

first session, in 1964, and contained in annex A.I.2 of the Final Act of the Conference;²¹

2. *Requests* that the Convention on Transit Trade of Land-locked States be signed by 31 December 1965 and ratified or acceded to as soon as possible in order to promote the economic and social development of the land-locked countries through international trade;

3. *Requests* the Secretary-General of the United Nations and the Secretary-General of the United Nations Conference on Trade and Development to be guided by the terms of the present resolution and the above-mentioned Convention in assisting the land-locked countries to overcome their difficulties regarding transit trade.

*1404th plenary meeting,
20 December 1965.*

2087 (XX). Financing of economic development

The General Assembly,

Recalling its resolutions 1318 (XIII) of 12 December 1958 entitled "Promotion of the international flow of private capital" and 1710 (XVI) of 19 December 1961 entitled "United Nations Development Decade: a programme for international economic co-operation",

Taking into account the recommendations contained in annex A.IV.2 of the Final Act of the United Nations Conference on Trade and Development,²²

Having considered the recommendations on the promotion of private foreign investment in developing countries, contained in annex A.IV.12 of the Final Act of the United Nations Conference on Trade and Development,²³

Noting with interest the fourth and fifth reports of the Secretary-General on the promotion of the international flow of private capital,²⁴

Reaffirming that private foreign investment may contribute to the economic diversification and development of private-capital-importing developing countries and to the accelerated transfer of technical and managerial know-how to these countries, where such investments are made in terms that are satisfactory both to the capital-exporting countries and the capital-importing countries,

1. *Asks* Governments to give serious consideration to the recommendations contained in annex A.IV.12 of the Final Act of the United Nations Conference on Trade and Development;

2. *Calls upon* Governments to give due consideration to the measures and actions for the promotion of private foreign investment in developing countries recommended by the United Nations Conference on Trade and Development, always taking into account the relevant laws and regulations of each country, and the need of respect for the sovereignty of the host countries;

3. *Requests* the Secretary-General to keep in view the above-mentioned measures and actions in the preparation of his further studies on the promotion of the international flow of private capital, as called for under the annex mentioned in paragraph 1 above, as well as under General Assembly resolution 1318 (XIII) and

Economic and Social Council resolution 922 (XXXIV) of 3 August 1962;

4. *Looks forward* to the early publication of the Secretary-General's findings in this field.

*1404th plenary meeting,
20 December 1965.*

2088 (XX). Accelerated flow of capital and technical assistance to the developing countries

The General Assembly,

Recalling its resolution 1938 (XVIII) of 11 December 1963, which requested the Secretary-General to review the conceptual and methodological problems in the measurement of capital flow and aid and to submit proposals for making the presentation of the relevant data as meaningful and purposeful as possible,

Taking into account the recommendation contained in annex A.IV.2, section III, of the Final Act of the United Nations Conference on Trade and Development²⁵ that each economically advanced country should endeavour to supply financial resources to the developing countries of a minimum net amount approaching as nearly as possible 1 per cent of its national income, having regard, however, to the special position of certain countries which are net importers of capital,

Taking also into account the recommendations contained in annex A.IV.4 of the Final Act of the United Nations Conference on Trade and Development²⁶ setting forth the objectives to be met in removing the difficulties experienced by the developing countries under aid programmes of government-to-government transfer of capital through loans and in the availability of suppliers' credits to developing countries, owing, *inter alia*, to short periods of repayment, high rates of interest, limitations on the tying of credits to specific projects and to purchases from countries providing the capital,

Noting the recommendations contained in annex A.IV.5 of the Final Act of the United Nations Conference on Trade and Development²⁷ relating to the problem of debt service in developing countries and the fact that the servicing of external debt constitutes an increasing burden on their resources,

Taking note of Economic and Social Council resolution 1088 A (XXXIX) of 30 July 1965, which recommended that the Governments of developed Member States give early and sympathetic consideration to making their lending terms substantially more favourable to the developing countries by such methods as extending the period of repayment, reducing interest rates and providing a period of grace for both interest and repayment of principal,

Taking note also of Economic and Social Council resolution 1088 B (XXXIX) of 30 July 1965 regarding the financing of economic development and, in particular, the problem of concepts and methodology in the measurement of the flow of capital and aid to developing countries,

Recalling also Economic and Social Council resolution 1089 (XXXIX) of 31 July 1965, which, in paragraph 1, urged the States Members of the United Nations and members of the specialized agencies and of the International Atomic Energy Agency, and particularly the developed countries:

²⁵ See *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11), p. 43.

²⁶ *Ibid.*, p. 44.

²⁷ *Ibid.*, p. 46.

²¹ *Ibid.*, p. 25.

²² *Ibid.*, p. 43.

²³ *Ibid.*, p. 49.

²⁴ *Official Records of the Economic and Social Council, Thirty-seventh Session, Annexes*, agenda item 10, documents E/3905 and Add.1; *ibid.*, *Thirty-ninth Session, Annexes*, agenda item 8, documents E/4038 and Add.1.

(a) To take all possible steps immediately to increase the effective flow of international capital to developing countries to the level indicated in the recommendation contained in annex A.IV.2 of the Final Act of the United Nations Conference on Trade and Development, in all cases where that level has not yet been reached,

(b) To devise such terms and conditions that the servicing of this expanded flow of capital does not impose an unduly heavy burden on the developing countries and thereby jeopardize the prospects of their further growth,

Bearing in mind the inadequacy of the data on capital flows and economic assistance gathered by international organizations for carrying out the type of analysis of foreign financing that would be required to provide a regular appraisal of the factors influencing economic growth in the United Nations Development Decade,

Having considered the Secretary-General's reports entitled "International flow of long-term capital and official donations, 1961-1964",²⁸ and "Measurement of the flow of long-term capital and official donations: concepts and methodology",²⁹

1. *Expresses concern* at the fact that the net flow of international assistance and long-term capital to the developing countries has failed to attain the necessary increase in recent years, thereby retarding the progress towards the attainment of the target of 1 per cent laid down in the recommendation contained in annex A.IV.2, section III, of the Final Act of the United Nations Conference on Trade and Development;

2. *Reiterates* its request to the developed countries to take urgent measures to accelerate and ensure the flow of international assistance and long-term capital to the developing countries so as to attain the above-mentioned target;

3. *Urges* the developed countries, in framing their policies with regard to the terms of lending to the developing countries, to bear in mind the objectives set forth in annex A.IV.4 of the Final Act of the United Nations Conference on Trade and Development in order to secure more meaningful and progressive financial co-operation with the developing countries and to ensure greater efficiency in aid programmes;

4. *Requests* the competent United Nations bodies and/or other international financial institutions to take urgent steps to implement the recommendations contained in annex A.IV.5 of the Final Act of the United Nations Conference on Trade and Development relating to the problem of servicing the external debt of the developing countries;

5. *Requests* the Secretary-General to continue the study requested of him in its resolution 1938 (XVIII) and to submit his proposals to the Economic and Social Council at its forty-first session and to the General Assembly at its twenty-first session.

1404th plenary meeting,
20 December 1965.

2089 (XX). Establishment of the United Nations Organization for Industrial Development

The General Assembly,

Considering that the declaration contained in General Assembly resolution 1940 (XVIII) of 11 December 1963 on the need to carry out changes in the existing

²⁸ E/4079/Rev.1 and Add.1.

²⁹ A/5732.

United Nations machinery so as to provide an organization capable of intensifying, concentrating and expediting United Nations efforts for industrial development received decided support at all meetings which have been held since then on this subject by various United Nations bodies,

Bearing in mind the recommendation made by the Committee for Industrial Development at its fourth and fifth sessions that a specialized agency for industrial development should be promptly established,

Taking into account the proposal contained in the report of the Advisory Committee of Experts³⁰ regarding the establishment of a United Nations industrial development organization,

Taking also into account the recommendation contained in annex A.III.1 of the Final Act of the United Nations Conference on Trade and Development³¹ that the General Assembly should take suitable action with a view to establishing a specialized agency for industrial development,

Recalling Economic and Social Council resolution 1081 F (XXXIX) of 30 July 1965, in which the Council noted with appreciation the report prepared by the Secretary-General on the scope, structure and functions of a specialized agency for industrial development,³² and Council resolution 1030 B (XXXVII) of 13 August 1964,

Taking note of the widespread desire for a comprehensive organization for industrial development,

1. *Decides* to establish within the United Nations an autonomous organization for the promotion of industrial development to be known as the United Nations Organization for Industrial Development;

2. *Decides* that the administrative and research activities of this organization shall be financed from the United Nations regular budget, and its operational activities shall be financed from voluntary contributions to it by Governments of the States Members of the United Nations and members of the specialized agencies and of the International Atomic Energy Agency, as well as through participation in the United Nations Development Programme on the same basis as other participating organizations;

3. *Decides* that the principal organ of the organization shall be the Industrial Development Board;

4. *Requests* the Secretary-General to make arrangements, in accordance with Article 101 of the Charter of the United Nations, for the immediate establishment of an adequate, permanent and full-time secretariat, as a part of the organization, which will avail itself of the other appropriate facilities of the Secretariat of the United Nations;

5. *Decides* that the secretariat of the organization shall be headed by an Executive Director, who shall be appointed by the Secretary-General of the United Nations and whose appointment shall be confirmed by the General Assembly;

6. *Decides* to set up an *Ad Hoc* Committee on the United Nations Organization for Industrial Development, composed of thirty-six States Members of the United Nations and members of the specialized agencies

³⁰ See *Official Records of the Economic and Social Council, Thirty-sixth Session, Supplement No. 14 (E/3781)*, annex VIII.

³¹ See *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11), p. 34.

³² *Official Records of the General Assembly, Twentieth Session, Annexes*, agenda item 40, document A/5826.