology in the developing countries, the activities of their Governments to reduce these obstacles and facilitate the transfer of technology, the terms of reference and activities of other international organizations responsible for the transfer of technology, the proposals for a possible work programme for UNCTAD in this field, whether such a work programme might call for new institutional machinery and, if so, the type of institutional machinery that might be established.

238. The representative of a developing country, speaking on behalf of the developing countries members of the Board, emphasized that development rested on three pillars - trade, finance and technology. While considerable work was being done on the removal of barriers to trade and raising the levels and improving the terms of international financial transfers, they were dissatisfied to note that, despite discussions stretching over several years within UNCTAD and other international bodies, relatively little has been accomplished so far to reduce the relative cost of the transfer of technology to developing countries and to improve their access to technology. He stated that, if the objectives of the Second Development Decade were to be attained, it was obvious that a much larger flow of technology would be needed; and major improvements in the terms of its transfer would be plainly necessary. Unless these issues were effectively dealt with, the technological gap between the developing and the developed countries, which was even wider than the income gap between them, would continue to widen.

239. Several representatives of developing countries drew attention to the past discussions on the subject summarized in document TD/B/L.224. They were gratified to note that the importance of the transfer of technology in accelerating the rate of development of their countries was now universally recognized. The high priority attached to these discussions underlined the very widespread desire to take effective steps as soon as possible. With the importance of the transfer of technology now being fully recognized, the stage was clearly set, according to these representatives, for deciding the precise areas of work within UNCTAD and establishing appropriate institutional machinery to review and direct the implementation of this work programme.

240. The representatives of the developing countries welcomed in general the secretariat's proposals for a possible work programme for UNCTAD contained in TD/B/310. These, in their view, constituted a useful basis for discussion of the main issues. Several representatives expressed their satisfaction at the way in

which, after appropriate discussions with the various bodies dealing with the subject, the secretariat had suggested the delineation in such a manner that some would constitute the core of UNCTAD's work, and as regards others UNCTAD would supplement the efforts made elsewhere.

241. In the course of their discussion of the work programme, representatives of individual developing countries stressed one or the other point in the outline of the work programme proposed by the secretariat. Some of them also emphasized various other issues. One representative felt that great care and caution needed to be exercised in adapting to the resource endowments of the developing countries the technologies which were evolved in the developed countries with a significantly different resource composition. Several representatives were particularly concerned with the strategic importance of training of national cadres with a view to strengthening national technological capability so as to enable them to choose, adapt, diffuse and innovate appropriate technologies. In this connexion, the representatives of two developing countries felt that the positive results of such training would be frustrated unless effective measures were taken to stem and reverse the flow of trained talent from the developing to the developed countries (the "brain drain").

242. In the view of several representatives of developing countries, a real strengthening of the bargaining position of the developing countries was extremely important if the inequities involved in various transfer agreements were to be reduced and the outward flow of resources from the developing to the developed countries was to be controlled so as to improve the foreign exchange position of the developing countries. Various representatives of developing countries attached great significance to evolving a comprehensive approach which would take into account right from the beginning the differences in the levels of development, and consequently in the nature of technological requirements, among the developing countries.

243. The representative of one developing country said that the Board was faced with two questions: what was to be done and how it was to be done. The representatives of some developing countries recalled the long history of discussions on the subject since the first Conference and continued delays in effective action. They hoped that none of the points already settled earlier would now be re-opened.

244. A draft resolution (TD/B(X)/SC.I/L.1) was submitted by Afghanistan, Algeria, Brazil, Chad, Chile, Colombia, Costa Rica, Ghana, Guatemala, India, Indonesia, Iran, Iraq, the Ivory Coast, Jamaica, Madagascar, Malaysia, Mali, Mexico, Nigeria, Pakistan, Peru, the Philippines, Rwanda, Senegal, Syria, Tunisia, Uganda, Venezuela and Yugoslavia. It proposed the establishment of a main committee on transfer of technology comprising all members of UNCTAD, and set down its terms of reference, indicating its functions and the main areas of its activities, which were to be carried out keeping in mind the interests of the least developed among the developing countries.

245. In introducing the draft resolution, the sponsors emphasized the importance of multilateral action at an international level because the imperfections in the market for technology were even greater than in the case of other products. Particularly relevant in this connexion was the attention now being paid to appropriate science and technology policies within intergovernmental organizations of the developed countries themselves, e.g., the Organisation for Economic

Co-operation and Development and the Council for Mutual Economic Assistance. It was being recognized that the favourable effects of tariff reductions attained in the recent negotiations could be vitiated through technological policies which prevented an adequate sharing of technological progress among developed countries. If this was the case for the developed countries, the relevance of evolving adequate policies for transfer of technology to the developing countries was all the greater. Several representatives referred to protracted discussions within UNCTAD, the Economic and Social Council, the United Nations Advisory Committee on the Application of Science and Technology to Development, the Administrative Committee on Co-ordination, the Preparatory Committee for the Second United Nations Development Decade and the General Assembly, and hoped for decisive action at this session of the Board.

246. Drawing attention to the discussions within the Economic and Social Council, representatives of developing countries pointed out that in its resolution 1454 (XLVII) the Council had recognized that none of the existing United Nations bodies dealt exclusively with the specific question of the transfer of technology, and that UNCTAD was competent to create any new institutional machinery to deal with those aspects of the transfer which fell within its competence. More recently in its resolution 1544 (XLIX), the Council had given the "highest importance to the strengthening of activities, including the elimination of any prevailing institutional gaps", of the bodies within the United Nations system dealing with science and technology. The need for creating permanent institutional machinery within UNCTAD to deal with the transfer of technology was further strengthened by the agreement reached at the sixth session of the Preparatory Committee for the Second United Nations Development Decade concerning the implementation of a programme which included various measures for the promotion of transfer of technology to developing countries (A/7982, para. 61), and by the General Assembly's Declaration on Social Progress and Development (resolution 2542 (XXIV) calling for national and international action in this field.

247. Several representatives of developing countries referred to the recommendations of the Advisory Committee on the Application of Science and Technology to Development acting as a group of internationally well-known independent experts. At its thirteenth session, the Advisory Committee had recommended that the main efforts of UNCTAD in this matter should be directed towards promoting access to foreign technology, reducing the cost of such technology, and to alleviating any restrictive conditions under licensing arrangements which may hamper the expansion of industries and exports of the developing countries.

248. In the light of these facts, it was concluded by several representatives of developing countries that the international discussions on the subject had marked a real advance over the years; the importance of the transfer of technology had been universally recognized; areas of further work in UNCTAD had been identified by internationally well-known experts; the existence of institutional gaps had been unanimously accepted by intergovernmental bodies; the highest priority had been attached to filling these gaps; and the competence of UNCTAD to establish institutional machinery to deal with those areas of the transfer of technology that fall within its competence had also been recognized. The stage was thus set for decisive action by UNCTAD. These representatives underlined that the establishment of a main Committee within UNCTAD would fill a major gap in the institutional machinery within the United Nations system. Rather than duplicate work already under way, it would in fact initiate an effective approach through intergovernmental consultations to resolving the major problems outlined in the draft strategy for international development.

249. The statements summarized in the following three paragraphs were made at the opening of the debate, before the secretariat's second statement reported in paragraph 236 and the introduction of the draft resolution noted in paragraph 244 above.

250. The representative of a developed market economy country emphasized the importance his Government attached to the transfer of technology to the developing countries and outlined its bilateral assistance programme in this field. He noted that many international organizations, in the United Nations system and outside it, were responsible for different facets of the transfer of technology, and drew particular attention to the activities of FAO and UNIDO, and to the increasing role of the United International Bureaux for the Protection of Intellectual Property under the Patent Co-operation Treaty. In the view of his Government, the United Nations system's approach to the problem should be an orderly one, in which each organization was assigned a specific role, and the whole co-ordinated by a body at the level of the Economic and Social Council or the General Assembly. He suggested that debate be directed at four subjects: a definition of operative technology; the identification of specific examples to substantiate or contradict the generalities in the secretariat's paper; a discussion of future work; and a discussion of how further intergovernmental consideration of further work might be organized.

251. The representative of a developed market economy country welcomed the report of the secretariat as an important and useful contribution which itself indicated that further studies in this field - including sectoral studies - were necessary. He said that transfer of technology was not new to UNCTAD, as the existing committees had already taken up some aspects of it. Referring to Economic and Social Council resolution 1544 (XLIX) he pointed out that the international discussion on the place and role of any intergovernmental machinery was still going on. UNCTAD should not prejudge this discussion. His delegation could not therefore agree to a permanent main committee being set up. It favoured, however, a temporary machinery which should define UNCTAD's role in the transfer of technology, be it a sessional committee of the Board or an ad hoc intergovernmental group of governmental experts in technology. Thus the way could be paved for a final decision by the Board.

252. The representative of a developed market economy country stressed that the secretariat's study clearly illustrated first, the existence of a problem and, secondly, its complexity. The transfer of technology was effected through private enterprises, whether by means of investments or by means of patents. As a consequence the transfer of technology took a great variety of forms. The secretariat's document mentioned some of these but recognized that additional studies would be needed. Hence, the first step should be to continue in greater detail the identification of the available basic data. On the other hand, he stated that one could not infer that the international community, and specifically UNCTAD, should intervene in this field, for while other international bodies, each within its own field, were competent to assist the developing countries in utilizing existing machinery in respect of the transfer of technology, none of them had as yet taken any steps to change the machinery in favour of the Third World. That being so, he was not sure that it would be possible to define adequate and practical corrective measures. Accordingly, he considered that no decision should be taken that would commit the future; in that connexion, he said the establishment of a permanent committee seemed to be premature, though he thought that it ought to be possible to agree on the appointment of a group of governmental experts.

253. Most representatives of developed market economy countries considered that the subject was a very complex one. Much more needed to be known about it before decisions could be reached. Many organizations and bodies (for instance, the Economic and Social Council, FAO, UNIDO, United International Bureaux for the Protection of Intellectual Property, etc.) were involved in handling problems connected with the transfer of technology. A clearer understanding of the scope of their work was plainly needed in order to define more precisely the areas of work for UNCTAD. In the circumstances, most of them considered that the secretariat proposals for a possible programme of work for UNCTAD could be treated only as a starting point of discussion. They needed to be examined closely in order to make sure that there was no serious duplication of effort, and that the available resources were utilized most efficiently.

254. Because the work on transfer of technology was spread over a number of organizations, several representatives of developed market economy countries stressed that their efforts needed to be co-ordinated centrally. Such co-ordination, it was felt, could be attained most effectively either at the level of the Economic and Social Council or the General Assembly, or both.

255. The representative of one developed market economy country questioned the assumption in the secretariat paper that technology transfers were not being made at the desired rate because of inadequate international organization. He requested from the developing countries examples of specific instances when funds were available and yet the needed technology could not be obtained. In essence, he considered that the technology gap was a reflection of the development and investment gaps and that the technology problem was a problem of the availability of investment funds rather than the problem of access to technology in situations when investment funds were available. He suggested that existing UNCTAD structures be used to initiate the work programme suggested in document TD/B/310, and specifically that the Committee on Invisibles and Financing related to Trade and the Committee on Manufactures be invited to do preparatory work based on paragraphs of the Study which touched on their areas of competence.

256. The representative of Spain endorsed the draft resolution sponsored by the developing countries (TD/B(X)/SC.I/L.1), thus implying general support for the work programme proposed in the draft resolution.

257. Some representatives of developed market economy countries expressed serious reservations about some of the proposals, and others indicated other areas, including legal aspects, which needed to be explored. Two of them doubted whether much could be gained by studying costs of, and channels for, the transfer of technology. Several representatives of these countries felt that a further elaboration of the work programme, either by the secretariat itself or through its examination by an expert group, as well as a study of work being done elsewhere could help the Board in arriving at a clearer definition of the appropriate role of UNCTAD in this field. Some of these representatives noted in this connexion the need to identify a working programme in such a way that especially the opportunities and experience which UNCTAD could provide could be effectively utilized.

258. The representatives of two developed market economy countries felt that the nature of the obstacles faced by the developing countries in obtaining access to modern technology was not defined with sufficient clarity. Some of the problems were rather academic or theoretical and did not deal with such practical problems as improving managerial skills, broadening the training of technicians and in

general encouraging human resource development. Another representative advocated a step by step approach, beginning with concentration on a limited number of selected issues.

259. The representatives of two developed market economy countries drew attention to the global character of the problems faced in the transfer of technology which were not restricted to the exchange between the developed and the developing countries, but which were also relevant in the transfer of technology among the developed countries themselves. They emphasized that a universal organization such as UNCTAD should examine the problem of transfer of technology against a broader context, including that of transfer among the developed countries.

260. Several representatives of developed market economy countries which were net importers of technology agreed that the problems involved in the transfer of technology were universal. They felt that much more needed to be known concerning the optimal level of expenditure on research and development, the acceleration of the application of known inventions and innovations, the widespread dissemination of available technological information and bringing about the much needed improvements in managerial techniques and training of personnel. The problems were of such importance, they emphasized, that it would be improper merely to mark time. Because a much larger flow of technology would be needed in the years to come, it would be important to take some positive steps in UNCTAD to give satisfaction to the expressed aspirations of the developing countries.

261. The views of the representatives of the developed market economy countries concerning the establishment of a main committee within UNCTAD to deal with transfer of technology as proposed in the draft resolution by the developing countries varied to some extent. The representative of Spain fully supported the draft resolution and the representative of Italy implied support for the general concept of the draft resolution. The representative of another developed market economy country, on the other hand, felt that a massive transfer of technology was already going on; and since other organizations were active in this field, and since the national policies of the developing countries played a paramount role, he doubted whether any serious advantage was to be gained by involving UNCTAD in major work in this field. Several other representatives said they were open to giving full consideration to various possible alternatives, though there was in general a feeling that it would seem premature to establish a main committee within UNCTAD at this stage.

262. Most of the representatives of the developed market economy countries who participated in the discussion said they were reluctant to envisage the establishment of a main committee to deal with the transfer of technology for various reasons. Some said that there was neither a need nor a case for establishing a main committee, others suggested that there were perhaps other more efficient ways of achieving the main objectives underlying the draft resolution (TD/B(X)/SC.I/L.1). Several representatives stressed that a thorough analysis of the possible role of UNCTAD in this field was needed, that duplication ought to be avoided and that the competence of other bodies acting in the field should not be prejudged. It was also emphasized that the function of co-ordinating the various activities in the field of the transfer of technology belonged to a central body, such as the Economic and Social Council or the General Assembly, rather than to UNCTAD.

263. There was general support among the representatives of the developed market economy countries for the suggestion that the secretariat should undertake further work in this field. Some of them felt that the scope of further work could be usefully discussed by convening an expert group. Two representatives suggested

that the work of UNCTAD in this field could be carried out through the existing machinery. There were also alternative suggestions for the appointment of a sessional committee of the Board, an ad hoc intergovernmental group or an intergovernmental group.

264. The representatives of the socialist countries of Eastern Europe expressed their appreciation of the reasons why the developing countries attached priority to work within UNCTAD on the question of the transfer of technology. They described efforts of their Governments in helping the developing countries to gain adequate access to modern technology on reasonable terms through economic co-operation agreements and other forms of aid.

265. The representative of one of these countries specifically stressed the importance of improving access to technology, as evidenced by his own country's experience of rapid development, and expressed willingness to co-operate with the developing countries as far as possible. Another drew attention to the importance of training national experts in order to achieve rapid rates of growth, though he felt that this was obviously outside the competence of UNCTAD. Yet another representative stressed that the problem of the "brain drain" constituting a negative aspect of transfer of technology should be one of the elements of any programme of work of UNCTAD in this field. Several of these representatives, however, felt that the work programme outlined in document TD/B/310 was very ambitious and would cover areas which were primarily the concern of other organizations, particularly UNIDO and the regional economic commissions.

266. The representatives of the socialist countries of Eastern Europe stressed the universal character of the problems connected with the transfer of technology and thus concerning all countries aiming at economic and social development.

267. The representatives of the socialist countries of Eastern Europe generally favoured the continuation of work at the secretariat level, bearing in mind the importance of avoiding duplication. In this connexion, it was pointed out by one delegation that the United Nations activities in the area of science and technology at present lacked co-ordination and that it was necessary first and foremost to identify the scientific and technological problems facing the United Nations family in their entirety and pinpoint their priorities, choose the principal organs responsible for their solution and establish a system of co-ordination. It was emphasized that until now the Economic and Social Council had not as yet reached a unanimous agreement as to the role of the intergovernmental machinery and arrangements for co-ordination. It was stressed by one of these representatives that UNCTAD should attempt to supplement some of the work being done by UNIDO in this field.

268. Any radical change in the institutional machinery of UNCTAD was considered premature by most of the representatives of the socialist countries of Eastern Europe. It was also pointed out that many requirements of developing countries with respect to the technological expertise, establishment of educational facilities, research agencies and training of national personnel might be satisfied within the framework of the existing United Nations technical assistance system as well as UNIDO. The opinion was expressed by one representative that UNCTAD made little use of the existing bodies in the sphere of transfer of technology. Several of the socialist countries of Eastern Europe emphasized the need for co-ordination of the work of the various organizations within the United Nations system, and felt that such co-ordination could be most effectively carried

out by a central body such as the Economic and Social Council or the General Assembly. They considered that no precipitate action should be taken in UNCTAD before decisions were reached in one of these bodies. Referring to the possible work programme of UNCTAD in the sphere of transfer of technology set out in the secretariat's report (TD/B/310, p. 29), the representatives of these countries expressed the opinion that it was advisable to limit this programme to the first four items and in the studies thereof to concentrate only on those aspects which actually fell within the scope of UNCTAD authority as well as on the problems of removing those obstacles which were to be found in the existing commercial practice of transfer of technology, know-how and patents to developing countries.

269. Voicing no objection in principle to UNCTAD's taking organizational measures with regard to those aspects of transfer of technology which fall within its competence, the representative of one socialist country of Eastern Europe said that the terms of reference suggested in the draft resolution (TD/B/(X)/SC.I/L.1) were too broad and exceeded the scope of General Assembly resolution 1995 (XIX). The creation of another main committee open to all members of UNCTAD would, in his opinion impose a serious burden on the heavy calendar of UNCTAD meetings and involve heavy cost. The representative of another socialist country stressed, on the other hand, that the work on the transfer of technology was of such importance that UNCTAD could not remain aside and that appropriate means needed to be devised to ensure its adequate participation in this work.

270. The representative of a developed market economy country noted that there was agreement on the importance of technology to developing countries, though not on the proposition that its transfer was a single well-defined subject in itself. It seemed to be agreed, also, that this was a complex subject: the transfer of technology was going on all the time, chiefly bilaterally, and a large number of international organizations were engaged in the subject in a practical way. Even those representatives who questioned the need for a committee were ready to encourage further examination of the subject.

271. This representative suggested that a practical approach should be adopted. The right kinds of know-how must be chosen to suit a given situation and the ground for its application must be properly prepared. The role of commercially available technology should not be over-stressed: innovation based on freely available earlier generation knowledge might be more important. As to commercial transfers, licensing procedures stimulated technological advance and the patent system encouraged publication of inventions. If developing countries wanted access to technology on favourable terms, they could re-arrange their aid priorities in this sense.

272. As to the secretariat report, the representative had serious doubts about the subjects suggested for work in UNCTAD, citing as examples the proposed study of costs and of channels used in transfer of technology. It was questionable whether such analysis could lead to practical results. In this representative's opinion, it would be at the least premature, and probably ill-advised, to set up a committee of all members of UNCTAD. Much more specific information was needed before, not after, creation of costly machinery. This could be sought under the direction of existing UNCTAD committees.

273. The representative of a developed market economy country noted that neither the secretariat paper nor the debate thus far had described the major obstacles to technology transfer within developing countries. He criticized the secretariat's

paper for not placing a possible role for UNCTAD in the context of current international efforts to promote technology transfer. As a result, he said, some speakers had tended to confuse the potential role of UNCTAD with responsibilities, such as the co-ordination of institutional efforts which were clearly within the competence of other organizations. The secretariat paper had also failed to mention in any detail the extensive work being done in UNCTAD related to technology transfer. Such work was now proceeding in each of the four main committees. For instance, in the Committee on Manufactures the work on restrictive business practices covered many of the problems identified in document TD/B/310. He then summarized the position of his Government. It strongly favoured the transfer of technology, and had undertaken a broad range of programmes to facilitate this transfer. Any consideration of further work by UNCTAD in this field should be based on a thorough understanding of the terms of reference and activities of other organizations. The Board did not have this knowledge. Until the General Assembly or the Economic and Social Council had decided on the organization of future work on science and technology in the United Nations system, the establishment of new permanent machinery by UNCTAD was premature. In the view of his delegation, the Board's debate had failed to make a convincing case for the establishment of new institutional machinery.

274. The representative of one developed market economy country asked the secretariat a series of questions concerning: the basis of selection of organizations for consultation; the assessment of their future work on transfer of technology; the significance attached to known views of various Governments concerning further development of institutional machinery within the United Nations system; the co-ordination of work on this subject within UNCTAD; the relative significance of market mechanism; and the public sectors in the transfer of technology. The representative of another developed market economy country asked the secretariat for an elucidation of the terms used at various points, such as "reasonable terms of transfer", types of technologies to be studied, the sense in which "access" to technology was used and the apparent overlap with the work of the Committee on Manufactures.

275. In addition to the replies from the secretariat to these questions, the Secretary-General of UNCTAD emphasized the importance he attached to avoiding duplication and unnecessary overlapping of work in this field in various organizations within the United Nations system and other bodies concerned with the transfer of technology. He reassured the representatives that further activities of the various subsidiary organs of UNCTAD which had direct relevance to the questions of transfer of technology would be internally co-ordinated within the secretariat.

276. The representative of one developed market economy country wondered whether technology could be considered a separate and isolated phenomenon and wanted further elaboration of the precise nature of obstacles and difficulties faced by the developing countries in obtaining all the technology they needed. He proposed that various Governments be invited to describe the problems they faced in written notifications to UNCTAD on this subject. The representative of another developed market economy country supported the proposal that developing countries provide specific examples of the problems they faced, and noted that his delegation had made a similar proposal at the beginning of the debate.

277. The representative of another developed market economy country further elaborated the position of his Government regarding the establishment of

institutional machinery. Various questions which had been raised in the discussion suggested that it was necessary to place them before experts for a close evaluation. His Government was, therefore, in favour of establishing some form of permanent institutional machinery and requested that the body to be established should work out a programme of work at its first meeting on the basis of reports and discussions on the subject. The representative of yet another developed market economy country also emphasized the importance of taking some action and supported the creation of a body within UNCTAD, which would guide the work of the secretariat in this field; such a body should reflect within it government representation and technical competence.

278. Representatives of several developing countries said that the comprehensive nature of the discussion and the wide range of questions raised during it reflected the importance attached to work on the subject, which could be effectively carried out only through the establishment of a main committee. One of them recalled the objections raised earlier to the creation of the Committee on Shipping, and reminded the representatives of the extremely constructive work which had followed the establishment of that Committee. He expected a parallel course of development from the establishment of a main Committee on Transfer of Technology. Another thought that the nature and the size of the problems facing the developing countries in securing an adequate transfer of technology would be obvious if it were recalled that the task involved was that of surmounting the very obstacles inherent in under-development through the closing of the vast technological gap between the developed and the developing countries. The need for the establishment of permanent machinery directly followed from the immensity of this task, and from the urgency of evolving adequate policies at the national and international level based on a thorough exploration of the problems involved.

279. A draft resolution was submitted by Belgium, New Zealand and the United States of America (TD/B(X)/SC.I/L.3). It provided for further studies of the role of other organizations and of the specific problems of the developing countries, which could be submitted to the Board at its eleventh session.

280. After informal consultations carried out under the chairmanship of the Secretary-General of UNCTAD, a draft resolution (TD/B(X)/SC.I/L.11) embodying the agreement of those participating in the consultations was submitted by the Secretary-General. The draft resolution defined the specific role of UNCTAD on a continuing basis in the field of transfer of technology, proposed the establishment of the Intergovernmental Group on Transfer of Technology composed of forty-five members, and set down the terms of reference and the major areas of activities of the group.

281. The Secretary-General of UNCTAD drew attention to the financial implications of the draft resolution (TD/B(X)/SC.I/L.1/Add.1) and explained that since the Intergovernmental Group on Transfer of Technology would not require summary records, the cost of servicing the Group would be lower by \$22,000 than that of servicing the meetings of a main committee.

282. The representatives of several developed market economy countries suggested that, as the Intergovernmental Group was temporary, they did not believe it appropriate or fair to engage additional permanent personnel. They suggested that extensive use be made of consultants. Furthermore, some suggested that as the

Board clearly attached great importance to the subject of technology transfer, the necessary resources could be found by drawing on those now assigned to projects of lower priority. One representative suggested a brief amendment to this effect. Various other specific suggestions were made by developed market economy countries including:

- (a) Transferring personnel or positions from existing divisions;
- (b) Borrowing personnel from other United Nations agencies;
- (c) Reducing documentation in other subsidiary bodies of UNCTAD;
- (d) Allocating meetings from working groups and study groups to the Intergovernmental Group on Transfer of Technology.

283. The representatives of some developing countries considered that the argument that the Intergovernmental Group would not require permanent personnel was irrelevant as it was recognized that UNCTAD had a continuous role to play in the field of transfer of technology, irrespective of the institutional machinery that was proposed to be established. They felt that the suggestion to employ consultants, though a good one, should be left to the discretion of the Secretary-General. They felt that the suggestion made for shifting or borrowing personnel from other United Nations agencies might not in practice prove to be efficient and that such an expedient could be only of a temporary nature. The size of the documentation would depend upon the nature of the work programme and there could not be rigid criteria for limiting the size. These representatives considered that, taking into account the additional work relating to the transfer of technology, it would be inevitable that the Secretary-General of UNCTAD would require additional resources. They felt that he would no doubt take into account the need to keep the expenditure as low as possible. In the view of these representatives, the amendment suggested by one developed market economy country to paragraph 8 was not acceptable since it would not be proper to set a ceiling on the number of staff to be employed by the UNCTAD secretariat.

284. The Secretary-General of UNCTAD said he appreciated the concern of various delegations with regard to financial implications. In this connexion, he drew attention to the fact that, although the workload of UNCTAD had expanded considerably since 1969, the staff resources had remained more or less unchanged. The expansion in UNCTAD's work had thus been absorbed through a redeployment of existing staff resources and through their more effective utilization. Since the work on transfer of technology was a new activity, there was obviously a need for a nucleus which could effectively service the Group and prepare adequate documentation for its consideration of the complex issues involved. He assured the representatives that the observations made concerning financial implications would be taken fully into account.

285. It was suggested by several representatives that the election of members of the Intergovernmental Group should take place during the second part of the Board's tenth session.

286. The draft resolution submitted by the Secretary-General of UNCTAD (TD/B(X)/SC.I/L.11) was considered by the Board at its 263rd meeting, on 18 September 1970. During the discussion, the representatives of some developed

market economy countries raised the question of the financial implications of the draft resolution. In reply, the Secretary-General of UNCTAD stated that the secretariat would do everything in its power to limit as much as possible the expenditure resulting from the adoption of the draft resolution.

Action by the Board

287. At its 263rd meeting, on 18 September 1970, the Board adopted the draft resolution submitted by the Secretary-General of UNCTAD. 46/

288. The representative of the United States of America said that he was obliged to enter a reservation with regard to the expenditure incurred by the adoption of the resolution, although he was prepared to review the situation - and, if appropriate, his delegation's reservation - in the light of the conclusions of the report which the Secretary-General of UNCTAD would submit to the Board at the second part of its tenth session on possible financial economies with a view to absorbing in the 1971 budget the amount stated in the secretariat's note on financial implications (TD/B/321).

289. The Secretary-General of UNCTAD said he understood the concern of some representatives with respect to the financial implications of the Board's actions and stressed that in the present case, as in all others, he would ensure the best use of the resources put at the disposal of UNCTAD. However, taking into account the adjustments and redeployments already undertaken to meet the increasing workload with a staff establishment that in 1971 would be no larger than that of 1969, it would be misleading to suggest that the secretariat would be able to absorb additional assignments given to it by the Board without the need for additional resources. In any event, at the resumed tenth session, there would be an opportunity for the Board to consider the work programme of UNCTAD as a whole.

E. World food problem

290. The documents to be considered in connexion with this item were the "Review of international trade and development" (TD/B/309 and Add.1). 47/

291. The representative of a developed market economy country expressed his appreciation of the sound and pertinent remarks on problems relating to food production and disposal in the developing countries, contained in the review. He agreed with FAO, UNCTAD and other organizations that it was important to resolve the food problem and he supported the efforts being made in FAO for concentrating attention on selected key areas of activity related to this problem.

46/ For the text as adopted, see annex I below, resolution 74 (X).

47/ Statements on this item were also made in the course of the debate on item 6 (see chapter I above).

292. He noted with concern that there had been little increase in average agricultural output per head of population in the developing countries taken together. Even the market progress in some regions, as a result of the introductions of high yielding varieties of some cereals, might result in social and other difficulties for farmers and regions unable to take advantage of these high-yielding varieties. Furthermore, the concurrent problem of the quality and the over-all balance of food available to consumers still remained to be solved.

293. Having observed the extent to which farmers could respond quite rapidly to economic incentives, he stressed the important role that pricing policies could play in providing such incentives to producers of market supplies as required by consumers. Noting the suggestion by the secretariat that some production be diverted from foodgrains to coarse grains, given the need to expand consumption levels of protein-rich food-stuffs, he expressed the view that this could give rise to difficult problems of maintaining prices at levels high enough to provide an incentive for farmers to produce the grains, yet low enough to make the grains economic for use in livestock production.

294. Finally, recognizing the important role that external assistance could play in the development of the agricultural sector of developing countries, he stressed that the main emphasis should be placed on measures to remove the basic food shortages rather than on mere palliatives. He concluded that the provision of food aid should be the responsibility of all developed countries, on an equitable basis, and not only of those exporting primary commodities.

295. The representative of another developed market economy country referred to the report by the United Nations/FAO Intergovernmental Committee of the World Food Programme adopted at its seventeenth session, ^{48/} reviewing the use of food aid for economic and social development and for combating undernourishment, and examining the role of the World Food Programme during the Second United Nations Development Decade. He said that he generally agreed with the report, especially with the two points mentioned in paragraph 110 of document TD/B/309/Add.1 concerning, on the one hand, the desirability of a greater quantity of food aid being provided through multilateral channels and, on the other hand, the increase in the resources of the World Food Programme.

296. The representative of a developing country receiving food aid described the efforts made by his country to increase food production. He stressed that the scope of the World Food Programme should also include provision for supply of material inputs for food production, such as fertilizers, pesticides, water pumping equipment and agricultural machinery. He added that the terms of food aid should be flexible enough not to discourage recipient countries on entering food markets. He asked that developing countries should receive net extra aid for the establishment of agro-industries, particularly those producing fertilizers and pesticides. These industries should be assigned a high priority in various economic assistance programmes.

^{48/} See document WFP/IGC:17/16.

CHAPTER VII

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS 49/

(Agenda item 8)

A. General considerations

297. Introducing the discussion,^{50/} the Director of the Division for Trade with Socialist Countries pointed out that trade between the socialist countries of Eastern Europe and the developing countries had shown very high rates of growth in 1969 (10.2 per cent on the export, and 11 per cent on the import side). East-West trade rates second in socialist countries' trade growth (9.3 per cent for exports and 9.9 per cent for imports). The optimism for future trade opportunities was warranted by high rates of economic growth in the socialist countries of Eastern Europe and the ever-growing significance attached by them to the link between national economies and foreign markets. Also, many of the requirements in Conference resolution 15 (II) appeared to have become regular features of national policies. The multiformity of methods in reaching certain agreed objectives permitted a combination of both collective and bilateral action and a gradual accumulation of co-operative practice. He drew attention also to the importance of bilateral consultations between interested countries in attendance, within the framework of the sessional committee. He referred to the possibility that the secretariat might undertake follow-up action within its field of competence on these bilateral consultations. In view of the fact that commercial links tended to result more and more from wide economic relations, more emphasis should be put on positive measures capable of promoting various forms of co-operation, as mentioned in document TD/B/307.

B. East-West trade

298. The representatives of the socialist countries of Eastern Europe noted some favourable features in their countries' trade with a number of developed market economy countries. They mentioned, in particular, a continuing increase of trade turnover, the development of new forms of scientific and economic co-operation and a reduction of some discriminatory restrictions by the latter countries. They considered these favourable developments to be the result of growing mutual efforts of the countries concerned, both in the East and in the West, to expand trade on the basis of mutual benefit.

^{49/} This item was referred to a sessional committee for consideration and report.

^{50/} The following documents had been circulated in connexion with this item: "Trade prospects in socialist countries - Union of Soviet Socialist Republics" (TD/B/303); "Trade prospects in socialist countries - Romania" (TD/B/304); "Trade prospects in socialist countries - Czechoslovakia" (TD/B/305); "Review of trade relations among countries having different economic and social systems" (TD/B/307 and Corr.1).

299. However, all the representatives of the socialist countries stressed that a more intensive use of existing East-West trade possibilities was still hampered by various discriminatory practices of developed market economy countries and their economic groupings, in contradiction with the most-favoured-nation principle and principles of UNCTAD. Although some liberalization had been applied to exports from the socialist countries by the developed market economy countries, the representatives of the socialist countries of Eastern Europe felt it to be insufficient. They urged the developed market economy countries to abolish the discriminatory import and export restrictions and to follow the most-favoured-nation principle. The representative of one socialist country of Eastern Europe expressed his dissatisfaction with the fact that the granting of liberalization measures was, in some cases, used as a bargaining tool in negotiations.

300. The unfavourable structure of the exports of their countries was deemed by the representatives of some socialist countries to be an obstacle to the further expansion of trade. Since the socialist countries of Eastern Europe were changing their economic structure and increasing the potential of their industrial production, they believed that an increase in the share of industrial products in their exports would be one of the ways of increasing their trade with the developed market economy countries. In that respect, they said that the trading partners should strive for increased imports and easier access to markets for manufactures in the West on the basis of specialization in industrial production. Industrial co-operation, which had been gaining ground during recent years, was regarded as a means which could contribute to the solution of the problem. The representative of a socialist country of Eastern Europe indicated that it would be appropriate to adopt trade policy measures in order to stimulate industrial expansion and co-operation in the form of implementation of special treatment applicable to products entering in foreign trade on the basis of industrial co-operation agreements.

301. The representative of one socialist country of Eastern Europe also asked for tariff preferences similar to those offered by the developed market economy countries to the developing countries.

302. The interrelationship of East-West trade and trade between the socialist countries of Eastern Europe and the developing countries was taken up again, although many representatives of socialist countries of Eastern Europe felt that the subject had been discussed at length on earlier occasions and positively decided. They stressed that the growth of trade with developing countries reflected their countries' readiness to support countries of Africa, Asia and Latin America in their efforts to overcome their economic backwardness and to establish a national independent economy. However, they considered that the trade expansion of developing countries, in relations both with the East and with the West, could be facilitated, taking into account the interdependence of all trade flows, by the normalization of East-West trade and the elimination of discrimination against socialist countries by developed market economy countries. Some representatives of socialist countries stated that the declining share of developing countries in imports into Western Europe was the result of well-known causes, such as declining demand for raw materials, as a result of technical progress, competition from synthetics, agricultural and other forms of protectionism, and so on, and that this decline could not be related to the growth of East-West trade.

303. The representatives of socialist countries of Eastern Europe stated that, taking into account the multiplicity of economic and political factors determining the development of international trade, they did not see any theoretical or practical value in econometric exercises carried out by one developed market economy country, as mentioned in paragraph 306 below, aimed at showing the absence of interdependence between the development of East-West trade and trade between developing and socialist countries.

304. The representative of the Council for Mutual Economic Assistance, speaking under rule 78 of the rules of procedure and commenting on East-West trade, stressed the discrepancy between the actual volume of trade and the economic potential of the two partner groups, which he explained to be to a great extent the result of artificial obstacles set by developed market economy countries and their economic groupings to exports of the socialist countries of Eastern Europe. In connexion with trade between socialist and developing countries, he underlined the favourable results, in both the dynamics and the structure of trade flows, the importance of long-term agreements, of technical assistance, of credit arrangements in expanding the volume of trade and ensuring stability of trading conditions. He pointed out that the group of imports which showed the fastest rate of growth consisted of manufactures and semi-manufactures from the developing countries. However, some difficulties still existed in trade between these two groups, partly explained by the fact that those links were relatively new ones.

305. The representatives of several developed market economy countries expressed their satisfaction with the development of East-West trade. However, the representatives of some developed market economy countries expressed their reluctance to discuss East-West trade in the sessional committee, believing that it should be discussed in the first place in the Economic Commission for Europe, which had recently published a report on East-West trade. The representatives of some developed market economy countries reiterated the belief that there was no direct positive relationship between East-West trade and trade between developing countries and socialist countries of Eastern Europe. One of them expressed the attitude of his Government on this point as being the same as that of a year previously, since nothing had happened in the meantime to alter it.

306. The representative of one developed market economy country stated, however, that a certain link between East-West trade and trade between socialist countries of Eastern Europe and developing countries existed in so far as everything which contributed to the development of economic and commercial relations in any part of the world could have favourable effects on the whole of world trade. The representative of one developed market economy country presented the conclusions of a computer study which, using standard statistical analysis, demonstrated that there was no direct positive relationship between the exports of the largest socialist country of Eastern Europe to the developed market economy countries and imports of the largest socialist country of Eastern Europe from the developing countries. The study, based on statistics of the socialist countries of Eastern Europe for an eight-year period showed that the correlation coefficient and coefficients of determination for yearly changes in value were very low. Given the very low percentages, the representative concluded that, even if there were no direct link between East-West and East-South trade, there probably was a direct link between changes in imports of the socialist countries of Eastern Europe from the developing countries and plans and policies of the socialist countries of Eastern Europe.

307. Commenting on obstacles to East-West trade mentioned by the representatives of socialist countries of Eastern Europe, the representative of a developed market economy country believed that these obstacles, in so far as they existed, were not insurmountable, since his country's trade with the socialist countries of Eastern Europe was constantly increasing. The representative of another developed market economy country said that document TD/B/307 and Corr.1 gave an incomplete picture of the situation, since it conveyed the impression that obstacles to East-West commercial relations existed only on the side of the developed market economy countries. He also protested some complaints made by the representative of a socialist country of Eastern Europe that the liberalization measures were used as a bargaining tool.

308. The representatives of several developed market economy countries considered that the liberalization of imports from the socialist countries into their countries was not by itself sufficient to generate a greater volume of trade. They thought that more effort was needed to achieve this aim and urged both trading partners to undertake action to stimulate trade expansion. A multiform and pragmatic approach to the solution of problems and more intensive trade promotion by the socialist countries were cited as capable of benefiting trade expansion.

309. The representative of one developed market economy country expressed the opinion that the stability of that country's share in trade with the socialist countries of Eastern Europe would appear to depend on a structural problem which might to some extent be solved by a greater diversification of the products exchanged.

310. The representative of the European Economic Community, speaking under rule 78 of the rules of procedure, made a general statement putting forward figures concerning trade relations between EEC and the socialist countries of Eastern Europe during the period 1958-1969, and explained the motivation and effects of the common agricultural policy of the European Economic Community. He stated that document TD/B/307 and Corr.1 gave a distorted picture of relations between the Community and the socialist countries of Eastern Europe since the information was incomplete; it gave the impression that the obstacles were only raised by the Western countries. As far as the European Economic Community was concerned, its commercial policy with respect to the socialist countries of Eastern Europe was undergoing progressive liberalization. Replying to the criticisms concerning the discriminatory commercial policy of the European Economic Community, he pointed out that the nature of the economic systems of the socialist countries of Eastern Europe and its consequences on their trade with the developed market economy countries made it necessary for them to adapt their legislation to this specific situation. He stated that the trade policy of the European Economic Community with respect to the socialist countries of Eastern Europe tended to approximate that which governed trade with the market economy countries. He also pointed out that that policy was aimed not at a restriction, but rather at an increased and progressive liberalization of trade with the State-directed trade countries and that it in no way jeopardized the progress and initiative which had been achieved within the national framework of the member States of the Community. In conclusion, he reiterated the willingness of the Community to continue its efforts towards the expansion of its trade with third countries in general, and, of course, with the socialist countries of Eastern Europe. The representatives of some developed market economy countries, referring to criticism of the European Economic Community during the debate, said that they could not accept such criticism.

311. The representatives of several developing countries, commenting on East/West trade, stressed that it would be necessary to ensure that the expansion and development of East/West trade should not unfavourably affect the trading possibilities of developing countries in the socialist countries of Eastern Europe as well as in the developed market economy countries. One representative of a developing country hoped that socialist countries of Eastern Europe, while developing East/West trade would accord priority to the imports from developing countries of such products as may be available from them. He also urged that in the plans of trade development and industrial co-operation between socialist countries of Eastern Europe and developed market economy countries, the possibilities of participation by developing countries should be fully taken into account. The representative of another developing country commented more extensively on the interdependence of trade relations, and asked the secretariat of UNCTAD to pay special attention to the implications of East/West trade for the total trade of the developing countries.

C. Trade between socialist countries and developing countries

312. The high rates of expansion in trade 1969 as compared with that of 1968 between the socialist countries of Eastern Europe and the developing countries was stressed in the discussion of this item by the representatives of the former, the majority of the latter and some developed market economy countries. Representatives of several developing countries and socialist countries cited detailed figures confirming this expansion in 1969, as well as over the longer period. The representatives of several developing countries, however, stressed that the volume of trade between the socialist countries of Eastern Europe and the developing countries was still low in comparison with the potentialities of a further increase in their mutual trade exchanges. The representatives of several developing countries were optimistic about the future developments of trade with socialist countries, pointing to the vast economic potentialities of these countries. The representatives of some developing countries were sure that the potentialities of Eastern European markets were far from being fully utilized and based their proposals and discussions on that fact.

313. Citing the experience of their own countries, the representatives of some developing countries showed how they had succeeded in diversifying their exports to the socialist countries of Eastern Europe, but asked for more understanding and assistance from the socialist countries to this end.

314. Commenting on factors which were producing good results, or were expected to do so, the representatives of several developing countries asked for more practical action by the socialist countries of Eastern Europe, in particular in the fields of trade promotion and marketing. The representative of one developing country stated that the costs of marketing and advertising of goods imported from the socialist countries were borne by his own country, and he thought that the socialist countries should improve their promotional efforts in developing countries. He complained that the commercial and financial facilities offered by the socialist countries were not competitive with offers from other countries, and he considered that the socialist countries of Eastern Europe should pursue a more favourable credit and financial policy.

315. Several representatives of developing countries generally asked for information about what steps were being undertaken by the socialist countries of Eastern Europe to implement the recommendations of Conference resolution 15 (II). Some of them made specific requests for future action. The representative of one developing country said, first, that the sessional committee should examine all the possibilities for reducing difficulties inherent in the differences in the level of development and in various economic systems; secondly, that trade agreements between the socialist countries of Eastern Europe and the developing countries should be integrated into the wider framework of agreements on economic and technical co-operation, tending to promote economic and trade relations between the two groups; thirdly, that long-term agreements on a preferential basis between socialist countries of Eastern Europe and developing countries should be concluded; fourthly, that he supported the requests made by some other delegations concerning the avoidance of re-exports by the socialist countries of Eastern Europe of goods imported from the developing countries; fifthly, that the socialist countries of Eastern Europe should take into account the productive and export potential of the developing countries when elaborating their long-term plans. The representative of another developing country suggested specifically that the socialist countries of Eastern Europe should consider co-operation with the sub-regional Andean group of Latin America.

316. The representatives of many developing countries repeated that they looked favourably upon their long-term agreements with the socialist countries of Eastern Europe. They also underlined the beneficial effects of agreements on technical and economic co-operation and of the assistance rendered by the socialist countries of Eastern Europe. All these long-term factors tended to increase trade. The representative of one developing country said that the practice of accepting repayment in kind for credits given by the socialist countries of Eastern Europe had a similar effect. Representatives of several developing countries thought that these good results had been achieved by increased efforts by both partners, and wished to establish this as an example of how trade could be stimulated. The Committee welcomed the reiteration by the socialist countries of Eastern Europe of their determination to make an active contribution to the work of the Special Committee on Preferences in the spirit of paragraph 6 of the statement by the Chairman of the Special Committee on Preferences at its fourth session. 51/

317. The representatives of some developing countries invited the socialist countries of Eastern Europe to offer them increasing quantities of industrial raw materials, non-ferrous metals and like items and also to keep the developing countries' long-term requirements of such items in view when finalizing their long-term plans for additional production of such items.

318. The representatives of socialist countries of Eastern Europe stated that they continued their efforts to develop trade and economic co-operation with the developing countries and that they systematically took measures to implement resolution 15 (II). They saw the reflection of these measures in the high rates of increase, the geographical and structural diversification of trade with developing countries. Some of them cited the fact that their countries concluded

51/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6 (TD/B/300/Rev.1), annex II-J, para. 6.

many long-term agreements, thus giving stability to trade flows; abolished tariffs for imports of goods from developing countries; stimulated the stability of relations at the level of enterprises; encouraged imports of primary products from developing countries; refrained from re-exporting goods imported from developing countries; offered credits on easy terms and accepted repayment in kind from developing countries; encouraged industrial branch agreements.

319. These representatives were also of the opinion that there were favourable prospects for a further increase in their countries' trade with countries of Asia, Africa and Latin America. However, they considered that the real growth of trade would depend not only on their countries' expanding economic potential and their willingness to expand trade relations with developing countries, but also on the readiness and practical measures of the latter to use the existing possibilities. They invited the developing countries to pay more attention to imports from socialist countries of Eastern Europe. They stressed also the need for developing countries to implement Conference resolution 15 (II) and, in particular, to grant to socialist countries of Eastern Europe treatment which would be no less favourable than that accorded to developed market economy countries. They stated that in their opinion the question of the nomenclature of concrete goods exchanged between socialist countries of Eastern Europe and developing countries was a question for discussion between firms and governmental organizations of interested countries.

320. The representatives of several developed market economy countries noted the recent growth in trade between the socialist countries and the developing countries, but some of them pointed out that the volume of this trade was still very low. Some others expressed optimism about future trends, but felt that a great deal more trade promotion and positive action by both partners were needed. The representative of one developed market economy country said that increased flexibility was beneficial to trade expansion. The representative of another developed market economy country said it should not be overlooked that Conference resolution 15 (II) was not the only resolution which covered trade between developing countries and socialist countries of Eastern Europe; he mentioned, in particular, Conference resolution 21 (II).

D. Bilateral consultations

321. The bilateral consultations held within the framework of the sessional committee were judged useful for the development of trade relations between countries having different social and economic systems, as was stated by the representative of several developing and socialist countries, as well as by the representative of one developed market economy country, who took part in them. The representative of one developed market economy country thought that, although useful, they were only of a supplementary nature. The representatives of two socialist countries stated that the bilateral consultations held previously had formed the basis for the subsequent conclusion of trade agreements or for the establishment of new trading links. The representatives of other socialist countries also put forward the view that the consultations led to practical results. One of them suggested that, in order to make the bilateral consultation machinery more efficient, two conditions should be fulfilled: that experts dealing directly with the respective trade flows should take part in the consultations and that more thorough and careful preparation should be made in the countries concerned for the discussion of practical questions in the consultations.

322. The representatives of some developed market economy countries repeated their critical remarks as to the usefulness of the bilateral consultations and asked for fuller explanation of the results obtained as far as the confidential nature permitted, together with an indication of which countries had taken part. They further requested an elaboration of the idea mentioned by the secretariat of giving assistance regarding any follow-up action, particularly in respect of its financial and constitutional implications. In reply, the representative of the secretariat explained that any such assistance, if requested, should be within the competence of the secretariat without additional financial implications. The representatives of some socialist countries of Eastern Europe informed the Committee in general terms about the problems discussed during their bilateral consultations at the tenth session of the Board.

E. Multilateralization of payments

323. During the general debate, the multilateralization of payments was discussed. The representative of one developing country felt that some concrete action was necessary, some follow-up efforts should be made, and he suggested that the secretariat organize continuing studies on the problems relating to payments. The representatives of some developing countries thought that the multilateralization of payments could be helpful in the expansion of mutual trade. One of them pointed out that bilateral trade and payments agreements were very helpful in creating and promoting trade between his country and the socialist countries of Eastern Europe, but that later they might create some difficulties, though not insurmountable, to a further expansion of this trade. Another representative stated that bilateral clearing payments arrangements were an obstacle to trade when the developing countries were forming positive trade balances, or, in other words, when they were, in fact, financing the economically stronger partner. In the view of the representative of another developing country, bilateral payments arrangements had been instrumental in fostering the considerable growth of trade between developing countries and socialist countries of Eastern Europe. Furthermore, he stated that in a bilaterally balanced trade, shortage or excess of clearing balances was a purely temporary phenomenon inasmuch as it had to be adjusted by increased purchases by the trading partners concerned.

324. The representatives of some socialist countries expressed their readiness to participate, in individual cases, in multilateral solutions, but they believed that no uniform solution would be possible. They stressed that the problem was not in the choice between bilateral and multilateral methods of payment, but how to use the advantages of both systems and combining their appropriate elements. One representative thought that the whole question of multilateralism versus bilateralism was somewhat inflated in the discussions in UNCTAD. He also expressed his view that bilateralism in the case of socialist countries provided for real reciprocity, whereas the multilateralism in the case of other countries often led only to formal reciprocity.

325. After having heard the introductory statement made by the Chairman of the Group of Experts on Multilateral Payments Arrangements, 52/ all representatives who took part in the discussion agreed that the Committee should take note of the report

52/ For the text of the statement, see annex IX below.

of the Group of Experts on Multilateral Payments Arrangements (TD/B/284 and Corr.1) and that the Group of Experts had fulfilled its mandate. The Committee approved the conclusions of this report. Several representatives expressed the view that practical measures corresponding to these conclusions should be taken by the countries concerned.

F. The role of UNCTAD and of the sessional committee

326. Several representatives of developed market economy countries expressed the view that while Conference resolution 15 (II) offered a useful outline of the problems relative to the expansion of trade between countries with different economic and social systems, the Economic Commission for Europe was the proper forum for the discussion of East/West trade, and furthermore pointed out that ECE was actively seized of the problem. They felt that UNCTAD should concentrate on questions concerning the promotion of trade between the socialist countries of Eastern Europe and the developing countries. The representative of one developed market economy country said that the limited resources of the secretariat should not be expended on an area of study which had already been given a high priority in another international body. The representatives of some developed market economy countries as well as those of some developing countries thought, however, that East-West trade should be discussed in the sessional committee; the representatives of the developed market economy countries concerned added that it was necessary to avoid duplication of work and to keep in mind the special interest of the developing countries. The representatives of some developing countries also thought that the sessional committee should discuss the interdependence of East-West and East-South trade. Since ECE was also analysing problems of East-West trade, the representatives of a number of countries asked for closer collaboration between the secretariats of UNCTAD and ECE.

327. The representatives of the socialist countries of Eastern Europe stated that the tasks of the sessional committee were determined by Conference resolution 15 (II), in which the Trade and Development Board was requested to convene periodically a sessional committee to proceed to consultations on, and the elaboration of, proposals concerning, inter alia, (a) the expansion of East-West trade giving due consideration to the trade interests of developing countries, (b) the expansion of trade between socialist countries and developing countries. They said also that trade between the developed market economy countries and the socialist countries of Eastern Europe should be discussed in UNCTAD since it was the most representative and competent body in the field of international trade. The representatives of socialist countries of Eastern Europe said that UNCTAD had to deal with these problems also in accordance with its terms of reference, providing for the promotion of trade between countries having different economic and social systems. The representatives of socialist countries of Eastern Europe noted that they attached great importance to the activities of the Economic Commission for Europe. They proposed especially that the analytical report prepared by the Executive Secretary of ECE (E/ECE/761 and Add.1) should be distributed and taken into account in the work of UNCTAD. However, they stressed that as a regional organization, ECE did not cover all flows of East-West trade. They drew attention also to the fact that, although the discussions in ECE were valuable, they had not led to the elaboration of recommendations for the normalization of this important part of world trade.

328. Some representatives agreed that the time had come for concrete action and proposals, although there was some disagreement as to where and how this should be done. The representative of one developing country asked for sufficient funds to be allocated to UNCTAD to explore concrete possibilities for trade development between socialist countries of Eastern Europe and the developing countries. The representatives of some developed market economy countries pointed out that at its last session, ECE had invited countries to take practical measures to promote a broad expansion of intra-European trade and that the Committee on Development of Trade of ECE would be considering this subject further at its meeting in December 1970 in the context of the analytical report prepared by the Executive Secretary of ECE. The representatives of some socialist countries of Eastern Europe asked the sessional committee and the secretariat to study the effects of non-tariff barriers on trade between countries having different economic and social systems. However, the representative of a developed market economy country, commenting on this proposal, said that it was already the subject of a separate item on the Board's agenda and should properly be discussed under that item. The question of East-West trade needed more study, in the opinion of the representative of one socialist country, as well as the elaboration of concrete recommendations in order to stimulate this trade flow. The representative of another socialist country of Eastern Europe suggested that in the secretariat studies and, in particular, in the survey of trade relations among countries having different economic and social systems, more attention should be paid to the questions of elimination of economic trade policy and administrative obstacles in East-West trade by developed market economy countries and their economic groupings. The representative of one developing country proposed that the secretariat undertake a study of the incidence of East-West trade flows on exports from developing countries to markets of both the socialist countries of Eastern Europe and developed market economy countries. The representative of one socialist country of Eastern Europe stated in this connexion that there was no reason for the secretariat to undertake such studies and that they could serve no useful purpose.

329. Concerning the general role of UNCTAD and of the sessional committee, the representatives of some developed market economy countries thought that this body should act as a clearing-house for ideas.

330. The representative of one developed market economy country suggested that the Board might possibly dispense with annual convocations of the sessional committee, unless it became clear that the committee's work was of benefit to the developing countries and could contribute towards increasing trade between them and the East European countries. The representatives of some socialist countries of Eastern Europe opposed that suggestion.

331. The representative of one developed market economy country stated that, in the view of his delegation, the documentation prepared by consultants for consideration by the sessional committee was of a biased nature. He further urged that the secretariat's summary documentation should avoid condensation to the point where important qualifications contained in more detailed documents disappeared. The representatives of socialist countries of Eastern Europe and of some developing and developed market economy countries commended the documents prepared by the secretariat and by consultants for the consideration of trade problems between countries having different economic and social systems, and stated that they contained valuable information and were of practical importance.

Agreed conclusions

332. The sessional committee recalled Conference resolution 15 (II) concerning trade relations among countries having different economic and social systems, paying attention particularly to the trade interests of the developing countries, and agreed upon the following conclusions:

(a) The Committee noted the increasing growth of trade in 1969 between countries having different economic and social systems. The growth rate of trade between developing countries and socialist countries of Eastern Europe was higher than the growth rate of the total foreign trade of the latter and it was hoped that these trends would be maintained and that the share of the developing countries in that trade would continue to increase steadily. A high rate of growth was also achieved in East-West trade in that year.

(b) The Committee noted that this development was the result of efforts of all countries concerned directed in particular at the fulfilment of Conference resolution 15 (II). There existed further scope for expansion of trade between countries having different economic and social systems, both in East-West trade on the one hand and in trade between developing countries and socialist countries of Eastern Europe on the other. It was therefore recommended that such efforts should continue.

(c) The Committee agreed that it was desirable that countries participating in East-West trade should, when taking measures to develop their mutual trade and other forms of economic relations, take into account trade interests of developing countries as provided for in and within the framework of resolution 15 (II).

(d) The Committee noted the growing exports of manufactures from developing countries to socialist countries of Eastern Europe. It noted also a growth of the exports of manufactures from socialist countries of Eastern Europe to developed market economy countries. The Committee hoped that countries having different economic and social systems would take measures to promote further diversification in their mutual trade exchanges, giving special consideration to the trade needs of the developing countries.

(e) The Committee welcomed the reiteration by the socialist countries of Eastern Europe of their determination to make an active contribution to the work of the Special Committee on Preferences in the spirit of paragraph 6 of the statement by the Chairman of the Special Committee on Preferences at its fourth session. ^{53/} In this connexion, the Committee noted the declaration of the readiness of most of the socialist countries of Eastern Europe to establish preferential tariffs for imports from developing countries, as also the statement by a socialist country of Eastern Europe that it had abolished on a preferential basis all duties on imports from developing countries.

(f) The Committee took note of the fact that, in accordance with the decision taken by the Board at its eighth session, fifty-one bilateral consultations involving thirty-eight member countries had taken place on a confidential, voluntary

^{53/} Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6 (TD/B/300/Rev.1), annex II-J.

and non-committal basis. It was generally felt by those countries which took part in them that bilateral consultations on this basis had been useful and could play an important role in further increasing their trade exchanges. It was generally agreed that such bilateral consultations should be continued at the next meeting of the sessional committee.

(g) The Committee took note of the report of the Group of Experts on Multilateral Payments Arrangements.

(h) The Committee noted the introduction of new measures and techniques of mutual trade expansion and particularly the role which industrial co-operation could play in it. The secretariat was requested to make further specific studies as appropriate of such measures and techniques in order that the benefit of these may be shared by the largest number of countries. It was agreed that the documentation prepared by the regional economic commissions could be useful in this respect and, in this connexion, particular reference was made to the analytical report of the Economic Commission for Europe (E/ECE/761 and Add.1).

(i) The Board requested the Secretary-General of UNCTAD, in consultation with member States, to consider when the next meeting of the sessional committee should take place.

CHAPTER VIII

IMPACT OF REGIONAL ECONOMIC GROUPINGS OF THE DEVELOPED COUNTRIES ON INTERNATIONAL TRADE, INCLUDING THE TRADE OF DEVELOPING COUNTRIES

(Agenda item 10)

333. The Board considered this item at its 248th, 249th, 251st, 252nd and 261st meetings on 2, 4, 7 and 17 September 1970.

334. The Board had before it two draft resolutions on the subject.^{54/}

(a) A draft recommendation submitted by Bulgaria at the second session of the Conference, and subsequently referred to the Board at its ninth session, when the Board decided to defer its consideration until the tenth session;

(b) A draft resolution submitted to the Board at its ninth session by Belgium, Denmark, the Federal Republic of Germany, France, Italy, the Netherlands, Sweden and the United Kingdom of Great Britain and Northern Ireland.

The Board also had at its disposal an informal text worked out by a contact group (TD/B/L.220) set up at the Board's ninth session.^{55/}

335. At the Board's 249th meeting, Bulgaria, Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics submitted a draft resolution (TD/B/L.232) to replace the above-mentioned draft resolution submitted by Bulgaria.

336. The purpose of the draft resolution submitted by the eight developed market economy countries was as follows:

(a) To appeal to the developed members belonging to regional economic groupings to take account, whatever their economic and social system, of the interests of third and especially developing countries;

(b) To request the Secretary-General of UNCTAD to include in his periodical reports studies of the measures adopted by such groupings in the course of their formation or in putting co-operation into effect;

(c) To decide to continue the study of the impact of such measures on international trade in the light of these periodical reports, giving particular attention to the trade problems of the developing countries.

^{54/} For an account of the discussion on this question at the first part of the ninth session of the Board, see Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), part three, paras. 170 to 176 and annex V.

^{55/} Ibid.

337. The purpose of the draft resolution submitted by the five socialist countries of Eastern Europe was as follows:

(a) To recall General Principle Nine of Recommendation A.I.1 of the first session of the Conference;

(b) To express the hope that the countries members of the European Economic Community would refrain in future from any measures that could cause injury to the interests of third countries;

(c) To request the Secretary-General of UNCTAD to prepare a report on the possible impact of measures adopted recently within the European Economic Community on international trade relations in the light of relevant UNCTAD recommendations;

(d) To request the Board to examine this report at its eleventh session and to formulate on this basis practical conclusions and recommendations.

338. The representatives of the socialist countries of Eastern Europe emphasized that the submissions of their draft reflected the increasing concern which their countries were experiencing in trade with the member countries of the Community. They expressed the view that the Community's trade policy was having an impact on the foreign trade of a large number of countries, including that of the socialist countries of Eastern Europe. They also considered that that impact should be the subject of further studies by the secretariat.

339. The spokesmen on behalf of the European Economic Community pointed out that the draft resolution of the five socialist countries of Eastern Europe referred only to the Community, whereas, like the draft resolution of the eight developed market economy countries, it should have referred to the activities of other regional economic groupings of developed countries and their impact; for that reason, in particular, it should be withdrawn. They emphasized that the Community's trade policy had been such that third countries in general and the developing countries in particular had greatly increased their exports to the Community as a result of the advances made possible by the economic integration of the six member States. They added that trade policy with respect to State-trading countries was becoming increasingly similar to the policy governing trade with the market economy countries. Lastly, they referred to their previous statements in the Trade and Development Board, expressing the firm resolve of the Community and its member States to continue to take the interests of third countries into account.

340. In reply to the statements by the spokesmen on behalf of the European Economic Community, the representatives of the socialist countries of Eastern Europe said that they could not withdraw their draft resolution but were prepared to take a constructive part in appropriate consultations with a view to arriving at mutually acceptable solutions.

341. Some representatives of developed market economy countries pointed out that the impact of the regional economic groupings of developed countries was not harmful; on the contrary, those groupings could help to expand the trade of both the developed and developing countries. Representatives of other developed market economy countries pointed out that the preambular and operative parts of

the draft resolution were contradictory, and that the proposal singled out one regional economic grouping instead of adopting a more general approach. Both of these groups of representatives expressed their opposition to the draft resolution submitted by the socialist countries.

342. The representatives of some developing countries, while expressing their support for secretariat studies and their concern at the impact of the regional economic groupings of developed countries on the trade of the developing countries, considered that the draft resolution of the socialist countries of Eastern Europe related only to a single and limited aspect of the question.

343. The representatives of some developing countries defended the association with the European Economic Community both from the standpoint of trade and from that of technical and financial assistance.

Action by the Board

344. After considering the various draft resolutions submitted under agenda item 10 and after the debate on that item, the Board did not take any decision on the draft resolutions or the text referred to in paragraphs 334 and 335 above.

CHAPTER IX
SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED
AMONG THE DEVELOPING COUNTRIES

(Agenda item 12)

345. The Board considered this item at its 249th, 250th, 251st, 256th and 259th meetings on 2, 3, 4, 14 and 16 September 1970, on the basis of the secretariat report (TD/E/316). The Secretary-General of UNCTAD made a statement *introducing the item at the 249th meeting, in which he gave an account of the action taken pursuant to Board resolution 65 (IX)*. He said that the credit for taking the initiative in studying the special problems of the least advanced among the developing countries lay with UNCTAD. He referred to the resolutions adopted in favour of those countries by some of the Board's Committees, and the suggestions made by the representatives of certain developing countries to the Special Committee on Preferences during the first part of its fourth session. He also mentioned the report of the Working Group set up by the Committee for Development Planning 56/ as evidence of the interest currently taken in the problem of the least developed countries by other bodies in the United Nations system.

346. All the representatives who spoke in the debate stressed the importance of taking special measures in favour of the least developed among the developing countries. Most of them applauded the usefulness of the resolutions adopted on the subject by the Committee on Shipping (13 (IV)) and the Committee on Invisibles and Financing related to Trade (4 (IV)). The representatives of some developing countries also expressed their satisfaction with the measures taken in favour of the least developed countries by the UNDP Governing Council at its tenth session. 57/ The representative of one developing country referred to the special attention the regional economic commissions and the International Trade Centre had paid to the problems of the least developed among the developing countries.

347. However, the representatives of most of the developing countries that took part in the discussion, while welcoming the adoption of those resolutions, pointed out that nothing specific had yet been done for the least developed countries. They also pointed out that no resolution had been adopted on the general system of preferences or on primary commodities.

348. A lengthy exchange of views took place on the identification of the least developed among the developing countries. Some representatives of developed market economy countries and of developing countries agreed either with the

56/ E/AC.54/L.36 and Corr.1, Add.1 and Corr.1 and 2.

57/ Official Records of the Economic and Social Council, Forty-ninth Session, Supplement No. 6A (E/4884/Rev.1).

criteria or with the conclusions presented in the report of the Working Group set up by the Committee for Development Planning. The representative of one developed market economy country said that the clear identification of the least developed countries should be regarded as a first step to enable the Governments and international organizations concerned to decide on appropriate measures. He added that the vital task of identification might perhaps be undertaken through consultations among the developing countries themselves. The representatives of many developing countries, on the contrary, either had reservations about some of the Working Group's conclusions or completely disagreed with them. Most of them reaffirmed the position they had already taken during earlier sessions of the UNCTAD Board or its subsidiary organs. In their view, the least developed of the developing countries should be identified on the basis of Conference resolution 24 (II) and the report of the Group of Experts set up in compliance with Board resolution 65 (IX) (TD/B/288). They considered that countries should be identified as being among the least developed with regard to each measure to be applied in a particular sector, and not in absolute terms. They believed that the criteria established by the Working Group in its report were inadequate and did not reflect all the aspects that were indicative of their degree of underdevelopment. The representative of one of the developing countries and the observer of another added that the Working Group had not taken the land-locked situation into account in its report, although according to Conference resolution 11 (II) that factor was one of the criteria to be used in identifying the least developed among the developing countries. The same observer laid stress on the inadequacy of the criteria proposed by the Working Group for classifying the least developed among the developing countries and said that he could not accept them. The representative of another developing country drew the Board's attention to the fact that the least advanced of those countries would gain little from the action taken by UNCTAD to improve the economic situation of all the developing countries. He emphasized that the special measures must not harm the interests of the countries considered to be relatively more developed. Some representatives of developing countries considered that it was when general measures were being decided upon that certain special measures in favour of the least developed countries should be taken. They said that the interests of the least developed and of the land-locked countries should be safeguarded in the general system of preferences, and added that the special preferences enjoyed by some of the least developed countries should remain so long as adequate compensation had not been provided in the general system of preferences.

349. The representative of one socialist country of Eastern Europe said that the report of the Working Group was worthy of attention despite its shortcomings. The representatives of other socialist countries of Eastern Europe considered that documents TD/B/288 and TD/B/316 bore out their view that the least developed countries' dependence on foreign capital contributions was one of the main obstacles to their economic and social progress. The socialist countries believed that the problems of the least developed countries should be dealt with in relation to the specific case presented by each situation and in the light of the difficulties encountered in each individual country.

350. Most of the representatives who took part in the debate asked the UNCTAD secretariat to continue examining the question in depth, as they believed that it deserved further study.

351. At the 256th meeting, on 14 September 1970, a draft resolution was submitted by Afghanistan, Algeria, Brazil, Chad, Chile, Colombia, Costa Rica, Ghana, Guatemala, India, Indonesia, Iran, Iraq, the Ivory Coast, Jamaica, Madagascar, Malaysia, Mali, Mexico, Nigeria, Pakistan, Peru, the Philippines, Rwanda, Senegal, Syria, Tunisia, Uganda, Venezuela and Yugoslavia (TD/B/L.235).

352. The representatives of several developed market economy countries said that they were prepared to approve the draft resolution on the understanding that the ad hoc group would be set up for one year. However, the representative of one of those countries expressed concern about the suggestion of some developing countries that it might be decided to prolong the work of the group when the results of its activities were reviewed at the eleventh session of the Board. He also noted that the draft resolution ignored the important question of classifying the least developed among the developing countries. The representative of another of those countries asked the Secretary-General of UNCTAD to absorb the estimated financial implications of setting up the ad hoc group out of the consultants fund or by reallocating existing priorities. 58/ The representatives of some developed market economy countries stated that they were unable to approve the draft resolution since they believed no useful purpose would be served in setting up a second expert group to consider special measures for the least developed among the developing countries. They believed special measures for the least developed countries could best be considered in the work programmes of the four committees of UNCTAD. The representative of one developed market economy country also doubted the usefulness of setting up a group of this kind. He thought, however, it might justify its existence - to the eleventh session of the Board - if it advanced the identification of the least developed countries.

353. The representatives of several socialist countries of Eastern Europe said that, in principle, they had no objection to the draft resolution, but that they were unable to accept some of its provisions, particularly operative paragraphs 3 and 4.

Action by the Board

354. At its 259th meeting, on 16 September 1970, the Board adopted the draft resolution on special measures in favour of the least developed among the developing countries. 59/

58/ In compliance with that request, the secretariat submitted to the Board, at its 257th meeting, a note setting out the financial implications of the draft resolution (TD/B/L.235/Add.1).

59/ For the text as adopted, see annex I below, resolution 68 (X).

CHAPTER X

SPECIAL PROBLEMS OF THE LAND-LOCKED COUNTRIES

(Agenda item 13)

355. The Board considered this question at its 249th, 250th, 251st, 254th and 259th meetings, on 2, 3, 4, 11 and 16 September 1970. The main document before the Board was the report (TD/B/308) prepared by the group of experts convened by the Secretary-General of UNCTAD in pursuance of Conference resolution 11 (II) and Board resolution 50 (VIII).

356. The Secretary-General of UNCTAD, in introducing the item, said that the report clearly indicated the many difficulties and problems that beset developing land-locked countries. The report showed that transit countries also faced problems.

357. The representatives who spoke on this item commended the group of experts and the secretariat for having produced a comprehensive and well-balanced study. They considered that the report, despite its general character, contained a fair, interesting and full account of the special handicaps of the developing land-locked countries, and of the difficulties of the transit countries. Most of these representatives supported the recommendations contained in the report, and some of them emphasized the need to regard regional integration as a realistic and practical means of solving the problems of the land-locked countries.

358. Some representatives of developed land-locked countries said that their Governments had extended their co-operation and the benefit of their own experience to certain developing countries that were facing the same problem.

359. The representative of a developed land-locked country requested that, in continuing studies on this subject, more consideration should be given to the way in which, especially for the land-locked countries, export and import problems were linked. After stressing the importance of systematic application of the existing agreements in this field, he requested that solutions should be studied whereby the traditional economic and commercial agreements between transit and land-locked countries should be dissociated from arrangements relating specifically to transit.

360. The representative of a developing land-locked country suggested that the report of the group of experts should be submitted to the Intergovernmental Group on Trade Expansion for consideration in the context of the implementation of the concerted declaration contained in Conference resolution 23 (II). He also asked that other intergovernmental organizations, such as UNIDO and the multilateral and financial organizations dealing with technical and financial assistance, give consideration to the special needs of both land-locked and transit countries. He said that his country particularly supported the idea of a multilateral approach on a regional basis. The representative of another

developing land-locked country urged the transit countries to establish free zones and bonded warehouses in their ports for the transit trade of their land-locked neighbours, to improve transit facilities, and to apply preferential tariffs. He called on those countries to accede to the Convention on the Transit Trade of Land-locked States adopted on 8 July 1965. 60/

361. The representative of a developing land-locked country said that although the aid given by some countries on an individual basis was much appreciated by the recipient countries, only joint action at the international level to promote easy access for the products of the developing land-locked countries to the markets of the developed countries could remedy the situation. The observer for another developing land-locked country said that his Government supported multilateral and international measures to establish the best possible system of free access to the sea.

362. The representatives of two developing transit countries referred to the transit facilities which their countries granted to neighbouring land-locked countries on the basis of negotiations and bilateral agreements. They said that bilateral negotiations between land-locked and transit countries, conducted in a spirit of goodwill and with due regard for the particular circumstances of the countries concerned, was the most satisfactory approach. The representative of one developing transit country said that regional and subregional integration was of paramount importance and that the international community should encourage the process of economic integration between land-locked and transit countries.

363. The representative of a developed market economy country recommended that the Board should adopt the report of the group of experts and that his country had furnished aid to land-locked countries, with particular attention to infrastructure and to transport problems and had signed and ratified the Convention on Transit Trade of Land-locked States. He urged the Governments of countries that had not yet done so to ratify the Convention.

364. The representative of a socialist country of Eastern Europe said that his delegation agreed with the view expressed in the report that a fuller study of the problems of developing land-locked countries should be made at the regional or subregional level under the auspices of the regional economic commissions.

365. At the 254th meeting of the Board, held on 11 September 1970, a draft resolution was submitted by Afghanistan, Algeria, Brazil, Chad, Chile, Colombia, Costa Rica, Ghana, Guatemala, India, Indonesia, Iran, Iraq, the Ivory Coast, Jamaica, Madagascar, Malaysia, Mali, Mexico, Nigeria, Pakistan, Peru, the Philippines, Rwanda, Senegal, Syria, Tunisia, Uganda, Venezuela and Yugoslavia.

366. During the discussion of this draft resolution, the representatives of several developed market economy countries expressed their understanding of the developing land-locked countries' problems and said they were ready to support the draft. At the same time, they suggested a few amendments.

Action by the Board

367. After agreeing to certain amendments, the Board adopted at its 259th meeting, on 16 September 1970, the text as amended. 61/

60/ United Nations, Treaty Series, Vol. 597 (1967), No. 8641.

61/ For the text as adopted, see annex I below, resolution 69 (X).

CHAPTER XI

TRADE EXPANSION, ECONOMIC CO-OPERATION AND REGIONAL INTEGRATION AMONG DEVELOPING COUNTRIES: CONSIDERATION OF THE REPORT OF THE INTERGOVERNMENTAL GROUP

(Agenda item 11)

368. The Board considered this item at its 248th meeting on 2 September 1970. As the meeting of the Intergovernmental Group envisaged in Trade and Development Board resolution 53 (VIII) had been postponed to November 1970, there was no report on the item before the Board. In that connexion, the President asked the Board to decide on the following two questions:

(a) Whether the report of the Intergovernmental Group should be considered at the resumed tenth session early in 1971 or at the eleventh regular session in the autumn of that year;

(b) Whether the Secretary-General of UNCTAD should be authorized to invite a number of intergovernmental bodies concerned with problems of trade expansion, economic co-operation and regional integration to attend the meeting of the Intergovernmental Group.

Action by the Board

369. After a brief exchange of views on the first of the two questions, the Board decided:

(a) To resume consideration of agenda item 11 at the second part of its tenth session; 62/

62/ With reference to a reservation made by one representative, the Secretary-General of UNCTAD explained that consideration of the item at the second part of the tenth session was not likely to prolong the resumed session or to have financial implications.

(b) To authorize the Secretary-General of UNCTAD to invite, in addition to the intergovernmental bodies already designated under article 78 of the Board's rules of procedure, the bodies which dealt with problems of trade expansion, economic co-operation and regional integration among developing countries, whose names had been submitted by the Secretary-General of UNCTAD. 63/

63/ The African Development Bank, Asian Development Bank, East African Community, East African Development Bank, East Caribbean Common Market, Association of South-East Asian Nations, Regional Co-operation for Development, Caribbean Development Bank, Central Bank of Equatorial African States and Cameroon, Central Bank of the West African States, Council of the Entente, Intergovernmental Council of Copper Exporting Countries, Organization of the Senegal Riparian States, West African Economic Community, Union of Central African States, Central American Bank of Economic Integration, Council of the Cartagena Agreement, Institute for Latin American Integration, Central American Monetary Union, Latin American Association of Financial Institutions, Andean Development Corporation and Centre for Latin American Monetary Studies.

CHAPTER XII
OTHER BUSINESS
(Agenda item 16)

Intergovernmental bodies under rule 78
of procedure

In 1970, the Board considered the applications of the Intergovernmental Institute for the purpose of participate as observer under rule 78 of the

Action by the Board

371. The Board decided to approve the designation of the two intergovernmental bodies in question.

B. Designation and classification of non-governmental organizations
for the purpose of rule 79 of the rules of procedure

372. At its 253rd and 254th meetings, on 8 and 11 September 1970, the Board considered, on the basis of document TD/B/324, the applications from the Federation of National Associations of Ship-Brokers and Agents and the European Association of the Trade in Jute Products for inclusion in the list of non-governmental organizations provided for under rule 79 of the rules of procedure.

373. The Bureau of the Board recommended that these applications should be approved and the two organizations in question classified in the "special category", the first with respect to the Committee on Shipping and the second with respect to the Committee on Commodities and the Committee on Manufactures.

Action by the Board

374. At its 254th meeting, on 11 September 1970, the Board approved the recommendations of the Bureau regarding the Federation of National Associations of Ship-Brokers and Agents and the European Association of the Trade in Jute Products.

375. The Board was also informed that the Secretary-General of UNCTAD had entered in the Register provided for under Board resolution 43 (VII), parts III and IV, the Federation of Indian Chambers of Commerce and Industry and the Federation of Indian Export Organizations, two national non-governmental organizations which had applied for inclusion in the Register.

C. Review of the experimental method of preparing summary records of plenary meetings of the main committees of the Board

376. The Board considered this item at its 253rd and 254th meetings, on 8 and 11 September 1970. The Board heard a statement by the Director of the Languages Division of the United Nations Office at Geneva regarding the experiment conducted with the four committees of the Board in the period between the ninth and tenth sessions of the Board. He stated that, as explained in the note by the secretariat (TD/B/L.222), the new system had both advantages and drawbacks.

377. Several representatives of developed market economy countries thought that the new system had worked reasonably well and should be continued. If the new system had not yet worked entirely satisfactorily, this was a reflection on the overlapping of meetings and not on the system itself. If it were not to be finally adopted, they considered that the experiment should be continued for one more year in order that the Board might take a decision at its eleventh session. In their opinion, the advantages of the experimental system were much greater than the drawbacks referred to in paragraph 5 of the note by the secretariat.

378. The representative of a developing country stated that the new method of preparing summary records had serious drawbacks for delegations as well as the secretariat. He drew attention to the fact that it had become impossible, with the new system, for any delegation to see the summary of a statement by any other delegation before the circulation of the final text of the summary record as a whole. He pointed out that economy, the main objective, had not been achieved and urged a return to the conventional system of provisional summary records.

379. At the 254th meeting of the Board, on 11 September 1970, the Director of the Languages Division replied to a number of questions and clarified certain points raised in the course of the discussion. He said that it would be improbable entirely to avoid the holding of simultaneous meetings and it would therefore be unrealistic to think that the difficulties of the new method of preparing summary records would diminish. As explained in the note by the secretariat, the anticipated financial savings had not materialized and it might well happen, on the contrary, that owing to less economical use of manpower resources, some additional expenditure would be incurred.

Action by the Board

380. At its 254th meeting, on 11 September 1970, the Board decided to continue for one year the experimental method of preparing summary records of plenary meetings of the main committees.

CHAPTER XIII
INSTITUTIONAL, ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

A. Opening of the session

381. The tenth regular session of the Trade and Development Board was opened on 26 August 1970 by Mr. K.B. Asante (Ghana), President during the Board's ninth session.

B. Election of officers (agenda item 1)

382. At its 239th meeting, on 26 August 1970, the Board elected by acclamation Mr. Pierre A. Forthomme (Belgium) as its President and Mr. Abdelaziz El Ayaçhi (Tunisia) as its Rapporteur for the period from the beginning of the tenth session to the beginning of the eleventh session.

383. At the same meeting, the Board elected the following representatives as Vice-Presidents for the same period:

Mr. Anthony Hill (Jamaica)
Mr. Frank G. Hooton (Canada)
Mr. Peter S. Lai (Malaysia)
Mr. Osmo Lares (Finland)
Mr. Włodzimierz Natorf (Poland)
Mr. Amanullah Rassoul (Afghanistan)
Mr. Armand Razafindrabe (Madagascar)
Mr. Oswaldo de Rivero (Peru)
Mr. Filippo Spinelli (Italy)
Mr. Nicolay Stephanov (Bulgaria)

C. Adoption of the agenda (agenda item 2)

384. At its 239th meeting, on 26 August 1970, the Board adopted the provisional agenda (TD/B/302) as approved at its ninth session. ^{64/} The agenda as adopted (TD/B/323) reads as follows:

1. Election of officers.
2. Adoption of the agenda.
3. Adoption of the report on credentials.
4. UNCTAD and the Second United Nations Development Decade.

^{64/} Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr.2), para. 301; and part one above, para. 218.

5. Third session of the United Nations Conference on Trade and Development: objectives, provisional agenda, programme of preparatory work and proposed organization.
6. Review of the implementation of the recommendations of the Conference.
7. 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;
 - (b) Expansion and diversification of exports of manufactures and semi-manufactures of developing countries, including the reports of the Committee on Manufactures and of the Special Committee on Manufactures and of the Special Committee on Preferences;
 - (c) Financing related to trade and invisibles:
 - (i) Financing related to trade, including the relevant part of the report of the Committee on Invisibles and Financing related to Trade, and a progress report by the International Bank for Reconstruction and Development on supplementary financing;
 - (ii) Report of the Committee on Shipping.
8. Trade relations among countries having different economic and social systems.
9. Principles governing international trade relations and trade policies conducive to development: Conference resolution 22 (II).
10. Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries.
11. Trade expansion, economic co-operation and regional integration among developing countries: consideration of the report of the intergovernmental group. 65/
12. Special measures in favour of the least developed among the developing countries.
13. Special problems of the land-locked countries.

65/ The Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries, established pursuant to Trade and Development Board resolution 53 (VIII) of 7 February 1969, had not met by the opening of the Board's tenth session, as it was scheduled to meet in November 1970.

14. Particular problems in the field of trade and development:
- (a) Trade promotion;
 - (b) Technical assistance activities, including training of technical and special staff in the field of export promotion and invisible transactions;
 - (c) Progressive development of the law of international trade: third annual report of the United Nations Commission on International Trade Law;
 - (d) Transfer of technology, including know-how and patents;
 - (e) World food problem.
15. Institutional, organizational and administrative matters:
- (a) Measures to inform world public opinion of the work of UNCTAD and of the problems of development;
 - (b) Work programme of UNCTAD and its budgetary requirements including questions of co-ordination of activities of UNCTAD with those of other bodies in the field of trade and development;
 - (c) Election to membership of committees;
 - (d) Review of the calendar of meetings;
 - (e) Provisional agenda for the eleventh session of the Board and tentative organization of the work of the session;
 - (f) Financial implications of the actions of the Board.
16. Other business.
17. Adoption of the report of the Board to the General Assembly.

D. Organization of the work of the session (agenda item 16 (a))

385. At its 239th meeting, on 26 August 1970, the Board considered the note by the UNCTAD secretariat containing suggestions for the organization of the work of the tenth session of the Board (TD/B/L.201/Rev.1 and Corr.1). The Board approved in general the suggestions made by the secretariat, subject to certain adjustments of the time-table for the consideration of certain items or sub-items.

386. In approving these suggestions, the Board decided to establish two sessional committees of the whole: Sessional Committee I to consider and report on item 7 "International trade and financing: consideration of action arising from the activities of the main Committees and other subsidiary bodies of the Board", and item 14 "Particular problems in the field of trade and development"; and Sessional Committee II to consider and report on item 8 "Trade relations among countries having different economic and social systems".

387. At its first meeting, on 28 August 1970, Sessional Committee I elected Mr. Frank G. Hooton (Canada) Chairman, Mr. Christopher Musoke (Uganda) Vice-Chairman and Mr. Simon Molina Duarte (Venezuela) Rapporteur. 66/

388. At its first meeting, on the same date, Sessional Committee II elected Mr. U. Njotowijono (Indonesia) Chairman, Mr. R. Martins (Austria) Vice-Chairman and Mr. Z. Rurarz (Poland) Rapporteur. 67/

E. Membership and attendance

389. The following countries members of the Board were represented at the tenth session: Afghanistan, Algeria, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chad, Chile, Colombia, Costa Rica, Czechoslovakia, Denmark, Federal Republic of Germany, Finland, France, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran, Iraq, Italy, Ivory Coast, Jamaica, Japan, Madagascar, Malaysia, Mali, Mexico, Netherlands, New Zealand, Nigeria, Pakistan, Peru, Philippines, Poland, Romania, Rwanda, Senegal, Spain, Sweden, Switzerland, Syria, Tunisia, Uganda, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

390. The following countries members of the Conference sent observers to the session: Argentina, Bolivia, Ceylon, China, Congo (Democratic Republic of), Cuba, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Holy See, Ireland, Israel, Kenya, Kuwait, Libya, Malta, Mauritania, Mongolia, Morocco, Norway, Panama, People's Republic of the Congo, Portugal, Republic of Korea, Republic of Viet-Nam, South Africa, Thailand, Togo, Trinidad and Tobago, Turkey, United Arab Republic, United Republic of Tanzania, Uruguay.

391. The Economic Commission for Europe, the Economic Commission for Africa, the United Nations Industrial Development Organization and the United Nations Development Programme were represented at the session.

392. 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 represented.

393. The following intergovernmental bodies were represented at the session: African, Malagasy and Mauritian Common Organization, Council for Mutual Economic

66/ The report of Sessional Committee I (TD/B(X)/SC.I/L.10 and Add.1 and 2, and TD/B/L.246 and Add.1) was considered by the Board at its 263rd meeting on 18 September 1970. The substance of the report and particulars of the Board's action with respect to items 7 and 14 are given in chapters V and VI above.

67/ The report of Sessional Committee II (TD/B(X)/SC.II/L.1 and Add.1 and 2, Add.2/Corr.1 and TD/B/L.247) was considered by the Board at its 263rd meeting, on 18 September 1970. The substance of the report and particulars of the Board's action with respect to item 8 are given in chapter VII above.

Assistance, European Economic Community, European Free Trade Association, United International Bureaux for the Protection of Intellectual Property, League of Arab States, Organization for Economic Co-operation and Development, Organization of African Unity, Organization of American States, Permanent Secretariat of the General Treaty on Central American Economic Integration.

394. The following non-governmental organizations in the general category were represented at the session: International Bar Association, International Christian Union of Business Executives, International Chamber of Commerce, International Confederation of Free Trade Unions, International Federation of Agricultural Producers, International Law Association, Union of Industries of the European Community, World Confederation of Labour, World Federation of Trade Unions. Those in the special category were: International Hotel Association, International Rayon and Synthetic Fibres Committee, Rubber Industries Liaison Bureau of the European Common Market.

F. Adoption of the report on credentials (agenda item 3)

395. At its 254th meeting, on 11 September 1970, the Board adopted the report of the Bureau on credentials (TD/B/326).

G. Measures to inform world public opinion of the work of UNCTAD and of the problems of development (agenda item 15 (a))

396. The Board had decided at the third part of its ninth session to defer consideration of this item and the two draft resolutions on this subject which were before it 68/ to its tenth session (see part one above, paras. 47-53).

397. During its tenth session, at the 256th and 261st plenary meetings, on 14 and 17 September 1970, the Board considered this question, taking into account, inter alia:

- (a) Resolution 10 (II) of the second session of the Conference and Trade and Development Board resolution 32 (VIII);
- (b) The report by the Secretary-General of UNCTAD (TD/B/250 and Corr.1 and Add.1 and Add.2) presented to the ninth session in response to resolution 52 (VIII) of the Board;
- (c) The statement received from the Director of the Centre for Economic and Social Information of the United Nations.

398. In discussing this question, there was general recognition that better understanding of the problems of trade and development and of the efforts made towards their solution was a vital prerequisite for greater public support for UNCTAD policies in particular in furtherance of the aims of the Second United Nations Development Decade. In this connexion, there was also general agreement that the international development strategy should include the

68/ Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616 and Corr. 2), part three, annex V.

mobilization of world public opinion as recommended by the Economic and Social Council, as well as by the Trade and Development Board. While it was agreed that effective promotional activity by the United Nations in this field is required in as co-ordinated and integrated a manner as possible, particularly during the Second Development Decade, different viewpoints were expressed at the Board with regard to the best way of achieving this as concerns the aims and activities of UNCTAD. These differing views are reflected in the draft resolution submitted, on the one hand, by a group of developing countries and, on the other, by a group of developed market economy countries. The delegations of the developing countries which intervened in the discussion felt that thus far the Centre for Economic and Social Information had not proved up to this task and that its Director's statement was unsatisfactory. They considered that the dissemination of information should be made directly from its source which, in the case of UNCTAD, would mean its headquarters in Geneva. Therefore they pressed for adoption by the Board of the draft submitted by delegations of the developing countries according to which the information services of UNCTAD would be extended through additional resources to be made available for this purpose from within and outside the regular United Nations budget. On the other hand, the delegations from the developed market economy countries that took part in the debate endorsed the statement made by the Director of the Centre and stressed the need for a centralized, co-ordinated approach to the public information work rather than separate efforts by individual organs of the United Nations. They pointed out that the Centre had only fairly recently been assigned a special responsibility in this field with respect to the economic and social activities of the Organization, and sufficient time should be allowed for the work of the Centre, in its new institutional form, to bear fruit. They also stressed that the mobilization of public opinion was the responsibility mainly of national bodies and that the United Nations could only play a supporting role.

Action by the Board

399. Bearing in mind the impending start of the Second United Nations Development Decade, as well as the need to step up public information activities in preparation for the forthcoming third session of the Conference, the Board agreed to consider this item again at its eleventh session, including the two draft resolutions that had been submitted thus far on this subject, while deciding to take the following action in the meantime:

(a) To request the Secretary-General of the United Nations to ensure that within the over-all information efforts devoted to the economic and social work of the United Nations, the public information machinery of the Organization, and the Centre in particular, expand and intensify its UNCTAD-related activities. It is understood, of course, that the UNCTAD secretariat will closely collaborate in these efforts within the possibilities of its limited resources and, in particular, by helping to supply the basic facts, data and technical support required for the effective implementation of these activities in UNCTAD's fields of competence.

(b) To this end, the Board further agreed to request the Secretary-General of the United Nations, that existing United Nations information machinery, and the Centre in particular, should concentrate with the greatest urgency possible on the trade and development problems to be discussed at the third session of the Conference.

(c) In order to ensure the closest collaboration and co-ordination between all those concerned so that appropriate emphasis is given to the important issues of trade and development dealt with by UNCTAD, the Board further agreed to request the Secretary-General of UNCTAD, in conjunction with the Secretary-General of the United Nations, to keep under review the matter of the over-all presentation by the Centre of these problems and activities and to report to the Board not later than at its eleventh session. In addition, the Secretary-General of UNCTAD should report at the same time on the further consideration he has given to the possibilities of a more effective UNCTAD responsibility, within its field of competence, in such public information activities.

(d) The Board also agreed to reiterate its invitation to member States to inform the UNCTAD secretariat of the competent national organizations which are responsible for the dissemination of information about the objectives and activities of UNCTAD, taking into account that the United Nations information activities should primarily assist and supplement the work of the established governmental and non-governmental agencies of information and rely upon their co-operation, to provide the public with information about the United Nations. Finally, the Board invited Member States and non-governmental organizations to continue and expand their various activities in this field.

H. Election to membership of committees (agenda item 15 (c))

400. In conformity with the decision taken by the Board at its first session that one-third of the membership of each of its main committees would be elected each year, 69/ and in order to replace the countries whose term of office would expire on 31 December 1970, the Board, at its 255th meeting, on 11 September 1970, elected for a term of three years, expiring on 31 December 1973, one-third of the members of its committees. 70/

401. The following countries were elected to serve on the Committee on Commodities: Argentina, Austria, Belgium, Chad, Czechoslovakia, Ecuador, India, Japan, Kenya, Malaysia, Norway, Peru, Republic of Viet-Nam, Romania, Syria, Thailand, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland.

402. The following countries were elected to serve on the Committee on Manufactures: Algeria, Austria, Colombia, Czechoslovakia, France, Greece, India, Iran, Mexico, Netherlands, Norway, Pakistan, Peru, Philippines, Saudi Arabia.

403. The following countries were elected to serve on the Committee on Invisibles and Financing related to Trade: 71/ Australia, Ceylon, France, Guatemala, Kenya,

69/ Ibid., Twentieth Session, Supplement No. 15 (A/6023/Rev.1), part one, para. 197.

70/ For the full membership of the Board's committees in 1969, see annex XI below.

71/ One of the five seats to be filled by the States listed in part B of the annex to General Assembly resolution 1995 (XIX) was left vacant for the time being, on the understanding that the Board would take a decision on the matter as soon as possible.

Mexico, Nigeria, Pakistan, Tunisia, Turkey, Union of Soviet Socialist Republics, United States of America, Venezuela, Yugoslavia.

404. The following countries were elected to serve on the Committee on Shipping: Argentina, Australia, Bulgaria, Canada, Chile, Federal Republic of Germany, Indonesia, Ivory Coast, Japan, Madagascar, Nigeria, Panama, Uganda, United Arab Republic, United Kingdom of Great Britain and Northern Ireland.

I. Appointment to fill a vacancy in the Advisory Committee to the Board and to the Committee on Commodities

405. The Board was required to appoint, on the recommendation of the Secretary-General of UNCTAD, a member of the Advisory Committee to replace the late Mr. André Philip (France). According to the Committee's terms of reference, the person appointed should have special knowledge and experience in the problems relating to primary commodities in the major consuming countries.

406. At the 260th meeting of the Board, on 17 September 1970, the Secretary-General of UNCTAD informed it that, much to his regret, he had been unable, because of lack of time, to nominate a person having the required qualifications for the vacant seat on the Advisory Committee.

Action by the Board

407. At its 260th meeting, on 17 September 1970, the Board decided to postpone until the second part of its tenth session the appointment of the new member of the Advisory Committee, without thereby postponing the date fixed for the next session of the Committee.

J. Review of the calendar of meetings (agenda item 15 (d))

408. The Board considered this item at its 260th meeting, on 17 September 1970. The Secretary of the Board introduced the note by the secretariat (TD/B/L.223 and Add.1 and 2) containing a revised calendar of meetings for the remainder of 1970 and for 1971 and a tentative schedule of meetings for 1972 and 1973, together with their financial implications.

409. The representatives of some developing countries noted with concern that, according to the suggested calendar, the fifth session of the Committee on Invisibles and Financing related to Trade was scheduled to take place after the eleventh session of the Board and that, consequently, the Committee's report would not be available at the time when the Board would be drawing up the provisional agenda for the third session of the Conference. Several other representatives considered that the Committee's decision, taken at its fourth session, to hold its fifth session "towards the end of 1971" should be adhered to; they pointed out that that date had been chosen deliberately so that the necessary documentation would be available to enable it to consider the questions of tourism and insurance, as planned. The representative of a developing country suggested that the Secretary-General of UNCTAD might consult delegations of countries members of the Committee with a view to advancing the date of the Committee's session so that its report might be submitted to the Board at its eleventh session.

410. A number of representatives expressed concern at the proliferation of meetings, including the Board's own sessions, contrary to decision 45 (VII) of the Board. A number of delegations proposed that, as from the eleventh session of the Board, the practice of holding resumed sessions should be discontinued. One delegation suggested that consideration should be given to reverting to the earlier practice of holding two separate sessions of the Board each year, each with its own agenda. After an exchange of views, it was agreed that the provision in the calendar for a resumed eleventh and resumed thirteenth session should be coupled with an indication that the Board would consider, during the second part of the tenth session, whether resumed sessions were really necessary.

411. Many representatives considered that it was not necessary for the Advisory Committee to the Board and to the Committee on Commodities to hold two sessions in 1971. It was agreed that provision should be made for a two-week session of the Advisory Committee from 22 March to 2 April 1971, and that the frequency of that Committee's sessions should be reviewed at the second part of the Board's tenth session.

412. Some representatives suggested that the secretariat should explore the possibility of postponing the eleventh session of the Board by one week and report on the results of its efforts at the second part of the tenth session of the Board.

Action by the Board

413. At its 260th meeting, on 17 September 1970, the Board approved, with some amendments, the revised calendar of UNCTAD meetings for the remainder of 1970 and for 1971 and a tentative schedule of meetings for 1972 and 1973. 72/

K. Provisional agenda for the eleventh session of the Board (agenda item 15 (e))

414. The Secretary of the Board introduced the draft provisional agenda for the eleventh session of the Board (TD/B/L.240) at the 260th meeting, on 17 September 1970. He explained that the draft as proposed by the secretariat in pursuance of rule 8 of the Board's rules of procedure was naturally subject to review by the Board at the second part of its tenth session, scheduled to be held early in 1971. He added that, in conformity with General Assembly resolution 1995 (XIX), the eleventh session of the Board would be preparatory to the third session of the Conference. He drew attention to item 6 (b) of the draft provisional agenda which mentioned the Special Committee on Preferences and said that the working of that item would have to be reviewed in the light of developments.

415. The representatives of several developing countries, noting that the draft provisional agenda did not provide for consideration of a report by the Committee on Invisibles and Financing relating to Trade, since that Committee's fifth session was scheduled for December 1971, expressed the hope that it would nevertheless be possible for the Board to discuss questions relating to the financing of development at its eleventh session under item 6 of the provisional agenda.

72/ For the calendar of meetings as approved, see annex I below, decision 70 (X).

Action by the Board

416. After certain modifications had been made to take account of action by the Board subsequent to the preparation of the provisional agenda by the secretariat, the Board adopted the following provisional agenda for its eleventh session:

Provisional Agenda for the Eleventh Session 73/

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. 74/
5. Third session of the United Nations Conference on Trade and Development: objectives, provisional agenda, programme of preparatory work, proposed organization and arrangements for reporting to the Conference. 75/
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;
 - (b) Expansion and diversification of exports of manufactures and semi-manufactures of developing countries, including the report 75/ of the Committee on Manufactures and of the Special Committee on Preferences; 76/

73/ This session, provisionally scheduled for the period from 24 August to 17 September 1971, will, in particular, deal with preparations for the third session of the Conference, in accordance with paragraph 21 of General Assembly resolution 1995 (XIX).

74/ The Board decided at its tenth session to consider the subject of "Principles governing international trade relations and trade policies conducive to development: Conference resolution 22 (II)" at its eleventh session in connexion with the general debate under this item.

75/ In addition to item 5, all substantive items included in the provisional agenda for the eleventh session, in particular those relating to the work of the subsidiary bodies of the Board, will be examined in the context of the preparations for the third session of the Conference.

76/ If required in the light of decision to be taken by the Board at its fourth special session on the question of the continuation of the existence of the Special Committee on Preferences.

- (c) Report of the Committee on Shipping;
 - (d) Transfer of technology;
 - (e) Particular questions of financing related to trade, including the question of establishing a multilateral interest equalization fund.
7. Trade relations among countries having different economic and social systems.
 8. Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries.
 9. Special measures in favour of the least developed among the developing countries.
 10. Special problems of the land-locked countries.
 11. Particular problems in the field of trade and development:
 - (a) Technical assistance activities, including training of technical and special staff in the field of export promotion and invisible transactions; 77/
 - (b) Progressive development of the law of international trade: fourth annual report of the United Nations Commission on International Trade Law.
 12. Institutional, organizational and administrative matters:
 - (a) Measures to inform world public opinion of the work of UNCTAD and of the problems of development;
 - (b) Work programme of UNCTAD and its budgetary requirements including questions of co-ordination of activities of UNCTAD with those of other bodies in the field of trade and development; 78/
 - (c) Election to membership of committees;
 - (d) Appointment of the members of the Advisory Committee to the Board and to the Committee on Commodities;
 - (e) Review of the calendar of meetings; 79/
 - (f) Provisional agenda for the twelfth session of the Board and organization of the work of the session; 80/

77/ To be considered at the resumed eleventh session to be held from 28 February to 3 March 1972 (provisional dates).

78/ Ibid.

79/ Decisions taken at the first part of the eleventh session may be reviewed by the Board, if necessary, at the resumed eleventh session.

80/ Ibid.

(g) Financial implications of the actions of the Board.

13. Other business.

14. Adoption of the report of the Board to the General Assembly.

L. Financial implications of the actions of the Board
(agenda item 15 (f))

417. At its 263rd meeting, on 18 September 1970, the Board had before it a summary statement by the UNCTAD secretariat (TD/B/321) on the financial implications of the actions of the Board at its tenth session. The Board took note of the statement, 81/ with one delegation reserving its position stating that all the additional costs should be absorbed in the 1971 budget.

M. Adoption of the report of the Board to
the General Assembly (agenda item 17)

418. At its 265th meeting, on 24 September 1970, the Trade and Development Board adopted the present report on the first part of its tenth session. At the same meeting, the Board adopted its report to the General Assembly at its twenty-fifth session consisting of the reports on the third part of its ninth session (2 to 16 February 1970) and on the first part of its tenth session (26 August to 24 September 1970). The Board furthermore decided that, should a special session of the Board be held in October 1970 pursuant to its resolution 61 (IX), its report on that session would also constitute a part of its report to the General Assembly at its twenty-fifth session.

N. Adjournment of the session

419. At the 265th meeting, on 24 September 1970, the President adjourned the first part of the tenth session of the Board.

81/ For the text of the summary statement, see annex X below. The Board also had before it a note summarizing the financial implications of actions taken by two of its subsidiary bodies (TD/B/319) since the end of the ninth session.

ANNEX I

RESOLUTIONS AND DECISIONS ADOPTED BY THE
TRADE AND DEVELOPMENT BOARD DURING THE
FIRST PART OF ITS TENTH SESSION

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part of its tenth session

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RESOLUTIONS

68 (X). Special measures in favour of the least developed among the developing countries

The Trade and Development Board,

Recalling its resolution 65 (IX) of 13 February 1970, adopted unanimously at the third part of its ninth session, on special measures to be taken in favour of the least developed among the developing countries,

Noting the report of the Secretary-General of UNCTAD to the Board a/ on efforts being made in the remainder of the United Nations system in response to General Assembly resolution 2564 (XXIV) of 13 December 1969, and the observations made during the first part of its tenth session,

Taking note of Economic and Social Council resolution 1556 (XLIX) of 31 July 1970 on the Second United Nations Development Decade,

Recalling that the Group of Experts convened by the Secretary-General of UNCTAD, in its report, b/ recommended that a special ad hoc body should be established within UNCTAD entrusted with the formulation, development and review of policies and projects in favour of the least developed countries,

1. Recognizes the need for a continuing comprehensive study and examination of the problems of the least developed among the developing countries within the broader framework of the Second United Nations Development Decade;

2. Requests the committees and the secretariat of UNCTAD, the regional economic commissions, the United Nations Economic and Social Office in Beirut, and other regional and subregional bodies to continue to study, within their respective fields of competence, the problems of, and special measures in favour of, the least developed among the developing countries;

3. Decides to establish within UNCTAD an Ad Hoc Group of Experts, designated in their personal capacity, to assist the Board and its permanent organs until the eleventh session of the Board in all matters concerning the special measures in favour of the least developed among the developing countries;

4. Invites the Secretary-General of UNCTAD to appoint, in consultation with the Governments of States members of UNCTAD, the regional economic

a/ Official Records of the Trade and Development Board, Tenth Session, Annexes, agenda item 12, document TD/B/316.

b/ Ibid., Ninth Session, third part, Annexes, agenda item 15, document TD/B/288.

commissions, the United Nations Economic and Social Office in Beirut and other regional and subregional bodies, the Ad Hoc Group of Experts referred to in paragraph 3 above, taking into consideration inter alia the recommendations contained in paragraph 9 (e) of the report of the Group of Experts convened by the Secretary-General of UNCTAD, b/ and to submit to the Board at its eleventh session a report on the way in which the provisions of the present resolution have been implemented.

259th plenary meeting,
16 September 1970.

69 (X). Special problems of the land-locked countries

The Trade and Development Board,

Recalling the principles relating to transit trade of land-locked countries adopted at the first session of the United Nations Conference on Trade and Development and Conference resolution 11 (II) of 23 March 1968, which was adopted unanimously, on the special trade and development problems of land-locked developing countries,

Recalling further that, in its resolution 50 (VIII) of 4 February 1969, the Board invited the Secretary-General of UNCTAD to convene a group of experts to carry out a comprehensive examination of the special problems involved in the promotion of trade and economic development of land-locked developing countries, and directed the group to submit its report to the Board at its tenth session,

Recalling also that the General Assembly of the United Nations, in its resolution 2569 (XXIV) of 13 December 1969, requested the Board to consider, on the basis, inter alia, of the report of the group of experts, the adoption of practical measures for the implementation of all the provisions of Conference resolution 11 (II),

Recalling further that the Board agreed, in connexion with UNCTAD's contribution to the preparatory work for the Second United Nations Development Decade, c/ that, in the light of the general recommendations made in Conference resolution 11 (II), specific measures in favour of land-locked developing countries would be elaborated by the Board after its consideration of the report of the group of experts on the problems of land-locked countries,

Recalling further that the Board has already decided, in connexion with UNCTAD's contribution to the preparatory work for the Second United Nations Development Decade, that a land-locked situation should be considered as a factor in determining the criteria for the identification of the least developed among developing countries.

c/ Trade and Development Board decision 64 (IX), section B, IX, para. 2.

Considering that regional co-operation between the land-locked developing countries and their transit neighbours could play an important role in the economic development of the countries concerned,

1. Takes note with appreciation of the report of the group of experts on the special problems involved in the trade and economic development of the land-locked developing countries d/ and invites the land-locked developing countries and their transit neighbours to take note of the appropriate recommendations in that report in evolving mutually acceptable solutions;

2. Affirms the need to take effective remedial steps to solve the specific problems of land-locked developing countries within the context of the international development strategy;

3. Recommends that the Governments of land-locked developing countries and their transit neighbours should continue their joint efforts, whenever necessary, to make arrangements, bilaterally or, if mutually agreed, multilaterally, to review administrative and other relevant measures and procedures governing the flow of transit trade and the trade between developing land-locked countries and transit countries, with a view to facilitating the flow of traffic across frontiers, curbing smuggling and diversion of trade, and arranging for regular intergovernmental consultations to ensure that the needs and problems of both land-locked and transit countries are kept under review;

4. Recommends that the Governments of land-locked developing countries and their transit neighbours should co-operate in the elaboration and promotion of mutually agreed projects for the improvement and development of road, rail, water and other transport systems as may be appropriate in both land-locked and transit countries for their mutual benefit;

5. Recommends that the Governments of land-locked developing countries should bear in mind the possible advantages of air transport for the carriage of their external trade, investigate the feasibility of extending the range of their goods carried by air, and ensure that they have at least one airport fully equipped to satisfy international standards;

6. Invites the Secretary-General of UNCTAD, in collaboration with the regional economic commissions, specialized international financial institutions, the International Trade Centre and other international organizations concerned and the Governments of developed countries, to assist the land-locked developing countries and their transit neighbours in studying the subjects referred to in the foregoing paragraphs in order to facilitate, in accordance with the usual procedures of the United Nations Development Programme; the flow of financial and technical assistance to the Governments concerned;

7. Invites the United Nations Development Programme, the specialized agencies, international financial institutions and the Governments of developed countries members of UNCTAD to take into account the appropriate recommendations of the Group of Experts and the special needs of land-locked developing countries and their transit neighbours, particularly in the field of transport, and to give favourable consideration to requests from these countries for financial and

d/ Ibid., Tenth Session, Annexes, agenda item 13, document TD/B/308.

technical assistance, including, where appropriate, financial assistance on soft terms, to achieve the objectives of the present resolution, and therefore requests the Secretary-General of UNCTAD to transmit the report of the group of experts and the present resolution to the above-mentioned organizations for appropriate action;

8. Instructs the Committee on Shipping to study and make concrete proposals on the basis of Committee resolution 13 (IV) of 4 May 1970, and further instructs the Committee on Invisibles and Financing related to Trade to study and suggest to the Board measures designed to assist land-locked developing countries to increase their revenue from invisibles, including tourism, and to facilitate access to international sources of finance and technical assistance in order to reduce their balance-of-payments burden in respect of transit trade and insurance costs;

9. Invites the United Nations Development Programme, specialized financial institutions and the Governments of developed countries to assist transit developing countries to improve their port installations and facilities which should help to meet the trans-shipment requirements of land-locked countries;

10. Invites the Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries, established pursuant to Board resolution 53 (VIII) of 7 February 1969, to include in its agenda a review and analyses of the special problems of the land-locked developing countries, with a view to giving special consideration to the need for their greater participation in regional and international trade;

11. Requests the appropriate organs of UNCTAD to recommend specific practical measures within their fields of competence for alleviating the special problems of land-locked developing countries within the context of the international development strategy;

12. Requests the Secretary-General of UNCTAD to submit to the Board at its eleventh session and to the Conference at its third session a progress report on the actions taken in pursuance of the present resolution.

259th plenary meeting,
16 September 1970.

73 (X). Commodity problems and policies: pricing policy and liberalization of trade

The Trade and Development Board considers that the following text on pricing policy and trade liberalization is a step which can lead to the adoption of an international policy on primary commodities. It does not prejudice the search for new arrangements within UNCTAD and in other international bodies in this field. The Board therefore requests the Secretary-General of UNCTAD to submit to the United Nations Conference on Trade and Development at its third session, after consultation with the Governments of member States, institutions and the international organizations concerned, proposals for future work relating to commodities.

*

* * *

The Trade and Development Board,

Recognizing that growth in export earnings of developing countries is governed in part by the prices received for primary products on which they still heavily depend, and in part by the progressive expansion in the volume of their exports of these products, in response to widening market opportunities,

Noting that agreement has been reached on the desirability of a set of general principles on pricing policy which would serve as guidelines for intergovernmental consultations in accordance with resolution 16 (II) adopted on 26 March 1968 by the United Nations Conference on Trade and Development and concrete actions aimed at stabilizing markets for individual commodities, and that pricing policy is one element in the improvement of export earnings,

Noting further that agreement has been reached on the desirability of adopting concrete measures of trade liberalization as a means of increasing the export earnings of the developing countries and that improved access to markets is one element in promoting trade expansion,

Taking into account the relevant recommendations and resolutions adopted within UNCTAD,

Noting also the detailed proposals as to principles and objectives of pricing policy and the operational guidelines which have been put forward, and the detailed proposals for reducing barriers to trade and increasing market opportunities for commodities exported by developing countries which have also been put forward,

Recognizing that progress is being made, through intergovernmental consultations and negotiations on individual commodities, in identifying the types of measures that may not usefully be pursued in each case,

Bearing in mind that consideration should be given to the least developed of the developing countries to help them to derive equitable benefits to the extent feasible for action in the commodity field,

Recognizing that any measures in the field of international commodity policy should take fully into account the over-all situation relating to trade in a particular commodity and the desirability of improving competitiveness, and should pay due regard to the interests of all producing countries, including those which rely heavily on export earnings from primary commodities,

Recommends that the objectives and principles stated in parts A and B below be observed, where possible, by Governments and competent institutions as general guidelines in deciding policies affecting commodities of special export interest to developing countries, and in particular with respect to the action on commodity prices and on liberalization of trade which appears to them capable of providing concrete solutions to problems of trade in such commodities.

A. PRICING POLICY

1. One of the aims of any pricing policy for primary commodities of particular export interest to developing countries should be to obtain stable prices at levels remunerative to producers and equitable to consumers, with a view to improving the rate of growth of foreign exchange earnings derived from these products, and their predictability, and thus contributing to the achievement of steady economic growth in the developing countries and to the over-all objectives and targets incorporated in the international strategy for the Second United Nations Development Decade.

2. In pursuit of this objective, due regard shall be given to the market situation of individual commodities, to the effect of prices on world supply and demand, and to the work carried out by the international bodies concerned. In this connexion, prices should not be such as to encourage structural oversupply, resort to substitute products, or economies in use. They should, in the long run, encourage the development of adequate new supplies.

3. In the light of the foregoing considerations:

(a) Efforts towards the elimination of excessive short-term fluctuations should be actively pursued;

(b) Where the prices of commodities of particular export interest to developing countries stand at a level which is not considered remunerative to producers, appropriate efforts should be made at an international level to improve prices. Wherever necessary, such action should also be reinforced by appropriate national and international measures to alter the underlying supply-demand situation. In this connexion, commodity prices should be such as to encourage increased productivity and the maintenance of fair labour standards. They should also contribute to the improvement of the trade balance of developing countries;

(c) International efforts on prices should to the fullest extent possible give support to, and be accompanied by, appropriate national action by developing countries in order to utilize a significant portion of export earnings for economic development diversification of their economies, and social development;

(d) The price mechanism established in international arrangements should remain in force for a sufficiently long period in order to:

- (i) Facilitate the defence of agreed price-ranges by all participants, both producers and consumers, as provided in the arrangements;
- (ii) Achieve greater predictability as to the export earnings of developing countries;
- (iii) Promote action-oriented programmes designed to correct instances of structural disequilibrium;

(e) On a commodity-by-commodity basis, intergovernmental consultations should be continued and intensified in accordance with Conference resolution 16 (II), with the aim of reaching concrete and significant results on pricing policy early in the 1970s.

B. LIBERALIZATION OF TRADE AND ACCESS TO MARKETS

1. One of the aims of trade liberalization in primary commodities of particular export interest to developing countries should be to ensure improved access to world markets and to market growth for products in which developing countries are presently or potentially competitive. Such improved access should enable developing countries to increase their export earnings and to achieve steady economic growth.

2. In pursuit of this objective, Governments and competent institutions concerned should, to the fullest extent possible, take action, either as an international co-operative endeavour or unilaterally to improve access to world markets. Due account should also be taken of the need to avoid internal economic and social disequilibria in both importing and exporting countries.

3. In the light of the foregoing considerations:

(a) Developed countries should, to the fullest extent possible, not create new tariff or non-tariff barriers or increase existing barriers against imports of primary commodities of particular export interest to developing countries;

(b) Efforts directed towards the liberalization and expansion of trade in these products should be actively pursued with a view to the progressive and substantial reduction and, whenever possible, elimination of duties and other barriers to trade in primary commodities of particular export interest to developing countries, including those in processed or semi-processed form;

(c) Whenever necessary, efforts on liberalization should be reinforced in the context of appropriate national and international endeavours by developed countries to promote the expansion of trade;

(d) As far as possible, developed countries should refrain from introducing new fiscal measures affecting primary products wholly or mainly produced in developing countries, and Governments should consider the possibility of reducing fiscal charges which, in effect, hamper the growth of consumption of such commodities, and which are applied specifically to these products;

(e) Intergovernmental consultation should be continued and intensified in the various international organizations concerned with these matters in accordance with Conference resolution 16 (II), with the aim of reaching concrete and significant trade liberalization results early in the 1970s;

(f) The socialist countries of Eastern Europe should continue to foster the growth of commodity exports from developing countries, and to this effect the measures envisaged in Conference resolution 15 (II) of 25 March 1968 should be taken.

263rd plenary meeting,
18 September 1970.

74 (X). Transfer of technology, including
know-how and patents

The Trade and Development Board,

Considering the importance of the transfer of technology to all countries, and in particular to the developing countries,

Considering the urgent necessity for an adequate transfer of technology to all countries, and in particular to the developing countries, in order to accelerate their economic development and attain the objectives of UNCTAD,

Recognizing that the transfer of technology to developing countries requires a clear understanding of obstacles to this transfer and that UNCTAD, within its competence, has a specific role in identifying obstacles, in recommending measures for overcoming them and for facilitating access to modern technology by developing countries as elaborated in the present resolution,

Noting that concerted measures and the implementation of a programme by developed and developing countries and competent international organizations for promoting the transfer of technology to developing countries will be an important element of the international development strategy for the Second United Nations Development Decade,

Bearing in mind the fact that several international organizations in their respective fields of competence have specific programmes for the application of science and technology to development, for the transfer of operative technology and for facilitating access to, and effective utilization of, appropriate available technology in developing countries,

Recognizing at the same time that none of the existing United Nations bodies deals exclusively with the specific question of the transfer of operative technology to developing countries,

Recalling Economic and Social Council resolution 1454 (XLVII) of 8 August 1969 on future institutional arrangements for science and technology, in which the Council considered that the United Nations Conference on Trade and Development was competent to take any action, including appropriate institutional arrangements within its framework, in connexion with those aspects of the transfer of operative technology that fall within its jurisdiction,

Recalling also Economic and Social Council resolution 1544 (XLIX) of 30 July 1970 on the same subject, in which the Council attached the highest importance to the strengthening of the activities, including the elimination of

any prevailing institutional gaps, of the bodies and organizations of the United Nations system dealing with specific problems of the application of science and technology to development and with the question of the transfer of operative technology to developing countries,

Recalling further that in its resolution 1544 (XLIX) the Economic and Social Council recognized that so far no consensus or majority opinion had emerged on how best to meet the need for the reinforcement and co-ordination or on the place and role of any intergovernmental machinery to be set up,

Recalling further Board resolutions 48 (VII) of 21 September 1968 and 62 (IX) of 12 September 1969 on the transfer of technology, including know-how and patents,

Noting the study by the secretariat of UNCTAD on elements of a programme of work for UNCTAD in this field, e/ and in particular the initial work on the identification, in chapter II of that document, of problems and obstacles to the transfer that may exist in developing and developed countries, including the limitations that may exist in developing countries to the effective utilization of technology,

1. Decides that, within the limits of its competence, the functions of UNCTAD in the field of the transfer of technology include:

(a) Continuing the identification of obstacles and problems that may limit the transfer of technology to developing countries;

(b) Considering studies and proposals in the field of transfer of technology, inter alia, in the areas indicated below, keeping in mind the objectives of accelerating the economic development in particular of the developing countries, benefits flowing from the transfer of such technology, and also taking fully into account the requirements of the least developed among these countries;

(c) Considering various forms of the foreign exchange costs of the transfer of technology and, if appropriate, suggesting measures to promote an easier, wider and more rapid transfer to the developing countries of modern technology through concerted action at the international, regional and national levels;

(d) Considering licensing and similar arrangements, giving particular attention to features which may hamper the expansion of the industries and exports of the developing countries and also the limitations that may exist in developing countries to the effective utilization of technology;

(e) Identifying, in co-operation with specialized agencies as appropriate, additional factors within UNCTAD's field of competence governing the choice by the suppliers and recipients of operative technology of particular channels and forms for the transfer;

e/ Ibid., agenda item 14 (b) and (d), document TD/B/310.

2. Decides that, in performing these functions, UNCTAD will co-operate and co-ordinate with other bodies in the United Nations system and other international organizations with the aim of avoiding any overlapping and unnecessary duplication of activities in this field, in conformity with the responsibilities of the Economic and Social Council, particularly those of co-ordination, and with the agreements governing the relationship between the United Nations and the agencies concerned;

3. Agrees that, in the light of paragraph 1 above, UNCTAD will pursue its work in the field of transfer of technology on a continuing basis;

4. Decides to establish an Intergovernmental Group on Transfer of Technology:

(a) To make as comprehensive as possible an identification of the obstacles and problems limiting the transfer of operative technology to developing countries;

(b) To consider the possibilities for the development of international and national action to overcome obstacles to the transfer of technology to developing countries;

(c) To prepare a programme of work based on operative paragraph 1 above taking into account:

(i) The documentation submitted by the UNCTAD secretariat;

(ii) The scope of the activities of the bodies in the United Nations system and other intergovernmental organizations whose terms of reference and work programmes concern the transfer of technology to developing countries;

(iii) The existence of any prevailing gaps within the United Nations system regarding the transfer of technology to developing countries;

(iv) The work relevant to transfer of technology being done by the main committees of the Board and other subsidiary organs;

(d) To make suggestions regarding the performance of UNCTAD's functions as set out in paragraph 1 above;

5. Decides that the Intergovernmental Group shall report on its work to the Board, that the Group shall be composed of forty-five members, on the basis of an equitable geographical distribution, and that, as far as possible, the representation in the Group shall be at an expert level;

6. Decides that the work done by the Intergovernmental Group will be the subject of a major review after two substantive sessions and, in the light of that review, the Board will decide about further work in the field of the transfer of operative technology to developing countries, including the question of institutional arrangements in UNCTAD;

7. Requests the Secretary-General of UNCTAD:

(a) To prepare the necessary documentation required to assist the Intergovernmental Group in discharging its functions;

(b) To seek from the Governments of States members of UNCTAD information about specific problems encountered in the transfer of technology to developing countries and steps taken to overcome them.

263rd plenary meeting,
18 September 1970.

DECISIONS

67 (X). The contribution of UNCTAD to the preparatory work for the Second United Nations Development Decade

A

Shipping and ports

At the first part of its tenth session, the Trade and Development Board considered a draft text on policy measures on shipping and ports to form part of its contribution to the preparatory work for the Second United Nations Development Decade, an issue which it had left unresolved in its decision 64 (IX) of 16 February 1970.

At its 252nd meeting, on 7 September 1970, the Board adopted the following text on shipping and ports in connexion with its contribution to the Second United Nations Development Decade and requested the Secretary-General of UNCTAD to transmit it as soon as possible to the appropriate organs of the United Nations:

"VI. Invisibles, including shipping^{f/}

"The objective is to promote by national and international action the earnings of developing countries from invisible trade and to minimize the net outflow of foreign exchange from those countries arising from invisible transactions, including shipping. g/

f/ The sections on insurance and tourism which were agreed upon by the Board at the third part of its ninth session (see decision 64 (IX), section B, VI) are not reproduced here.

g/ This introductory paragraph, which covers the whole chapter on invisibles, was also agreed upon by the Board during the third part of its ninth session (ibid.)

"Shipping and ports

"In pursuance of the objective, action should be taken, inter alia, in the following areas, by Governments and international organizations and, where necessary, appropriately involving liner conferences, shippers' councils and other relevant bodies.

"1. The principle that the national shipping lines of developing countries should be admitted as full members of liner conferences operating in their national maritime trade and have an increasing and substantial participation in the carriage of cargoes generated by their foreign trade, should be implemented in the Decade.

"2. Further, Governments should invite liner conferences to consider favourably, fairly and on equal terms applications of the national shipping lines, in particular of developing countries, for admission as full members to wayport trades related to these countries' own foreign trade, subject to the rights and obligations of conference membership, as provided in section II, paragraph 4, resolution 12 (IV) of 4 May 1970, of the Committee on Shipping.

"3. In order that the developing countries may have an increasing and substantial participation in the carriage of maritime cargoes, and recognizing the need to reverse the existing trend whereby the share of the developing countries in the world merchant fleet has been declining instead of increasing, developing countries should be enabled to expand their national and multinational merchant marines through the adoption of such measures as may be appropriate to permit their shipowners to compete in the international freight market and thus contribute to a sound development of shipping.

"4. It is also necessary that further improvements be made in the liner conference system and all unfair practices and discrimination, where such exist in liner conference practices, should be eliminated.

"5. In the determination and adjustment of liner freight rates, due consideration should be given, as far as is commercially possible and/or appropriate to:

"(a) The needs of developing countries, in particular their efforts to promote non-traditional exports;

"(b) The special problems of the least developed among the developing countries, in order to encourage and promote the import and export interests of these countries;

"(c) Port improvements leading to a reduction of the cost of shipping operations in ports;

"(d) Technological developments in maritime transport;

"(e) Improvements in the organization of trade.

"6. Governments of developed countries members of UNCTAD should, upon request made by developing countries within the framework of their over-all development priorities, duly consider extending, directly or through international institutions, financial and technical assistance, including training, to developing countries to establish and expand their national and multi-national merchant marines, including tanker and bulk carrier fleets, and to develop and improve their port facilities. Within assistance programmes, special attention should be paid to projects, including training projects, for developing the shipping and ports of the least developed among the developing countries for reducing their maritime transport costs.

"7. The terms and conditions on which bilateral aid and commercial credit are available for the purchase of ships by developing countries should be kept under review in the light of relevant resolutions of UNCTAD, namely resolution 12 (II) adopted on 24 March 1948 by the Conference and resolution 9 (IV), adopted on 4 May 1970 by the Committee on Shipping.

"8. Freight rates, conference practices, adequacy of shipping services and other matters of common interest to shippers and shipowners should be the subject of consultation between liner conferences and shippers and, where appropriate, shippers' councils or equivalent bodies and interested public authorities. Every effort should be made to encourage the institution and operation of shippers' councils where appropriate or equivalent bodies and the establishment of effective consultation machinery. Such machinery should provide for consultation by liner conferences well before publicly announcing changes in freight rates.

"9. In view of the common interest of States members of UNCTAD, shippers, and shipowners in improving ports, thus lowering the cost of maritime transport and permitting reductions in freight rates, a concerted national and international effort should be evolved in the course of the Decade to promote the development and improvement of port facilities of developing countries.

"10. Maritime transport costs, the level and structure of freight rates, conference practices, adequacy of shipping services and related matters should continue to be kept under review within UNCTAD and additional measures to attain the objective set out in this field should be considered within the work programme of the permanent machinery of UNCTAD."

252nd plenary meeting.
7 September 1970.

B

At its 257th meeting, after informal consultations in a contact group, the Board decided:

1. With respect to the contribution of the socialist countries of Eastern Europe, to draw the General Assembly's attention to part B,

section IV, of the Board's decision 64 (IX) on the contribution of UNCTAD to the preparatory work for the Second United Nations Development Decade - a text which was approved by the Board during the third part of its ninth session with the exception of a passage in brackets. This passage remains in brackets.

2. With regard to trade expansion, economic co-operation and regional integration among developing countries, to draw the General Assembly's attention to paragraph 6 of part B, section III of the Board's decision 64 (IX) which refers to the role of the socialist countries of Eastern Europe in these fields.

The Board considered that, although it was not possible for the contact group to reach any specific agreement on those issues which remained unresolved, the consultations conducted during its tenth session had been useful in that they had helped in further clarifying the underlying issues and had led to a measure of rapprochement on some matters.

As regards more particularly target dates in the field of trade and the question of adjustment assistance, the Secretary-General of UNCTAD, in the course of the informal consultations, submitted draft texts in which he incorporated constructive suggestions made by delegations. Additions to, and deletions from, these texts were subsequently suggested in the course of the consultations. No agreement was reached on these texts. Nevertheless the Board invited the Secretary-General of UNCTAD to transmit his draft texts h/ to the Secretary-General of the United Nations so that they might become promptly available for reference purposes in connexion with the consideration by the General Assembly at its twenty-fifth session of the international development strategy for the 1970s.

257th plenary meeting,
15 September 1970.

71 (X). Third session of the United Nations Conference on Trade and Development: objectives, provisional agenda, programme of preparatory work and proposed organization

I

1. The Trade and Development Board, having discussed item 5, i/ took note of the illustrative list of substantive items suggested for inclusion in the draft provisional agenda for the third session of the United Nations Conference on Trade and Development by the Secretary-General of UNCTAD as reproduced below, as well as the statement made by him at the Board's 253rd plenary meeting on 8 September 1970 concerning the considerations and criteria underlying this list.

h/ See Official Records of the Trade and Development Board, First Part of the Tenth Session, 259th meeting.

i/ Ibid., 253rd, 256th, 257th and 261st meetings.

2. The Board reaffirmed the terms of paragraphs 7 and 8 of its decision 45 (VII)^{d/} of 21 September 1968 whereby future sessions of the Conference should be shortened and should concentrate on issues of fundamental importance so as to attract the attendance of Ministers.

3. The Board considered that the illustrative list submitted by the Secretary-General of UNCTAD would serve as a useful preliminary outline and framework for drawing up the provisional agenda for the third session of the Conference in accordance with rule 4 of its rules of procedure. This preliminary outline should also serve as an incentive for the work of the continuing machinery during the period preceding the Conference, and as the basis for future consultations with Governments of member States. It was suggested by various delegations that a number of other items might be considered for inclusion in the light of the criteria enunciated in decision 45 (VII) regarding the agenda of future sessions of the Conference. Some of these items are listed below. It was understood that the final selection and formulation of items for the provisional agenda at the eleventh session of the Board would depend on the progress which would meanwhile have been achieved by the continuing machinery of UNCTAD. The agenda items would be carefully selected in order to make the Conference manageable and to achieve concrete results. They should include a range of issues sufficiently wide to meet the interests of all States members of UNCTAD.

4. The Board considered that its debate on the item, as well as the illustrative list of items, had provided useful guidance for the preparations for the third session of the Conference. The Board requested the Secretary-General of UNCTAD:

- (a) To initiate the necessary studies and reports;
- (b) To continue, in contact with the President of the Board, his consultations on this matter with Governments of member States;
- (c) To submit progress reports, as appropriate, for the Board's consideration at its resumed tenth session and its eleventh session.

* * *

j/ The two paragraphs read:

"7. It is desirable that sessions of the Conference should be shortened to remain within the limits of three to four weeks. It should concentrate on issues of fundamental importance so as to attract the attendance of Ministers and should, in so far as possible, be limited to those issues which are mature for settlement or for which further directives are required. The agenda, which must in any case be drawn up on the basis of preparatory discussions in the permanent machinery, should be prepared with these considerations in mind."

"8. A short preparatory meeting before each session may be useful to deal with all organizational and formal matters, including elections."

Illustrative list of substantive items suggested by the Secretary-General of UNCTAD for inclusion in the draft provisional agenda for the third session of the United Nations Conference on Trade and Development

1. Examination of recent developments and long-term trends in world trade and development in relation to the international development strategy; review of implementation of the recommendations, resolutions and other decisions of the UNCTAD; and guidelines for UNCTAD's work programme. k/
2. Specific issues considered suitable for substantive examination and action by the Conference:
 - I. Commodity problems and policies:
 - (a) Access to markets and pricing policy;
 - (b) Diversification and competitiveness of natural products.
 - II. Manufactures and semi-manufactures:
 - (a) Preferences;
 - (b) Liberalization of non-tariff barriers, including adjustment assistance measures.
 - III. Growth, development finance and aid:
 - (a) Volume, terms and conditions of the flow of capital to developing countries and mobilization of internal resources by developing countries;
 - (b) Special aspects of development finance, including proposals regarding the question of a link between the allocation of Special Drawing Rights and the provision of additional development finance to developing countries; supplementary financing.
 - IV. Policies for the development of shipping and the reduction of maritime transport costs.
 - V. Trade relations among countries having different economic and social systems.
 - VI. Trade expansion, economic co-operation and regional integration among developing countries.

k/ During this general debate, heads of delegations will have the opportunity to refer to particular matters within the competence of UNCTAD, whether or not these are specifically mentioned in the agenda of the third session, including principles governing international trade relations and trade policies conducive to development.

Illustrative list of items referred to in paragraph 3 above which might be considered for inclusion in the provisional agenda for the third session of the Conference in the light of the criteria enunciated in decision 45 (VII) of the Trade and Development Board, suggested during the course of the debate on item 5

Transfer of technology

Special measures for the least developed among the developing countries 1/

Special problems of the land-locked countries 1/

Principles governing international trade relations

Multilateral interest equalization fund

5. The above lists include various issues unresolved at the present time. The Board expressed the hope that the General Assembly and the permanent machinery of UNCTAD, will, before the third session of the Conference, be able to resolve as many as possible of these issues and thus facilitate the work of the Conference.

II

6. The Board recommends to the General Assembly that it decide that the third session of the United Nations Conference on Trade and Development shall be convened in April/May 1972. The Board will make its final recommendation to the General Assembly concerning the location of the third session of the Conference in due course.

261st plenary meeting,
17 September 1970.

72 (X). Technical assistance activities, including training of technical and special staff in the field of export promotion and invisible transactions

1. The Trade and Development Board, considering that technical assistance has an important part to play in the foreign trade and invisible transactions of the developing countries, has received with satisfaction the report on UNCTAD's activities and achievements in this field submitted to it at its tenth session by the UNCTAD secretariat. m/

1/ There was no specific mention of this question in the illustrative list of substantive items suggested by the Secretary-General of UNCTAD because it was assumed that it would be discussed in the course of the consideration of other matters.

m/ Official Records of the Trade and Development Board, Tenth Session, Annexes, agenda item 14 (b) and (d), document TD/B/315.

2. The Trade and Development Board notes with approval the efforts made by the Secretary-General of UNCTAD with a view to establishing co-operation, within UNCTAD's fields of competence, with the regional economic commissions and the United Nations Economic and Social Office in Beirut, in order that these bodies may play the important role devolving upon them in relation to UNCTAD's technical assistance activities in their respective areas.

3. The Trade and Development Board requests the Secretary-General of UNCTAD to submit, at each of its sessions, a detailed report on UNCTAD's technical assistance action in favour of the developing countries in the field of international trade and invisible transactions.

263rd plenary meeting,
18 September 1970.

70 (X). Calendar of UNCTAD meetings for the remainder of 1970 and for 1971, and tentative schedule of meetings for 1972 and 1973

<u>1970</u>			
	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Special Committee on Preferences, second part of fourth session	21-23 September <u>and</u> 1-9 October	2 weeks	Geneva
Trade and Development Board fourth special session <u>n/</u>	not later than 15 October	1-2 days	Geneva or New York
Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries	2-18 November	2 1/2 weeks	Geneva
Working Group on Tungsten, seventh session	9-11 November	3 days	Geneva
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity conference	as required	up to 2 weeks	Geneva
Commodity consultations	as required	1-2 weeks	Geneva
Working parties and study groups	as required	up to 6 weeks	Geneva

n/ See Board resolution 61 (IX), paragraph 2.

1971

	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Joint UNCTAD/GATT Advisory Group on the International Trade Centre, fourth session	12-15 January	4 days	Geneva
United Nations Wheat Conference, 1971	18 January- 19 February	5 weeks	Geneva
Working Group on International Shipping Legislation, second session	15-26 February	2 weeks	Geneva
Trade and Development Board, resumed tenth session	1-5 March	1 week	Geneva
Committee on Manufactures, fifth session	8-19 March	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities, sixth session	22 March- 2 April	2 weeks	Geneva
Committee on Shipping, fifth session	22 March-2 April	2 weeks	Geneva
Permanent Group on Synthetics and Substitutes, fifth session	28 June-2 July	1 week	Geneva
Committee on Commodities, sixth session	5-16 July	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities, seventh session <u>o/</u>	to be determined	1 week	Geneva
Trade and Development Board, eleventh session	24 August- 17 September	4 weeks	Geneva
Committee on Invisibles and Financing related to Trade, fifth session	1-14 December	2 weeks	Geneva
Committee on Tungsten	as required	1 week	Geneva
Working Group on Tungsten, eighth 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 5 weeks	Geneva
Commodity consultations	as required	4-5 weeks	Geneva
Intergovernmental Group on Transfer of Technology	as required	to be determined	Geneva
Working parties and study groups	as required	up to 18 weeks	Geneva

o/ Subject to review during the resumed tenth session of the Board.

Note: The following tentative calendar of meetings for 1972 and 1973 is submitted in accordance with the requirements of General Assembly resolution 2609 (XXIV) on the pattern of conferences and will, of necessity, have to be reviewed in the light of the recommendations and decisions of the Conference, at its third session.

<u>1972</u>			
	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Joint UNCTAD/GATT Advisory Group on the International Trade Centre, fifth session	January	4 days	Geneva
Trade and Development Board, resumed eleventh session <u>p/</u>	28 February- 3 March	week	Geneva
Pre-Conference meeting	April	2 days	Geneva
immediately followed by:			
United Nations Conference on Trade and Development, third session	April/May	approx. 4 weeks	Geneva
Trade and Development Board, twelfth session <u>q/</u>	May	1-2 days	Geneva
Advisory Committee to the Board and to the Committee on Commodities, eighth session	July	1-2 weeks	Geneva
Trade and Development Board, thirteenth session	22 August- 15 September	4 weeks	Geneva
Committee on Manufactures, sixth session	October/ November	2 weeks	Geneva
Committee on Commodities, seventh session	November/ December	2 weeks	Geneva
Committee on Tungsten	as required	1 week	Geneva
Working Group on Tungsten, ninth session	to be determined	1 week	Geneva or New York
Working Group on International Shipping Legislation, third session	to be determined	2 weeks	Geneva
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity conferences	as required	up to 10 weeks	Geneva
Commodity consultations	as required	4-5 weeks	Geneva
Intergovernmental Group on Transfer of Technology	to be determined	2 weeks	Geneva
Working parties and study groups	as required	up to 18 weeks	Geneva

p/ Subject to review during the resumed tenth session of the Board.

q/ For the purpose of reviewing the calendar of meetings and the provisional agenda for the thirteenth session of the Board in the light of the decisions taken by the Conference at its third session.

1973

	<u>Date</u>	<u>Duration</u>	<u>Location</u>
Advisory Committee to the Board and to the Committee on Commodities, ninth session <u>r/</u>	January	1 week	Geneva
Joint UNCTAD/GATT Advisory Group on the International Trade Centre, sixth session	January	4 days	Geneva
Trade and Development Board, resumed thirteenth session <u>r/</u>	26 February- 2 March	1 week	Geneva
Committee on Shipping, sixth session	March/April	2 weeks	Geneva
Committee on Invisibles and Financing related to Trade, sixth session	June	2 weeks	Geneva
Advisory Committee to the Board and to the Committee on Commodities, tenth session <u>r/</u>	July	1 week	Geneva
Trade and Development Board, fourteenth session	21 August- 14 September	4 weeks	Geneva
Committee on Manufactures, seventh session	October/ November	2 weeks	Geneva
Permanent Group on Synthetics and Substitutes, sixth session	November	1 week	Geneva
Committee on Commodities, eighth session	November/December	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
Working Group on International Shipping Legislation, fourth session	to be determined	2 weeks	Geneva
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity conferences	as required	up to 10 weeks	Geneva
Commodity consultations	as required	4-5 weeks	Geneva
Intergovernmental Group on Transfer of Technology	as required	2 weeks	Geneva
Working parties and study groups	as required	up to 18 weeks	Geneva

260th plenary meeting,
17 September 1970.

r/ Subject to review during the resumed tenth session of the Board.

OTHER DECISIONS TAKEN BY THE BOARD DURING THE FIRST
PART OF ITS TENTH SESSION

Designation of intergovernmental bodies under rule 78
of the Board's rules of procedure s/

At its 253rd meeting, on 8 September 1970, the Board approved the applications of two intergovernmental organizations, namely, the Intergovernmental Council of Copper Exporting Countries and the International Institute for Cotton, for inclusion in the list provided for in rule 78 of the Board's rules of procedure and in rule 80 of the rules of procedure of the Conference.

Designation and classification of non-governmental organizations
for the purpose of rule 79 of the Board's rules of procedure t/

At its 254th meeting, on 11 September 1970, the Board approved the applications of the following two non-governmental organizations for inclusion in the list provided for in rule 79 of its rules of procedure and decided that these two organizations should be classified in the "Special" category:

UNCTAD organ

Federation of National Associations of Ship-Brokers and Agents	Committee on Shipping
European Association of the Trade in Jute Products	Committee on Commodities and Committee on Manufactures

Review of the experimental method of preparing summary records
for plenary meetings of the main Committees u/

At its 254th meeting, on 11 September 1970, the Board decided to continue for one more year the experimental method of preparing summary records for plenary meetings of the main Committees which had been used in consequence of the decision concerning this question taken by the Board at its ninth session.

s/ See paragraphs 370 and 371 above.

t/ See paragraphs 372-374 above. The Secretary-General of UNCTAD informed the Trade and Development Board that, after consultation with the Indian Government and as provided for in parts III and IV of Board decision 43 (VII), two national non-governmental organizations - the Federation of Indian Chambers of Commerce and the Federation of Indian Export Organizations - had been entered in the Register.

u/ See paragraph 380 above.

ANNEX II

COMMENTS AND OBJECTIONS BY PARTICULAR DELEGATIONS WITH
RESPECT TO TRADE AND DEVELOPMENT BOARD RESOLUTION
73 (X) CONCERNING COMMODITY PROBLEMS AND POLICIES:
PRICING POLICY AND LIBERALIZATION OF TRADE

Brazil

The representative of Brazil said that his delegation could not accept the following:

- (i) The preamble of the decision, because it weakened parts A and B of the operative part by qualifying all the recommendations with such phrases as "where possible" and "as general guidelines";
- (ii) The second sentence of paragraph 2 of part A of the operative part of the decision, since that sentence was not accompanied by any statement that would counterbalance the attitude of support for the low-price policy which that sentence implied;
- (iii) Paragraph 3 (c), because that paragraph put too much stress on national efforts to diversify and omitted any reference to international support for diversification programmes; furthermore, the commitment to be undertaken by the developing countries in that respect was not accompanied by any corresponding commitment on the part of the developed countries to help to increase the export earnings of the developing countries;
- (iv) The provisions of paragraph 3 (a) of part B of the decision, because they constituted a backward step in relation to a corresponding provision in recommendation A.II.1 of the first session of the Conference, which did not include the phrase "to the fullest extent possible";
- (v) Paragraph 3 (b) of part B, which, in his view, marked a retreat from the terms of recommendation A.II.1;
- (vi) Paragraph 3 (d) of part B, which diminished the scope of recommendation A.II.1 by using such phrases as "as far as possible", "consider the possibility" and "fiscal charges which, in effect, hamper the growth of consumption of such commodities".

For those reasons, the Brazilian delegation made these specific reservations regarding the provisions referred to above. His delegation's views on commodity policy remained those contained in document TD/II/C.1/L.10 submitted to the Conference at its second session.

Canada

The representative of Canada expressed his delegation's understanding that the resolution adopted commanded the assent and support of the members of all groups. It was on this basis that his delegation had associated itself with the resolution.

The Canadian representative recognized that this was a highly-negotiated resolution and as such did not perfectly reflect the views of all delegations, including his own. In the view of his delegation, there were several respects in which it could have been improved.

First, his delegation was puzzled by the reference in the covering decision to the effect that the resolution could lead to the adoption of an international policy on primary commodities and did not prejudice the search for new arrangements. It considered that there were more profitable areas of work in commodities than the elaboration of further general principles regarding commodity trade.

With respect to the resolution as a whole, the representative of Canada considered that it applied to primary products in general, with particular emphasis on those of interest to developing countries. He thought that the section on pricing policy might have reflected more adequately the function of prices in stimulating increased competitiveness and efficiency. His delegation understood by paragraph 3 (b) of paragraph A that the interests of efficient and internationally competitive producers would be taken into account in assessing whether prices were remunerative or not. His delegation did not consider the final sentence in either paragraph 3 (b) of paragraph A or in paragraph 1 of paragraph B to be restrictive. Commodity prices and improved access to markets could appropriately contribute to the foreign exchange earnings of any internationally competitive producer.

The Canadian delegation accepted the resolution in the light of the above remarks.

Chile

The representative of Chile stated that his delegation had approved the resolution in order not to prejudice the interests of developing countries which considered it useful, but with reservations regarding the second sentence of paragraph 2 of part A. The first part of that sentence did not take sufficiently into account the need of developing countries to obtain larger resources in order to develop their economies. The reference to resort to substitute products implied a veiled threat, which was unacceptable. Paragraph 3 (a) of part B was a step backward compared with part II, section A, paragraph 2, of recommendation A.II.1, adopted by the Conference at its first session. Nor could the Chilean delegation accept paragraph 3 (c) of part B, in which the expression "Whenever necessary" appeared to question the need for efforts to liberalize trade in primary commodities. The expression "As far as possible" in paragraph 3 (d) was equally unacceptable and was also a withdrawal from the position taken in recommendation A.II.1 of the first session of the Conference.

France

The representative of France said that, although he respected all the views expressed, he did not think that the drafting of the present resolution, which had been negotiated with the utmost care, could properly be compared with that of recommendation A.II.1 of the first session of the Conference, which, owing to lack of time, had simply been approved as a whole without detailed consideration of its wording.

Jamaica

The representative of Jamaica drew attention to part II, section A, paragraph 6 on transitional arrangements in recommendation A.II.1 of the first session of the Conference and also recalled the draft resolution on the main elements of commodity policy including international commodity arrangements and other techniques of commodity stabilization (TD/II/C.1/L.10). He pointed out that his Government continued to subscribe to both these texts. For this reason, his delegation wished to reserve its position on paragraphs 3 (b) and 3 (d) in part B of the resolution just adopted.

Japan

The representative of Japan said that, in agreeing to the adoption of the resolution in the spirit of compromise, his delegation considered that excessive emphasis should not be placed on pricing policy among a number of measures to help the economic development of the developing countries.

Mexico

The representative of Mexico said that his delegation did not oppose the draft resolution contained in document TD/B/L.248, since it marked an advance towards a positive policy of international co-operation on commodities. But the statement of intentions in that resolution might establish a precedent that could prevent the achievement of further progress in the future field of action of UNCTAD and other international bodies. He would have liked the resolution to ask the Secretary-General of UNCTAD to prepare a programme of action for the third session of the Conference, comprising specific measures in the commodity field, and not merely a work programme for UNCTAD. He pointed out that the resolution contained no explicit reference to measures that encourage non-economic production of commodities in developed countries through subsidies. His delegation could not accept paragraph 3 (c) in part A of the resolution, which disregarded the fact that the developing countries devoted the bulk of their export earnings to their economic development.

Peru

The delegation of Peru considered the decision on pricing policy and access to markets inadequate. It nevertheless accepted the decision as a compromise of an interim and indicative nature, without prejudice to Peru's future needs in accordance with its regional arrangements.

United States of America

The United States representative explained that his delegation had associated itself with the resolution so that the UNCTAD Committee on Commodities could be relieved of the further necessity of trying to negotiate policy guidelines on those two subjects and could concentrate on new and more practical areas of activity, such as the proposed diversification studies and surveys of research and development needs. The compromise text did not precisely or fully reflect his country's position, particularly with regard to pricing policy; in that connexion, his Government did not wish to emphasize international agreements directly influencing prices, but domestic policies that promoted healthy, stable and expanding commercial markets. Having gained considerable experience of the results of domestic price intervention, the United States Government was becoming increasingly sceptical about the merits of direct price regulation as a means of income support, since that policy too often resulted in production for storage rather than production for consumption. His Government was trying to break away from that approach in its own farm policy and urged other countries to do likewise, since that was the only way to solve the problems of world agricultural trade. It therefore welcomed paragraph 2 of the section on pricing policy, which set forth some of the principal economic considerations that should guide pricing policies if such policies were not to be ineffective and counter-productive in the long term, aggravating the causes of market instability and undermining opportunities for a healthy, long-term expansion of consumption and trade.

The United States did not construe paragraph 3 (b) of the section on pricing policy as implying that international action on the pricing of commodities of particular interest to the developing countries should be encouraged or undertaken in all cases. Nor did it interpret the reference to international action, "national action" or "international arrangements" (paragraphs 3 (b), (c), and (d) as implying encouragement for international commodity agreements. It believed that technical and economic factors limited the scope for formal agreements and that consultative arrangements or other informal types of international co-operation were indicated in most cases.

Venezuela

The representative of Venezuela said that his Government, like other developing countries in the Group of 77, attached the greatest importance to questions of pricing policy and access to markets, but he could not regard the scope of the document adopted (TD/B/L.428 and annex I) as a step in the right direction, above all on the part of the developed countries. His Government's view of the question would remain essentially that set out in document TD/II/C.1/L.10 and addenda, submitted at the second session of the Conference. He went on to indicate the points in the document to which his delegation could not agree. He referred first to paragraph 1 of part A on pricing policy. If the foreign exchange resources of the developing countries were to be sufficient to meet their development needs adequately, the prices of their commodity exports must be stable, remunerative for the producers, and at the same time equitable both for producers and consumers. With respect to paragraph 2 of the same part, the Venezuelan Government could not agree with the ideas set forth in the second sentence of that paragraph, at least as now formulated, for a sound pricing policy did not encourage structural oversupply, still less resort to

substitute products by the developed countries or economies in use. Although the last sentence of the paragraph, referring to the long-term aim of pricing policy, might well apply to non-renewable natural resources, his Government considered that that policy should be largely directed to a more rational use of available resources. His delegation could not support paragraph 3 (c), because it gave the impression that the developing countries were not striving to achieve diversification of their economies and social development. In paragraph 3 (d), the expression "agreed price ranges" was not clear to his Government, which considered that any pricing mechanism established as part of international agreements should meet the specific requirements of each commodity, and that a price range was one of the formulae that might be considered. Lastly, the representative of Venezuela, without specifically referring to section B on access to markets, nevertheless indicated that the substance of his Government's position was defined in a joint text submitted by the Group of 77 at the second session of the Conference.

European Economic Community

The representative of the European Economic Community, speaking under rule 78 of the rules of procedure, said that the Community approved and supported the resolution. He went on to say that the term "competent institutions" in the resolution applied to the Community. He added that the action envisaged in the framework of the resolution, particularly paragraph 3 (b) of part A and paragraph 3 (c) of part B, covered international and domestic measures in the field of pricing policy and liberalization of trade.

ANNEX III

STATEMENT CIRCULATED BY THE SECRETARY-GENERAL OF UNCTAD IN CONNEXION WITH THE REVIEW OF THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CONFERENCE

(Agenda item 6)

The year which has elapsed since the last time I presented my report on the implementation of the resolutions of the Conference was full of developments in areas of interest to UNCTAD, although not all of them were as positive as we had hoped. On the whole, however, a number of promising prospects have been opened up for UNCTAD. While there was a lack of progress on several important matters, there were also a number of events which, although isolated, inspire hope for new steps forward on a wider front. In short, UNCTAD's image has emerged strengthened. The principle that this organization can and must effectively perform practical tasks of primary importance to improve international trade and promote economic development has prevailed. This was stressed by U Thant, the Secretary-General, in his statement at the opening of the last session of the Economic and Social Council. We must continue to work tirelessly to consolidate this image, with a particular view to the third session of the Conference and the launching of the Second United Nations Development Decade.

The contribution of UNCTAD to the Second United Nations Development Decade

UNCTAD's contribution to the preparations for the Decade was, indeed, one of the organization's central preoccupations during the last year. After arduous and sustained efforts we made sufficient progress to submit our contribution to the United Nations bodies that are dealing with this question at a broader level. However, certain issues that are vitally important if UNCTAD's contribution is to be really complete still remained unsolved. So far as shipping is concerned, the President, Mr. Asante, and I have submitted to the Board for its consideration a text which reflects our consultations with groups of delegations and which combines several positive elements achieved at the last session of the Committee on Shipping. I trust that this text will facilitate the conclusion of this part of our work. I also hope that other issues, such as development financing - and more particularly the volume of aid - may also be resolved in a timely and satisfactory manner. All this, together with the agreements already reached in our other fields of competence, should help to ensure that the Second Decade is marked by dynamic action based on a realistic vision of the future.

This may provide the new impetus that is needed for the international community to succeed in modifying, progressively but determinedly, certain trade trends which still persist and which particularly affect the developing countries. This, in fact, constitutes the raison d'être of the International Development Strategy. But before looking towards the future in terms of that strategy, we should first rapidly review recent developments in world trade.

Trade and development trends

During the last year, there were a number of positive events in trade and development. Exports from the developing countries grew at a rate of 10.5 per cent, the highest in the First United Nations Development Decade. Nevertheless, their share in world exports continued the decline that it has been undergoing for the past twenty years, due to the considerably more rapid progress of the industrialized countries, despite the latter's having started from much higher absolute levels. We cannot hide our concern at the broadening of the already too wide gap between the industrialized and the less developed countries. Furthermore, the expansion of the export earnings of the developing countries required in many cases additional efforts which far outweighed the growth achieved, owing to continued instability of the prices of a number of their export products and because there was a further reduction in the purchasing power of some of the most important international currencies.

The improvement in the terms of trade of the developing countries may also be mentioned as a positive feature of the past year. There is, however, no degree of certainty whether this will continue or whether, on the contrary, it is only a temporary phenomenon. The uncertainty arises, inter alia, from the strong inflationary trends prevailing in major developed countries which always constitute an unfavourable element tending to worsen the terms of trade. It is to be hoped that the trend towards improvement will, rather, be confirmed and consolidated, and to that end many of the actions undertaken in UNCTAD must be pursued.

Development: a universal phenomenon

There is no doubt that the world has been developing at a more rapid rate than ever, but it is not enough for a few industrialized countries to progress as a result of their own dynamism and for the developing countries to benefit only indirectly from this progress, as a reflected movement which will always be of lesser intensity. In this case, they would always lag behind. There is no desire whatsoever to hold back the progress of some so that others can catch them up; the aim is rather to reduce by dynamic measures the profound differences which today separate the two. This attempt to promote equality requires that the countries lagging behind should grow more rapidly and also that the least developed of those countries should be the subject of a particular effort so that their economies too can acquire a sufficient sustained impetus.

It is not a question of encouraging the developing countries to imitate what at the present time constitutes the image of a developed country. The goal is quite different. There must be structural changes designed to promote better utilization of human and material resources, without seeking uniformity in a world which will always have to express itself in a variety of forms and styles.

It cannot be repeated too often that development is a universal phenomenon. The world cannot today regard itself as a archipelago of interests, since the fate of all is increasingly closely linked. It is clear, however, that adequate efforts must be concentrated in the most needy areas.

Through the personal contacts that I have made in many countries, my conviction that this new awareness of the universality of trade and development has already taken root has been confirmed. It could not be otherwise, because if

the world is indeed to survive a catastrophe of any kind, it must develop on a basis of interdependence and solidarity.

Consequently, steps must be taken to ensure that this universality is reflected in a great flow of commerce and trade. It is not a question of rigidly planning trade, but rather of acting within a flexible framework, introducing dynamic incentives and disincentives which favour particular trends and avoid dangerous disruptions in terms of the International Development Strategy and, in addition, enable all countries to draw up their plans on more secure and harmonious bases. What is needed is to have certain guidelines which, based on a better understanding of the present situation, will lead promptly and in a practical manner to more reliable and satisfactory projections of the future.

Multilateralization of trade

One of these guidelines is the multilateralization of trade on increasingly untrammelled bases. This is a goal towards which we must strive with perseverance, without, however, ignoring the importance of certain traditional bilateral flows justified by circumstances when they yield a balance of benefits for the two parties. In general, however, these benefits are strengthened and increased as the trade flows widen and take new directions. The developing interest in intensifying trade between countries with different economic and social systems reveals the existence of far-reaching possibilities - many of them still unexplored - of increasing trade relations in a fruitful fashion. Such possibilities should embrace all directions, since to increase East-West trade alone is not enough; the north-south flow should also receive the full benefits. In this connexion, the recent rapid growth of trade between the socialist countries of Eastern Europe and the developing countries is a good sign. However, this process is still in its early stages and cannot be compared with the trade between the developed market economy countries and the developing countries, which also must be steadily intensified.

Within this global and multilateral trend, regional and subregional integration schemes play a particularly important role. It is impossible to over-emphasize the need for greater co-operation between the various existing schemes, particularly between those comprising developed countries and those comprising developing countries, especially when such schemes are going through a critical phase, such as extension of their geographical coverage. Problems of integration among industrialized countries are frequently solved in closed circles, in which the interests of the developing countries and their economic integration groupings, whatever their geographical location, are not always properly taken into account.

Effects of the economic situation on the developing countries

Hence the need to introduce corrective mechanisms which prevent, or at least attenuate, the negative effects on the developing countries caused by the world economic situation, which is mainly determined by what is happening in the developed countries. The latter have a special responsibility for controlling the course of their own economies, some of which sometimes depart from their normal paths, thus creating additional problems for the international community. The imbalances affecting the industrialized countries, whether structural or

dictated by circumstances, have multiplied negative effects on the developing countries, whose economies are extremely vulnerable to the vicissitudes of the more advanced countries. In fact, trade or economic difficulties arising between two or more industrialized countries are often solved in a very short-sighted manner by applying restrictive measures which impede the expansion of trade between the periphery and the centre and international economic co-operation itself.

Consequently, I can only deplore the persistence, now even more threatening in its implications, of the new wave of protectionism I referred to last year which could put an end to the progressive efforts towards liberalization of trade that were viewed with so much optimism scarcely two years ago. It would be tragic indeed to stop at this point and even more tragic to revert to the conflicts which could develop into a full-scale trade war. Let us hope that the general interest will prevail over the interests of particular sectors and with it the very raison d'être of the normalization of trade between large and small nations. Moreover, the protectionist pressures that are being brought to bear merely demonstrate once more that uneconomic activities are being encouraged in advanced countries, thus hampering the healthy expansion of those same activities in the developing countries. This in turn confirms the need to pursue the establishment of a new international division of labour on more rational and equitable bases. Adjustment assistance is one of the most practical ways of achieving this objective. It is, however, a mechanism whose application is a difficult and long-term process during which efforts must be made to compensate interests which would otherwise suffer. Nevertheless, there is no doubt that the difficulties that arise can be overcome, as has been demonstrated by the positive, although as yet insufficient, steps that have been taken in this regard.

Responsibility of the developing countries themselves

It is also necessary to stress the need for the countries of the third world to carry out internal reforms and transformations without delay. Only in this way can international co-operation be given the desired scope. It is useful to recall that the economies of the majority of developing countries are mixed, and this gives their public sectors a special responsibility for the promotion of over-all development and for guidance of the private sector. The development of these countries and their contribution to a healthier and more balanced world economic growth depend in large part on an increasingly effective fulfilment of that responsibility.

Undoubtedly, the growth of the developing countries as a whole was faster than in preceding decades, but an even faster rate of growth is nevertheless required. This calls for better mobilization of domestic resources, which no doubt need to be supplemented by external flows, and these, as I shall indicate later, have tended to slacken off. Another point to be considered is the qualitative aspect of development, especially the distribution of the gross product by sectors. In general, the primary production sectors are still too heavily weighted, as is the service sector, which in many cases conceals extremely low levels of productivity that reflect the underemployment of large numbers of the population. The increase in national income recorded by many developing countries has only marginally affected the lower social strata because the growth is frequently irregular and therefore income and wealth are poorly distributed. Authorities such as my predecessor, Dr. Raúl Prebisch, have often stressed this point, as well as

the need to develop mechanisms to raise the savings rate and domestic capital resources in order to increase the present rate of investment in suitably selected fields. Naturally it is up to each country to solve this delicate, but none the less urgent, problem.

It is also necessary to emphasize the urgent need for greater competitiveness, essentially to develop new exports that will expand the sources of income. The developing countries should make a particular effort to attain higher levels of productivity. Competition with foreign markets cannot be based on cost advantages alone, when such advantages are the result of particularly low wages. Such situations should not, and cannot, continue and, in fact, it is already recognized that the best approach is to aim for a more highly skilled labour force, the use of modern production techniques and, in general, a better combination of factors of production.

Both groups of countries must, of course, assume a greater responsibility for ending the lamentable waste of human and material resources which is to be seen, nowadays, all too frequently. If better use is to be made of human capital, more efficient employment policies must be pursued which should be closely linked with a satisfactory rise in export earnings based on better programming, especially during the execution phase. In this field, the UNCTAD secretariat is resolved to continue adding its efforts to those of the International Labour Organisation (ILO) and the United Nations Industrial Development Organization (UNIDO) in the search for ways of assisting Governments which seek help in dealing with employment problems relating to the domestic and external sectors of their economies.

So far I have tried to outline the general framework within which we must make more concrete and practical efforts to generate international trade that really provides an effective spring-board for economic development, particularly for that of the third world. I shall not, in this general part of my statement, refer to questions of development financing, as I shall be dealing with these later and because I made a more detailed statement on this subject during the recent session of the Committee on Invisibles and Financing related to Trade. a/ The Second United Nations Development Decade, as it progresses, will no doubt give us useful guidance for our immediate task. I must now mention some of the essential aspects of what has been done in the permanent machinery of UNCTAD over the past year and also give some indication of what the organization's tasks should be in the near future, based on the International Development Strategy. In both cases the areas calling for our attention stand out quite clearly: increasing access to markets on reasonable terms and securing more and better development financing and transfer of technology.

Commodities

As far as the access of commodities to the markets of developed countries is concerned, it must first of all be recognized that these products are still the developing countries' main source of income. This is a fact which we must always bear in mind, although we must spare no efforts to modify this situation. To this end, it seems clearly advisable to adopt a twofold policy. First of all,

a/ See press release TAD/INF/447 (CO/IN) issued in Geneva on 20 July 1970.

efforts must be made to obtain the highest benefits that can reasonably be derived from the export of primary commodities, while at the same time avoiding fluctuations which are harmful for all countries. Secondly, the income obtained should be used to promote, by means of diversification policies, a broadening of the base of both the external sector and the over-all economy of the developing countries. On both these aspects, the permanent machinery has continued to work with varying degrees of success, both in establishing general policy guidelines and in the matter of the treatment of individual commodities, in particular those referred to in Conference resolution 16 (II).

In its efforts to make effective recommendations in those areas where its contribution will be of most benefit, particularly in response to the requests it may receive from the appropriate organs, the Advisory Committee to the Board and to the Committee on Commodities, naturally, has a very important role to play in suggesting new approaches to meet the existing problems. This contribution of the Advisory Committee is, of course, greatly appreciated by the secretariat.

Some matters such as pricing policy and liberalization of trade, on which no real progress has been achieved, despite the many efforts that have been made, still have to be dealt with. However, the secretariat has undertaken some work aimed at facilitating possible practical arrangements under a market access scheme by means of which the developing countries may be able to increase their exports of certain products, including temperate zone products, to the markets of the developed countries.

Fortunately, in other important fields, such as the disposal of surpluses and strategic reserve and consultations among producing countries, the Committee on Commodities, at its fifth session, was able to reach agreements which undoubtedly constitute a step forward.

During the past year negotiations and consultations were undertaken or continued on a considerable number of commodities. Firstly, I should like to refer to the case of cocoa, the discussions on which have been long and difficult. It is regrettable that after so many years of intense efforts, it has still not been possible to reach an agreement on this commodity. Technical consultations were held in June between the fourteen producing and consuming countries and I hope that these countries will agree with me that some progress was made, limited though it may have been. We still, therefore, must persevere in this task until we finally secure, by the start of the Decade, the conclusion of a cocoa agreement which would, furthermore, stamp the Decade with the dynamism required for this type of undertaking.

The efforts made in connexion with other commodities have met with greater success. The International Sugar Agreement has continued to operate in a fairly satisfactory manner and will function even more satisfactorily as countries which hitherto have remained outside the scope of the agreement accede to it. I am also pleased to inform you of the renegotiation of the International Tin Agreement for a further five-year period. This Agreement, negotiated at the conference convened by UNCTAD at the request of the International Tin Council, is now open for signature. The informal interim agreement on tea has been confirmed and this already appears to have had a positive influence on prices. Co-operation between UNCTAD and FAO proved very useful during these negotiations

on tea as, in fact, it did with regard to other agricultural products. Institutionalization of this co-operation is therefore being considered with regard to oil-seeds, oils and fats in order to make it permanent and more action-oriented. Also, as the Board knows, action has already been taken, and will continue, to implement Conference resolution 16 (II) with regard to commodities such as iron ore, manganese and phosphates. I am also pleased to point out that, as the request of the members of the wheat agreement, an attempt to negotiate a new agreement on this commodity is to be made within the framework of UNCTAD. I do not propose to speculate at present on the causes which led to the breakdown of the previous agreement. I merely wish to draw attention to the interest shown by the signatory countries to that agreement, and by other countries, in negotiating a new agreement under the auspices of our organization.

We are all aware of the factors which militate against the conclusion of agreements or arrangements on individual commodities. Because of the differences in the international trade in the various commodities, each one requires a particular approach and, in some cases, it may be preferable to resort to informal arrangements. The important thing is that the habit of co-operation should be consolidated through frequent contact between producers and consumers who should not simply exchange ideas, but also seek to develop effective means of action.

Whether the arrangements are formal or informal, there should be no fear of emphasis being laid on ensuring a transfer of resources from developed to developing countries. The main object is to stabilize prices at satisfactory and reasonable levels which will, in the end, lead to a more just and lasting distribution of the benefits of trade among all the interests involved.

This, however, does not constitute a panacea. There are other aspects which must be dealt with, such as the tariff and non-tariff barriers hampering access to the markets of developed countries. The agricultural policies, in particular, that are being pursued by many countries are a major impediment to the expansion of exports from developing countries and this, in turn, has a marked effect on the serious world food problem. The situation is further complicated by the so-called "green revolution", which is certainly a favourable development, but which makes it even more desirable to achieve a practical co-ordination of agricultural policies in various countries and groups of countries. While the food crisis cannot be reduced simply to a population/food equation, each country can best determine the population policy to follow in consonance with its character and way of life, so that the development process is not retarded. Nor can the problems of certain products which are harvested over a large geographical area be ignored. These difficulties must be dealt with in time, before they give rise to a more far-reaching crisis that may affect both developing and already industrialized countries. Although, in all these sectors, prompt action is needed to cope with daily problems, it is necessary to work out long-term policies, to try to foresee difficulties that may arise and to progress gradually towards the general goal, that of liberalizing world trade, having particular regard to the developing countries.

Diversification, synthetics and substitutes

Measures must also continue to be taken to improve the competitive position of primary commodities facing competition from synthetics and substitutes, including intensification of research efforts in this field at both the national and international levels. In particular, the secretariat has made further

progress in its studies on rubber which, together with those of the International Rubber Study Group, can serve as a suitable basis for deciding what action should be taken in due course. In the sector of synthetics and substitutes there is considerable scope for strengthening co-operation between UNCTAD and agencies such as FAO and the International Bank for Reconstruction and Development which are also experienced and keenly interested in these problems.

The importance of commodity diversification, both horizontal and vertical, should also continue to be stressed, particularly in the case of products which are in surplus supply or for which the demand is insufficient because of competition from synthetics or because of practices which, on the other hand, restrict competition. The Board is aware that a special session of the Advisory Committee is planned for early 1971, to be devoted exclusively to this question. Generally speaking, developing countries which intensify their efforts to diversify and process their primary commodities, thereby promoting greater industrialization of their economies and increased export earnings, deserve the fullest support. This is now becoming all the more necessary because greater export opportunities are to be expected in the near future. If diversification is to benefit all concerned, a fair measure of harmonization of national production plans will be needed, together with suitable criteria for determining investment sectors in each country.

The general system of preferences

I now wish to refer to a matter which is currently of special importance. The more the developing countries can actually achieve real progress in the processing of their raw materials and in the production of manufactures and semi-manufactures, the greater will be the benefit they derive from the system of generalized, non-reciprocal and non-discriminatory preferences which is now being finalized. This project - or rather, undertaking - is of particular significance for UNCTAD, and through it we are pursuing unprecedented goals in the regulation of international trade. The work which led to acceptance of the principle of preferences and to the subsequent study of the practical means of applying it was very arduous. There is a certain parallel with the creation of UNCTAD itself: thus, not many years ago, the idea of UNCTAD was regarded as very alien to the current thinking, and yet today no one disputes its need. On the contrary, the desire for UNCTAD to be increasingly effective in the performance of its role is becoming more and more accentuated. The process has been similar in the case of preferences, which admittedly involves a new approach within the traditional patterns of international trade, but certainly is of great practical value. Seldom has any undertaking involved such a concentration of convergent efforts towards achieving the desired result. No one expects the system to be perfect or to constitute a remedy for all the problems, and we are aware that its effects will not be felt immediately. It will therefore be necessary continually to review its application to ensure that all recipient countries, including the least developed countries, have actual and potential access to balanced benefits. To derive the most from the system, all developing countries will need to make serious efforts to harmonize and co-ordinate their industrial policies at the national, subregional, regional and international levels, having regard always to the basic principle of healthy and harmonious expansion of all international trade flows. The collaboration of UNIDO, with which we maintain close contacts, will be very useful in this respect, as will that of the UNCTAD/GATT International Trade Centre, particularly in the creation of incentives

for industrial exports, the better utilization of excess capacity in industry for export, studies on the world supply of and demand for manufactures and the promotion of exports of manufactures, and also in ensuring that practical benefits are obtained from the comparative advantages offered by different countries and multi-national groups.

Non-tariff barriers

A number of developed countries still impose quantitative and other restrictions on exports of manufactures from developing countries. The gradual elimination of these obstacles will certainly have a favourable impact on the exports of developing countries. Consideration of this question has now reached the practical stage and the secretariat is progressing with the studies requested by the Committee on Manufactures which will enable trade restrictions of this type to be identified and their effects analysed.

Exports of manufactures from the developing countries are also affected by a variety of restrictive business practices. We have therefore undertaken new studies on this subject, in selected countries, with a view to obtaining the most accurate information possible before considering alternative solutions to this problem.

Trade between countries having different economic and social systems

On the basis of the work begun at the ninth session of the Board, and with a view to the practical implementation of Conference resolution 15 (II), it will be necessary to continue to make progress and to take practical steps in the most promising spheres of co-operation between countries having different economic and social systems. UNCTAD offers a multilateral framework whose effectiveness should be judged not only by the general principles and guidelines being introduced, but also by the increased bilateral co-operation that emerges within that same framework, more particularly between socialist countries and developing countries. Given UNCTAD's universal approach, we must harmonize our work in this field with related efforts undertaken in other bodies, especially in the Economic Commission for Europe, particularly in view of the opportunities which might be broadened in consequence of recent developments like the important agreement reached between the Union of Soviet Socialist Republics and the Federal Republic of Germany.

Expansion of trade and economic integration among developing countries

Another activity assuming increasing importance in UNCTAD is that concerned with trade expansion and economic integration among developing countries. The expansion and promotion of trade is of particular value, not only because of the need to increase the volume of trade and extend its geographical coverage, but also because of the developing countries' need to have a sufficiently wide range of exportable products. Such action would make for a more healthy balance between different sources of earnings and would reduce the vulnerability of these countries to general market conditions and to other factors which may also affect them adversely.

Although difficulties have arisen, serious efforts have continued to be made towards integration and greater economic co-operation between different groupings

of developing countries. Economic integration calls for the introduction of dynamic processes in a practical fashion so that perturbing frictions among various circuits that make up the whole structure of world trade can be avoided. Some developed countries, and also some international organizations, among them UNCTAD, have given technical assistance to such groupings at both the regional and subregional level. In other areas related to trade expansion and economic integration, such as the conclusion of payments agreements between developing countries, there should be further study of projects which might help to increase trade between these countries. As already announced, the Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries will meet in November of this year; this will be a good opportunity to study possible solutions to the problems facing the developing countries in these fields and to consider possible lines of action.

On the other hand, the Trade Negotiations Committee of Developing Countries, in whose work UNCTAD is co-operating closely with GATT, will soon begin negotiations on the basis of the offers and requests exchanged between the participating countries. It is to be hoped that other developing countries will avail themselves of the opportunity of taking part in this work. The UNCTAD secretariat will of course give any technical assistance that the participating countries might require of it.

Shipping and insurance

Liberalization of trade in commodities, manufactures and semi-manufactures will not have the full effect desired unless it is accompanied by a gradual transformation of the patterns which have hitherto governed shipping. I am pleased to be able to inform the Board that significant progress has been achieved in this sphere. At its last session, the Committee on Shipping achieved important advances on various fronts. Thus it was recognized that the liner conferences should examine their present practices and eliminate any which were unfair or discriminatory. Furthermore, the Committee accepted the principle that shipping lines of developing countries should be admitted to liner conferences operating in their national maritime trade and that they should have an increasing and substantial participation in the carriage of cargoes generated by their foreign trade. The Committee also recognized the right of developing countries to assist, promote and protect their merchant marine with a view to enabling them to compete in the international market. Although this latter decision could not be adopted unanimously, it was gratifying to see that the differences of principle in regard to this question have been reduced and are now basically confined to the choice of means of assisting the merchant marines of the developing countries. In connexion with the development of ports, the Governments of the Nordic countries took the commendable action of making a substantial donation towards financing part of the work on this subject over the next three years. The 1970s should be a decade of expansion and effective improvement of the ports of developing countries, and this will act as a stimulus to trade flows.

In the field of insurance, the secretariat of UNCTAD is now near the completion of a series of basic studies, among which there are three major projects related to the establishment of a unified international system of insurance statistics, to insurance legislation and supervision in developing countries and to terms and conditions of reinsurance agreements. Two of these studies will be considered by expert groups before they are submitted to the Committee on

Invisibles and Financing related to Trade at its next session. A report on our successful interregional seminar on insurance and reinsurance, held in Prague last October, will be issued soon.

Financial assistance

If international co-operation in promoting market access is to be fruitful, then it must, of necessity, be accompanied by that other basic instrument, financial aid. Both the quality and the quantity of financial aid are, on the whole, still far from satisfactory, particularly if we consider the growing prosperity of those countries which are in a position to offer it.

As far as the total volume of financial flows is concerned, there was, between 1968 and 1969, a fall in the proportion of the gross national product of the developed countries devoted to such transfers. Five countries have already reached the 1 per cent target and several others have announced their intention of reaching this goal during the Decade, but there are still others, including particularly important contributors, which have not as yet indicated their definitive position.

Increasing importance is being attached to the official component of aid both in donor and in recipient countries. Unfortunately, the net flow of official resources at present falls far short of the target mentioned in the Pearson report, b/ which on this point, as well as on others, reflects many of the objectives advocated within UNCTAD. Almost all official aid is granted on concessional terms and it is therefore particularly important that it should form an increasing part of the total flow of resources.

For some time now consideration has been given to a new way of increasing the volume of aid which consists in establishing a link between the Special Drawing Rights and development financing. As in the case of other new ideas that have broken fresh ground, this too has met with initial objections. No doubt the idea will have to settle, but we must continue to seek imaginative measures and no one measure must be a substitute for another. While a dispersion that would be counter-productive should be avoided, there should be some diversity of sources and forms of aid, in view of the great need for external financial assistance to supplement the domestic resources of the developing countries which must bear the main burden of the progress of their respective peoples. In any case, development cannot be ignored in considering monetary reforms. Apart from its strictly monetary purpose, the most important object of the link must surely be just that of encouraging development, for the availability of the international exchange media must meet the needs of an expanding world economy.

From a qualitative point of view, there are two factors which together make the volume of aid even less satisfactory. Firstly, expressed in monetary terms, we must admit that every financial unit transferred to developing countries has been decreasing in value with the constant rise in prices which has spread throughout the industrial centres of the market economy countries. Secondly, not

b/ Partners in Development, Report of the Commission on International Development (New York, Praeger Publishers, Inc., 1969).

only have the terms of financial aid, that is to say, the rates of interest and repayment periods, become "harder" in some cases, but, in addition, much of this aid is tied. If all current official financial aid were untied, this alone would be equivalent to giving the recipient countries a significantly greater purchasing power. There are, however, signs of early and very serious consideration being given to the terms of aid which might result in substantial progress.

Private foreign investment

During the recent session of the Committee on Invisibles and Financing related to Trade, there was a very useful discussion of the question of private foreign investment in developing countries. The secretariat as well as the United Nations Department of Economic and Social Affairs have carried out some research on this matter and will continue to analyse all its various aspects. The most widely accepted view is that it is desirable, in principle, to adopt a positive attitude towards foreign private capital investment, without ignoring, however, its potential dangers. The supplementary flow of resources from this source can play an effective and useful role provided that such aid conforms with the requirements and plans of the recipient country. One of several basic criteria for judging the desirability or otherwise of a given private foreign investment project should be the amount of technology transferred which might not otherwise be available in usable form to the developing country concerned. The foreign investor should also be required to use his own sources of financing or those of his country of origin or international finance, rather than regularly use resources provided by the domestic savings of the developing countries. By making use of the latter source, he will be reducing the developing country's possibility of financing domestic industry and general internal development. There are key sectors in which the participation of foreign capital must be subject to certain basic conditions. A case in point are the industries involved in extracting irreplaceable natural resources. It is inconceivable that such resources should be exploited in an irrational and hasty manner, so that they are rapidly exhausted, simply in order to recover the invested capital as quickly as possible. In other fields, as well, practices are resorted to which accentuate balance of payments problems. The foreign investor must know what to expect and, even where the rule is that foreign capital is treated in the same way as domestic capital, any limitations or practices which vary from the set rule must be made clearly known. There is general agreement that two requirements, the scope of which can balance out, should be met. Firstly, the foreign investor must be attracted by the surest possible prospects of making a reasonable profit. Secondly, the host country must benefit from the new or increased activity resulting from the investment, both in the specific sector in which the investment is made and in the economy as a whole. In the final analysis, what must be avoided is any cause of friction that might jeopardize the sound co-operation between the two parts. There already exists an incipient but adequate experience about the approaches that are more advantageous to the recipient countries, but nevertheless offer better guarantees for the investors. Some countries have already successfully implemented such methods as joint ventures that involve domestic capital and local managerial personnel, which thus helps to guarantee the stability of the investment. There is no single blueprint or formula. Everything depends upon the circumstances and, furthermore, each country has its own approach. However, all things considered, there is no doubt that, if a contribution by private foreign capital is desired, it is necessary to create in the host country an atmosphere conducive to investment and borne out by the laws

of the host country. International action may also be a useful complement and, while it is taking shape, the capital-exporting countries should offer guarantees to their investors and broaden measures, either fiscal or monetary, designed to stimulate the flow of finance to developing countries.

Transfer of technology

This brings us to the third great lever in the international development co-operation machine: the transfer of technology. Neither greater access to markets nor more effective financial aid are alone sufficient to ensure increased rates of growth with genuine prospects of self-sustenance. To a large extent, the gap between the rich and the poor countries is due to the fact that some possess advanced and evolving technology, while others, particularly the least developed countries, have neither adequate access to such technology nor the capacity to absorb technology in the degree required. It is obvious that the use of modern technology calls for structural changes in the developing countries, especially in the education and research sector and in the area of employment policy. There is, however, a broad field of action in which the international community can co-operate, especially in the transfer of operative technology in agriculture and industry. Furthermore an adequate transfer of technology will be an essential factor if the developing countries are to be able to derive real benefit from the generalized system of preferences. The reason why UNCTAD's responsibility in this and other related fields is now to take tangible shape is that it is necessary to ensure that technology, international trade and development are linked. The Board will, I am sure, examine with interest the document prepared at its request by the secretariat on elements of a programme of work for UNCTAD on the transfer of technology, including know-how and patents. c/ This document deals with six main questions: channels for the transfer of technology, costs of the transfer of technology, access to the technology, trade and the transfer of technology, substitution of domestic for imported technology and choice of technology. With regard to some of these aspects, our contribution might become fundamental, while with regard to others it may simply be complementary to the existing activities of other bodies in the United Nations system. We shall, in particular, have to ensure careful co-ordination with agencies such as UNIDO which are more directly involved in the process of implementing operative technology in the industrial sector.

Management experience in production, especially export-oriented production, is an equally important factor. Obviously, modern managerial ability is in short supply, particularly in countries which have not as yet had an opportunity to show whether they possess skills in this field. With the UNCTAD/GATT International Trade Centre we have successfully undertaken work in this field and we hope to intensify it in the course of the next few years, using mainly funds made available to us by the United Nations Development Programme (UNDP).

The changing nature of modern technology certainly opens up almost unlimited possibilities, but it has also created problems which we must try to solve. Substantial resources are already being devoted to studying and solving the problems facing the most heavily populated centres in the developed countries,

c/ TD/B/310 and Corr.1.

where the factors causing pollution of the environment have increased to a dangerous level. The need for urgency in remedying this situation and guarding against it becoming even more critical cannot be questioned, but precautions must be taken against possible waste of the resources to be assigned to this task. The urgency of development must be acknowledged as of as high if not higher priority. The flow of resources to meet this need must not be cut down through hasty and unnecessary expenditure on programmes to be undertaken in other spheres of importance for mankind. The alarm felt on account of the devastating pollution of land, water and air should not lead to the superficial elaboration of programmes, as though by a reflex action of humanity, without applying sufficiently scientific techniques and without full justification for the expenditure involved. The lack of foresight and carelessness of hurried industrialization in the past must not be repeated in the plans to combat the pollution of the environment. While what happened formerly may be explained by the enthusiasm for industrialization, this will not constitute a valid explanation, in the years to come, now that the social value of human and material resources is fully realized.

One cannot over-emphasize the deplorable amount spent on armaments, while at the same time, as the Secretary-General, U Thant, has reminded us, the resources for peace - which means, primarily, for development - are being curtailed. The exploitation of the resources of the sea-bed and the ocean floor beyond the limits of national jurisdiction for the benefit of all mankind, and in particular the developing countries, is but another revealing example of what could be done for progress by making use of man's inexhaustible inventiveness. It is still necessary, however, to urge that practical formulae be sought that will enable us to achieve the objectives we are aiming at in order to stimulate development. UNCTAD will in due course have to make its contribution in this field, as this new flow of natural resources becomes part of international trade.

Technical co-operation

UNCTAD's technical co-operation activities have been given a new impulse this year, although it is only in the years to come that we shall be able to broaden their scope and diversify their content, through the increased resources made available under the United Nations Development Programme. Export promotion is still in the forefront of our efforts, but it will be necessary to give more weight to other highly important matters, such as economic integration, shipping and insurance. A number of technical assistance projects have been undertaken - some are now in the preparatory or operative stage - which should become prototypes for many other projects in the same spheres, with the necessary adjustments that individual circumstances may require. We have endeavoured to strengthen our co-operation with other organizations, such as FAO, UNIDO and the Inter-Governmental Maritime Consultative Organization, and we have established with them the basis for co-ordination of activities in our respective spheres. We have also received increasingly effective co-operation from the secretariats of the regional economic commissions and the United Nations Economic and Social Office in Beirut, which are becoming more and more our focal points in each region, as are the Resident Representatives of the United Nations Development Programme in each country.

The least developed countries and the land-locked countries

UNCTAD is committed, within the United Nations system, to furthering significant, specific and timely advances in the process of development by three basic means: access to markets and shipping, financial flows, and the transfer of technology, all within its particular sphere of competence.

No real and lasting progress can be expected from any single isolated measure; success can be assured only through the combination of convergent and interdependent measures. Some may yield greater benefits for some countries and others for other countries; but, in the context of the global problem of development, special attention must be paid to the most pressing problems of the least developed countries. UNCTAD can take the credit for having drawn attention to the need to deal with this question in a serious and practical manner. It is the organization which is most acutely aware of the problem and consequently it has contributed to the increasing consideration being given to this question by other organizations. We cannot let ourselves be deterred or influenced by the difficulties which doubtless exist in this area. As has frequently been pointed out, practical ways must be found of helping those countries to overcome the obstacles confronting them in every one of these fields. Some of the least developed countries are, moreover, land-locked countries, which gives a specific direction to the solution of their problems, as was indicated by the group of experts on land-locked countries which met this year. These questions should be considered by the Board, not only at the present session, but also at future sessions. Although the problems are long-term in nature, steps must be taken now and progress made in helping the countries in this category, for their development is not their own exclusive responsibility, but forms part of the common objectives of all the States members of UNCTAD.

Final considerations

A determination to go forward must be the hallmark of this Second United Nations Development Decade. There are, of course, obstacles, but many of them exist primarily in peoples' minds. We therefore have to overcome the inertia of many and the hesitation of others. It is not a question of harming any interests, but of giving peoples and individuals full opportunity on the same footing as others which have had and have used the opportunities the international community has offered them.

We should feel encouraged by the importance which is now attached to UNCTAD in the building of peace on a just and durable basis. This challenge calls for a clear and practical response, as does any attempt to solve a large-scale problem. It is a challenge that can be overcome only with the resolute participation of every country and of every sector in each country, especially the younger generation, whose sense of responsibility will be reaffirmed in the measure it becomes actively committed to the attainment of what should be its own aspirations. UNCTAD's voice must be heard at every level and especially in quarters where it can and should generate the support and participation that are needed.

While there are still many difficulties in our path, the international climate seems more favourable for co-operation. For that reason, at this time, when we are celebrating the twenty-fifth anniversary of the United Nations and are at the eve of the launching of the Second Development Decade, I am convinced that UNCTAD will act with resolution, with realism and with a forward outlook, as the international community expects.

ANNEX IV

INTERNATIONAL MONETARY ISSUES

A second memorandum on international liquidity

The position of the developing countries on the link

The first session of the United Nations Conference on Trade and Development called for an investigation of international monetary issues as they affect developing countries. It was almost five years ago that the first Expert Group on International Monetary Issues and the Developing Countries concluded that "it was both feasible and desirable to establish a link between the creation of international liquidity and development finance without detriment to either process". a/ The developing countries in UNCTAD endorsed this conclusion in their first memorandum on international liquidity. b/

At that time, the developing countries agreed with the developed countries c/ that the primary objective of international monetary reform should be the securing of general agreement on the deliberate creation of a new reserve asset that would provide a means whereby the growth of world reserves could be adjusted to the expansion of production and trade in an orderly fashion. The developing countries therefore concentrated their attention on achieving this objective within a truly international framework that would enable them to participate together with the developed countries in any process of new reserve creation. The developing countries had also expressed their desire to participate fully from the beginning in all negotiations leading up to international monetary reform; and further that any new reserve asset should be equitably distributed.

In 1969, the new reserve asset - Special Drawing Rights - was established within the International Monetary Fund and the facility was activated from the beginning of 1970. This new reserve asset represented a major innovation in international monetary relations. In the view of both the developed and developing countries, its success depended upon the establishment of world-wide confidence in its efficacy and soundness as well as on the satisfactory operation of the international adjustment process.

The general arguments for the "link" have, if anything, gained in validity since they were put forward by the first UNCTAD Expert Group. Its technical feasibility has been demonstrated by the second UNCTAD Expert Group in its report

a/ International Monetary Issues and the Developing Countries: Report of the Group of Experts (United Nations publication, Sales No.: 66.II.D.2), para. 113.

b/ Official Records of the Trade and Development Board, Third Session, Supplement No. 4 (TD/B/57/Rev.1), annex I.

c/ The phrase "developed countries" in this memorandum denotes the developed countries which are members of the International Monetary Fund.

entitled International Monetary Reform and Co-operation for Development. d/ Both Expert Groups expressed the view that the amount of new reserve creation should be determined solely by the monetary requirements of the world economy and not by the need for development finance. The second Expert Group pointed out that "one of the important features of the new system of SDR's is that reserves can be created costlessly, without a surrender of real resources". e/ The Group concluded that "it would be an expression of international solidarity and an auspicious beginning of the Second United National Development Decade if the developed countries declared that this saving of resources, whether viewed at the national or at the world level, should accrue to those most in need, the poorest countries, and that the richer countries should have to earn at least part of the addition to their reserves". f/ The developing countries fully endorse these views. They feel that the declared intention of the developed countries to increase the volume of their development assistance could be achieved if these countries utilized the opportunity offered by the system of Special Drawing Rights for providing additional development finance to developing countries through the mechanism of the "link".

The developing countries have noted the concern expressed by a number of developed countries regarding the possible inflationary effect of the additional demands on resources that would be generated by the use of Special Drawing Rights to expand the flow of development assistance. The developing countries, however, consider that since the amount of Special Drawing Rights created would be determined on the basis of the probable growth rate of the world economy and of international trade, there would be no valid reason to expect world-wide inflation. They are also aware that the developed countries will wish to maintain monetary stability, but they believe that as long as more development aid is needed the developed countries should be prepared to restrain total demand to the limited extent that their particular circumstances may require. It would be unfortunate if the decision to introduce a necessary innovation in international co-operation in the form of the "link" were to await a general decline in the level of economic activity in the developed countries and hence assume the guise of a remedial measure for their own problems instead of being approached from the outset as a conscious moral decision to transfer additional real resources to the poor countries of the world.

The developing countries strongly believe that once the new system of Special Drawing Rights had been firmly established, its operations should be extended to secure the realization of objectives which are basic to the healthy functioning of the world economy, including accelerated economic development. To this end, at the next allocation of Special Drawing Rights, due to be determined in 1972, due consideration should be given to the establishment of a direct "link" between the additional liquidity created and additional development finance.

d/ United Nations publications, Sales No.: E.70.II.D.2.

e/ Ibid., para. 36.

f/ Ibid.

ANNEX V

LETTER DATED 14 AUGUST 1970 SENT BY THE PRESIDENT
OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT TO THE SECRETARY-GENERAL OF UNCTAD

"This letter will respond to the invitation addressed to the International Bank for Reconstruction and Development and embodied in resolution 60 (IX), adopted by the Trade and Development Board on 12 September 1969, that the Bank consider working out arrangements for supplementary finance and, if appropriate, to consider introducing them. The Bank was asked to undertake its consideration 'on the basis of the conclusions of the Intergovernmental Group on Supplementary Financing and of the views expressed at the ninth session of the Trade and Development Board, taking into consideration the special needs of the least developed countries as contained in resolution 24 (II)' of the second session of the Conference. The resolution further invited the Bank 'when considering arrangements for discretionary supplementary financial measures on the basis of the conclusions of the Intergovernmental Group to give attention to paragraph V of those conclusions'. Paragraph V of those conclusions states: 'It is the general consensus of the Group that it would be of little value merely to divert available resources from basic development finance for the purpose of supplementary financing. The cost of a discretionary scheme cannot be estimated pending the preparation of a scheme'.

"The developed member countries of the International Development Association (IDA), plus Switzerland, have recently agreed that, subject to legislative action, they will provide IDA with over \$800 million per year during the period of the Third Replenishment (fiscal years 1972-1974), an amount more than double the amount of the Second Replenishment. The Executive Directors of IDA representing the contributing members have been asked whether the Governments of these countries would be prepared to consider contributing additional funds to IDA for the purposes of a scheme of supplementary finance. The responses indicate that there would be, at best, very limited support among these Governments for making any additional contribution to IDA for the purposes of supplementary finance, at least during the period of the Third Replenishment, although a few of those Governments would not wish to rule out the possibility of using a part of the replenishment funds (and perhaps some Bank resources as well) for supplementary financing purposes.

"In view of the foregoing, it appears that, for the time being, we should defer further detailed consideration within the Bank of a scheme for supplementary financial measures. We shall, however, keep the matter under study."

ANNEX VI

DRAFT DECLARATION ON LENDING POLICIES SUBMITTED BY THE
DELEGATION OF COLOMBIA ON BEHALF OF THE GROUP OF 31
DEVELOPING COUNTRIES MEMBERS OF THE BOARD

/document TD/B(X)/SC.I/L.5/

The developing countries members of the Board, concerned at the progressive increase in the rates of interest for international loans, and desirous of finding suitable means of solving a problem so urgent for the attainment of higher levels of economic development in their countries, make the following statement:

The inevitable increase in the capital needs of developing countries for sustained economic growth has gone hand in hand with an increase in the rates of interest at which external capital loans are granted, and these rates have now reached levels that seriously threaten the execution of the development plans of these countries that most urgently need such transfer of funds.

In view of this situation, the developing countries members of the Trade and Development Board of UNCTAD express their concern over the onerous conditions on which financial resources are provided for the developing countries, and their wish that the problem shall be regarded as an item of priority concern for the international financial institutions, particularly the International Bank for Reconstruction and Development.

The countries concerned, convinced that the present situation is favourable to a reconsideration of the problem, request the Bank authorities that they should without delay, realizing the urgency of this situation, undertake a review of their lending policy for development aid.

In view of the increase of funds that will shortly be available to the World Bank Group, this review should include measures for increasing the country and project coverage of the financing operations of the International Development Association (IDA) so that developing countries can benefit from them and, above all, benefit from mixed financing of the Bank and IDA at concessional terms with an appropriate extension of the grace period.

This review of the lending policies of the Bank and IDA should take into account the particular needs of the least developed among the developing countries, in accordance with resolution 4 (IV) of the Committee on Invisibles and Financing related to Trade.

ANNEX VII

DEVELOPMENT OF INVISIBLE RECEIPTS FROM TOURISM

Draft resolution submitted by Afghanistan, Algeria, Brazil, Chad, Chile, Colombia, Costa Rica, Ghana, Guatemala, India, Indonesia, Iran, Iraq, the Ivory Coast, Jamaica, Madagascar, Malaysia, Mali, Mexico, Nigeria, Pakistan, Peru, Philippines, Rwanda, Senegal, Syria, Tunisia, Uganda, Venezuela and Yugoslavia

[document TD/B(X)/SC.I/L.8]

The Trade and Development Board,

Recalling resolution 8 (II) concerning tourism,

Determined to co-operate with other international organizations active in this field, particularly the International Union of Official Travel Organization,

1. Urges countries members of UNCTAD to give high priority to the implementation of the recommendations in resolution 8 (II),
2. Recommends developed countries to make provisions for duty-free entry of local goods purchased for non-commercial purposes by their residents while travelling as tourists in developing countries.

ANNEX VIII

THIRD SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE
AND DEVELOPMENT: OBJECTIVES, PROVISIONAL AGENDA,
PROGRAMME OF PREPARATORY WORK AND PROPOSED ORGANIZATION

Revised draft resolution submitted by Bulgaria, Czechoslovakia,
Hungary, Iraq, Poland, Romania, Syria and the Union of Soviet
Socialist Republics as amended by the sponsors at the 261st
meeting of the Board

/document TD/B/L.233/Rev.1/

The Trade and Development Board,

Bearing in mind the great importance of international trade for the economic development of all countries of the world,

Taking into consideration the important tasks which will face the United Nations Conference on Trade and Development at its third session,

Taking into account that the achievement to the fullest possible extent of the aims of UNCTAD, including the aims to be formulated at its third session, depends in great measure on the participation of all countries interested in the work of UNCTAD,

Expressing its conviction that the participation on an equal footing of all countries in the work of the third session of the Conference will promote the normal development of international economic relations and co-operation among the countries of the world,

Recommends that the United Nations General Assembly at its twenty-fifth session invite interested countries which are not yet members of UNCTAD and which adhere to the principles of the United Nations Charter to participate in the third session of the United Nations Conference on Trade and Development on an equal footing.

ANNEX IX

STATEMENT BY MR. S.B. FALEGAN (NIGERIA), CHAIRMAN OF THE
GROUP OF EXPERTS ON MULTILATERAL PAYMENTS ARRANGEMENTS,
ON 11 SEPTEMBER 1970

I consider it a privilege as Chairman of the Group of Experts on Multilateral Payments Arrangements to introduce to the Sessional Committee, the Expert Group's report. This report has been distributed as document TD/B/28⁴ and Corr.1.

As delegations will recall the United Nations Conference on Trade and Development, at its second session, held in New Delhi, adopted resolution 15 (II) on "trade relations among countries having different economic and social systems including problems of East-West trade paying attention particularly to the trade interests of the developing countries and taking into account the work in this field of other United Nations organs, including the regional economic commissions".

In operative paragraph 2 (b) of part 4 of that resolution, the Conference requested the Secretary-General of UNCTAD to convene a group on multilateral payments arrangements which would examine, taking into account the study prepared by the Secretary-General of UNCTAD and other relevant information, the suitability of different forms of multilateral payments arrangements between developing countries and socialist countries of Eastern Europe and to submit its recommendations thereon to the Trade and Development Board for consideration and action.

In pursuance of this decision, the Secretary-General of UNCTAD convened at Geneva a group of experts from interested socialist countries of Eastern Europe, developing and developed market economy countries; this Group met from 22 September to 2 October 1969. At its first meeting, the Group did me the honour of electing me Chairman; the Group also elected Mr. J. Bilinski (Poland) as Vice-Chairman cum Rapporteur. The carrying out of my task as Chairman of the Group was greatly facilitated by the help of Mr. Bilinski and I wish to register here again my deep appreciation and sincere thanks for his contribution. May I also, Mr. Chairman, take this opportunity to thank all my colleagues and the secretariat for their co-operation. The work that we have been able to do, which is now before us as the Group's report, has been possible thanks to the team spirit which was shown by all participants.

Turning now to the substance of the report which is before you, Mr. Chairman, it could be said that, in view of the novel nature of the task, it could be regarded as a step forward in the right direction. At the outset of our work, we agreed that our task might be best carried out by:

- (1) Identification, within the wide range of problems that seem to exist, of the real and most urgent ones;
- (2) Definition of a common denominator on the suitability of different arrangements; and

(3) Selection of those that appear most promising and thereafter an examination and definition of concrete conditions necessary for their implementation.

Unfortunately this framework, objective and scientific as it appears, could not help the Group to arrive at a mutually acceptable general scheme of payments between developing countries and socialist countries of Eastern Europe. There were divergencies of views on the needs, forms and possibilities for introducing a general scheme of payments between developing countries and socialist countries of Eastern Europe.

In the opinion of some experts, payments relations between countries would need to be considered on the merits of each case and against the background of economic relations as a whole. They further felt that the introduction of multilateral payments for their own sake had no practical meaning and that in any case was no panacea.

Other participating experts felt that the only real long-term solution to payments problems would be the introduction of settlement in convertible currencies.

It was indeed very difficult, Mr. Chairman, to find a middle road between the two trends of thoughts. It was, however, generally recognized that there was a need for a gradual and flexible approach in introducing multilateral payments arrangements to the extent to which they were acceptable to all parties concerned.

The main conclusion of the work of the Expert Group was in essence that no uniform method of introducing multilateralism into payments relations between developing countries and socialist countries of Eastern Europe was practical at this time. It was therefore for the interested countries to select the most appropriate forms of payments arrangements.

The agreed conclusions which the Expert Group put forward for the adoption by the Board are set forth in sub-paragraphs (a) to (g) of paragraph 27 of the report which is before you. a/

It is my hope, Mr. Chairman, that the Sessional Committee will be able to take note of this report. In doing so, however, and without attempting in any way to influence the decision which the Sessional Committee might wish to take on the report, one might honestly ask whether the Group of Experts has fully fulfilled its mandate as laid down in conference resolution 15 (II), and if not, whether there might be a need for the Sessional Committee to recommend any further course of action for the Secretary-General to take in future in this field?

a/ TD/B/284 and Corr.1, pp. 8 and 9.

ANNEX X

FINANCIAL IMPLICATIONS OF THE
ACTIONS OF THE BOARD

Summary statement

/document TD/B/321/

1. In accordance with rule 31 of its rules of procedure, the Board has been advised, in the course of its discussions, of the administrative and financial implications of draft resolutions that involve expenditure.

2. Four such draft resolutions had either been adopted or were still under active consideration by the Board at the time the present paper was prepared: their financial implications are shown below:

<u>Relevant agenda item</u>	<u>Document containing detailed statement of financial implications</u>	<u>Action called for</u>	<u>1971 \$</u>
7 (c)	<u>Committee on Invisibles and Financing related to Trade (fourth session)</u> TD/B/C.3/L.79	To continue case studies on private foreign investment in developing countries. (A further \$20,000 would be required in 1972 to complete the studies)	76,000
12	<u>Special measures in favour of the least developed among the developing countries</u> TD/B/L.235/Add.1	To establish an <u>ad hoc</u> group of experts	22,000
14 (d)	<u>Transfer of technology including know-how and patents</u> TD/B(X)/SC.1/L.1/Add.1 ^{a/}	To establish an intergovernmental group on transfer of technology	125,000

^{a/} The financial implications shown in this document apply equally to the proposal in TD/B(X)/SC.1/L.11.

<u>Relevant agenda item</u>	<u>Document containing detailed statement of financial implications</u>	<u>Action called for</u>	<u>1971</u> \$
15 (d)	<u>Committee on Commodities (fifth session)</u>		
	TD/B/L.223/Add.2	To extend the sixth session of the Advisory Committee to the Board and to the Committee on Commodities by one week in order to consider the subject of diversification together with representatives of international agencies and a limited number of independent experts	<u>30,000</u>
		Total	<u>253,000</u>

3. Depending on the decisions of the Board with regard to the above items, the corresponding financial implications, which were not foreseen in the budget estimates for 1971, will be taken into account in revised estimates for 1971 to be submitted to the General Assembly under the headings set out in the following table.

Budget estimates for 1971	Relevant agenda items				
	7 (c)	12	14 (d)	15 (d)	Total
	\$	\$	\$	\$	\$
Chapter II (Sessions of expert and advisory bodies)		17,000		15,000	32,000
Chapter III (i) (Established posts)			42,000		42,000
Chapter III (iii) (Consultants)	76,000				76,000
Chapter IV (Common staff costs)			11,000		11,000
Chapter X (ii) (Temporary assistance for meetings)		5,000	72,000	15,000	92,000
	76,000	22,000	125,000	30,000	253,000

Other financial implications (1970)

4. It is brought to the attention of the Board that the Special Committee on Preferences decided on 16 April 1970 to resume its fourth session for a period of two weeks later in that year. The cost of this resumed session was estimated to be \$45,000, as reported to the Board at its present session in document TD/B/319. Although the resumption of the session was not budgeted for in 1970, it was not necessary to request additional funds as the extra costs could be absorbed within the total 1970 appropriation for section 15.

ANNEX XI

MEMBERSHIP OF COMMITTEES OF THE BOARD

Committee on Commodities

<u>Membership</u> <u>1971</u>	<u>Term of office</u> <u>expires on</u> <u>31 December</u>	<u>Membership</u> <u>1971</u>	<u>Term of office</u> <u>expires on</u> <u>31 December</u>
Argentina	1973	Kenya	1973
Australia	1971	Madagascar	1972
Austria	1973	Malaysia	1973
Belgium	1973	Mali	1971
Bolivia	1971	Netherlands	1971
Brazil	1972	Nigeria	1972
Bulgaria	1971	Norway	1973
Canada	1972	Peru	1973
Ceylon	1972	Philippines	1971
Chad	1973	Poland	1971
Czechoslovakia	1973	Republic of Viet-Nam	1973
Denmark	1972	Romania	1973
Ecuador	1973	Senegal	1971
Ethiopia	1972	Spain	1972
Federal Republic of Germany	1972	Sweden	1971
Finland	1971	Syria	1973
France	1971	Thailand	1973
Ghana	1972	Trinidad and Tobago	1972
Guatemala	1971	Tunisia	1973
Guinea	1971	Turkey	1973
Hungary	1972	Union of Soviet Socialist Republics	1972
India	1973	United Arab Republic	1971
Indonesia	1972	United Kingdom of Great Britain and Northern Ireland	1973
Iran	1971	United States of America	1971
Iraq	1971	Uruguay	1972
Ireland	1972	Venezuela	1971
Italy	1972		
Ivory Coast	1972		
Japan	1973		

Committee on Manufactures

<u>Membership</u> <u>1971</u>	<u>Term of office</u> <u>expires on</u> <u>31 December</u>	<u>Membership</u> <u>1971</u>	<u>Term of office</u> <u>expires on</u> <u>31 December</u>
Afghanistan	1971	Mexico	1973
Algeria	1973	Netherlands	1973
Austria	1973	Nigeria	1971
Belgium	1972	Norway	1973
Brazil	1971	Pakistan	1973
Bulgaria	1971	Peru	1973
Canada	1971	Philippines	1973
Chile	1972	Poland	1971
Colombia	1973	Republic of Korea	1972
Congo (Democratic Republic of)	1972	Saudi Arabia	1973
Czechoslovakia	1973	Senegal	1971
El Salvador	1972	Spain	1972
Federal Republic of Germany	1972	Sweden	1971
France	1973	Switzerland	1971
Greece	1973	Uganda	1972
Guinea	1971	Union of Soviet Socialist Republics	1972
Hungary	1972	United Arab Republic	1972
India	1973	United Kingdom of Great Britain and Northern Ireland	1972
Iran	1973	United Republic of Tanzania	1971
Italy	1971	United States of America	1971
Ivory Coast	1972	Uruguay	1971
Japan	1972		
Madagascar	1972		
Malaysia	1971		

Committee on Invisibles and Financing
related to Trade a/

<u>Membership</u> <u>1971</u>	<u>Term of office</u> <u>expires on</u> <u>31 December</u>	<u>Membership</u> <u>1971</u>	<u>Term of office</u> <u>expires on</u> <u>31 December</u>
Argentina	1971	Netherlands	1972
Australia	1973	Nigeria	1973
Belgium	1972	Pakistan	1973
Brazil	1972	Peru	1971
Canada	1971	Poland	1972
Ceylon	1973	Republic of Korea	1972
Chile	1972	Republic of Viet-Nam	1971
Congo (Democratic Republic of)	1972	Romania	1971
Czechoslovakia	1972	Spain	1971
Ethiopia	1971	Sweden	1972
Federal Republic of Germany	1971	Switzerland	1972
France	1973	Syria	1972
Gabon	1972	Tunisia	1973
Ghana	1971	Turkey	1973
Guatemala	1973	Uganda	1972
Hungary	1971	Union of Soviet Socialist Republics	1973
India	1972	United Arab Republic	1971
Italy	1971	United Kingdom of Great Britain and Northern Ireland	1972
Japan	1971	United States of America	1973
Kenya	1973	Venezuela	1973
Kuwait	1971	Yugoslavia	1973
Mali	1971		
Mexico	1973		

a/ The forty-fifth seat which is to be filled by a State listed in part B of the annex to General Assembly resolution 1995 (XIX) was left vacant for the time being, on the understanding that the Board would elect a State to fill that seat as soon as possible. The term of office of the State so elected will expire on 31 December 1973.

Committee on Shipping

<u>Membership</u> <u>1971</u>	<u>Term of office</u> <u>expires on</u> <u>31 December</u>	<u>Membership</u> <u>1971</u>	<u>Term of office</u> <u>expires on</u> <u>31 December</u>
Argentina	1973	Madagascar	1973
Australia	1973	Mexico	1971
Brazil	1971	Netherlands	1971
Bulgaria	1973	New Zealand	1971
Canada	1973	Nigeria	1973
Chad	1971	Norway	1971
Chile	1973	Pakistan	1972
Colombia	1972	Panama	1973
Czechoslovakia	1971	Philippines	1972
Denmark	1971	Poland	1972
Ethiopia	1972	Republic of Korea	1971
Federal Republic of Germany	1973	Senegal	1971
France	1971	Spain	1972
Gabon	1972	Sweden	1972
Ghana	1971	Thailand	1971
Greece	1972	Uganda	1973
Hungary	1972	Union of Soviet Socialist Republics	1971
India	1971	United Arab Republic	1973
Indonesia	1973	United Kingdom of Great Britain and Northern Ireland	1973
Iran	1972	United States of America	1972
Iraq	1972	Venezuela	1972
Italy	1972		
Ivory Coast	1973		
Japan	1973		

Part Three

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

Held at the Palais des Nations, Geneva, on
12 and 13 October 1970

REPORT OF THE BOARD ON ITS FOURTH SPECIAL SESSION

1. In its resolution 61 (IX) of 12 September 1969, the Trade and Development Board decided, inter alia, to continue the existence of the Special Committee on Preferences and requested it to submit its final report to a special session of the Board to be held in 1970.
2. The fourth session of the Special Committee on Preferences was held at Geneva in two parts: the first from 31 March to 17 April 1970, and the second from 21 September to 12 October 1970.
3. The Trade and Development Board held its fourth special session at Geneva on 12 and 13 October 1970.
4. Since the President of the Board, Mr. P.A. Forthomme (Belgium), was unable to attend the session, he appointed a Vice-President to take his place, in accordance with rule 21 of the Board's rules of procedure. The session was presided over by Mr. Filippo Spinelli (Italy), the Rapporteur being Mr. Abdelaziz El Ayadhi (Tunisia).
5. At the 266th meeting, on 12 October 1970, the Board adopted the agenda, consisting of the following items:
 1. Adoption of the agenda.
 2. Report of the Special Committee on Preferences on the second part of its fourth session.
 3. Adoption of the report of the Trade and Development Board on its fourth special session.
6. The Chairman of the Special Committee on Preferences, Mr. T. Swaminathan (India), presented to the Board the final report of the Special Committee, which consisted of the reports on the first and second parts of the fourth session, 1/ as well as the substantive documentation (TD/B/AC.5/24 and Add.1-11, Add.4/Corr.1, Add.5/Corr.1, Add.5 (A) and Add.7/Corr.1, and TD/B/AC.5/34 and Add.1-10 and Add.4 (A), Add.5/Rev.1 and Add.5/Rev.1/Corr.1, Add.7/Corr.2 and 3. In this connexion, the Board took note of a statement by the Secretary-General of UNCTAD on the financial implications of the agreed conclusions contained in the report. 2/

1/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6 (TD/B/300/Rev.1) and Supplement No. 6 A (TD/B/329/Rev.1).

2/ See annex II below.

7. At the 267th meeting on 13 October 1970, the President submitted to the Board the text of a draft decision comprising, inter alia, the adoption of the final report of the Special Committee on Preferences. The Board unanimously adopted the draft decision, the text of which is contained in annex I below.

8. Statements were made by a number of representatives and by the Secretary-General of UNCTAD (see summary records). 3/

9. At the suggestion of the President, the Board adopted the report on its fourth special session on the basis of an oral statement by the Rapporteur, to whom it entrusted the task of completing its preparation.

3/ TD/B/SR.266 and 267.

ANNEX I

DECISION ADOPTED BY THE TRADE AND DEVELOPMENT BOARD

at its fourth special session

75 (S-IV). Generalized system of preferences

The Trade and Development Board

1. Adopts the report of the Special Committee on Preferences on its fourth session; a/

2. Takes note of the agreed conclusions of the Special Committee, the text of which is annexed to the present decision;

3. Approves the institutional arrangements proposed in section VIII of the agreed conclusions;

4. Decides:

(a) (i) To postpone until its eleventh session the decision concerning the appropriate body within UNCTAD to deal with the implementation of Conference resolution 21 (II) with the terms of reference set out in section VIII, relating to institutional arrangements, of the agreed conclusions of the Special Committee on Preferences;

(ii) To include this question on the agenda of its eleventh session with a view to reaching a final decision at that session;

(iii) To invite the Secretary-General of UNCTAD to submit, after appropriate informal consultations with Governments of member States, proposals for the consideration of this matter by the Board at its eleventh session with a view to reaching a mutually acceptable solution and to request the Secretary-General of UNCTAD to present a progress report on his consultations to the Board at its resumed tenth session;

(b) To extend the existence of the Special Committee on Preferences, under the arrangements as set out in the agreed conclusions, until the eleventh session of the Board, scheduled to be held in August-September 1971.

5. Requests the Secretary-General of UNCTAD to transmit to the appropriate body the following text to replace paragraph 30 of the draft of an international development strategy for the Second United Nations Development Decade: b/

a/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6 (TD/B/300/Rev.1) and Supplement No. 6A (TD/B/329/Rev.1).

b/ See A/7982, para. 16.

"Arrangements concerning the establishment of generalized, non-discriminatory, non-reciprocal preferential treatment to exports of developing countries in the markets of developed countries have been drawn up in UNCTAD and considered mutually acceptable to developed and developing countries. Preference-giving countries are determined to seek as rapidly as possible the necessary legislative or other sanction with the aim of implementing the preferential arrangements as early as possible in 1971. Efforts for further improvements of these preferential arrangements will be pursued in a dynamic context in the light of the objectives of resolution 21 (II) of the United Nations Conference on Trade and Development."

ANNEX

AGREED CONCLUSIONS OF THE SPECIAL COMMITTEE ON PREFERENCES

I

The Special Committee on Preferences:

1. Recalls that in its resolution 21 (II) of 26 March 1968 the United Nations Conference on Trade and Development recognized the unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized, non-reciprocal, non-discriminatory preferences which would be beneficial to the developing countries;

2. Further recalls the agreement that the objectives of the generalized, non-reciprocal, non-discriminatory system of preferences in favour of the developing countries, including special measures in favour of the least developed among the developing countries, should be: (a) to increase their export earnings; (b) to promote their industrialization; and (c) to accelerate their rates of economic growth;

3. Welcomes with appreciation the revised submissions by the developed market economy countries, c/ which should be read in conjunction with the preliminary submissions of November 1969. d/ These submissions represent an important success in the efforts and endeavours in UNCTAD in order to put a generalized system of preferences into operation and an important element in the fulfilment of the aims and objectives of Conference resolution 21 (II) mentioned above and in the international strategy for development in the 1970s;

4. Welcomes with appreciation the joint declaration of several socialist countries of Eastern Europe, as supplemented and clarified in their individual statements, which constitute a useful and positive contribution in the light of the objectives of Conference resolution 21 (II); e/

c/ TD/B/AC.5/34 and Add.1-3, Add.4 and 4 (A), Add.5/Rev.1 and Rev.1/Corr.1, Add.6, Add.7 and Corr.2 and 3 and Add.8-10.

d/ TD/B/AC.5/24 and Add.1-3, Add.4 and Corr.1, Add.5 and Corr.1, Add.5 (A), Add.6, Add.7 and Corr.1 and Add.8-11.

e/ See Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329/Rev.1), part two, chap. I, section C.

5. Notes the expectations of developing countries regarding the generalized system of preferences as expressed in the relevant parts of the Charter of Algiers; f/

6. Notes the observations, suggestions and requests made by the developing countries on the submissions of the developed market-economy countries during the consultations which have taken place in the Special Committee, and in particular those contained in the report on its fourth session, and notes also that some of the suggestions and requests have been taken into account in the revised submissions;

7. Notes also the explanations given by the prospective preference-giving countries on their submissions and their statements that they will, as far as possible, take into account the observations, suggestions and requests of the developing countries, including those of the least developed among them;

8. Considers that efforts for further improvements should be pursued in a dynamic context in the light of the objectives of Conference resolution 21 (II);

9. Recognizes that these preferential arrangements are mutually acceptable and represent a co-operative effort which has resulted from the detailed and intensive consultations between the developed and developing countries which have taken place in UNCTAD. This co-operation will continue to be reflected in the consultations which will take place in the future in connexion with the periodic reviews of the system and its operation;

10. Notes the determination of the prospective preference-giving countries to seek as rapidly as possible the necessary legislative or other sanction with the aim of implementing the preferential arrangements as early as possible in 1971;

11. Recommends that the Trade and Development Board at its fourth special session adopt the report of the Special Committee on its fourth session, take note of these conclusions, approve the institutional arrangements proposed in section VIII and take a decision on the appropriate UNCTAD body referred to in that section.

II. REVERSE PREFERENCES AND SPECIAL PREFERENCES

1. The Special Committee notes that, consistent with Conference resolution 21 (II), there is agreement with the objective that in principle all developing countries should participate as beneficiaries from the outset and that the attainment of this objective, in relation to the question of reverse

f/ See Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. I and Corr.1 and 3 and Add.1 and 2, Report and Annexes (United Nations publication, Sales No.: E.68.II.D.14), pp. 431-441.

preferences, which remains to be resolved, will require further consultations between the parties directly concerned. These consultations should be pursued as a matter of urgency with a view to finding solutions before the implementation of the schemes. The Secretary-General of UNCTAD will assist in these consultations with the agreement of the Governments concerned.

2. Developing countries which will be sharing their existing tariff advantages in some developed countries as the result of the introduction of the generalized system of preferences will expect the new access in other developed countries to provide export opportunities at least to compensate them.

3. As a result of the periodic reviews in UNCTAD and of bilateral or multilateral consultations between the countries concerned, those countries granting tariff advantages will, when reviewing the operation of the generalized system of preferences, give careful consideration to the extent to which the developing countries enjoying tariff advantages have benefited over-all from the system.

III. SAFEGUARD MECHANISMS

1. All proposed individual schemes of preferences provide for certain safeguard mechanisms (for example, a priori limitation or escape-clause type measures) so as to retain some degree of control by preference-giving countries over the trade which might be generated by the new tariff advantages. The preference-giving countries reserve the right to make changes in the detailed application as in the scope of their measures, and in particular, if deemed necessary, to limit or withdraw entirely or partly some of the tariff advantages granted. The preference-giving countries, however, declare that such measures would remain exceptional and would be decided on only after taking due account, in so far as their legal provisions permit, of the aims of the generalized system of preferences and the general interests of the developing countries, and in particular the interests of the least developed among the developing countries.

2. Preference-giving countries will offer opportunities for appropriate consultations to beneficiary countries, in particular to those having a substantial trade interest in the product concerned, in connexion with the use of safeguard measures; where prior consultations are not possible, preference-giving countries will under for the purpose above to inform all beneficiary countries, through the Secretary-General of UNCTAD, with a minimum of delay, of the action taken. Safeguard measures taken should be reviewed from time to time by the preference-giving country concerned with the aim of relaxing or eliminating them as quickly as possible.

3. Certain preference-giving countries provide for a mechanism including an a priori limitation formula under which quantitative ceilings will be placed on preferential imports. Some of these countries might, nevertheless, have recourse also to escape-type measures for those products which are not covered by a a priori limitation formulae.

4. For those countries which do not envisage a priori limitations, escape-type measures are the main safeguards at their disposal.

IV. BENEFICIARIES

1. The Special Committee noted the individual submissions of the preference-giving countries on this subject and the joint position of the countries members of the Organisation for Economic Co-operation and Development as contained in paragraph 13 of the introduction to the substantive documentation containing the preliminary submissions of the developed countries; g/ namely:

"As for beneficiaries, donor countries would in general base themselves on the principle of self-election. With regard to this principle, reference should be made to the relevant paragraphs in document TD/56 [h/], i.e., Section A in Part I."

2. The spokesman on behalf of the developing countries members of the Group of 77 made a statement on the question of beneficiaries (see appendix I below).

3. Other statements were also made on this subject by the representatives of Romania, China, Bulgaria, Cuba, Turkey, Israel, Greece, Bulgaria on behalf of the socialist countries of Eastern Europe, the United Kingdom of Great Britain and Northern Ireland, Australia, the Netherlands, New Zealand, Spain, Malta and Mongolia. i/

4. The spokesman on behalf of the countries members of Group B also made a statement on this subject (see appendix II below).

5. The Special Committee took note of these statements.

V. SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

1. In implementing Conference resolution 21 (II), and as provided therein, the special need for improving the economic situation of the least developed among the developing countries is recognized. It is important that

g/ TD/B/AC.5/24.

h/ See Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. III and Corr.2, Problems and policies of trade in manufactures and semi-manufactures (United Nations publication, Sales No.: E.68.II.D.16), document TD/56, annex, part one, section A.

i/ See Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329/Rev.1), part two, chapter I, section D.

these countries should benefit to the fullest extent possible from the generalized system of preferences. In this context, the provisions of Conference resolution 24 (II) of 26 March 1968 should be borne in mind.

2. The preference-giving countries will consider, as far as possible, on a case-by-case basis, the inclusion in the generalized system of preferences of products of export interest mainly to the least developed among the developing countries, and as appropriate, greater tariff reductions on such products.

3. The preference-giving countries declare that escape-clause measures would remain exceptional and would be decided on only after due account has been taken, in so far as their legal provisions permit, of the interests of the least developed among the developing countries.

4. During the annual review of the operation of the generalized system of preferences, special attention should be given by the institutional machinery to the effects of the system on the volume of exports and export earnings of the least developed countries and in regard to other objectives of Conference resolution 21 (II). This machinery should further investigate and consult on the special measures in favour of those countries within the generalized system as provided in Conference resolution 21 (II).

5. The Special Committee recommends to the Trade and Development Board that it suggest to each of its main committees that, taking into account the imminent implementation of a generalized system of preferences, priority attention should be given to measures in the field of competence of these committees that would be related or complementary to the generalized system of preferences, especially measures which would enable the least developed among the developing countries to participate fully in that system.

6. Besides those mentioned above, other additional measures have been suggested with a view to enabling developing countries, and specially the least developed among them, to derive additional benefits from the generalized system of preferences. The international efforts in this field should give priority to:

(a) The identification of products for which the generalized system of preferences opens up new or improved export possibilities for the least developed countries;

(b) Market studies for such products;

(c) Assistance to the improvement of export and export-promotion services or the establishment of such new services where appropriate.

7. The Special Committee invites the Trade and Development Board to call the attention of other appropriate international organizations to the importance of taking measures related to the generalized system of preferences. Such measures might include, as appropriate, financial and technical assistance for the establishment and development of industries likely to further the exports of products included in the generalized system of preferences, as well as financial assistance for pre-investment studies for such industries.

VI. DURATION

The initial duration of the generalized system of preferences will be ten years. A comprehensive review will be held some time before the end of the ten-year period to determine, in the light of the objectives of Conference resolution 21 (II), whether the preferential system should be continued beyond that period.

VII. RULES OF ORIGIN

1. It is agreed that the rules of origin should facilitate the achievement of the objectives of Conference resolution 21 (II) on the generalized system of preferences, in this connexion, to ensure effectively for the beneficiary countries the advantages of preferential treatment for those exports which will qualify therefor; to help to ensure equivalence in conditions of access to the markets of the preference-giving countries, and to avoid distortion of trade.

2. Satisfactory functioning of the rules of origin will be greatly helped if it is possible to establish close and confident collaboration between the competent authorities of the donor and beneficiary countries, particularly concerning documentation and control. It is agreed that such co-operation should be assured bilaterally and as appropriate through the institutional arrangements as provided for in the relevant part of these conclusions.

3. It is recognized that it is desirable to have rules of origin as uniform as possible and as simple to administer as practicable. The Working Group on Rules of Origin had, at a technical level, formulated preliminary texts on a number of important aspects of the rules of origin. However, in regard to the basic element, for any rules of origin, namely, the criterion for substantial transformation, the Group did not at this stage arrive at common views.

4. In view of the importance which the Special Committee attaches to putting into effect the generalized system of preferences as rapidly as possible, it might be necessary to apply, at the outset, origin rules which are different in certain aspects. This would not preclude further efforts to achieve, as far as possible, more harmonization at a later stage.

5. In view of the substantial progress made in drawing up common solutions on matters such as a standard form of origin certificate and agreed rules and undertakings as to verifications, sanctions, and mutual co-operation, the administrative difficulties from the use of different systems of origin at the initial stage will be minimized.

6. The Group should conclude as soon as possible its examination of all technical aspects of the rules of origin for the generalized system of preferences, with a view to agreeing on as many common elements in the rules of origin as possible at this stage. Such technical aspects include harmonization of the different elements used in the determination of substantial transformation among preference-giving countries applying the same criteria in this respect and the questions of cumulative treatment of beneficiary countries and treatment of developed country content. In this connexion, the Working Group should also

examine possible solutions to specific problems of the least developed among the developing countries. To avoid any delays and to facilitate the implementation of the generalized system of preferences, the Group's conclusions, including agreed texts on rules of origin, should be remitted directly both to the prospective preference-giving countries and the prospective beneficiaries to facilitate appropriate domestic action. The secretariat of UNCTAD should be invited to compile and distribute to Governments of member States an integrated text on rules of origin that will be applied by the preference-giving countries for the purpose of the generalized system of preferences.

VIII. INSTITUTIONAL ARRANGEMENTS

1. The Special Committee on Preferences agrees that there should be appropriate machinery within UNCTAD to deal with the questions relating to the implementation of Conference resolution 21 (II) bearing in mind Conference resolution 24 (II). The [appropriate UNCTAD body] should have the following terms of reference:

(a) It will review:

(i) The effects of the generalized system of preferences on exports and export earnings, industrialization and the rates of economic growth of the beneficiary countries, including the least developed among the developing countries, and in so doing will consider, inter alia, questions related to product coverage, exception lists, depths of cut, working of safeguard mechanisms (including ceilings and escape clauses) and rules of origin;

(ii) The effects of the generalized system of preferences on the process of industrialization as well as on the volume of exports and export earnings of the least developed among the developing countries, and review and study the special measures in favour of those countries within the generalized system as provided for in Conference resolution 21 (II);

(iii) Especially the effects on the export earnings of developing countries from the sharing of their existing tariff advantages with the rest of the developing countries as a result of the generalized system of preferences, in particular in order to avoid that these countries might be adversely affected;

(iv) Complementary efforts made by developing countries to utilize as fully as possible the benefits from the potential trade advantages created by the grant of special tariff treatment;

(v) Other problems related to the operation of the system;

(b) It will review questions related to measures taken by the socialist countries of Eastern Europe with a view to contributing to the attainment of the objectives of Conference resolution 21 (II);

(c) The above-mentioned functions would appropriately be carried out by means of:

- (i) An annual review and analysis of the functioning of the system;
- (ii) A triennial review to assess the benefits of the system for the beneficiary countries and the possibilities of improvement of the system and of its operation;
- (iii) A comprehensive review towards the end of the initial period of the system, to determine, in the light of the objectives of Conference resolution 21 (II), whether the preferential system should be continued beyond that period.

2. All these periodic reviews would also provide opportunity for multilateral or bilateral consultations between preference-giving countries and beneficiary countries on the system as initially applied, on the modalities of its application and on subsequent changes. These reviews will provide opportunity for consultations between developed market-economy countries and developing countries with respect to possible improvements in the system, and between the socialist countries of Eastern Europe and the developing countries with a view to the early and effective implementation of measures by the former, as set forth in their joint declaration, designed to contribute to the attainment of the objectives of Conference resolution 21 (II).

3. The Special Committee on Preferences considers that there may also be a need for consultations of an ad hoc character on specific aspects of the system that require urgent consideration. Such consultations could be arranged in agreement with interested Governments of member States and with the assistance, when desired, of the Secretary-General of UNCTAD.

IX. LEGAL STATUS

1. The Special Committee recognizes that no country intends to invoke its rights to most-favoured-nation treatment with a view to obtaining, in whole or in part, the preferential treatment granted to developing countries in accordance with Conference resolution 21 (II), and that the Contracting Parties to the General Agreement on Tariffs and Trade intend to seek the required waiver or waivers as soon as possible.

2. The Special Committee takes note of the statement made by the preference-giving countries that the legal status of the tariff preferences to be accorded to the beneficiary countries by each preference giving country individually will be governed by the following considerations:

- (a) The tariff preferences are temporary in nature;
- (b) Their grant does not constitute a binding commitment and, in particular, it does not in any way prevent:

- (i) Their subsequent withdrawal in whole or in part; or
- (ii) The subsequent reduction of tariffs on a most-favoured-nation basis, whether unilaterally or following international tariff negotiations;
- (c) Their grant is conditional upon the necessary waiver or waivers in respect of existing international obligations, in particular in the General Agreement on Tariffs and Trade.

Appendix I

to the agreed conclusions
of the Special Committee on Preferences

Statement on behalf of the Group of 77

The members of the Group of 77 in UNCTAD take note of the position of the countries members of the Organisation for Economic Co-operation and Development on this subject. These developing countries consider themselves under Conference resolution 21 (II) to be prospective beneficiaries in the generalized system of preferences and therefore entitled to preferential treatment in the markets of all preference-giving countries. The members of this Group as constituted at present are:

The Kingdom of Afghanistan	The Republic of Indonesia
The Democratic and Popular Republic of Algeria	The Empire of Iran
The Argentine Republic	The Republic of Iraq
Barbados	The Republic of the Ivory Coast
The Republic of Bolivia	Jamaica
The Republic of Botswana	The Hashemite Kingdom of Jordan
The Federative Republic of Brazil	The Republic of Kenya
The Union of Burma	The Khmer Republic
The Republic of Burundi	The State of Kuwait
The Federal Republic of Cameroon	The Kingdom of Laos
The Central African Republic	The Lebanese Republic
Ceylon	The Kingdom of Lesotho
The Republic of Chad	The Republic of Liberia
The Republic of Chile	The Libyan Arab Republic
The Republic of Colombia	The Malagasy Republic
The Democratic Republic of the Congo	The Republic of Malawi
The Republic of Costa Rica	Malaysia
The Republic of Cyprus	The Republic of Maldives
The Republic of Dahomey	The Republic of Mali
The Dominican Republic	The Islamic Republic of Mauritania
The Republic of Ecuador	Mauritius
The Republic of El Salvador	The United Mexican States
The Republic of Equatorial Guinea	The Kingdom of Morocco
The Empire of Ethiopia	The Kingdom of Nepal
The Gabonese Republic	The Republic of Nicaragua
The Republic of the Gambia	The Republic of the Niger
The Republic of Ghana	The Federal Republic of Nigeria
The Republic of Guatemala	Pakistan
The Republic of Guinea	The Republic of Panama
The Republic of Guyana	The Republic of Paraguay
The Republic of Haiti	The People's Republic of the Congo
The Republic of Honduras	The Republic of Peru
The Republic of India	The Republic of the Philippines
	The Republic of Korea

The Republic of Viet-Nam	The Togolese Republic
The Rwandese Republic	Trinidad and Tobago
The Kingdom of Saudi Arabia	The Republic of Tunisia
The Republic of Senegal	The Republic of Uganda
Sierra Leone	The United Arab Republic
The Republic of Singapore	The United Republic of Tanzania
The Somali Democratic Republic	The Republic of the Upper Volta
The People's Republic of Southern Yemen	The Eastern Republic of Uruguay
The Democratic Republic of the Sudan	The Republic of Venezuela
The Kingdom of Swaziland	The Yemen Arab Republic
The Syrian Arab Republic	The Socialist Federal Republic of
The Kingdom of Thailand	Yugoslavia
	The Republic of Zambia

Further, they hold the view that no developing country member of this Group should be excluded from the generalized system of preferences at the outset or during the period of the system.

Appendix II

to the agreed conclusions of the Special
Committee on Preferences

Statement on beneficiaries by the spokesman for Group B

With regard to the question of beneficiaries, our common introduction to the individual revised or additional submissions a/ indicates that the views expressed by the prospective preference-giving countries in 1969 in the introduction to their preliminary submissions b/ remain unchanged. Furthermore, I would like to refer to the position of the preference-giving countries as stated in section IX of the agreed conclusions on legal status, as well as in their individual submissions.

In this connexion, I should recall an observation made by the Secretary-General of the Organisation for Economic Co-operation and Development in his letter addressed to the Secretary-General of UNCTAD before the second session of the United Nations Conference on Trade and Development c/ that is, that the membership of that organization includes some developing countries which, like other potential beneficiaries, have an interest in the subject of special tariff treatment. The delegation of Malta, member of Group B, has a similar interest.

a/ TD/B/AC.5/34.

b/ TD/B/AC.5/24.

c/ See Proceedings of the United Nations Conference on Trade and Development, Second Session, vol. III and Corr.2, Problems and policies of trade in manufactures and semi-manufactures (United Nations publication, Sales No.: E.68.II.D.16), document TD/56, p. 78.

ANNEX II

FINANCIAL IMPLICATIONS OF THE ACTIONS OF THE BOARD

Summary statement

1. In accordance with rule 31 of its rules of procedure, the Board has been advised, in the course of its discussions, of the administrative and financial implications of the "Institutional arrangements" proposed by the Special Committee on Preferences a/ at the second part of its fourth session.
2. The review provided for under "Institutional arrangements" requires the UNCTAD secretariat to carry out studies on the effects of the generalized preferences regarding the exports and export earnings, the industrialization and the rates of economic growth of the preference-receiving countries, including the least developed among the developing countries. It also has to study the effects of the generalized preferences on the process of industrialization of the least developed among the developing countries and the effects on the export earnings of the developing countries from the sharing of their existing tariff advantages with the rest of the developing countries as well as the effects of the complementary efforts made by developing countries. The preparation of these economic analyses would have to be commenced in the near future and would require the equivalent of two professional staff assisted by two general service staff primarily for statistical work.
3. The annual review provided for under paragraph I (iii) (a) of section VIII would require a meeting of the appropriate UNCTAD body for a period of about two weeks and the triennial review provided for under paragraph I (iii) (b) would require a meeting of about three weeks. It is assumed that the first annual review would take place in 1972 and an appropriate provision would be made in the initial budget estimates for that year in the light of the over-all UNCTAD conference programme.

a/ See TD/B/329/Rev.1, part one, section VIII.

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