

Proceedings
of the United Nations Conference
on
TRADE AND DEVELOPMENT

Geneva, 23 March—16 June 1964

Volume I

FINAL ACT AND REPORT



UNITED NATIONS

New York, 1964

NOTE

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FOREWORD

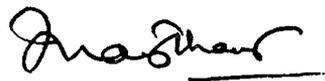
The United Nations Conference on Trade and Development held in Geneva in the spring of 1964 ushered in a new chapter in the history of United Nations endeavours to accelerate the economic development of developing countries. The Conference has shown the way towards a more just and rational international economic order in which the poor nations, which make up the great majority of mankind, will at long last be able to have an adequate share in the fruits of economic and technological progress.

The Conference has taken the first steps towards the establishment of a new trade policy for development. It has, moreover, recognized that if the acceptance of broad principles and policies for the conduct of international trade is to have real meaning, those principles and policies must be translated into practical action through effective international machinery.

The results of the Conference are an eloquent tribute to the wisdom and maturity of its participants. Despite differences of opinion on many problems, they laboured unremittingly to achieve the greatest possible degree of agreement on a number of urgent measures which should be taken by both developed and developing countries. They also decided to study further a number of other measures on which agreement had not yet been reached.

Publication of the Conference proceedings is intended in the first instance to furnish Governments and the General Assembly with a full account of what has been accomplished and what remains to be done. It should also help to meet the wider public interest in questions of development and trade which the Conference has stimulated.

It is my hope that the work begun in Geneva will move forward with vigour and imagination.



U THANT
Secretary-General of the United Nations

PREFATORY NOTE

This eight volume series attempts to provide a self-contained reference to the Proceedings of the United Nations Conference on Trade and Development. Apart from the actual Proceedings of the Conference, and the reports of the five Main Committees, it contains most of the background material prepared for the Conference and other documents referred to in the Proceedings. Only papers of a more limited character, such as country studies or special commodity studies have, for technical reasons, been excluded.

The Final Act adopted by the Conference (including the thirty-five Principles and fifty-seven Recommendations) together with the Report of the Conference are published in volume I. This volume also contains a complete check list of all documents used during the Conference.

The report "Towards a New Trade Policy" submitted by the Secretary-General of the Conference prior to the opening of the Conference is published in volume II. This volume also contains the opening addresses delivered by the President of the Swiss Confederation, the Secretary-General of the United Nations and the President and Secretary-General of the Conference together with the opening and closing policy statements of the heads of delegations, and representatives of specialized agencies and GATT, regional economic groupings, non-governmental organizations, etc.

The pre-Conference documents are published in volumes III to VII inclusive. For the sake of convenience the material has been divided into five parts according to the agenda items for the five Main Committees:

First Committee	International commodity problems
Second Committee	Trade in manufactures and semi-manufactures
Third Committee	Improvement of the invisible trade of developing countries and financing for expansion of international trade
Fourth Committee	Institutional arrangements
Fifth Committee	Expansion of international trade and its significance for economic development and implications of regional economic groupings

The allocation of the papers is of necessity somewhat arbitrary since some of these apply to more than one Committee. The texts of the pre-Conference documents are here presented in the form in which they were originally submitted to the Conference, with no editorial changes as regards references. However, where references have been made to documents bearing E/CONF.46... symbols and which have been reprinted in this series, the number of the volume in which they appear has been inserted.

Volume VIII contains those documents of the Conference on Trade and Development which, it was felt, should be published for reference purposes, but which did not fall obviously into any of the categories covered by the other volumes of the series. These documents consist of the reports of the three sessions of the Preparatory Committee, followed by a letter from the Secretary-General of the Conference containing a list of the questions that were brought up in preliminary discussions on the various topics of the agenda, as had been promised at the Third Session of the Preparatory Committee; a number of letters and memoranda concerning some of the other issues raised during the meetings, five draft recommendations which could not be discussed for lack of time, but which the Conference felt were of sufficient interest to warrant their transmission to the "continuing machinery", the relevant extract from a booklet published by the FAO which is now difficult to obtain but which was frequently referred to during the Conference, memoranda from two of the non-governmental organizations and finally the list of members of delegations attending the Conference, of observers sent by various organizations, and also of the secretariat of the Conference.

The titles of the eight volumes of the series are as follows:

I	Final Act and Report	VI	Trade expansion and regional groupings Part 1
II	Policy statements	VII	Trade expansion and regional groupings Part 2
III	Commodity trade	VIII	Miscellaneous documents and list of participants
IV	Trade in manufactures		
V	Financing and invisibles Institutional arrangements		

EXPLANATORY NOTE

The following symbols have been used in the tables throughout the series:

Three dots (...) in some studies or two dots (..) in others indicate that data are not available or are not separately reported

A dash (—) indicates that the amount is nil or negligible

A blank in a table indicates that the item is not applicable

A minus sign (–) indicates a deficit or decrease, except as indicated

A full stop (.) is used to indicate decimals

A comma (,) in the text and a space in the tables are used to distinguish thousands and millions

A stroke (/) indicates a crop year or financial year, e.g., 1960/61

Use of a hyphen (-) between dates representing years, e.g., 1961-1963, signifies the full period involved, including the beginning and end years.

Reference to "tons" indicates metric tons, and to "dollars" United States dollars, unless otherwise stated.

The term "billion" signifies a thousand million.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals, because of rounding.

Certain abbreviations have been used:

AID	Agency for International Development (United States).
CICT	Commission on International Commodity Trade.
CMEA	Council of Mutual Economic Assistance.
DAC	Development Assistance Committee (of the Organisation for Economic Co-operation and Development)
EDF	European Development Fund (of the European Economic Community).
EEC	European Economic Community.
EFTA	European Free Trade Association.
EPTA	Expanded Programme of Technical Assistance (of the United Nations).
FAO	Food and Agriculture Organization of the United Nations.
GATT	General Agreement on Tariffs and Trade.
IBRD	International Bank for Reconstruction and Development.
ICCICA	Interim Co-ordinating Committee for International Commodity Arrangements.
ICICI	Industrial Credit and Investment Corporation of India.
IDA	International Development Association.
IDB	Inter-American Development Bank.
IFC	International Finance Corporation.
OAS	Organization of American States.
OECD	Organisation for Economic Co-operation and Development.
OEEC	Organisation for European Economic Co-operation.
OPEC	Organization of Petroleum Exporting Countries.
SITC	Standard International Trade Classification.
UNICEF	United Nations Children's Fund.
UNRWA	United Nations Relief and Works Agency for Palestine Refugees.
UNSF	United Nations Special Fund.

"Rhodesia and Nyasaland" stands for the Federation of Rhodesia and Nyasaland.

The Republic of South Africa is so designated even where the material covers the period prior to 31 May 1961, when the country was known as the Union of South Africa.

Where statistical presentation has rendered it necessary, "Malaya" has been used to designate the Federation of Malaya and Singapore; "South Africa", the Republic of South Africa, South West Africa and the High Commission territories of Basutoland, Bechuanaland and Swaziland; and "UAR" the United Arab Republic.

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Final Act

Adopted by the Conference
at its thirty-fifth plenary meeting held on 15 June 1964

FINAL ACT

FIRST PART—PREAMBLE

The United Nations Conference on Trade and Development has adopted this Final Act.

Section I

BACKGROUND

1. The States participating in the Conference are determined to achieve the high purposes embodied in the United Nations Charter “to promote social progress and better standards of life in larger freedom”¹; to seek a better and more effective system of international economic co-operation, whereby the division of the world into areas of poverty and plenty may be banished and prosperity achieved by all; and to find ways by which the human and material resources of the world may be harnessed for the abolition of poverty everywhere. In an age when scientific progress has put unprecedented abundance within man’s reach, it is essential that the flows of world trade should help to eliminate the wide economic disparities among nations. The international community must combine its efforts to ensure that all countries—regardless of size, of wealth, of economic and social system—enjoy the benefits of international trade for their economic development and social progress.

2. Recognizing that universal peace and prosperity are closely linked and that the economic growth of the developing countries will also contribute to the economic growth of the developed countries, realizing the dangers of a widening gulf in living standards between peoples, and convinced of the benefits of international co-operation with a view to helping the developing countries to reach a higher standard of life, the States signatories of this Final Act are resolved, in a sense of human solidarity, “to employ international machinery for the promotion of the economic and social advancement of all peoples”.¹

3. In endorsing the decision to convene the United Nations Conference on Trade and Development, the General Assembly of the United Nations was motivated by certain basic considerations. Economic and social progress throughout the world depends in large measure on a steady expansion in international trade.

The extensive development of equitable and mutually advantageous international trade creates a good basis for the establishment of neighbourly relations between States, helps to strengthen peace and an atmosphere of mutual confidence and understanding among nations, and promotes higher living standards and more rapid economic progress in all countries of the world. Finally, the accelerated economic development of the developing countries depends largely on a substantial increase in their share in international trade.

4. The task of development, which implies a complex of structural changes in the economic and social environment in which men live, is for the benefit of the people as a whole. The developing countries are already engaged in a determined attempt to achieve, by their own efforts, a breakthrough into self-sustaining economic growth which furthers social progress. These efforts must continue and be enlarged. Economic and social progress should go together. If privilege, extremes of wealth and poverty, and social injustice persist, then the goal of development is lost. If the social and cultural dimension of development is ignored, economic advance alone can bring no abiding benefit.

5. The developing countries recognize that they have the primary responsibility to raise the living standards of their peoples; but their national exertions to this end will be greatly impaired if not supplemented and strengthened by constructive international action based on respect for national sovereignty. An essential element of such action is that international policies in the field of trade and development should result in a modified international division of labour, which is more rational and equitable and is accompanied by the necessary adjustments in world production and trade. The resultant increase in productivity and purchasing power of the developing countries will contribute to the economic growth of the industrialized countries as well, and thus become a means to worldwide prosperity.

6. The issues before the Conference have been at once challenging and urgent. While there are varying degrees of development, the joint income of the developing countries, with two-thirds of the world’s population, is not much more than one-tenth of that of the industrialized countries. Moreover, the

¹ Preamble to the Charter of the United Nations.

dramatic increase in the population of the developing countries multiplies the difficulties they face in assuring to their peoples even the simplest elements of a decent human life. The aim must be to create, jointly, new trade and new wealth, so as to share a common prosperity, and thereby avoid the waste and other unfavourable consequences of closed paths to development. The international community is called upon to join in a constructive and universal policy of co-operation for trade and development which will further economic progress throughout the world.

7. The designation of the nineteen-sixties as the United Nations Development Decade was a recognition of deep world-wide concern with the urgent necessity of raising the standard of living of the developing countries and an earnest of the resolve of the United Nations, working together, to accomplish this task. Wide concern has been expressed regarding the inadequacy of the Decade's objective of a minimum rate of growth of aggregate national income of 5 per cent per annum by 1970. To attain even this rate of growth it is essential that measures and action be taken by both the developing and the developed countries, including measures to raise the level and accelerate the rate of growth of earnings of the developing countries from trade, as a means of helping them to overcome their persistent external imbalance.

8. The United Nations Conference on Trade and Development was convened in order to provide, by means of international co-operation, appropriate solutions to the problems of world trade in the interest of all peoples and particularly to the urgent trade and development problems of the developing countries. In a period when their need for imports of development goods and for technical knowledge has been increasing, developing countries have been faced with a situation in which their export earnings and capacity to import goods and services have been inadequate. The growth in import requirements has not been matched by a commensurate expansion in export earnings. The resultant trade gap, which gold and foreign exchange reserves have been inadequate to bridge, has had to be filled very largely by capital imports. This, in itself, cannot provide a complete or permanent solution, and indeed, the servicing of external debts and the outgoings on other "invisible" items themselves present severe burdens for developing countries. Moreover, the terms of trade have operated to the disadvantage of the developing countries. In recent years many developing countries have been faced with declining prices for their exports of primary commodities, at a time when prices of their imports of manufactured goods, particularly capital equipment, have increased. This, together with the heavy dependence of individual developing countries on primary commodity exports has reduced their capacity to import. Unless these and other unfavourable trends are changed in the near future, the efforts of the developing countries to develop, diversify

and industrialize their economies will be seriously hampered.

9. Deeply conscious of the urgency of the problems with which the Conference has dealt, the States participating in this Conference, taking note of the recommendations of the Conference, are determined to do their utmost to lay the foundations of a better world economic order.

Section II

CONSTITUTION AND PROCEEDINGS

10. When, in the third week of December 1961, the General Assembly of the United Nations designated the current decade as "the United Nations Development Decade", it also asked the Secretary-General to consult members on the advisability of convening an international conference on international trade problems. Both resolutions [1707 (XVI) and 1710 (XVI)] sprang from the growing conviction that the economic aims of the Charter would best be furthered by a bold new programme of international economic co-operation; and it was in this conviction that the United Nations Conference on Trade and Development had its origin.

11. The Cairo Conference on the Problems of Economic Development, held in July 1962, issued a Declaration [which was later welcomed by the United Nations General Assembly in resolution 1820 (XVII)] strongly recommending the early convening of an international conference on trade and development. The idea of such a conference having gained ground, the General Assembly of the United Nations endorsed, on 8 December 1962 [resolution 1785 (XVII)], the decision taken in August 1962 by the Economic and Social Council [resolution 917 (XXXIV)] whereby the Council resolved to convene this Conference and to establish a Preparatory Committee to consider its agenda. The Secretary-General was requested to invite all States Members of the United Nations and members of the specialized agencies and of the International Atomic Energy Agency to take part in the Conference. The deliberations of the Preparatory Committee's three sessions² were fruitful: a detailed provisional agenda for the Conference was drawn up, and a report was prepared defining the problems to be examined and suggesting the directions in which possible solutions might be sought. At the Committee's request the secretariats of the United Nations family of organizations prepared many studies of the issues involved. The Secretary-General of the Conference sought the advice of Governments and scholars, and

² The first session of the Preparatory Committee took place at United Nations Headquarters from 22 January to 5 February 1963; the second was held at the European Office of the United Nations, in Geneva, from 21 May to 29 June 1963; and the third session was at United Nations Headquarters from 3 to 15 February 1964. At its third session, the Committee decided that informal closed meetings should be held prior to the opening of the Conference. These pre-Conference meetings were held in Geneva from 18 to 23 March 1964.

prepared his report entitled *Towards a New Trade Policy for Development* (see Vol. II). Member States, individually and in groups, also submitted useful proposals and suggestions to the Conference.

12. On 18 July 1963, the Economic and Social Council decided that the United Nations Conference on Trade and Development should be held in Geneva, beginning on 23 March 1964 and continuing until 15 June 1964, and approved the provisional agenda drawn up by the Preparatory Committee [Economic and Social Council resolution 963 (XXXVI)]. By its resolution of 11 November 1963 the General Assembly [resolution 1897 (XVIII)] noted the work of the Preparatory Committee and of the Secretary-General of the Conference, welcomed the Joint Declaration of the Developing Countries,³ and invited States to give serious consideration to it. The regional economic commissions and other regional organizations considered questions of trade and development and adopted important resolutions and declarations.⁴ Meanwhile, as the practical arrangements for the Conference went forward, the General Assembly and the Economic and Social Council were the principal forum for debates expressing the high hopes vested by the peoples of the United Nations in the Conference as a potential turning point in international co-operation in the field of trade and development.

13. Aware of these high hopes, the representatives of the following one hundred and twenty⁵ States gathered in Geneva from 23 March to 16 June 1964 to take part in the United Nations Conference on Trade and Development:

Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway,

Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Vietnam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Tanganyika,⁶ Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zanzibar.⁶

14. The inaugural address was delivered by the President of the Swiss Confederation; the Secretary-General of the United Nations also addressed the Conference; and messages of goodwill and good wishes for success were received from numerous Heads of State. After adopting its agenda and electing its officers—a President, twenty-seven Vice-Presidents, and a Rapporteur—the Conference was addressed by its President and heard, over a period of twelve days, an address by its Secretary-General and a series of policy statements by heads of delegations, most of whom were Cabinet ministers, and by representatives of a number of inter-governmental economic organizations. Five Committees of the Whole were established for detailed study of the items of the agenda. The General Committee of the Conference comprised the President, the Vice-Presidents, the Rapporteur, and the Chairmen of the five Committees. The Conference also established a Drafting Committee for the Final Act.

15. With a view to reaching agreement on the issues before the Conference, many informal meetings were held and important consultations conducted among groups of delegations. A notable feature of the Conference was the fact that the delegations of the States signatories of the Joint Declaration of the Developing Countries co-ordinated their work with a view to enhancing general co-operation among all delegations.

Section III

FINDINGS

The Conference has been guided by the following findings:

16. World trade has expanded substantially in recent years: the value of world exports has more than doubled since 1950. The principal impulse for this growth has been provided by the over-all expansion of the world economy, aided by national and international action as well as enormous scientific and technical progress and the social and economic changes in the world.

³ The Joint Declaration of the Developing Countries was adopted at the same time as, and forms an annex to, the General Assembly resolution in question.

⁴ See the reports relating to the Brasilia meeting convened by the Economic Commission for Latin America and the Alta Gracia Charter approved by the Special Latin American Co-ordinating Committee of the Organization of American States, the resolutions adopted by the Economic Commission for Africa and by the Economic and Social Commission of the Organization of African Unity at Niamey, the resolution of the Economic Commission for Europe and the Teheran resolutions of the Economic Commission for Asia and the Far East (for all these reports see Vols. VI and VII).

⁵ Somalia and Western Samoa were invited, but did not attend the Conference.

⁶ On 27 May 1964, as a result of the formation of the United Republic of Tanganyika and Zanzibar, the delegations of Tanganyika and Zanzibar were reconstituted as a unified delegation.

17. The countries of the world did not share proportionately in this expansion of international trade. While exports of developing countries rose from \$19,200 million to \$28,900 million between 1950 and 1962, that is by 50 per cent, the expansion of exports from these countries proceeded at an appreciably lower rate than that of the developed countries. As a result, the share of the developing countries in world exports declined steadily from nearly one-third in 1950 to only slightly more than one-fifth in 1962. Concurrently, the developed market economies increased their share from three-fifths to two-thirds, and the centrally planned economies from 8 per cent to 13 per cent. One of the reasons for the decline in the rate of expansion of world exports from 8.4 per cent per annum in the early fifties to rather less than 5 per cent in the early sixties is the inability of the developing countries to attain a higher rate of export expansion.

18. The difficulties experienced by developing countries in increasing the sale of their products at remunerative prices in the markets of most of the highly industrialized countries have placed a limit on the extent to which they can purchase capital goods and machinery from the developed countries, which in turn has contributed to a slower rate of expansion of world trade than would have been the case if the developing countries had been enabled to increase their exports at a faster rate. Further, measures having discriminatory or protectionist effects applied by certain developed countries have hampered the development of the trade of developing countries and of world trade in general.

19. The difficulties of the developing countries were aggravated by a deterioration in their terms of trade during the period 1950-1962. The slower growth in the quantity of exports of the developing countries and the adverse movement of their terms of trade were largely the reflexion of the present commodity composition of their trade, consisting, as it does, predominantly of the exchange of primary product exports for manufactured imports whose relative positions in world markets have undergone significant changes. World trade in manufactures has been increasing at an annual rate more than twice that of trade in primary products. Factors contributing to the sluggishness of primary product exports include the low response of consumer demand for food to increases in income of consumers in the advanced countries where incomes and food consumption are already high, the widespread use of substitutes and synthetics, and the increasing output of primary products in advanced countries which has been the result both of domestic policies, in many cases reinforced by protective barriers, as well as a general increase in productivity stemming from technological progress. These long-term trends have been accentuated by short-term fluctuations in export earnings caused by economic recessions and other factors.

20. The deterioration in terms of trade and the sluggish expansion of the export quantum of the developing countries occurred at a time when their need for imported supplies to speed up the pace of their economic development sharply increased. There is a close link between the rate of economic growth and the available supply of investment goods. The developing countries require a specific increase in the supply of investment goods in order to achieve the Development Decade target. Since their domestic capacity to produce these goods is limited, a substantial amount of such goods has to be imported. Imports have to be financed through export receipts and inflows of capital from abroad. Thus, the resources required for a higher rate of growth would obviously have to be sought in additional export earnings and an increase in the net inflow of long-term public and private funds.

21. The developing countries' surplus of exports over imports in 1950 became a deficit in 1962 of \$2,300 million, while their net payments for investment income and other invisibles were about \$3,300 million around 1960. This deficit was covered by the provision of aid and other capital flows. However, the gap between the import requirements of developing countries and their export earnings has been widening. According to United Nations Secretariat estimates, this gap could be of the order of \$20,000 million a year in 1970, on the basis of a 5 per cent per annum rate of growth set as the target for the United Nations Development Decade, assuming no change in the trends of the fifties upon which these estimates were based.

22. In recent years, the developing countries have been turning increasingly to economic and social planning as the most effective means for accelerating their growth. Their plans, policies and institutions are designed to achieve the transformation of their economic and social structures and to provide for maximum saving, investment and output to a pre-determined order of priorities for a targeted rate of growth. However realistic the plans drawn up by the developing countries may be, their achievement is hindered by the instability of international markets for primary products and by conditions restricting the access of primary commodities and semi-manufactures and manufactures to the markets of the developed countries. The continued dependence on the export of a single product or a few commodities whose prices have been declining in the past has made the carrying out of the development plans all the more difficult. The achievement of the economic and social development plans of the developing countries necessitates an appropriate change in the present structure of international trade in such a way as to afford them the opportunity of earning adequate and stable supplies of foreign exchange.

23. An overwhelming proportion—over two-thirds—of the import and export trade of developing countries is with the developed market economies.

Between 1950 and 1962 the total exports of the developed market economies to the developing countries increased by 98 per cent, rising from \$10,650 million to \$21,060 million. This contrasted with the exports of the developing countries to the developed market countries which increased by 56 per cent, rising from \$13,220 million to \$20,660 million.

24. The reason for the failure of exports of the developing countries to the developed market economies to expand at a faster rate can be attributed to a number of factors. Reference has already been made in the foregoing passages to contributory factors of a general character. Specific policies include price-support programmes, customs duties and internal taxes and fiscal charges imposed on the consumption of tropical products, export subsidies on commodities of interest to developing countries, and higher levels of tariffs imposed on processed products relative to those applied to such products when exported in their natural form. These factors have contributed to the sluggishness of the demand for the products of developing countries and in the case of some commodities to the accumulation of surpluses which have tended to exercise a depressing effect on world commodity prices. There is need for the elimination of these obstacles by national and international action designed to improve access and expand market opportunities for the exports of primary products, semi-manufactures and manufactures of the developing countries in order to increase their export earnings.

25. Owing to its relatively recent origin, trade between developing countries and the centrally planned economies is so far limited to a relatively small number of countries and constitutes a small part of the trade turnover of developing countries as a whole. In 1962, \$1,630 million, or 5.6 per cent of the total exports of the developing countries went to the centrally planned economies, while imports from the latter into the former totalled \$2,150 million and formed 7.3 per cent of total imports. This trade has, however, shown a tendency to increase rapidly in recent years. Thus, in terms of value, the exports of the countries with centrally planned economies to developing countries increased from \$405 million to \$2,150 million, or by 430 per cent, between 1950 and 1962, while exports from the developing countries to the countries with centrally planned economies showed an expansion from \$610 million to \$1,630 million, or by 167 per cent, over the same period.

26. The expansion in trade has been secured mainly through medium and long-term bilateral trade agreements which stipulate the quantity and/or the value of goods to be exchanged. In spite of the rapidity of growth in trade between the two groups of countries, there is still considerable scope for expansion, which can be secured through the removal of certain obstacles which prevent a faster rate of growth and by further positive measures taken by the interested countries. The major obstacles arise from the fact that trade relations have not yet been established between many

developing countries and centrally planned economies; the need, in some cases, due to the bilateral trade system for individual developing countries to balance their trade with individual centrally planned economies; and the paucity of knowledge among public and private organizations of trade partners in some developing countries, about the products and the trade policies and practices of the centrally planned economies.

27. These problems can be solved and trade between countries of the two groups expanded at a more rapid rate through the establishment of normal trade relations between centrally planned economies and a larger number of developing countries; through the granting by countries with centrally planned economies to developing countries, within the framework of the former's foreign trade system, of special advantages conducive to the promotion of such trade; through the adoption by the centrally planned economies, within the framework of their long-term plans, of appropriate measures to secure the diversification and a proportionately increasing growth of their imports of primary, semi-manufactured and manufactured products from developing countries; and through increased utilization by centrally planned economies, in addition to bilateral arrangements, of multilateral trade and payment methods, when these are considered to be of mutual advantage to all partners in the trade. Developing countries for their part should accord the countries with centrally planned economies conditions for trade not inferior to those granted normally to the developed market economy countries.

28. Trade between the centrally planned countries and the developed market economies has grown rapidly in recent years. The full potentiality of this trade, however, has not been realized because of administrative, economic and trade policy obstacles. Efforts to discover means to solve these problems and increase trade, to the mutual benefit of all partners concerned, and thus achieve levels of trade commensurate with the apparent possibilities, have shown increasing progress in recent years.

29. Continuation of such efforts in whatever available forums, including within the framework of the future institutional arrangements recommended by the Conference, should result in progressively greater levels of trade between countries having different economic and social systems. It is recognized that such a development would be in the interest of world trade as a whole.

30. While trade between developed countries is increasing and while the share of such exchanges in total world trade is also rising, the level of trade between developing countries is very low and its importance in world trade has been decreasing. The expansion of inter-regional and intra-regional trade is important to developing countries in so far as it provides them with wider markets for their products and enables them to further diversify their trade and

to save on scarce foreign exchange. Hence, the establishment of closer and broader trade ties between developing countries is necessary.

Section IV

REASONS AND CONSIDERATIONS

In drawing up its recommendations, the Conference has been guided by the following essential reasons and considerations:

31. The development of equitable and mutually advantageous trade can promote higher standards of living, full employment and rapid economic progress in all countries of the world.

32. The fundamental problems of developing countries are well identified and what is now required is a universal readiness to act and generally to adopt practical measures aimed at increasing exports and export earnings of developing countries and accelerating their economic development.

33. At the root of the foreign trade difficulties facing the developing countries and other countries highly dependent on a narrow range of primary commodities are the slow rate of growth of demand for their exports of primary commodities, accounting for 90 per cent of their exports, the increasing participation of developed countries in world trade in primary commodities, and the deterioration in the terms of trade of developing countries from 1950 to 1962.

34. During the period of structural readjustments of their economies, the developing countries will remain heavily dependent on commodity exports to meet growing import needs involved in the process of industrialization and diversification.

35. Because of the outstanding importance of commodity trade for economic development, particularly of the developing countries, and the special difficulties affecting trade in primary commodities, it is important and urgent that action be taken over a wide front and on dynamic and comprehensive lines so as to conduct a concerted attack on international commodity problems.

36. There is accordingly a need for a deliberate effort on the part of all industrialized countries to remedy the adverse tendencies in question.

37. This comprehensive action should include international commodity arrangements as one of the means of stimulating a dynamic and steady growth of the real export earnings of the developing countries so as to provide them with expanding resources for their economic and social development and of securing over-all stabilization in primary commodity markets. It is also necessary to accelerate the removal of existing obstacles and to forestall the creation of new obstacles to commodity trade.

38. Compensatory financing is an appropriate solution to meet the serious residual problems

caused by short-term fluctuations in the prices of and earnings from primary commodity exports. For residual long-term problems, financial solutions should be sought.

39. The developing countries should not rely merely on the expansion of traditional exports of primary products and raw materials. Promotion of industries with an export potential in developing countries is essential. Diversification and expansion of exports of manufactured and semi-manufactured goods are among the important means to assist the developing countries to achieve, in time, a balance in their external accounts.

40. The establishment and expansion, in developing countries, of industries with an export potential call for a whole series of interrelated measures and action on the part of the developing countries within the framework of over-all planning, as well as by developed countries and appropriate international organizations.

41. The role of the public sector in the economic development of developing countries is recognized, as well as the role of private capital, domestic and foreign.

42. Developing countries face obstacles and difficulties in marketing their manufactures and semi-manufactures in the developed countries. In order to facilitate the industrial exports of developing countries, their products should have freer access, particularly to the markets of the developed countries, but also to the markets of other developing countries.

43. Easier access to markets should be provided, not only for existing and traditional exports of manufactures and semi-manufactures, but also for a wider range of products in order to improve the opportunities for the establishment, in the developing countries, of a wider range of industries more technically evolved and producing industrial goods of higher degrees of complexity.

44. Substantial imports of manufactures and semi-manufactures may involve some readjustment in the industrial structures of the developed countries.

45. A lowering of trade barriers would improve the competitive position of the developing countries relative to that of domestic producers in the market of each developed country, but it would not improve their competitive position in that market in relation to exports from other developed countries. Special measures in favour of exports from the developing countries would be needed to bring about the required expansion of such exports.

46. In addition to the expansion of exports of manufactures to developed countries, the expansion of such trade among the developing countries themselves would contribute towards solving the dilemma posed by the economic and technological requirements of modern industry, on the one hand, and the limited

domestic markets of individual countries on the other. Because of the many forms which economic co-operation might have in various cases and the problems which they might cause, it is considered that a certain flexibility is needed.

47. The Conference has considered the general targets on which the international community might focus in dealing with the problems of development through trade and international co-operation. A number of principles and criteria, aimed at providing constructive guidelines for policies in the various areas of international financial and technical co-operation, have been formulated. The major questions identified are as follows:

(a) The need for higher growth rates for developing countries; measures to be taken by developed and developing countries, including measures to increase foreign exchange availabilities.

(b) Guidelines for international financial and technical co-operation; terms and conditions of aid, and the relation of trade and aid to maintain the continuity of sound development plans or programmes.

(c) External debt problems.

(d) The need and means for increasing the flow of financial resources to the developing countries.

(e) Compensatory finance; supplementary financial measures.

(f) Aspects of shipping and all other invisible items.

(g) The need for periodic reviews.

48. There is wide recognition of the importance and gravity of the problem posed by the financing of development, in all its many complex aspects, and this recognition should form the basis for continuing reviews and action in this field.

49. There is also recognition of the need for greater and more systematic efforts by all parties involved, with a fair division of responsibilities among developed and developing countries, in order to engender the necessary co-operative efforts at the national, regional and international levels.

50. More specifically, there is wide agreement in some key areas which, though necessarily limited in scope, constituted forward steps. These areas include measures for accelerated growth in deve-

loping countries and increase in foreign exchange availabilities; guidelines for international financial and technical co-operation, compensatory financing and supplementary financial measures, and for dealing with external debt problems; and some aspects of shipping in relation to the trade of developing countries.

51. Finally, in some other areas, there is also agreement that specific measures, which have been proposed, should be given further consideration or should be studied by the appropriate international organizations.

52. In approaching the problem of institutional arrangements, the Conference has taken into account the fact that sustained efforts are necessary to raise standards of living in all countries and to accelerate the economic growth of developing countries, and that international trade is an important instrument for economic development. The Conference has provided a unique opportunity to make a comprehensive review of the problems of trade and of trade in relation to economic development, particularly those problems affecting the developing countries. It has recognized that adequate and effectively functioning organizational arrangements are essential if the full contribution of international trade to the accelerated growth of the developing countries is to be successfully achieved through the formulation and implementation of the necessary policies.

53. To this end, the Conference has examined the operation of existing international institutions and has recognized both their contributions and their limitations in dealing with all the problems of trade and related problems of development. It believes that participating Governments should make the most effective use of institutions and arrangements to which they are or may become parties, and is convinced, at the same time, that there should be a further review of both the present and the proposed institutional arrangements, in the light of the experience of their work and activities. The Conference has further taken note of the widespread desire among developing countries for a comprehensive trade organization, and has recognized that further institutional arrangements are necessary in order to continue the work initiated by this Conference and to implement its recommendations and conclusions.

SECOND PART—A CONSOLIDATION OF THE RECOMMENDATIONS OF THE CONFERENCE ⁷

Section I

PRINCIPLES

54. The Conference has recommended the following General Principles to govern international trade relations and trade policies conducive to development: (see Annex A.I.1)

General Principle One

Economic relations between countries, including trade relations, shall be based on respect for the principle of sovereign equality of States, self-determination of peoples, and non-interference in the internal affairs of other countries.

General Principle Two

There shall be no discrimination on the basis of differences in socio-economic systems. Adaptation of trading methods shall be consistent with this principle.

General Principle Three

Every country has the sovereign right freely to trade with other countries, and freely to dispose of its natural resources in the interest of the economic development and well-being of its own people.

General Principle Four

Economic development and social progress should be the common concern of the whole international community and should, by increasing economic prosperity and well-being, help strengthen peaceful relations and co-operation among nations. Accordingly, all countries pledge themselves to pursue internal and external economic policies designed to accelerate economic growth throughout the world, and in particular to help promote, in developing countries, a rate of growth consistent with the need to bring about a substantial and steady increase in average income, in order to narrow the gap between the standard of living in developing countries and that in the developed countries.

General Principle Five

National and international economic policies should be directed towards the attainment of an international

division of labour in harmony with the needs and interests of developing countries in particular, and of the world as a whole. Developed countries should assist the developing countries in their efforts to speed up their economic and social progress, should co-operate in measures taken by developing countries for diversifying their economies, and should encourage appropriate adjustments in their own economies to this end.

General Principle Six

International trade is one of the most important factors in economic development. It should be governed by such rules as are consistent with the attainment of economic and social progress and should not be hampered by measures incompatible therewith. All countries should co-operate in creating conditions of international trade conducive, in particular, to the achievement of a rapid increase in the export earnings of developing countries and, in general, to the promotion of an expansion and diversification of trade between all countries, whether at similar levels of development, at different levels of development, or having different economic and social systems.

General Principle Seven

The expansion and diversification of international trade depends upon increasing access to markets, and upon remunerative prices for the exports of primary products. Developed countries shall progressively reduce and eliminate barriers and other restrictions that hinder trade and consumption of products from developing countries and take positive measures such as will create and increase markets for the exports of developing countries. All countries should co-operate through suitable international arrangements, on an orderly basis, in implementing measures designed to increase and stabilize primary commodity export earnings, particularly of developing countries, at equitable and remunerative prices and to maintain a mutually acceptable relationship between the prices of manufactured goods and those of primary products.

General Principle Eight

International trade should be conducted to mutual advantage on the basis of the most-favoured-nation treatment and should be free from measures detrimental to the trading interests of other countries. However, developed countries should grant concessions

⁷ The results of the voting on the Principles and Recommendations adopted by the Conference appear in Annex A. Observations and reservations appear in Annex B.

to all developing countries and extend to developing countries all concessions they grant to one another and should not, in granting these or other concessions, require any concessions in return from developing countries. New preferential concessions, both tariff and non-tariff, should be made to developing countries as a whole and such preferences should not be extended to developed countries. Developing countries need not extend to developed countries preferential treatment in operation amongst them. Special preferences at present enjoyed by certain developing countries in certain developed countries should be regarded as transitional and subject to progressive reduction. They should be eliminated as and when effective international measures guaranteeing at least equivalent advantages to the countries concerned come into operation.

General Principle Nine

Developed countries participating in regional economic groupings should do their utmost to ensure that their economic integration does not cause injury to, or otherwise adversely affect, the expansion of their imports from third countries, and, in particular, from developing countries, either individually or collectively.

General Principle Ten

Regional economic groupings, integration or other forms of economic co-operation should be promoted among developing countries as a means of expanding their intra-regional and extra-regional trade and encouraging their economic growth and their industrial and agricultural diversification, with due regard to the special features of development of the various countries concerned, as well as their economic and social systems. It will be necessary to ensure that such co-operation makes an effective contribution to the economic development of these countries, and does not inhibit the economic development of other developing countries outside such groupings.

General Principle Eleven

International institutions and developed countries should provide an increasing net flow of international financial, technical and economic assistance to support and reinforce, by supplementing the export earnings of developing countries, the efforts made by them to accelerate their economic growth through diversification, industrialization and increase of productivity, on the basis of their national policies, plans and programmes of economic development. Such assistance should not be subject to any political or military conditions. This assistance, whatever its form and from whatever source, including foreign public and private loans and capital, should flow to developing countries on terms fully in keeping with their trade and development needs. International financial and monetary policies should be designed to take full account of the trade and development needs of developing countries.

General Principle Twelve

All countries recognize that a significant portion of resources released in successive stages as a result of the conclusion of an agreement on general and complete disarmament under effective international control should be allocated to the promotion of economic development in developing countries.

General Principle Thirteen

The Conference decided to include, as a separate part of the Principles adopted by the Conference, the Principles relating to the transit trade of land-locked countries set forth in Annex A.I.2 below.

General Principle Fourteen

Complete decolonization, in compliance with the United Nations Declaration on the Granting of Independence to Colonial Countries and Peoples and the liquidation of the remnants of colonialism in all its forms, is a necessary condition for economic development and the exercise of sovereign rights over natural resources.

General Principle Fifteen

The adoption of international policies and measures for the economic development of the developing countries shall take into account the individual characteristics and different stages of development of the developing countries, special attention being paid to the less developed among them, as an effective means of ensuring sustained growth with equitable opportunity for each developing country.

55. The Conference has recommended a number of Special Principles to govern international trade relations and trade policies conducive to development (see Annex A.I.1.).

56. The Conference has adopted the following recommendation on Principles relating to the transit trade of land-locked countries (see Annex A.I.2.).

The Conference,

Having regard to the various aspects of the problem of transit trade of land-locked States,

Considering that, for the promotion of the economic development of the land-locked States, it is essential to provide facilities to enable them to overcome the effects of their land-locked position on their trade,

Adopts the following principles together with the Interpretative Note:

Principle I

The recognition of the right of each land-locked State of free access to the sea is an essential principle for the expansion of international trade and economic development.

Principle II

In territorial and on internal waters, vessels flying the flag of land-locked countries should have identical

rights, and enjoy treatment identical to that enjoyed by vessels flying the flag of coastal States other than the territorial State.

Principle III

In order to enjoy the freedom of the seas on equal terms with coastal States, States having no sea coast should have free access to the sea. To this end States situated between the sea and a State having no sea coast shall, by common agreement with the latter, and in conformity with existing international conventions, accord to ships flying the flag of that State treatment equal to that accorded to their own ships or to the ships of any other State as regards access to sea ports and the use of such ports.

Principle IV

In order to promote fully the economic development of the land-locked countries, the said countries should be afforded by all States, on the basis of reciprocity, free and unrestricted transit, in such a manner that they have free access to regional and international trade in all circumstances and for every type of goods.

Goods in transit should not be subject to any customs duty.

Means of transport in transit should not be subject to special taxes or charges higher than those levied for the use of means of transport of the transit country.

Principle V

The State of transit, while maintaining full sovereignty over its territory, shall have the right to take all indispensable measures to ensure that the exercise of the right of free and unrestricted transit shall in no way infringe its legitimate interests of any kind.

Principle VI

In order to accelerate the evolution of a universal approach to the solution of the special and particular problems of trade and development of land-locked countries in the different geographical areas, the conclusion of regional and other international agreements in this regard should be encouraged by all States.

Principle VII

The facilities and special rights accorded to land-locked countries in view of their special geographical position are excluded from the operation of the most-favoured-nation clause.

Principle VIII

The principles which govern the right of free access to the sea of the land-locked State shall in no way abrogate existing agreements between two or more contracting parties concerning the problems, nor shall they raise an obstacle as regards the conclusion of such agreements in the future, provided that the latter do not establish a régime which is less favourable than or opposed to the above-mentioned provisions.

Interpretative note

These Principles are interrelated and each Principle should be construed in the context of the other Principles.

* * *

57. In the light of its adoption of principles governing international trade relations and trade policies conducive to development, the Conference has recognized the necessity of achieving the broadest possible measure of agreement at the earliest possible moment on a set of Principles, and has recommended that the institutional machinery proposed by the Conference should continue efforts to that end (see Annex A.I.3.).

Section II

INTERNATIONAL COMMODITY PROBLEMS

58. In order to deal with the problems facing the primary commodity trade of developing countries, the Conference has recommended that the provisions outlined below should be considered as means of increasing the export earnings of the developing countries by general measures as well as by specific measures related to individual commodities and, that, to this end, practical steps should be taken by Governments concerned to implement, at the earliest possible date, those of the following provisions which are applicable in the light of certain considerations (see Annex A.II.1), as solutions of the urgent problems of developing countries:

(a) Provisions for international commodity arrangements, with a basic objective of stimulating a dynamic and steady growth and ensuring reasonable predictability in the real export earnings of the developing countries so as to provide them with expanding resources for their economic and social development, while taking into account the interests of consumers in importing countries, through remunerative, equitable and stable prices for primary commodities, having due regard to their import purchasing power, assured satisfactory access and increased imports and consumption, as well as co-ordination of production and marketing policies (see Annexes A.II.1 and A.II.2):

(b) Provisions for a programme of measures and actions for the removal of obstacles (tariff, non-tariff and other) and discriminatory practices and for expansion of market opportunities for primary commodity exports and for increases in their consumption and imports in developed countries (see Annexes A.II.1 and A.II.2).

The Conference has given general approval to the establishment of a Commission on Commodity Arrangements and Policies within the framework of the continuing institutional machinery which will be established following the United Nations Conference on Trade and Development. The Conference has

also generally formulated terms of reference for the new commission and requested that they be given prompt and favourable consideration by the continuing institutional machinery (see Annex A.II.1).

60. The Conference has also adopted recommendations for active measures to promote market opportunities for primary commodity exports and for increases in consumption and imports in both developed and developing countries. It has expressed the belief that food aid should become an integral and continuing part of international aid under the United Nations and the Food and Agriculture Organization of the United Nations. It has also recommended special action, both national and international, to deal with cases where natural products exported by developing countries face competition from synthetics and other substitutes. It has also recommended, *inter alia*, the study and preparation of a programme of action for the organization of commodity trade (see Annexes A.II.3, A.II.4, A.II.5, A.II.6, A.II.7 and A.II.8).

61. The Conference has noted the heavy dependence of some developing countries on foreign exchange earnings from the export of minerals and fuels, and has recommended that the developed countries should effectively reduce and/or eliminate barriers and discrimination against the trade and consumption of those products, particularly internal taxation, with a view to increasing the real income of the developing countries from these exports. It has also recommended action to provide the developing countries producing minerals and fuels with an appreciable increase in the revenues which accrue to them as a result of the export of these natural resources (see Annex A.II.9).

Section III

TRADE IN MANUFACTURES AND SEMI-MANUFACTURES

62. The Conference recognizes the urgent need for the diversification and expansion of the export trade of developing countries in manufactures and semi-manufactures, as a means of accelerating their economic development and raising their standards of living. It considers that individual and joint action by both developed and developing countries is necessary to enable the latter to obtain increased participation, commensurate with the needs of their development, in the growth of international trade in manufactured and semi-manufactured products.

63. The Conference has adopted a series of recommendations designed to help in the promotion of industries with an export potential and in the expansion of their export trade in manufactures and semi-manufactures. These recommendations deal with the following questions:

(a) Industrial development (see Annex A.III.1), dealing with the creation of a specialized agency for industrial development;

(b) Industrial branch agreements on partial division of labour (see Annex A.III.2);

(c) The establishment and expansion of industries with an export potential (see Annex A.III.3).

64. The Conference has recommended the adoption by Governments participating in the Conference of certain guidelines in their foreign trade and assistance policies and programmes providing 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 these products on a stable and lasting basis. These guidelines also include appropriate provision by developing and developed countries for co-operation between Governments and private groups to build up export production in developing countries (see Annexes A.III.4, and A.III.6).

65. The Conference has noted both the agreement, signified by all developing countries and a great majority of the developed countries, with the principle of assisting the industrial development of developing countries, by the extension of preferences in their favour, and the opposition to this principle expressed by some developed countries. The Conference has recommended that the Secretary-General of the United Nations establish a committee of governmental representatives to consider the matter with a view to working out the best method of implementing such preferences on the basis of non-reciprocity from the developing countries, as well as to discuss further the differences of principle involved (see Annex A.III.5).

66. The Conference has adopted a recommendation based on the readiness of the centrally planned economies to take action with a view to increasing through appropriate measures, the import of manufactures and semi-manufactures from the developing countries (see Annex A.III.7).

67. The Conference has adopted a recommendation outlining practical measures for the promotion of trade in manufactures and semi-manufactures among developing countries (see Annex A.III.8).

68. The Conference has also adopted a recommendation calling on developed countries to take certain measures, *inter alia* on import promotion and industrial adjustment (see Annex A.III.6).

Section IV

FINANCING FOR AN EXPANSION OF INTERNATIONAL TRADE AND IMPROVEMENT OF THE INVISIBLE TRADE OF DEVELOPING COUNTRIES

69. On the main issues before the Conference on the financing of development, trade and invisible transactions, a large consensus of agreement was reached, though complete agreement was not always achieved.

70. The Conference recognizes the wide concern expressed regarding the inadequacy of the growth target of 5 per cent per annum set for the United Nations Development Decade. The Conference acknowledges the need for steps to be taken, by both developing and developed countries, to mobilize domestic and international resources for accelerated growth in developing countries at rates even higher than that envisaged for the Development Decade where feasible; and that the economic situations, policies and plans of individual developing countries be examined for this purpose with the consent of the country concerned. The Conference also recognizes in this connexion, that the import capacity of developing countries, resulting from the combined total of export proceeds, invisible earnings and capital inflow, and taking into account the evolution of prices, should rise sufficiently, and the measures taken by the developing countries themselves should be adequate, so as to enable these higher rates of growth to be achieved; and that all countries, developed and developing, should undertake, individually and in co-operation, such measures as may be necessary to ensure this. The Conference has also recommended that each economically advanced country should endeavour to supply, in the light of principles set forth in Annex A.IV.1, financial resources to the developing countries of a minimum net amount approaching as nearly as possible to 1 per cent of its national income, having regard, however, to the special position of certain countries which are net importers of capital (see Annex A.IV.2). The Conference has also adopted a recommendation providing, *inter alia*, that the rate of interest on government loans to the developing countries should not normally exceed 3 per cent (see Annex A.IV.3).

71. The Conference has adopted recommendations concerning terms and conditions of financial and technical co-operation provided by industrialized countries through bilateral and multilateral programmes of assistance to developing countries (see Annexes A.IV.1, A.IV.3 and A.IV.4).

72. The Conference has proposed certain measures to deal with the increasing burden of accumulated debt and service payments in developing countries, with the objective of facilitating, whenever warranted and under appropriate conditions, the re-scheduling or consolidation of debts, with appropriate periods of grace and amortization, and reasonable rates of interest (see Annexes A.IV.1 and A.IV.5). It has also approved the possibility of deliveries on credit of industrial equipment reimbursable in goods (see Annex A.IV.6).

73. The Conference has adopted the following recommendations proposing measures and studies concerning an increase in the volume or an improvement in the terms of financing for developing countries:

(a) Recommendations concerning a United Nations Capital Development Fund (see Annex A.IV.7),

and the gradual transformation of the United Nations Special Fund (see Annex A.IV.8);

(b) The provision of aid for development on a regional basis (see Annexes A.IV.9 and A.IV.10);

(c) The promotion of the flow of public and private capital both to the public and private sectors in developing countries (see Annexes A.IV.11, A.IV.12 and A.IV.13);

(d) Review of the use and terms of credit, export financing and marketing, and credit insurance (see Annexes A.IV.14, A.IV.15 and A.IV.16).

74. The Conference has recognized, further, that adverse movements in the export proceeds of developing countries can be disruptive of development. The Conference has, therefore, recommended that, as regards payments difficulties caused by temporary export shortfalls, members of the International Monetary Fund should study certain measures with a view to liberalizing the terms of the compensatory credit system operated by the Fund since February 1963 (see Annex A.IV.17). As regards longer-term problems, the Conference has recommended (see Annex A.IV.18):

(a) That the International Bank for Reconstruction and Development be invited to study the feasibility of a scheme that would provide supplementary financial resources to developing countries experiencing shortfalls in export proceeds from reasonable expectations. The relevant economic circumstances for consideration would include the adverse effects of significant increases in import prices.

(b) That the continuing machinery recommended by this Conference be invited to study and organize further discussion of concepts and proposals for compensatory financing put forward by the delegations of developing countries at the Conference, taking into account the effect of shortfalls in export earnings and adverse movements in the terms of trade.

75. The Conference has also recommended a study of the international monetary issues relating to problems of trade and development with special reference to the objectives and decisions of this Conference (see Annex A.IV.19). It has also approved a recommendation on the participation of nationals of developing countries in the process of policy formulation in international financial and monetary agencies (see Annex A.IV.20).

76. The Conference has agreed on a draft text containing a Common Measure of Understanding on shipping questions, and has recommended that appropriate intergovernmental procedures, including any committee that might be deemed necessary, be established to promote understanding and co-operation in the field of shipping, and to study and report on its economic aspects (see Annexes A.IV.21 and A.IV.22).

77. The Conference has also considered and recommended measures on insurance, tourism, technical assistance and transfer of technology, taking into account the need to improve the invisible trade of developing countries (see Annexes A.IV.23, A.IV.24, A.IV.25 and A.IV.26).

Section V

INSTITUTIONAL ARRANGEMENTS

78. The Conference has recommended to the United Nations General Assembly that it adopt, at its nineteenth session, the following provisions, *inter alia*:

(a) The present United Nations Conference on Trade and Development should be established as an organ of the General Assembly to be convened at intervals of not more than three years and with a membership comprising those States which are members of the United Nations, the specialized agencies, or the International Atomic Energy Agency.

(b) The principal functions of the Conference shall be:

- (i) To promote international trade, especially with a view to accelerating economic development, particularly trade between countries at different stages of development, between developing countries and between countries with different systems of economic and social organization, taking into account the functions performed by existing international organizations;
- (ii) To formulate principles and policies on international trade and related problems of economic development;
- (iii) To make proposals for putting the said principles and policies into effect and to take such other steps within its competence as may be relevant to this end, having regard to differences in economic systems and stages of development;
- (iv) Generally, to review and facilitate the co-ordination of activities of other institutions within the United Nations system in the field of international trade and related problems of economic development, and in this regard to co-operate with the General Assembly and the Economic and Social Council in respect to the performance of their Charter responsibilities for co-ordination;
- (v) To initiate action, where appropriate, in co-operation with the competent organs of the United Nations for the negotiation and adoption of multilateral legal instruments in the field of trade, with due regard to the adequacy of existing organs of negotiation and without duplication of their activities;
- (vi) To be available as a centre for harmonizing the trade and related development policies of

Governments and regional economic groupings in pursuance of Article 1 of the United Nations Charter; and

(vii) To deal with any other matters within the scope of its competence.

(c) A permanent organ of the Conference, to be known as the Trade and Development Board, should be established as part of the United Nations machinery in the economic field, consisting of fifty-five members elected by the Conference from among its membership, with full regard for both equitable geographical distribution and the desirability of continuing representation for the principal trading States.

(d) For the effective discharge of its functions, the Board should establish such subsidiary organs as may be necessary, and in particular three committees—on commodities, manufactures, and invisibles and financing related to trade.

(e) Each State represented at the Conference should have one vote. Subject to provisions to be determined by the General Assembly at its nineteenth session after consideration by it of a report and proposals to be made by a Special Committee to be appointed by the Secretary-General of the United Nations, decisions of the Conference on matters of substance should be taken by a two-thirds majority of the representatives present and voting, and decisions of the Board by simple majority. The task of the Special Committee shall be to prepare proposals for procedures, within the continuing machinery, designed to establish a process of conciliation to take place before voting, and to provide an adequate basis for the adoption of recommendations with regard to proposals of a specific nature for action substantially affecting the economic or financial interests of particular countries.

(f) Arrangements should be made, in accordance with Article 101 of the Charter, for the immediate establishment of an adequate, permanent and full-time secretariat within the United Nations Secretariat for the proper servicing of the Conference, the Board and its subsidiary bodies.

(g) The Conference should review, in the light of experience, the effectiveness and further evolution of institutional arrangements with a view to recommending such changes and improvements as might be necessary. To this end it should study all relevant subjects including matters relating to the establishment of a comprehensive organization based on the entire membership of the United Nations system of organizations to deal with trade and with trade in relation to development (see Annex A.V.1).

79. The Conference has also recommended action concerning interim institutional arrangements, and the terms of reference of subsidiary organs of the Trade and Development Board (see Annexes A.V.2 and A.V.3).

Section VI

SPECIAL PROBLEMS

80. The Conference has requested the Secretary-General of the United Nations to appoint a committee of twenty-four members, representing land-locked, transit and other interested States as governmental experts and on the basis of equitable geographical distribution. The said committee is to be convened during 1964 to prepare a new draft convention dealing with the transit trade of land-locked countries. The Conference has recommended that the new draft convention be submitted for consideration and adoption by a conference of plenipotentiaries to be convened by the United Nations in the middle of 1965 (see Annex A.VI.1).

81. The Conference has recommended that international organizations set up by the developing countries which are the principal exporters of non-renewable natural products be recognized and encouraged to enable them to defend their interests (see Annex A.VI.2).

82. The Conference has also adopted a recommendation concerning expanded utilization of long-term trade agreements (see Annex A.VI.3).

83. The Conference has recommended non-discrimination in dealing with governmental trading organizations in foreign trade (see Annex A.VI.4).

Section VII

PROGRAMME OF WORK

84. In addition to the Programme of Work implied in the recommendations referred to above, the Conference has recommended the following:

(1) A study of the feasibility of rates of growth higher than those which have been experienced by most countries individually during the past decade, and even higher than those envisaged for the United Nations Development Decade, and of measures for developing and developed countries to take to achieve them (see Annex A.IV.2);

(2) An over-all economic and social survey of the depressed areas of the developing world and of special measures to make possible immediate action to secure a substantial improvement in the living standards of the populations of these areas (see Annex A.VI.5);

(3) A programme of work for the Commission on Commodity Arrangements and Policies, or any equivalent body that may be established within the

continuing machinery, for the development of appropriate guidelines and procedures for commodity arrangements and, in respect of commodities to which certain conditions apply, for commodity negotiations and export studies (see Annexes A.II.1 and A.II.3);

(4) Further studies in the commodity field regarding promotion and marketing arrangements, and measures to deal with problems of substitution and various types of research aiming at an expansion of market opportunities for exports of primary commodities from developing countries (see Annexes A.II.4, A.II.5, A.II.7 and A.II.8);

(5) Work related to the provision of economic and technical assistance with a view to expanding the export earnings of developing countries from primary commodities, semi-manufactures and finished manufactures (see Annexes A.II.5, A.II.7, A.III.2, A.III.3, A.III.4, A.III.6, A.III.7, A.III.8, A.IV.1, A.IV.3, A.IV.4, A.IV.12 and A.IV.25);

(6) A study of methods of payment that would assist in promoting trade among developing countries (see Annexes A.II.5 and A.IV.19);

(7) The necessary economic and statistical studies of world trade, with special reference to the problems of developing countries (see Annex A.VI.6);

(8) The transmittal to the continuing United Nations trade machinery which it is proposed to establish, for further consideration and action, a draft recommendation submitted by Czechoslovakia on measures for expansion of trade between countries having different economic and social systems (see Annex A.VI.7);

(9) The transmittal to the continuing trade machinery, for further consideration and action, of draft recommendations on the policies and practices of regional economic groupings among developed countries and on the promotion of regional economic groupings among developing countries, submitted by a number of developing countries (see Annex A.VI.8);

(10) The transmittal to one of the organs to be set up by the Conference for further study of part III of the proposal concerning the use of subsidies for improving the competitive position of manufactures and semi-manufactures of developing countries (see report of the Conference, Annex E, para. 24);

(11) The elaboration of trade aspects of an economic programme of disarmament (see Annex A.VI.10).

THIRD PART—ANNEXES

Annex A

THE RECOMMENDATIONS OF THE CONFERENCE

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Annex A.I.1

GENERAL AND SPECIAL PRINCIPLES

The Conference has recommended the following General and Special Principles to govern international trade relations and trade policies conducive to development:

GENERAL PRINCIPLES

*General Principle One*¹

Economic relations between countries, including trade relations, shall be based on respect for the principle of sovereign equality of States, self-determination of peoples, and non-interference in the internal affairs of other countries.

¹ *General Principle One* was adopted by a roll-call vote of 113 to 1, with 2 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: Portugal, United Kingdom of Great Britain and Northern Ireland.

² *General Principle Two* was adopted by a roll-call vote of 96 to 3, with 16 abstaining:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Czechoslovakia, Dominican Republic, Ecuador, Ethiopia, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of

*General Principle Two*²

There shall be no discrimination on the basis of differences in socio-economic systems. Adaptation of trading methods shall be consistent with this principle.

*General Principle Three*³

Every country has the sovereign right freely to trade with other countries, and freely to dispose of its natural resources in the interest of the economic development and well-being of its own people.

*General Principle Four*⁴

Economic development and social progress should be the common concern of the whole international

Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Canada, Federal Republic of Germany, United States of America.

Abstaining: Australia, China, Denmark, Iceland, Ireland, Liechtenstein, Monaco, Netherlands, Norway, Republic of Korea, Republic of Viet-Nam, South Africa, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland.

³ *General Principle Three* was adopted by a roll-call vote of 94 to 4, with 18 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Finland, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Sweden, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Australia, Canada, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Belgium, Cameroon, Federal Republic of Germany, France, Holy See, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Nicaragua, Peru, South Africa, Switzerland.

⁴ *General Principle Four* was adopted by a roll-call vote of 98 to 1, with 17 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Greece, Gua-

community and should, by increasing economic prosperity and well-being, help strengthen peaceful relations and co-operation among nations. Accordingly, all countries pledge themselves to pursue internal and external economic policies designed to accelerate economic growth throughout the world, and in particular to help promote, in developing countries, a rate of growth consistent with the need to bring about a substantial and steady increase in average income, in order to narrow the gap between the standard of living in developing countries and that in the developed countries.

*General Principle Five*⁵

National and international economic policies should be directed towards the attainment of an international division of labour in harmony with the needs and interests of developing countries in particular, and of the world as a whole. Developed countries should assist the developing countries in their efforts to speed up their economic and social progress, should co-operate in measures taken by developing countries for diversifying their economies, and should

encourage appropriate adjustments in their own economies to this end.

*General Principle Six*⁶

International trade is one of the most important factors in economic development. It should be governed by such rules as are consistent with the attainment of economic and social progress and should not be hampered by measures incompatible therewith. All countries should co-operate in creating conditions of international trade conducive, in particular, to the achievement of a rapid increase in the export earnings of developing countries and, in general, to the promotion of an expansion and diversification of trade between all countries, whether at similar levels of development, at different levels of development, or having different economic and social systems.

*General Principle Seven*⁷

The expansion and diversification of international trade depends upon increasing access to markets, and upon remunerative prices for the exports of primary products. Developed countries shall progressively

temala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Sweden, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: Australia, Belgium, Canada, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, San Marino, South Africa, Switzerland, United Kingdom of Great Britain and Northern Ireland.

⁵ *General Principle Five* was adopted by a roll-call vote of 97 to none, with 19 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Sweden, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Australia, Belgium, Canada, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, San Marino, South Africa, Spain, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

⁶ *General Principle Six* was adopted by a roll-call vote of 114 to 1, with 1 abstention:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelo-

ussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: China.

⁷ *General Principle Seven*, as amended, was adopted by a roll-call vote of 87 to 8, with 19 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Australia, Canada, Denmark, Liechtenstein, South Africa, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Belgium, Brazil, Federal Republic of Germany, Finland, France, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, San Marino, Spain, Sweden.

reduce and eliminate barriers and other restrictions that hinder trade and consumption of products from developing countries and take positive measures such as will create and increase markets for the exports of developing countries. All countries should co-operate through suitable international arrangements, on an orderly basis, in implementing measures designed to increase and stabilize primary commodity export earnings, particularly of developing countries, at equitable and remunerative prices and to maintain a mutually acceptable relationship between the prices of manufactured goods and those of primary products.

*General Principle Eight*⁸

International trade should be conducted to mutual advantage on the basis of the most-favoured-nation treatment and should be free from measures detrimental to the trading interests of other countries. However, developed countries should grant concessions to all developing countries and extend to developing countries all concessions they grant to one another and should not, in granting these or other concessions, require any concessions in return from developing countries. New preferential concessions, both tariff and non-tariff, should be made to developing countries as a whole and such preferences should not be extended to developed countries. Developing countries need not extend to developed countries preferential treatment in operation amongst them. Special preferences at present enjoyed by

⁸ *General Principle Eight* was adopted by a roll-call vote of 78 to 11, with 23 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Ecuador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Yemen, Yugoslavia.

Against: Australia, Austria, Canada, Iceland, Liechtenstein, Norway, South Africa, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Brazil, Denmark, Federal Republic of Germany, Finland, France, Greece, Holy See, Ireland, Italy, Japan, Luxembourg, Monaco, Netherlands, New Zealand, Portugal, Republic of Viet-Nam, Rwanda, San Marino, Spain, Turkey, Uganda, Venezuela.

⁹ *General Principle Nine* was adopted by a roll-call vote of 106 to none, with 10 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Finland, Gabon, Ghana, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay,

certain developing countries in certain developed countries should be regarded as transitional and subject to progressive reduction. They should be eliminated as and when effective international measures guaranteeing at least equivalent advantages to the countries concerned come into operation.

*General Principle Nine*⁹

Developed countries participating in regional economic groupings should do their utmost to ensure that their economic integration does not cause injury to, or otherwise adversely affect, the expansion of their imports from third countries, and, in particular, from developing countries, either individually or collectively.

*General Principle Ten*¹⁰

Regional economic groupings, integration or other forms of economic co-operation should be promoted among developing countries as a means of expanding their intra-regional and extra-regional trade and encouraging their economic growth and their industrial and agricultural diversification, with due regard to the special features of development of the various countries concerned, as well as their economic and social systems. It will be necessary to ensure that such co-operation makes an effective contribution to the economic development of these countries, and does not inhibit the economic development of other developing countries outside such groupings.

Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Belgium, Federal Republic of Germany, France, Greece, Italy, Luxembourg, Monaco, Netherlands, San Marino, Turkey.

¹⁰ *General Principle Ten* was adopted by a roll-call vote of 115 to none, with 1 abstention:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Japan.

*General Principle Eleven*¹¹

International institutions and developed countries should provide an increasing net flow of international financial, technical and economic assistance to support and reinforce, by supplementing the export earnings of developing countries, the efforts made by them to accelerate their economic growth through diversification, industrialization and increase of productivity, on the basis of their national policies, plans and programmes of economic development. Such assistance should not be subject to any political or military conditions. This assistance, whatever its form and from whatever source, including foreign public and private loans and capital, should flow to developing countries on terms fully in keeping with their trade and development needs. International financial and monetary policies should be designed to take full account of the trade and development needs of developing countries.

*General Principle Twelve*¹²

All countries recognize that a significant portion of resources released in successive stages as a result of

¹¹ *General Principle Eleven* was adopted by a roll-call vote of 92 to 5, with 19 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Australia, Federal Republic of Germany, South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Belgium, Canada, Denmark, Finland, France, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, Norway, Republic of Korea, San Marino, Sweden, Switzerland.

¹² *General Principle Twelve* was adopted by a roll-call vote of 83 to 1, with 30 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cyprus, Dominican Republic, Ecuador, Ethiopia, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: Australia, Austria, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, China, Cuba, Czechoslovakia, Denmark, Federal Republic of Germany, Finland, Hungary, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Mongolia, Netherlands, Norway, Poland, San Marino, South Africa, Sweden, Switzerland, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland.

the conclusion of an agreement on general and complete disarmament under effective international control should be allocated to the promotion of economic development in developing countries.

*General Principle Thirteen*¹³

The Conference decided to include, as a separate part of the Principles adopted by the Conference, the Principles relating to the transit trade of land-locked countries set forth in Annex A.I.2 below.

*General Principle Fourteen*¹⁴

Complete decolonization, in compliance with the United Nations Declaration on the Granting of Independence to Colonial Countries and Peoples and the liquidation of the remnants of colonialism in all its forms, is a necessary condition for economic development and the exercise of sovereign rights over natural resources.

¹³ *General Principle Thirteen* was adopted by a roll-call vote of 108 to none, with no abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Greece, Guatemala, Guinea, Haiti, Holy See, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Norway, Panama, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: None.

¹⁴ *General Principle Fourteen* was adopted by a roll-call vote of 90 to 2, with 22 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Australia, United Kingdom of Great Britain and Northern Ireland.

Abstaining: Austria, Belgium, Canada, Denmark, Federal Republic of Germany, France, Holy See, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Norway, San Marino, South Africa, Spain, Sweden, Switzerland, United States of America.

*General Principle Fifteen*¹⁵

The adoption of international policies and measures for the economic development of the developing countries shall take into account the individual characteristics and different stages of development of the developing countries, special attention being paid to the less developed among them, as an effective means of ensuring sustained growth with equitable opportunity for each developing country.

SPECIAL PRINCIPLES

*Special Principle One*¹⁶

Developed countries should co-operate with developing countries in setting targets for the expansion of trade of the latter and in periodically reviewing measures taken for their achievement.

*Special Principle Two*¹⁷

Industrialization of developing countries and modernization of their agricultural production are essential for their economic and social development and

for the expansion and diversification of their trade. Developing countries should, accordingly, adopt and implement national plans and programmes, fully mobilize domestic resources and carry out the necessary reforms.

Developed countries should supplement the efforts of developing countries through the supply of know-how, technical and financial assistance and the provision of training facilities; they should also take the necessary measures with a view to expanding imports of processed and manufactured goods from developing countries.

Special Principle Three

[The Conference took no action on a Principle concerning preferences.]

*Special Principle Four*¹⁸

Developing countries have the right to protect their infant industries.

¹⁵ *General Principle Fifteen* was adopted by a roll-call vote of 101 to none, with 12 abstentions:

In favour: Afghanistan, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Sudan, Sweden, Switzerland, Thailand, Togo, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Albania, Brazil, Canada, Iceland, Jamaica, Japan, Liechtenstein, Republic of Viet-Nam, Rwanda, Spain, Syria, Turkey.

¹⁶ *Special Principle One* was adopted by a roll-call vote of 99 to 2, with 15 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Dominican Republic, Ecuador, Ethiopia, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Canada, United States of America.

Abstaining: Australia, Austria, Denmark, Federal Republic of Germany, Finland, Iceland, Ireland, Japan, Liechtenstein, Netherlands, Norway, South Africa, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland.

¹⁷ *Special Principle Two* was adopted by a roll-call vote of 116 to none, with no abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: None.

¹⁸ *Special Principle Four* was adopted by a roll-call vote of 115 to none, with 1 abstention:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: United States of America.

*Special Principle Five*¹⁹

Domestic support policies for primary commodities, practised in developed countries, should be so formulated and applied as not to stimulate uneconomic production in such a way as to deprive developing countries of the opportunity, on a dependable basis and at remunerative prices, of supplying a fair and reasonable proportion of the domestic consumption and the growth of such consumption of these commodities in developed countries.

*Special Principle Six*²⁰

Developed countries should take steps to counter-balance the effects of substitution of commodities produced in developing countries. They should cooperate with the developing countries in the search for appropriate solutions and, in particular, provide financial and technical assistance for research aimed at discovering and promoting new uses for products, the markets for which have been reduced in consequence of technical innovations and the use of synthetics.

*Special Principle Seven*²¹

Whenever international measures to stabilize prices of primary products in relation to the prices of manufactured goods are inadequate, arrangements should

¹⁹ *Special Principle Five* was adopted by a roll-call vote of 91 to none, with 25 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Holy See, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, Norway, Republic of Viet-Nam, San Marino, South Africa, Sweden, Switzerland, United States of America.

²⁰ The Conference adopted this Principle without dissent.

²¹ *Special Principle Seven* was adopted by a roll-call vote of 85 to 13, with 18 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

be made on an equitable and universal basis, and without prejudice to the general level of financial aid to developing countries, to correct and compensate for the deterioration in terms of trade and short-term decline in the export earnings of countries exporting primary commodities, with a view to facilitating the implementation of economic development plans and programmes.

*Special Principle Eight*²²

In the disposal of agricultural surpluses, developed countries should undertake to apply internationally agreed criteria of surplus disposal, so as not to affect adversely the export prospects of developing countries and other countries heavily dependent on the export of a narrow range of primary products, the inter-regional and intra-regional trade and agricultural development of developing countries, or of the development programmes of the countries receiving these surpluses as assistance. Internationally agreed criteria should also govern the disposal of all primary product surpluses and stockpiles. Such surpluses and stockpiles should be disposed of for the promotion of economic development of all developing countries, whether producers or recipients.

*Special Principle Nine*²³

All countries shall refrain from all forms of dumping.

Against: Australia, Austria, Canada, Denmark, Federal Republic of Germany, Iceland, Japan, Liechtenstein, Norway, South Africa, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Finland, France, Hungary, Ireland, Italy, Luxembourg, Monaco, Mongolia, Netherlands, Poland, San Marino, Sweden, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

²² *Special Principle Eight* was adopted by a roll-call vote of 106 to 1 with 9 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: Australia, Canada, Denmark, France, Iceland, Monaco, South Africa, Sweden, United Kingdom of Great Britain and Northern Ireland.

²³ *Special Principle Nine* was adopted by a roll-call vote of 107 to none, with 9 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Den-

*Special Principle Ten*²⁴

Scientific achievements and technological developments should be made accessible, under favourable conditions, to all developing countries and their application to the trade and development needs of those countries should be encouraged by an expansion of bilateral and multilateral programmes of technical assistance.

*Special Principle Eleven*²⁵

All countries should support an expansion of multilateral economic assistance to developing countries, especially within the framework of the United Nations, as well as bilateral assistance.

Economic assistance to developing countries on a multilateral basis should be offered as grants or as loans, at the lowest possible rates of interest with long periods of repayment and generous grace periods, taking into account their over-all repayment capacity, and should be equitably distributed on the basis of the urgency of their development needs.

(Continued from page 23.)

mark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Switzerland, Syria, Thailand, Togo, Trinidad, and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Australia, Canada, Iceland, Ireland, Norway, South Africa, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America.

²⁴ *Special Principle Ten* was adopted by a roll-call vote of 116 to none, with no abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: None.

²⁵ *Special Principle Eleven* was adopted by a roll-call vote of 93 to none, with 23 abstentions:

Economic assistance to developing countries on a bilateral basis should also be offered as grants or as loans, at the lowest possible rates of interest with long periods of repayment and generous grace periods, and should, as the case may be, either be in the form of untied loans or in kind, in particular in the form of capital equipment and technical assistance.

Whenever possible the repayment of such loans and credits should be made in local currency or with the products of the recipient country and, where appropriate, with industrial products resulting from the employment of the capital equipment supplied.

*Special Principle Twelve*²⁶

All countries should co-operate in devising measures to help developing countries to build up maritime and other means of transport for their economic development, to ensure the unhindered use of international transport facilities, the improvement of terms of freight and insurance for the developing countries, and to promote tourism in these countries in order to increase their earnings and reduce their expenditure on invisible trade.

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, San Marino, South Africa, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

²⁶ *Special Principle Twelve* was adopted by a roll-call vote of 92 to 7, with 17 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Denmark, Federal Republic of Germany, Iceland, Norway, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Canada, Finland, France, Greece, Holy See, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, Portugal, San Marino, Spain, Switzerland.

*Special Principle Thirteen*²⁷

Mutually beneficial bilateral and multilateral trade and payments arrangements between developing countries constitute an essential element in the expansion and diversification of international trade.

Annex A.I.2**PRINCIPLES RELATING TO TRANSIT TRADE OF LAND-LOCKED COUNTRIES**²⁸*The Conference,*

Having regard to the various aspects of the problem of transit trade of land-locked States,

Considering that, for the promotion of the economic development of the land-locked States, it is essential to provide facilities to enable them to overcome the effects of their land-locked position on their trade,

Adopts the following principles, together with the Interpretative Note:

Principle I

The recognition of the right of each land-locked State of free access to the sea is an essential principle for the expansion of international trade and economic development.

Principle II

In territorial and on internal waters, vessels flying the flag of land-locked countries should have identical rights, and enjoy treatment identical to that enjoyed by vessels flying the flag of coastal States other than the territorial State.

Principle III

In order to enjoy the freedom of the seas on equal terms with coastal States, States having no sea coast should have free access to the sea. To this end States situated between the sea and a State having no sea coast shall, by common agreement with the latter, and in conformity with existing international conven-

tions, accord to ships flying the flag of that State treatment equal to that accorded to their own ships or to the ships of any other State as regards access to sea ports and the use of such ports.

Principle IV

In order to promote fully the economic development of the land-locked countries, the said countries should be afforded by all States, on the basis of reciprocity, free and unrestricted transit, in such a manner that they have free access to regional and international trade in all circumstances and for every type of goods.

Goods in transit should not be subject to any customs duty.

Means of transport in transit should not be subject to special taxes or charges higher than those levied for the use of means of transport of the transit country.

Principle V

The State of transit, while maintaining full sovereignty over its territory, shall have the right to take all indispensable measures to ensure that the exercise of the right of free and unrestricted transit shall in no way infringe its legitimate interests of any kind.

Principle VI

In order to accelerate the evolution of a universal approach to the solution of the special and particular problems of trade and development of land-locked countries in the different geographical areas, the conclusion of regional and other international agreements in this regard should be encouraged by all States.

Principle VII

The facilities and special rights accorded to land-locked countries in view of their special geographical position are excluded from the operation of the most-favoured-nation clause.

Principle VIII

The principles which govern the right of free access to the sea of the land-locked State shall in no way abrogate existing agreements between two or more

²⁷ *Special Principle Thirteen* was adopted by a roll-call vote of 111 to none, with 5 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua,

Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Australia, Canada, Japan, Liechtenstein, United States of America.

²⁸ The Conference adopted these Principles without dissent.

contracting parties concerning the problems, nor shall they raise an obstacle as regards the conclusion of such agreements in the future, provided that the latter do not establish a régime which is less favourable than or opposed to the above-mentioned provisions.

Interpretative Note

These Principles are interrelated and each Principle should be construed in the context of the other Principles.

Annex A.I.3

PRINCIPLES GOVERNING INTERNATIONAL TRADE RELATIONS AND TRADE POLICIES CONDUCIVE TO DEVELOPMENT²⁹

The Conference,

Considering that it has adopted Principles governing international trade relations and trade policies conducive to development,

In the light of the preceding paragraph, and

Recognizing the necessity of achieving the broadest possible measure of agreement at the earliest possible moment on a set of Principles,

Recommends that the institutional machinery proposed by the Conference should continue efforts to that end.

Annex A.II.1

INTERNATIONAL COMMODITY ARRANGEMENTS AND REMOVAL OF OBSTACLES AND EXPANSION OF TRADE³⁰

INTRODUCTION

The Conference,

Noting the view expressed at the Conference that access to markets is an essential element in efforts to increase the earnings of developing countries from exports of commodities,

Noting the view expressed at the Conference that there is need for a more rational organization of world trade in primary commodities, through medium and long-term structural arrangements,

Noting the view expressed at the Conference that, in order to solve the problems of commodity trade, measures for liberalization of access to markets and measures for commodity agreements should be simultaneously undertaken as separate but complementary measures,

Noting the view expressed at the Conference that, owing to the particular features of each commodity

²⁹ The Conference adopted this Recommendation without dissent.

³⁰ The Conference adopted this Recommendation without dissent.

market and the variety of national policies governing commodity trade at present, a commodity-by-commodity approach is needed, with solutions adapted to the commodity concerned and with recourse in varying degrees to measures for the liberalization of trade and to medium and long-term structural arrangements,

Noting the general agreement expressed at the Conference that commitments undertaken in other international bodies should be maintained and that the efforts under way in other international bodies to help the developing countries should be pursued along with the new co-operative efforts that result from this Conference,

Recommends that the provisions of I and II attached hereto be considered as means of increasing the export earnings of the developing countries by general measures as well as by specific measures related to individual commodities and that, to this end, practical steps should be taken by the Governments concerned to implement at the earliest possible date those of their provisions which are applicable in the light of the foregoing considerations, as solutions of the urgent problems of developing countries.

I

INTERNATIONAL COMMODITY ARRANGEMENTS

The Conference,

Recognizing that commodity arrangements serve to secure overall stabilization in primary commodity markets, stresses the special role they should perform in stimulating the economic development of the developing countries. With reference to this role,

Recommends that commodity arrangements should have the following objectives, principles and scope:

A. Objectives and principles

1. A basic objective of international commodity arrangements is in general to stimulate a dynamic and steady growth and ensure reasonable predictability in the real export earnings of developing countries, so as to provide them with expanding resources for their economic and social development, while taking into account the interests of consumers in importing countries.

2. To achieve this objective, international commodity arrangements should:

(a) Secure remunerative, equitable and stable prices for primary commodities, especially those exported by developing countries, having due regard for the import purchasing power of the commodities exported;

(b) Aim to increase, particularly in developed countries, the consumption and imports of primary commodities, including those in semi-processed and processed forms, from developing countries;

(c) Assure satisfactory access to the markets of the developed countries for the primary products of developing countries as appropriate in the context of commodity arrangements;

(d) Co-ordinate commodity production and marketing policies as appropriate for the purpose of:

- (i) Ensuring a better and more economic adjustment between world consumption and production and mitigating any detrimental effects of residual burdensome surpluses or deficits;
- (ii) Preventing excessive fluctuations in prices and price relationships in quantities traded;
- (iii) Ensuring that adequate measures for increasing consumption and imports are taken before resorting to measures to restrict production and exports;
- (iv) Promoting production and equitable distribution of commodities in short supply;
- (v) Ensuring that developed countries do not take measures which would encourage uneconomic production and so deprive developing countries of the opportunity to obtain a fair and reasonable share of their markets and of market growth;
- (vi) Facilitating the long-term adjustment of production required by structural changes in world markets.

B. Types of commodity arrangements

3. To reach the objectives stated above, various types of arrangements can be made, ranging from formal commodity agreements (including possible compensation agreements) to less formal arrangements, such as inter-governmental consultations within commodity study groups.

4. International commodity arrangements should be usually on a commodity-by-commodity basis and, as far as each commodity is concerned, should take due account of the interests of exporting and importing countries, of the characteristics of the product concerned and of the trade in, and the market arrangements for, that product.

5. Commodity arrangements may, however, also cover groups of commodities under certain circumstances. Where the negotiation of arrangements for a group of commodities is considered desirable but does not appear practicable, the possibility of negotiating simultaneously a number of separate arrangements for different commodities can be considered. In any case, there will be considerable advantage in providing, within the institutional machinery that may be set up, a common forum for consultation and confrontation where the related aspects of all these arrangements may be periodically considered.

C. Scope of commodity arrangements

6. An attempt should be made to extend the scope of commodity arrangements and make them com-

prehensive so that, in addition to provisions on prices and quantities commercially traded, these may include, *inter alia*, provisions on the following:

(a) Co-ordination of national production and consumption policies, as far as possible;

(b) Realistic guarantees to developing countries of terms of access to markets of developed countries ensuring a fair and reasonable share of the market and of market growth;

(c) Market promotion and improvement of marketing conditions and distribution channels.

7. In the preparation and negotiation of international commodity agreements and arrangements and in their implementation, consideration should be given to the need of retaining flexibility in the use of the techniques adopted in order (a) to increase market opportunities to efficient producers among developing countries; (b) to enable small trading developing countries and countries progressing from a subsistence to a cash economy to attain economic levels of production for the purpose of economic growth; and (c) not to obstruct the access to the market of potential producers from developing countries. In applying all these considerations, account should be taken of the trade needs of traditional producers, especially among developing countries, and the capacity of the market to absorb new production.

8. The techniques employed under commodity arrangements should vary according to the characteristics of the commodity or groups of commodities concerned, and may include as appropriate provisions for measures such as:

(a) Floor and ceiling prices and price ranges;

(b) Quota arrangements;

(c) Measures for trade liberalization;

(d) Minimum guaranteed import volumes;

(e) Long-term contracts and import targets;

(f) Long-term purchase and sale arrangements;

(g) Buffer stocks schemes (including stabilization reserves) financed:

(i) by exporting countries; and

(ii) jointly by importing and exporting countries;

(h) Systems of levies in the developed importing countries which, if adopted would provide for the reimbursement of the proceeds to the developing exporting countries through appropriate international funds;

(i) Operation of funds established to ensure, *inter alia*, the implementation of agreed diversification programmes of production and trade in favour of developing exporting countries;

(j) Systems of adequate incentives to exporting developing countries to open new markets for primary products.

9. Before adopting any of the above techniques, consideration should be given to their likely impact on the economies of primary producing developing countries, taking into account their prospective trade needs for economic development.

10. The sale of government-held surplus inventories, including strategic stockpiles of minerals, metals and raw materials, should be made in accordance with criteria to be agreed internationally.

11. Disposal from agricultural surpluses should be made in accordance with the Food and Agriculture Organization of the United Nations principles of surplus disposal and with due regard to the interests of receiving developing countries.

*D. Commission on Commodity Arrangements and Policies*³¹

12. A Commission on Commodity Arrangements and Policies should be set up by the proposed Trade and Development Board of the United Nations Conference on Trade and Development (or any other equivalent body that may be established) with the following terms of reference:

(1) To exercise functions under the general guidance of the proposed Board (or any other equivalent body that may be established), to ensure general and integrated policies in the commodity field;

(2) To co-ordinate the activities of all bodies involved in the commodity field including the appropriate organs of the Food and Agriculture Organization of the United Nations (FAO), as well as of the autonomous commodity councils, study groups and other commodity groups, and any commodity activities within the General Agreement on Tariffs and Trade (GATT);

(3) To assume functions at present being undertaken by the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA) and specially to evaluate reports received annually, or at such other intervals as it may request from all bodies referred to above, and to make such recommendations as it deems appropriate in the light of such evaluations;

(4) To assume functions at present being undertaken by the Commission on International Commodity Trade, including:

(a) Preparation of reviews of the market situation of various primary commodities, including projections of supply and demand in the commodity concerned. These studies should be carried out in co-operation with the specialized commodity groups where appropriate;

(b) Preparing studies of trends in international trade in primary commodities and in particular of the relationship between the prices of primary commodities and the prices of manufactured goods entering international trade;

(c) Making recommendations regarding short-term and long-term stabilization measures, in particular with regard to the terms of trade;

(d) Any member entitled to participate in the United Nations Conference on Trade and Development not represented on the Commission may bring to the attention of the Commission, or to the operational committee referred to in paragraph (7) below, for immediate action, any development with respect to commodity markets or particular commodities, affecting it and may take part in the Commission's discussion of the problems.

(5) To arrange for a drafting of a General Agreement on Commodity Arrangements including the objectives and principles;

(6) To bring to the attention of the Trade and Development Board or Governments participating in the Conference its views and recommendations as to the need for governmental or inter-governmental action to deal with problems or emerging problems which its studies may disclose;

(7) To assist it in its work, the Commission may establish, with the approval of the Board, or equivalent body to be established under the United Nations Conference on Trade and Development an operational committee, as well as such working parties and study groups as may be necessary from time to time.

13. *The Conference recommends* that the Food and Agriculture Organization (FAO), the CONTRACTING PARTIES to GATT, commodity councils and other autonomous groups take such steps as would be required to ensure that the bodies operating in the commodity field for which they are responsible submit substantive reports annually, or at such other intervals as may be requested, to the Commission on Commodity Arrangements and Policies, and that they receive general policy recommendations aimed at the integration and co-ordination of commodity policy in accordance with the purposes of the Commission. *The Conference further recommends* that all Governments participating in the United Nations Conference on Trade and Development be made eligible to participate in all commodity groups.

E. Programme of work

14. The Commission on Commodity Arrangements and Policies (or any equivalent body that may be established and, pending its establishment, the appropriate bodies of the United Nations in collaboration with the Food and Agriculture Organization and other relevant international organizations) should, within a period of two years from the end of this Conference:

(a) Help arrange negotiations in conformity with the general objectives and principles set forth in section A above, in respect of commodities for which there is a demand for commodity arrangements from countries having a significant share in the world trade of those particular commodities and for which adequate data are available;

³¹ At its 56th meeting, the First Committee approved generally the following recommendations in respect of the proposed Commission on Commodity Arrangements and Policies and decided to transmit them to the Fourth Committee for necessary action.

(b) Arrange expert studies in respect of commodities for which there is similar demand, but for which adequate data are not available;

(c) Develop appropriate guidelines and procedures for commodity arrangements in the light of the general objectives and principles mentioned in section A above.

15. The Commission shall thereafter submit regular progress reports regarding commodity arrangements to the Trade and Development Board and the Conference, taking duly into account the conclusions of the special group of governmental experts instructed to study the international organization of commodity trade.

F. General

16. In giving effect to the present provisions, consideration should be given to the need to promote the expansion of international commodity trade among the developing countries and especially within their regional groupings. This should not lead to any deterioration in the purchasing power of the developing countries in their trade with one another. In this connexion, the recommendations of the Conference on agenda item 11 (c) (Measures and actions for the promotion of trade in primary commodities among developing countries) should be taken into account.

II

A. ACTIONS RECOMMENDED TO BE TAKEN BY DEVELOPED MARKET ECONOMY NATIONS

1. General provisions

(a) *Commodity coverage.* In applying the following recommendations, developed countries should be guided by the lists prepared by appropriate international bodies which identify products of particular interests to developing countries, but should not assume that the recommendations are directed solely to those products. They should take account of any representations made to them regarding the interest of particular developing countries in particular products.

(b) *Exceptions.* It is recognized that, pursuant to the provisions of international commodity agreements and in other exceptional circumstances, individual developed countries may find it necessary to deviate from the following recommendations in respect of specific products. In that event, the developed countries should consult the developing countries substantially affected, and take their views into account, where possible before taking action, and otherwise seek to limit possible adverse effects on the developing countries.

(c) *Target dates.* Developed countries should seek to implement the recommendations in paragraphs 3, 4 and 5 below at the earliest possible date, bearing in mind the developing countries' desire that maximum progress be made by 31 December 1965, and that the actions contemplated

should be completed to the fullest extent possible by the end of the United Nations Development Decade.

2. Standstill

No new tariff or non-tariff barriers should be created (or existing barriers increased) by developed countries against imports of primary products of particular interest to developing countries.

3. Removal of obstacles to trade

Tariff and internal fiscal charges

Without prejudice to the transitional arrangements referred to in paragraph 6 below, the developed countries should:

(a) Substantially reduce, and where possible eliminate, customs charges on primary products of particular interest to the trade of developing countries;

(b) Eliminate all customs charges on imports of tropical products at the earliest possible date, but in any event by the end of the United Nations Development Decade;

(c) Progressively reduce, and as soon as possible eliminate, internal charges and revenue duties specifically applied to primary products wholly or mainly produced in developing countries;

(d) Substantially reduce, and where possible eliminate, tariffs applying to the semi-processed and processed forms of primary products of particular interest to the developing countries;

(e) Progressively enlarge any tariff-free quotas which are maintained by them, until tariffs are eliminated.

4. Quantitative restrictions

Without prejudice to the transitional arrangements referred to in paragraph 6, below,

(a) Developed countries should eliminate in so far as possible their quantitative restrictions on products of particular interest to developing countries within the Development Decade;

(b) When it is necessary for a developed country to maintain quantitative restrictions for balance-of-payments or other compelling reasons, it should apply such restrictions in a non-discriminatory way. It should also periodically review, and in so far as possible modify, these restrictions with a view to allowing developing countries exporting the products an opportunity to share in market growth.

5. Domestic policies affecting trade in primary products

Developed countries, in formulating and implementing their domestic policies affecting trade in primary products, should not take measures which stimulate in their countries uneconomic production in such a way as to deprive developing countries of the opportunity to obtain a fair and reasonable share of world markets and market growth. Where existing levels of protection have adverse effects upon the trade and trade opportunities of developing countries, developed

countries should aim to modify the form or reduce the aggregate of such protection.

6. *Transitional arrangements*

Preferential arrangements between developed countries and developing countries which involve discrimination against other developing countries, and which are essential for the maintenance and growth of the export earnings and for the economic advancement of the less developed countries at present benefiting therefrom, should be abolished *pari passu* with the effective application of international measures providing at least equivalent advantages for the said countries. These international measures should be introduced gradually in such a way that they become operative before the end of the United Nations Development Decade.

B. ACTION RECOMMENDED TO BE TAKEN BY THE DEVELOPED CENTRALLY PLANNED ECONOMY COUNTRIES

7. The countries with centrally planned economies should:

(a) Refrain from taking any measures which would adversely affect the expansion of imports from the developing countries;

(b) Take duly into consideration the trade needs of the developing countries when fixing the quantitative targets in their long-term economic plans and concluding long-term agreements and contracts, so that it should result in a steady growth of their imports of primary products and semi-processed products from the developing countries and should constitute a proportion of growing importance in their total imports.

8. In all matters affecting decisions relating to imports they should, within the framework of their trade system, grant such favourable terms to imports from the developing countries and to consumption of products imported from them as should result in further expansion of imports from those countries.

9. The centrally planned economy countries should abolish, not later than 31 December 1965, customs duties on primary products both imported from and originating in the developing countries.

10. The centrally planned economy countries should develop not only bilateral but also multilateral trade with the developing countries, whichever form would be considered more desirable by the trading partners concerned, with a view to permitting a more flexible use of the export receipts of the developing countries.

C. ACTION RECOMMENDED TO BE TAKEN BY ALL DEVELOPED COUNTRIES

11. *Export subsidies*

Developed countries should avoid subsidization of exports of primary products which causes direct or

indirect injury to the exports of developing countries. Even where, in consequence of domestic price supports, subsidies are needed to maintain traditional exports essential to a country's foreign trade earnings, and maintain world supplies at a level commensurate with world needs, the countries concerned should avoid applying subsidies in such a way as to restrict the market opportunities of developing countries or to depress world prices. Developed countries applying subsidies should, upon request, consult with the developing countries concerned with a view to determining the effect of the subsidies upon the present and potential export earnings of the developing countries; and, where possible adverse effects are indicated, seek to limit the use of the subsidies in question.

12. *Mixing regulations*

Developed countries should modify and eliminate any mixing regulations which limit access to markets for products of particular interest to the trade of developing countries.

13. *Disposal of agricultural surpluses, stockpiles and other government-held surplus inventories*

(a) In the disposal of agricultural surpluses, developed countries should undertake, if they have not already done so, to apply the Food and Agriculture Organization principles of surplus disposal so as not to affect adversely the export prospects of developing countries and other countries highly dependent on a narrow range of primary products, the intra-regional trade and agricultural development of developing countries, or the position of countries receiving these surpluses as assistance;

(b) The sale of surplus inventories, including strategic stockpiles of minerals, metals and raw materials, accumulated in developed countries should also be effected in accordance with internationally determined criteria, designed to ensure that such sales do not depress the prices of the commodities concerned or distort world trade to the detriment of exports from developing countries.

14. *General principle*

Developed countries should grant developing countries the benefits of the above measures without requiring reciprocity.

Annex A.II.2

IMPLEMENTATION ³²

The Conference,

1. In the formulation of its conclusions and recommendations on matters of international

³² The Conference adopted this Recommendation without dissent.

commodity trade, has been guided by the following two main considerations:

- (i) The outstanding importance of commodity trade for economic development, particularly of the developing countries;
- (ii) The special difficulties affecting trade in primary commodities.

2. These considerations underline the importance and urgency of actions that need to be taken by Governments, individually and jointly, over a wide front and on dynamic and comprehensive lines, so as to conduct a concerted attack on international commodity problems.

Annex A.II.3

CONSIDERATION OF PRINCIPLES AND GUIDELINES ³³

The Conference recommends that the principles and general guidelines submitted to the First Committee and contained in paras. 1 to 22 of UNCTAD working paper C.1/W.P.2/1³⁴ be remitted to the Commission for Commodity Arrangements and Policies, or whatever corresponding body may be established following this Conference, in connexion with the development of guidelines and principles on commodity policies and commodity arrangements as proposed in part I, paragraph 14(c) of Annex A.II.1.

Annex A.II.4

PROMOTIONAL MEASURES

The Conference recommends that the organization that may be set up following upon this Conference should promote, within the United Nations family, arrangements for:

- (a) Studies into how national production and marketing arrangements and international arrangements could complement one another in the marketing of primary products;
- (b) Periodic reviews of marketing methods and costs;
- (c) Inter-governmental action for research into improved marketing techniques, the organization of trade fairs, the dissemination of market intelligence and the simplification of formalities relating to customs procedure, commercial travel, etc.;
- (d) Inter-governmental action for research to promote consumption (including new uses) of primary commodities;
- (e) Promoting wider implementation of grading and quality standards recognized internationally (or where such standards do not yet exist, to be devised

³³ The Conference adopted this Recommendation without dissent.

³⁴ These paragraphs are reproduced in Appendix III of Annex D of the Report of the Conference.

with the aid of appropriate international organizations) for the primary products exported by developing countries;

(f) Facilitating the establishment in developing countries of plants processing local raw materials to produce exportable products;

(g) Within the framework of its organizational structure, establishing a centre, with regional sub-centres, for trade information and market research.

Annex A.II.5

PROMOTION OF TRADE BETWEEN DEVELOPING COUNTRIES ³⁵

The Conference recommends as follows:

Action recommended to be taken by developing countries

(a) Developing countries should liberalize and strengthen the trade and monetary relations which they maintain with each other, with a view to expanding mutual trade in primary commodities within the framework of co-ordinated action programmes and national development plans;

(b) Developing countries should integrate external trade into their national development plans;

(c) Developing countries should co-ordinate development plans for external trade, transport and communications in order to increase continental and inter-continental trade;

(d) Developing countries should co-operate with the trade information and market research centre and regional sub-centres referred to in Annex A.II.4 in order to facilitate trade in primary commodities between developing countries;

(e) Developing countries should encourage the establishment of regional payments unions in order to facilitate the transfer of credit balances, and this within the framework of existing regional economic groupings or those to be set up;

(f) Developing countries should provide for preferential arrangements in order to promote an increase in trade between developing countries at the regional and sub-regional level; such arrangements should not, in principle, adversely affect the exports of other developing countries;

(g) Developing countries should grant each other mutually in primary products the most advantageous commercial treatment which they grant to developed countries.

Action recommended to be taken by developed countries

(h) Developed countries should assist interested developing countries with technical and other assistance towards attaining greater knowledge of the markets of other developing countries. In their aid programmes they should also take note of the

³⁵ The Conference adopted this Recommendation without dissent.

need to improve transport facilities between developing countries;

(i) Developed countries should co-operate in facilitating primary commodity trade between developing countries, refraining from any action which hinders the process of liberalization and strengthening of such trade.

International action

(j) United Nations technical assistance should be provided to improve developing countries' knowledge of one another's markets and to help overcome the practical difficulties which, at present, limit trade in primary commodities between developing countries;

(k) International financial institutions should study methods of payment, agreed to between developing countries, which would promote their trade in primary commodities, and should assist in the adoption and implementation of such methods.³⁶

General

The recommendations which appear in Annex A.II.4 for positive measures of a promotional nature are also applicable to the expansion of trade among developing countries.

Annex A.II.6

WORLD FOOD AID PROGRAMME³⁷

The Conference,

1. *Recommends* that, in the review of the present experimental World Food Programme which will be conducted by the United Nations and the Food and Agriculture Organization of the United Nations in 1965, due attention be paid to the possibilities of modifying the programme, along the lines suggested in paragraphs 42 and 43 of the report of the First Committee, so that the Programme may hereafter benefit both food-deficient developing countries and food-exporting developing countries, and that in the documentation to be presented in connexion with that review due account be taken of the relationship and effects of such a modified programme on the expansion and development of the commodity trade of the developing countries.

2. The foregoing should not, however, preclude bilateral arrangements for the disposal of surplus food and agricultural products in accordance with the Food and Agricultural Organization principles of surplus disposal.

³⁶ The First Committee took note of the statement made by a representative of the International Monetary Fund on 3 June 1964 (see E/CONF.46/C.1/SR.68).

³⁷ The Conference adopted this Recommendation without dissent.

Annex A.II.7

COMPETITION FROM SYNTHETICS AND SUBSTITUTES³⁸

The Conference,

1. *Recognizing* that the types of action reviewed in the section relating to the removal of obstacles to trade in primary commodities might prove of limited value in the case of natural products facing competition from synthetics and other substitutes,

Recommends that special action of a national and international character be taken with a view to:

- (i) Raising the technical efficiency of the production of natural products so as to reduce costs;
- (ii) Improving quality and grading practices;
- (iii) Intensifying technical and market research on the uses of natural products;
- (iv) Prohibiting, by appropriate means, the representation of a synthetic product as if it were a natural one;
- (v) Granting appropriate consideration to the phenomenon of interchangeability of certain products in the determination of agricultural and industrial policies, particularly in the developed countries;
- (vi) Improving the statistical information regarding both natural and synthetic sectors of the industries, particularly with regard to current and planned productive capacity and end-uses, by the fullest possible exchange of information about future investment plans and consumption trends, through the appropriate international bodies;
- (vii) Increasing access to developed countries' markets for natural and semi-processed products facing competition from synthetics, and progressively reducing tariff and non-tariff barriers against these natural and semi-processed products with a view to their final elimination;³⁹
- (viii) Giving special attention in study groups, or in the negotiation and operation of international commodity agreements, to the need for measures to mitigate short-term fluctuations in the prices of the natural products facing competition from synthetics;
- (ix) Bringing about as much co-ordination as possible in investment planning and policies in the field of the natural and synthetic sectors;
- (x) Introducing, where appropriate, financial measures with a view to reducing the impact of the development of synthetics on the long-term prospects for the export earnings of

³⁸ The Conference adopted this Recommendation without dissent.

³⁹ See the Report of the Conference, Annex D, appendix I (Report of the Working Party on Synthetics and Substitutes), para. 16.

developing countries and to assist them in undertaking the necessary structural adjustments;

- (xi) Where feasible and necessary, and taking account of the studies recommended in 4 (c), adopt mixing regulations or comparable actions in order to ensure that the proportion of utilization of natural products is not reduced.

2. *Recommends* that countries, particularly developed countries, should avoid giving special encouragement to the production of new synthetics which may displace other natural products and to additional investment in the production of synthetic materials competing with the natural products exported by the developing countries, especially when such investment can be employed more effectively in other fields; and, in exceptional cases requiring a departure from this principle, consultations be held with the developing countries likely to be adversely affected, or with the appropriate international bodies, in order to consider forms of co-operation, including financial measures, to mitigate such adverse effects.

3. Stressing the need to keep under continuing scrutiny the problem resulting from the development of synthetic substitutes,

Recommends that consideration be given, by appropriate bodies within the United Nations family, especially those bodies which might be created following the United Nations Conference on Trade and Development, to the establishment of a permanent sub-group to deal with the problems of commodities affected by competition from synthetic substitutes and other substitute products. The sub-group should give consideration to studies being carried out in this field, and in the meantime these studies should be vigorously pursued.

4. *Further recommends* that studies be made on the following points:

- (a) Feasibility of agreements covering both the natural product and its synthetic substitutes;
- (b) Possible role of long-term contracts (up to ten years) in stabilizing the market for particular natural products; consideration of new techniques for extending the scope and applicability of such contracts;
- (c) Feasibility of mixing regulations.

Annex A.II.8

STUDY OF ORGANIZATION OF COMMODITY TRADE ⁴⁰

The Conference,

1. *Recommends* the establishment by the first session of the Trade and Development Board, within the framework of the institutional machinery and the

⁴⁰ The Conference adopted this Recommendation by 86 votes to 3, with 15 abstaining.

programme of work to be decided by the Conference, of an *ad hoc* working party of government experts responsible for studying the proposals and preparing a programme of action for the international organization of commodity trade which will ensure that the developing countries will at all times be able to market their export products in increasing quantities and at remunerative prices, the "purchasing power" of which should not decline in relation to the prices of the essential goods imported by those countries, devoting their attention during the first stage to the commodities of greatest importance to the international trade of the developing countries. The *ad hoc* working party should meet in January 1965 and submit its report in good time so that it can be considered by the Commission on Commodity Arrangements and Policies;

2. *Invites* the Governments of the States Members of the United Nations and of the specialized agencies to submit to the Secretary-General of the Conference before 1 January 1965 proposals and comments concerning the problems involved in the international organization of the commodity trade, in order that these proposals and comments may be considered by the *ad hoc* working party. The working party shall also take into consideration the work done in this field by the specialized agencies, as well as any relevant recommendations adopted by the Conference.

Annex A.II.9

MINERALS AND FUELS ⁴¹

The Conference,

Noting the heavy dependence of some developing countries on foreign exchange earnings from the export of minerals and fuels,

Taking into account the adverse effects of the high rate of taxation levied by the developed countries on those products,

Noting further the view expressed in the Conference that access to markets is an essential element in efforts to increase the earnings of developing countries from the aforesaid exports,

Recognizing that these resources are limited and non-renewable,

1. *Recommends* that the developed countries should effectively reduce and/or eliminate barriers and discrimination to the trade and consumption of those products, particularly internal taxation, with a view to increasing the real income of the developing countries from the said exports;

2. *Recommends* that action be taken in order to provide to developing countries producing minerals and fuels an appreciable increase in the revenues which accrue to them as a result of the export of these

⁴¹ The Conference adopted this Recommendation by 79 votes to 15 with 12 abstaining.

natural resources and to ensure the maximum utilization of such resources for their own industrial development, on the basis of appropriate forms of co-operation.

Annex A.III.1

EXPANSION OF UNITED NATIONS ACTIVITIES IN THE FIELD OF INDUSTRIALIZATION

ESTABLISHMENT OF A UNITED NATIONS SPECIALIZED AGENCY FOR INDUSTRIAL DEVELOPMENT⁴²

The Conference,

1. *Recognizes* that, for the purpose of attaining the highest possible degree of diversification of their industrial structure enabling them to promote and diversify their exports of manufactures and semi-manufactures, the developing countries need the broadest possible international co-operation.

2. It therefore endorses the draft resolution submitted to the Economic and Social Council by the Committee for Industrial Development in its report on the fourth session⁴³, in which the said Committee states as follows:

“1. ...

“2. *Declares* that there is an urgent need to establish a specialized agency for industrial development within the framework of the United Nations family, in order to assist developing countries in the promotion and acceleration of industrialization;

“3. *Requests* the Secretary-General to prepare a study on the scope, structure and functions of this agency, including draft statutes and information on the steps required to bring such an organization into operation, taking into account the views expressed by the Committee for Industrial Development at its fourth session, by the United Nations Conference on Trade and Development, and by the Economic and Social Council at its thirty-seventh session, and to submit this study to the nineteenth session of the General Assembly;

“4. *Recommends* to the General Assembly, at its nineteenth session to consider the deliberations of the Committee for Industrial Development at its fourth session, of the United Nations Conference on Trade and Development, and of the Economic and Social Council at its thirty-seventh session, and

the study requested in paragraph 3 above, with a view to expediting action towards the establishment of such an organization.”

3. Accordingly, *the Conference recommends* that the General Assembly at its nineteenth session should take suitable action with a view to the establishment of a specialized agency for industrial development, which should assume the following functions, among others:

(a) To compile, analyse, interpret and publish information concerning industrial technology, production, programming and planning;

(b) To co-operate with existing regional economic commissions in assisting the regional planning of industrial development of developing countries and within the framework of regional and sub-regional economic groupings among those countries where they exist;

(c) In connexion with the objectives stated under (b) above, to study and recommend special measures for adapting and co-ordinating the measures adopted so that in particular the less advanced of the developing countries will receive a strong impetus to their growth;

(d) To promote, and where necessary, to recommend national, regional and international action tending to speed up the industrial development of developing countries;

(e) To contribute actively to scientific research into the problems of industrial technology, production, programming and planning;

(f) To propose programmes for the improvement of instruction and administration in the matter of industrial technology, production, programming and planning;

(g) To offer advice and guidance on the efficient use of natural resources, by-products and new products of developing countries with a view to increasing their industrial productivity and also contributing to the diversification of their economies;

(h) To conduct research relating to domestic and external market demands and available raw materials;

(i) To provide technical assistance through its own regular budget as well as through funds allocated by other agencies;

(j) To study the formulation of credit policies designed to promote the industrial expansion of the developing countries and to stimulate their exports of manufactures and semi-manufactures;

⁴² The Conference adopted this Recommendation by a roll-call vote of 81 to 23, with 8 abstaining:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Jordan, Kuwait, Laos, Lebanon, Liberia, Libya, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saud Arabia, Senegal, Sierra Leone, Sudan, Syria, Thailand,

Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Norway, San Marino, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: China, Greece, Holy See, Madagascar, Portugal, South Africa, Spain, Turkey.

⁴³ *Official Records of the Economic and Social Council, Thirty-Seventh Session, Supplement No. 6, Chapter VII, Part II.*

(k) To co-operate with the other specialized agencies in the training of the staff needed for the accelerated industrial development of the developing countries.

4. The Conference proposes that, pending the establishment of a specialized agency for industrial development, the existing Centre for Industrial Development of the United Nations should, in addition to its existing functions, fulfil the functions specified above.

Annex A.III.2

INDUSTRIAL BRANCH AGREEMENTS ON PARTIAL DIVISION OF LABOUR BETWEEN DEVELOPING COUNTRIES AND DEVELOPED COUNTRIES WHICH ARE INTERESTED IN THIS FORM OF CO-OPERATION AND FOR WHICH THIS SCHEME IS APPLICABLE⁴⁴

The Conference,

I. *Recognizing* the vital need for:

(a) Diversifying and expanding exports of manufactures and semi-manufactures of the developing countries;

(b) Promoting industrialization and establishing export industries in developing countries on the broad basis of world markets and within the framework of an international division of labour;

(c) Progressive processing and fabricating of raw materials at higher levels; and

(d) Rapid restructuring of the trade between presently developing countries and the developed countries on the basis of, *inter alia*, the cross-flows of sophisticated manufactures;

Recommends, amongst practical measures which could be taken with these ends in view, a new type of international co-operation in the form of industrial branch agreements between the countries concerned based on partial division of labour aimed at promoting the existing and establishing new export industries in the developing countries.

II. In the case of the industrial branch agreements between developing countries and centrally planned economies, the principal features of such agreements may be described as follows:

1. *Long-term bilateral or multilateral agreements.* The agreements, because of their very nature, will have to be concluded on a long-term basis. They may be either of bilateral or multilateral character. The latter form would apply to cases where the machinery and equipment for the establishment and development of a particular export industry would be supplied by two or more countries with centrally planned economies, and/or the export industry in question would be jointly established by two or more developing countries, and/or where the products of the particular

industry could be sold to two or more countries with centrally planned economies.

2. *Partners to agreements.* The agreement would be concluded between the Governments or trading organizations and production enterprises in countries with centrally planned economies, and the Governments or public and private corporations in the developing countries.

3. *Selection of export industries.* Resource-based industries and/or industries producing manufactures of higher levels of processing may be established for which: (a) the developing country has a suitable raw material base or other suitable conditions for the development of the industry and a limited domestic demand for its products; and (b) the country with the centrally planned economy has the capacity of exporting the required machinery and equipment and associated technical assistance for their installation and operation and is prepared to adapt its development plans so as to import a stated proportion of the output of these industries.

4. *Credit.* The country with the centrally planned economy will provide machinery and equipment to the developing countries on credit at reasonable terms and rates of interest.

5. *Repayment of credit.* The repayment of the credit in instalments will be agreed upon between the contracting parties. It might be made by the developing countries fully or in part by: (a) exports of raw materials and other commodities until the export industry has production available for export; and (b) an agreed proportion of the output of the export industry and other specified commodities in the subsequent period until the credit is fully repaid.

6. *Co-operation in design and research.* The agreement will include provisions for close co-operation between the respective partners in designing the product, and research for improving the processes of production and the quality of products.

7. *Clearance of payments.* As a rule, the branch agreements will be linked to trade agreements and payments arrangements between the countries concerned. The latter should provide, to the maximum extent possible, for multilateral clearance.

8. *Prices.* Prices of machinery and equipment and technical services provided by the countries with centrally planned economies and those of goods exported by the developing countries will be agreed upon in the light of world prices and world standards.

9. If required by the developing countries, countries with centrally planned economies may assist in promoting the exports of products of the new industries to third countries. The agreement may also contain provisions dealing with re-exports of the products of the new industries and other commodities.

10. The establishment of the export industries in the developing countries under the branch agreements is designed to create complementarity of economies

⁴⁴ The Conference adopted this Recommendation by 84 votes to 1, with 22 abstaining.

based on specialization and partial division of labour. The exports of these industries to countries with centrally planned economies would be expected, therefore, to continue after the credit for the machinery and equipment has been fully repaid.

11. The negotiations concerning the conclusion of branch agreements may best be initiated through bilateral consultations. Such consultations would take place as a rule between Governments; appropriate governmental institutions such as development banks; trade associations and similar bodies having sufficient general knowledge of the economies of the countries concerned. When trade co-operation between the countries has already sufficiently developed, the establishment of specific branch committees with representatives of both sides may be envisaged which would deal with the implementation of the agreements and other relevant matters as they arise.

Annex A.III.3

CRITERIA FOR DEVELOPMENT OF INDUSTRIES WITH AN EXPORT POTENTIAL IN DEVELOPING COUNTRIES ⁴⁵

The Conference recommends to the Governments of developed and developing countries adopting the following measures with respect to their industrial development policies to promote the expansion of exports of manufactures and semi-manufactures of the developing countries.

A

I. *The Conference,*

(a) *Recognizes* the vital importance of the diversification and substantial expansion of exports of manufactures and semi-manufactures by the developing countries in the process of their development;

(b) *Realizes* that the establishment and development of industries with an export potential in the developing countries is indispensable for achieving the above objectives;

(c) *Acknowledges* the fact that the policies, laws and regulations governing the establishment and development of industries with an export potential are matters for decision by each developing country concerned;

(d) *Recognizes* the importance of following efficient economic policies for the maintenance and expansion of exports of manufactures and semi-manufactures of the developing countries.

II. *The Conference* draws the attention of the developing countries to the following which they may take into consideration:

1. *Present and prospective demand.* It will require the survey of the present and potential demand of

different categories of manufactures and semi-manufactures in foreign markets and their demand elasticities in the light of the growth trends of these economies, the existence and development of domestic industries and their competitive position.

2. *Dynamic comparative cost advantages.* Cost elements will have to be examined from the point of view of advantages in the specific endowment of natural resources, labour costs and the size of the domestic market, which may be helpful in obtaining the full benefits of economies of scale in the shortest possible period.

3. *Technical "know-how" and skills.* The developing countries will, no doubt, take into account their ability to develop and acquire new techniques and managerial know-how and train labour required in the operation of the industries with an export potential.

III. *The Conference recommends* that:

(a) The developing countries, in their industrial development programmes within the framework of over-all development, should give particular attention to industries with an export potential and should make appropriate provision for their establishment and development;

(b) The developed countries and the appropriate international agencies, in their bilateral and multi-lateral, financial and technical assistance programmes, should give particular attention to industries with an export potential in the developing countries and should make appropriate provision for projects and programmes of assistance to these industries.

B

Aids, incentives and other measures for strengthening the competitive strength of industries with an export potential in developing countries

I. (a) *Recognizing* the insufficient entrepreneurial, technical and managerial experience in the developing countries,

(b) *Considering* the comparatively small size of the domestic market and gross insufficiency of external economies in the developing countries, and

(c) *Realizing* the consequent high capital costs and low productivity of labour in the developing countries,

II. *The Conference recommends, inter alia,* the following measures for the consideration and action by the developing countries:

1. *Integration of exports of manufactures and semi-manufactures in development plans and policies.* The establishment and development of industries with an export potential and other measures and policies for the promotion of exports of manufactures and semi-manufactures, should be included in the development plans and policies of the developing countries, by giving priority treatment to the export sector in

⁴⁵ The Conference adopted this Recommendation without dissent.

allocation of domestic and foreign exchange resources, supplies of raw materials, spare parts, power, transport and skilled manpower, financial and technical assistance and providing for other types of aids and incentives, and at the same time without neglecting the development of industries based on the domestic market.

2. *Productive efficiency and cost reduction programmes.* In order to raise output per worker and to formulate and execute programmes of cost reductions in industries with an export potential, the following steps, among others, may be taken:

(a) Modernization of and addition of balancing equipment to existing industries;

(b) Ensuring full utilization of the installed capacity;

(c) Introduction of progressive and scientific management which can employ techniques of modern industrial management such as incentives for workers, engineers, technicians and other cadres in the managerial and supervisory ranks, proper lay-out of equipment and machines, production and management accounting control, tooling facilities and systematic preventive maintenance procedures, product design, quality control, standardization, pre-shipment inspection, work performance standards, etc.;

(d) Provision of training facilities for imparting to and improving skills of workers and technical and managerial personnel.

3. *Standardization and quality control.* Measures should be taken to introduce standardization and quality control.

4. *Financial, monetary, fiscal and other aids and incentives.* The Governments should assist investment in industries with an export potential and the promotion of exports of manufactures and semi-manufactures by ensuring adequate provision of long and short-term credit at reasonable or concessional rates of interest and equity capital through appropriate agencies such as the commercial banks, refinance corporations for industry, export risk insurance corporations and development banks and corporations, fiscal incentives, drawbacks of customs duties, sales or purchase taxes, concessional internal freight rates, supply of scarce raw material and other measures.

5. *Training and research facilities.* The Governments should provide, and/or effectively assist training facilities for workers, engineers, technicians and managerial personnel and research institutes for improving the processes of products and quality of products, designing of products, new uses of products, etc.

6. *Technical assistance.* The Governments should establish and improve the industrial extension service to help industrial enterprises to solve their technical problems and implement cost reduction programmes.

7. *National market information and trade promotion centres.* Such centres should be established to act as an intermediary between exporters and the international and regional market information and trade promotion centres and to help exporters to promote exports of manufactures and semi-manufactures.

Annex A.III.4

GUIDELINES FOR TARIFF AND NON-TARIFF POLICIES IN RESPECT OF MANUFACTURES AND SEMI-MANUFACTURES FROM DEVELOPING COUNTRIES ⁴⁶

The Conference,

1. *Recognizes* the urgent need for the diversification and expansion of the export trade of developing countries in manufactures and semi-manufactures as a means of accelerating their economic development and raising their standards of living as contemplated in the objectives of the United Nations Development Decade;

2. *Recognizes* 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 these products on a stable and lasting basis;

3. *Considers* that individual and joint action, by both developed and developing countries, is necessary to enable the latter to attain increased participation, commensurate with the needs of their development, in the growth of international trade in manufactured and semi-manufactured products;

4. *Notes* that a number of countries participating in the United Nations Conference on Trade and Development were represented at the Meeting of Ministers of Contracting Parties to the General Agreement on Tariffs and Trade in May 1963 and at the Meeting of the Trade Negotiations Committee of the Contracting Parties at the Ministerial Level in May 1964 at which were adopted, respectively, certain Conclusions regarding Measures for the Expansion of Trade of Developing Countries as a Means of Furthering their Economic Development dated 21 May 1963 and a Resolution dated 6 May 1964;

5. *Notes* that there is general acceptance of the principle that developed countries should not expect reciprocity for measures taken by them in trade negotiations to reduce or remove tariff and other barriers to the trade of developing countries;

6. *Considers* that, because of the pressing need of developing countries to increase their foreign exchange earnings from the exportation of manufactured and semi-manufactured products, there are important interrelationships between trade and assistance to

⁴⁶ The Conference adopted this Recommendation without dissent.

industrial development which require close and continuing collaboration between international institutions in the field of trade and those concerned with technical and financial assistance to the developing countries;

7. *Notes* that developed countries which have subscribed to commitments and understandings, referred to in paragraph 4 above, hereby reaffirm these commitments and understandings and express their resolve to take any further actions that may be required to implement them and thus to promote the objectives of the Development Decade.

Accordingly, the Conference,

8. *Recommends* that Governments participating in the United Nations Conference on Trade and Development adopt the following guidelines in their foreign trade and assistance policies and programmes affecting trade in manufactured and semi-manufactured products of export interest to developing countries;

Tariff and non-tariff barriers

9. 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 into their markets of manufactured and semi-manufactured products of export interest to developing countries. If, in exceptional and compelling circumstances, a developed country imposes or intensifies quantitative restrictions or increases tariffs on imports of manufactured or semi-manufactured products of export interest to developing countries, it should consult, upon their request, the developing countries affected, bilaterally or in appropriate international institutions;

10. Developed countries should accord high priority in international trade negotiations to according maximum reductions in and, wherever possible, elimination of duties on manufactured and semi-manufactured products of export interest to developing countries. In these negotiations, every effort should be made to secure maximum reductions in and, wherever possible, the elimination of tariff differentials which differentiate unreasonably between such products in their primary and their processed forms. The benefits of the negotiations should not be limited to countries which are members of the international organization under whose aegis the negotiations take place;

11. Developed countries should, as a matter of urgency, remove quantitative restrictions on manufactured and semi-manufactured products of export interest to developing countries as soon as possible;

12. Developed countries, in co-operation with a competent international body, should proceed forthwith to identify existing non-tariff barriers to

expanded trade in manufactured and semi-manufactured products of current or evident potential export interest to developing countries and should, as a matter of urgency, seek practical approaches to the maximum feasible reduction or the elimination of such barriers at an early date;

13. Appropriate provision should be made by developing and developed countries to encourage co-operation between Governments and private groups in their countries, so as to build up export production in developing countries of manufactures and semi-manufactures in demand by consumers and industrial users in advanced countries. Co-operative measures should be taken to raise the level of technology and of industrial skills in the developing countries;

14. Developed countries should participate, through the appropriate international trade body in analysing the development plans and policies of individual developing countries, at their request, and in examining trade and aid relationships with a view to devising concrete measures to promote the development of export potential and to facilitate access to export markets for the products of the industries thus developed. In this connexion, they should seek appropriate collaboration with Governments and international organizations having competence in relation to financial assistance for economic development, in systematic studies of trade and aid relationships in individual developing countries aimed at obtaining a clear analysis of export potential, market prospects and any further action that may be required;

15. Developed and developing countries should collaborate in seeking methods to expand export trade of developing countries through international harmonization and adjustment of national policies and regulations, through technical and commercial standards affecting production, transportation and marketing, and through export promotion by the establishment of facilities, within individual countries or competent international organs, for the increased flow of trade information and the development of market research;

16. When measures recommended above are insufficient to give rise to a steady and effective flow, to the developed countries, of processed, semi-manufactured and manufactured products from developing countries in the initial phases of industrialization, developed and developing countries should examine, through and with the appropriate international institutions, what additional and, if necessary, new ways and means can be provided to support the national development and export programmes of the least industrialized countries. In this respect, consideration should be given, *inter alia*, to channelling financial and technical assistance through appropriate international organizations, including regional economic organizations, in cases where the developing countries needing such assistance are participating in regional economic programmes;

17. In relation to the foregoing, periodic discussions and consultations should be held by developed and developing countries in appropriate international institutions for the purpose of:

- (a) Reviewing the progress made;
- (b) Assessing the results achieved; and
- (c) Considering what further measures are required to meet the needs of developing countries.

Annex A.III.5

PREFERENCES⁴⁷

The Conference,

Recognizing the urgent need for the diversification and expansion of the export trade of developing countries in manufactures and semi-manufactures in order to narrow, as rapidly as possible, the commercial deficit resulting from the present trends in international trade,

Emphasizing the general agreement on the objective of securing a significant increase in the participation of the developing countries in international trade in manufactures and semi-manufactures,

Noting that all the developing countries and a great majority of the developed countries have signified their agreement with the principle of assisting the industrial development of developing countries by the extension of preferences in their favour,

Noting, on the other hand, that some developed countries participating in the United Nations Conference on Trade and Development are opposed to this principle, and support instead the application of the most-favoured-nation principle in the extension of concessions by developed to developing countries,

Considering that it would be desirable to obtain the widest possible agreement with respect to such preferences,

Noting that a programme of work on the question of the extension of preferences in favour of developing countries has been agreed upon in the General Agreement on Tariffs and Trade, and that the Contracting Parties have affirmed their intention to go ahead with it,

Recommends that the Secretary-General of the United Nations make appropriate arrangements for the establishment as soon as possible of a com-

mittee of governmental representatives, drawn from both developed and developing countries, to consider the matter, with a view to working out the best method of implementing such preferences on the basis of non-reciprocity from the developing countries, as well as to discuss further the differences of principle referred to above. The Committee should take into account the recommendations, documents and declarations considered by the Conference, as well as the relevant work of other international institutions. The Committee should report to the Secretary-General of the United Nations within a time limit to be set by him. The report of the Committee should be circulated to the Governments participating in this Conference and to the continuing machinery established following the United Nations Conference on Trade and Development.

Annex A.III.6

MEASURES BY THE DEVELOPED COUNTRIES WITH MARKET ECONOMIES FOR EXPANSION AND DIVERSIFICATION OF EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES BY DEVELOPING COUNTRIES⁴⁸

I. *The Conference*

(a) *Recognizes* obstacles and difficulties faced by the developing countries in marketing their manufactures and semi-manufactures in the developed countries; and

(b) *Realizes* that substantial imports of manufactures and semi-manufactures may involve some readjustment in the industrial structures of the developed countries.

II. *The Conference recommends* that the developed countries should consider taking, among others, the following measures:

1. Establishment of focal or contact points within the appropriate government agency or other appropriate institution for the co-ordination of activities intended to enlarge the opportunities for the importation of manufactures and semi-manufactures from the developing countries;

2. Provision of financial and technical assistance to export organizations of the developing countries to market their industrial products;

⁴⁷ The Conference adopted this Recommendation without dissent.

⁴⁸ The Conference adopted this Recommendation by a roll-call vote of 108 to none, with 5 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Denmark, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Iran, Iraq, Ireland, Israel, Italy, Jamaica, Jordan, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar,

Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Indonesia, Japan, Monaco, San Marino, South Africa.

3. Granting of favourable treatment to the industries of the developing countries with respect to the establishment of agencies, offices, consignment stocks, maintenance and repair service, etc., in the territory of the developed countries, within the framework of their national legislation;

4. Provision of guidance to industrial entrepreneurs regarding investment opportunities in the export industries of the developing countries and familiarizing them with legal, political, economic and other relevant information on the situation in the developing countries;

5. Arrangements for assisting the adaptation and adjustment of industries and workers in situations where particular industries and workers in those industries are adversely affected by increased imports of manufactures and semi-manufactures;

6. Placing no obstacles to the granting of favourable terms of production and export rights derived from the use of patents and licences;

7. Promoting integrated programmes of manufacture and schemes of industrial co-operation between developing and developed countries by:

- (i) Encouraging, within the framework of their national legislation, industrial groups to set up joint enterprises in developing economies for producing goods required in developed countries;
- (ii) Taking steps for bringing about adjustment in production patterns so that endowment factors of both developed and developing economies are more efficiently used for common benefit;
- (iii) Urging industrial groups to refrain from including restrictive provisions relating to the division of export markets in their collaboration agreements;

8. Provision of technical assistance to further schemes of industrial co-operation and integrated programmes of manufacture aimed at production, in developing countries, of intermediates for purchase and use by industries in developed countries.

Annex A.III.7

MEASURES BY COUNTRIES WITH CENTRALLY PLANNED ECONOMIES FOR EXPANSION AND DIVERSIFICATION OF EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES BY DEVELOPING COUNTRIES⁴⁹

The Conference notes with satisfaction statements by the delegations of countries with centrally planned economies concerning their readiness to increase the

import of manufactures and semi-manufactures from the developing countries.

Accordingly, the countries with centrally planned economies will:

(1) Within the framework of their long-term plans, take appropriate measures which would result in the diversification and significant growth of their imports of manufactures and semi-manufactures from the developing countries;

(2) Reduce or abolish customs duties on goods imported from and originating in the developing countries;

(3) In all matters affecting decisions regarding imports, within the framework of their system of foreign trade, grant to imports from the developing countries such favourable conditions as will result in the growth of such imports. The developing countries for their part will accord to the countries with centrally planned economies conditions for trade not inferior to those granted normally to the developed countries with market economies;

(4) Develop and amplify the practice of concluding, with the developing countries, long-term agreements concerning mutual deliveries of goods as one of the methods of promoting the steady growth of trade, and, particularly, the increase of exports of manufactures and semi-manufactures from the developing countries, thereby facilitating the fulfilment of these countries' economic development plans or programmes;

The countries with centrally planned economies:

(5) Are prepared to ensure that the funds they receive in repayment of credits granted by them to the developing countries will be used for the purchase of goods from these countries, including manufactures and semi-manufactures, as well as products made in these countries at enterprises built with funds provided by such credits. In cases where repayments cannot be made in goods, other ways and means of repayment could be agreed upon between the partners concerned;

(6) Are prepared to collaborate with developing countries interested in organizing co-operation in the manufacture of particular types of products, especially through the conclusion of long-term agreements and contracts, and through the rendering of the necessary technical assistance;

(7) Are prepared to engage, alongside with bilateral trade, also in multilateral trade when this seems economically advantageous to all interested trade partners. Countries with centrally planned economies realize that the possibilities of conducting multilateral forms of trade and payments relations will increase with the normalization and expansion of international trade as a whole;

(8) Are prepared to arrange for gradually facilitating the transferability of credit balances between countries with centrally planned economies. It is understood that the desirability of such transfers is agreed upon between the partners concerned;

⁴⁹ The Conference adopted this Recommendation by 86 votes to none, with 24 abstentions.

(9) Note that the possibilities of expanding exports from the developing countries to these countries can be used to the full alongside with increased imports from the centrally planned economies by the developing countries;

(10) Are prepared not to re-export goods purchased in developing countries, unless it is with the consent of the parties concerned.

Annex A.III.8

MEASURES AND ACTION FOR THE PROMOTION OF TRADE IN MANUFACTURES AND SEMI-MANUFACTURES AMONG DEVELOPING COUNTRIES⁵⁰

The Conference, recognizing the urgent need for closer and intensified economic co-operation among developing countries, particularly in the promotion of trade in manufactures and semi-manufactures among the developing countries,

I. Notes:

(a) The present relatively small size of the trade in manufactures and semi-manufactures among the developing countries;

(b) The limited size in the developing countries of national markets, the limited resources of capital, skill and foreign exchange;

(c) The diversity of natural resources among developing countries;

(d) The great advantages of:

(i) Economies of scale and specialization offered by modern technology;

(ii) Joint mobilization by developing countries of their resources in capital and skills;

(iii) Developing countries exploiting their natural endowment factors in order to create complementarities of their industrial economies;

II. *Further notes* the progress already achieved in some regions in promoting economic co-operation among the developing countries.

III. Considers:

(a) That closer economic co-operation among developing countries, through bilateral and multi-lateral arrangements and through regional and/or sub-regional groupings, will greatly assist the efficient utilization of their resources and accelerate their rate of economic development, particularly of the less developed of the developing nations;

(b) That such co-operation should be based on mutual respect for the sovereign equality of States and mutual benefits and assistance, with due regard to the different needs of participating countries, and with special consideration for the requirements of the less developed of the developing countries;

(c) That policies and programmes aimed at expanding and diversifying trade in manufactures and semi-manufactures among developing countries, within the framework of regional or sub-regional economic groupings or otherwise, should make an effective contribution to the economic development of the participating countries, as well as to the expansion of world trade as a whole;

(d) That any forms of economic groupings should provide, in addition to co-operation with other developing countries and regional or sub-regional groups, for developing countries, not initially members, to join under equitable conditions and avoid, as far as possible, harmful effects on other developing countries;

(e) That if trade between the developing countries is to achieve its full potential, they may need to adopt among themselves, where feasible, preferential rules designed specifically for that purpose.

IV. Recommends:

(a) That, having regard for the considerations enumerated in III above, developing countries consider the adoption of practical measures for promoting economic co-operation, both generally among themselves and within regional and sub-regional economic groupings, particularly in the fields of industrial development, and the growth and diversification of exports of manufactures and semi-manufactures. These measures could include:

(i) The exchange of information between developing countries on their industrial development plans in relation to stimulating trade, and the harmonization of such plans with a view to creating integrated industries in economic regions or sub-regions, with due regard to the elimination of uneconomic competition within the region or sub-region, and ensuring an equitable sharing of all member countries in the region or sub-region in the process of industrialization;

(ii) Joint facilities for, and the exchange of information on, research, standards, trade promotion and similar matters;

(iii) Collaboration in the development of adequate transport and communication facilities;

(iv) The promotion among developing countries of increased purchases of manufactures and semi-manufactures produced in other developing countries;

(v) The progressive liberalization of trade between developing countries, including the simplification of trade and customs formalities. Their individual characteristics and different stages of development should be taken into account, special attention being paid to the less developed, as an effective means of ensuring sustained growth with equal opportunities for each country;

(vi) Appropriate financial and payments arrangements;

⁵⁰ The Conference adopted this Recommendation without dissent.

(vii) Close technical co-operation, including arrangements for exchange of technical information and training facilities;

(b) That rules governing world trade should make provision to accommodate forms of regional and sub-regional co-operation consistent with the considerations outlined in III above and taking account of the interests of third countries, especially developing countries, and, in particular, permit developing countries to grant each other concessions, not extended to developed countries, in view of the requirement to meet the needs, during a transitional period, of developing countries for the purpose of promoting their exchanges of goods and services;

(c) That the appropriate United Nations bodies, including regional economic commissions and other appropriate international organizations, should increase their assistance to developing countries to promote the planned co-ordinated development of industries based on complementarities of their economies and to expand trade in manufactures and semi-manufactures among them.

Annex A.IV.1

GUIDELINES FOR INTERNATIONAL FINANCIAL CO-OPERATION⁵¹

The Conference recommends that:

1. Financial co-operation provided by industrialized countries, both through bilateral and multi-lateral programmes of assistance to developing countries, should have the following characteristics:

(a) It should be directed, as far as possible, to the formulation and realization of sectoral, regional, national and multi-national development programmes.

For that purpose, it should take into account:

- (i) The need that it be provided with a view to continuity, so as to allow the most efficient planning of the economic growth of developing countries;
- (ii) The importance of well-formulated and workable development plans and programmes and of adequate measures by the developing countries for their implementation. In this regard, the developing countries should seek to mobilize internal resources to the maximum extent possible: by promoting educational and technical training; by diversifying production and encouraging improved techniques in industry; by promoting increased productivity and output of agriculture by measures including land reform where necessary; and by employing monetary, fiscal and other policies, including tax reform where necessary,

designed to increase and mobilize domestic savings and foster investment;

- (iii) The importance of fostering balanced and diversified growth. To that end it should promote the process of industrialization and the diversification of the economy, including an increasing degree of processing and manufacture of primary export products. At the same time, it should take into account the close interdependence between industrial growth and the intensification of efforts to increase agricultural productivity and output;
- (iv) The characteristics, requirements and present development levels of countries being assisted, with special attention to the important differences that exist among the developing countries. To that end, technical and financial international co-operation in the less advanced among the developing countries should emphasize the formulation and improvement of their development programmes and the implementation of corresponding specific projects;

(b) It should have enough flexibility to increase financial assistance to developing countries when, as a result of circumstances beyond their control, there is a decline in external resources available to them below the expected levels required to sustain their programmed rates of investment and growth of national income;

(c) It should permit, as far as possible, the free use of external resources in the acquisition of goods and services in those markets which offer the best conditions of price, quality and terms, including markets in the recipient and other developing countries, unless otherwise required on balance of payments grounds—although it is recognized that even such grounds do not always justify such a different course;

(d) It should encourage the channelling of external resources, whenever possible and appropriate, through multilateral institutions—including regional development institutions;

(e) It should take into account the role of national development institutions when requested by the recipient country;

(f) It should take into account, in establishing repayment terms and interest rates, the over-all repayment capacity of the borrowing country;

(g) It should take into account the possible need for financing local costs of projects or programmes;

(h) It should promote regional economic co-operation of developing countries and be co-ordinated with their integration efforts including, where appropriate, the fields of regional industrial development and regional trade and payments arrangements relating to intra-regional and international trade;

(i) Long-term financing needed for economic growth should be augmented and be made available to developing countries so as to limit the use of

⁵¹ The Conference adopted this Recommendation without dissent.

medium and short-term credit to proportions compatible with the maintenance of their capacity to repay. Developing countries, in their turn, should endeavour to limit recourse to short and medium-term credits; in this effort industrialized countries and international institutions should co-operate;

(j) With respect to the use of medium-term suppliers' credits, studies should be undertaken of the problems that are frequently created by international disparities in the terms of such credits and of the burden imposed by such credits on developing countries;

2. Since external indebtedness has become, and is likely to become, burdensome for a number of developing countries, industrialized countries, international institutions and individual developing countries themselves should co-operate to undertake appraisals of the external indebtedness of individual developing countries, with the objective of promoting, whenever warranted and in appropriate conditions, the re-scheduling or consolidation of debts with appropriate periods of grace and amortization and reasonable rates of interest;

3. Industrialized countries and international financial institutions should undertake the necessary measures without delay to provide for the corresponding financial assistance in accordance with the criteria set forth in paragraph 1 above. Likewise the industrialized countries, international institutions and the developing countries themselves should reduce to a minimum the administrative requirements and formal procedures so as to facilitate the negotiations of external financial assistance and make possible the timely use of such assistance;

4. Industrialized countries and regional and international organizations should endeavour to increase the flow of the technical assistance needed to accelerate the growth of developing countries, and particularly of the least developed, to achieve the maximum efficiency in the use of external resources. Technical assistance should be tailored to the requirements of each country. This assistance should be extended on such terms as to allow the developing countries full utilization and enlargement of their own technical capacity, as well as the engagement abroad of the additional technical assistance necessary for the timely study and execution of specific development projects and programmes;

5. Measures consistent with the requirements of the various development programmes should be adopted by both industrialized and developing countries to promote the flow of capital into developing countries. Such measures should include the opening of capital markets to the developing countries, either directly or through national or multilateral institutions, including regional development banks;

6. The industrialized countries should co-operate, wherever possible, in the efforts made by developing countries to organize and operate their own national

or regional credit insurance and export financing systems, providing the necessary technical assistance and permitting the access of these systems to their financial markets.

Annex A.IV.2

GROWTH AND AID ⁵²

The Conference,

Recognizing the wide concern expressed regarding the inadequacy of the growth target of 5 per cent per annum for the United Nations Development Decade, and recognizing that in recent years rates of growth of national income of developing countries in the aggregate and *per capita* have been generally unsatisfactory,

Recognizing the urgency of accelerated growth in the developing countries,

Considering that international and national attitudes and efforts, as well as new institutional arrangements conducive to growth, are emerging, and that certain basic conditions for accelerated growth in the developing countries are being created,

Expressing the conviction that favourable attitudes and efforts in the fields of international trade and finance, development assistance and the mobilization of domestic resources must continue, and that developed countries can increase their financial and technical assistance to developing countries, and that developing countries themselves must increase their efforts to mobilize domestic resources,

I

Recommends that:

1. The main tasks to be undertaken and the means for raising the necessary resources be recognized by developing countries themselves, on the one hand, by mobilizing domestic resources for development, and by developed countries, on the other hand, by assisting the economic growth of less developed countries;

2. The competent international bodies, including, if appropriate,⁵³ the continuing machinery recommended by this Conference, examine the economic situations and policies and development plans of individual developing countries in order to determine the feasibility of rates of growth higher than those which have been experienced by most countries individually during the past decade, and even higher than that envisaged for the United Nations Development Decade, and to indicate measures for developing and developed countries to take to achieve them.

⁵² The Conference adopted this Recommendation by 107 votes to none, with 9 abstentions.

⁵³ It was felt that the question whether the machinery resulting from this Conference would be appropriate to undertake the functions noted below should be taken up at a later stage in the light of the decisions of the Conference: (a) any of the country examinations (b) and/or co-ordination of such examinations.

It was recognized that there is a need for co-ordination of these studies by competent machinery within the United Nations;

II

Further recommends that:

3. The import capacity resulting from the combined total of export proceeds, invisible earnings and capital inflow available to the developing countries, taking into account the evolution of prices, should rise sufficiently, and the measures taken by the developing countries themselves should be adequate to enable these higher rates of growth to be achieved. All countries, developed and developing, should undertake, individually and in co-operation, such measures as may be necessary to ensure this, and provision may be made for a periodic review of the measures so taken and the experience gained in the light of section I above;

III

Believing that each economically advanced country should make a sustained effort to assist the developing countries,

Further recommends that:

4. Each economically advanced country should endeavour to supply, in the light of the principles of Annex A.IV.1, financial resources to the developing countries of a minimum net amount⁵⁴ approaching as nearly as possible to 1 per cent of its national income, having regard, however, to the special position of certain countries which are net importers of capital.

5. This is not intended to represent either a ceiling or a suitable method for comparing the appropriate quantitative or qualitative development assistance efforts as between different economically advanced countries.

Annex A.IV.3

AIMS OF INTERNATIONAL FINANCIAL AND TECHNICAL CO-OPERATION⁵⁵

The Conference considers that:

(a) Financial and technical co-operation by developed countries with developing countries

⁵⁴ The definition of financial resources is, in summary, as follows:

Official cash grants and grants in kind (including grants for technical assistance); sales of commodities against local currencies; government lending for periods exceeding one year (net of repayments of principal); grants and capital subscriptions to multilateral aid agencies, and net purchases of bonds, loans and participations from those agencies.

Private capital on the basis of net long-term movements, originating with residents of the capital-exporting countries. They are thus net of repatriation of principal, disinvestment, and retirement of long-term loans, portfolio assets and commercial debt. They are not net of reverse flows of capital originating with residents of the less-developed countries, nor of investment income.

⁵⁵ The Conference adopted this Recommendation by 89 votes to 1, with 26 abstentions.

through both bilateral and multilateral programmes, should be aimed at strengthening the economic and political independence of developing countries;

(b) Financial and technical assistance to developing countries by developed countries and international organizations should supplement and facilitate the efforts of the developing countries to ensure the steady and uninterrupted growth of their national economy through industrialization, the development of agriculture and the diversification of production and foreign trade;

(c) Such assistance should not be subject to any political, economic, military or other conditions unacceptable to the developing countries.

The Conference recommends that, in granting loans to developing countries, developed countries should aim at the following:

1. The interest rate on State loans should not normally exceed 3 per cent annually, and steps should be taken to ensure that loans to developing countries by international organizations are granted on favourable terms;

2. Funds received in repayment of loans made to developing countries should be used, to the extent possible, for the purchase of goods produced in those countries, particularly in undertakings financed by such loans.

Annex A.IV.4

TERMS OF FINANCING⁵⁶

The Conference,

Considering the difficulties generally experienced in present arrangements and which may arise in aid programmes of government to government transfer of capital through loans, and in the availability of suppliers' credits to developing countries from industrialized countries, owing, *inter alia*, to short periods of repayment, high rates of interest, limitations

⁵⁶ The Conference adopted this Recommendation by a roll-call vote of 81 to 9, with 25 abstentions:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Ceylon, Chad, Chile, China, Colombia, Congo (Leopoldville), Costa Rica, Cuba, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Holy See, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Belgium, Canada, Federal Republic of Germany, Italy, Japan, Netherlands, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Bulgaria, Byelorussian Soviet Socialist Republic, Central African Republic, Czechoslovakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Liechtenstein, Luxembourg, Monaco, Mongolia, New Zealand, Norway, Poland, Portugal, San Marino, South Africa, Sweden, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

on tying of credits to specific projects and to purchases from the countries providing the capital,

Agreeing that these stipulations and conditions can produce a serious strain on the balance of payments of developing countries and often cause delay and difficulty in the implementation of projects,

Aware that recent studies of the present and prospective external debt situation of the developing countries have drawn attention to the difficulties for a number of these countries in meeting debt service payments,

Hopeful that efforts will continue to be made to give greater continuity to bilateral aid programmes,

Mindful that, as a prerequisite, developing countries should have properly drawn development plans, with targets and time limits covering all aspects of their economy, and an adequate portfolio of projects, that they should develop adequate national credit and financing institutions and appropriate machineries for processing loans and financial assistance, and that they should ensure an implementation machinery,

Recommends that donor countries, in framing their policies, should endeavour to meet the following objectives, to secure more meaningful and progressive financial co-operation with developing countries and ensure greater efficiency in aid programmes:

I. *Repayment of loans*

1. Some part of repayment of loans may be accepted in national currencies of the debtor countries, either through bilateral or regional arrangements, through payments' unions, credit insurance arrangements or other appropriate measures;

2. Repayments should be spread over a considerably long period which should normally be not less than twenty years, and with a certain grace period, taking into account the specific nature of goods. Existing loans should, where necessary, be mutually re-studied and revised with a view to consolidation and re-negotiation, where the economic condition of a recipient country so justifies it;

3. As far as possible, aid should be a blend of grants and loans. Interest rates for development loans should take into account the repayment capacity of the borrowing country. Endeavour should be made that they should not normally exceed 3 per cent and, where this is not feasible, waivers of interest should be considered to meet this objective. In cases where necessary and justified, wherever they are in excess of this figure, they should be re-negotiated to bring them down to a reasonable level;

4. Inasmuch as aid and trade should be co-ordinated, and where loans are repayable in convertible currencies and are tied to purchases in donor countries, ways and means should be devised both in centrally planned economies, where some such arrangements already exist, and in free market economies, for the repayment of such loans in mutually determined commodities and manufactures produced by the

debtor country. For this purpose, it is suggested that an expert group of industrialized and developing countries should be constituted by the Secretary-General of the United Nations to work out the mechanism of such procedures, or devise means to mitigate the difficulties of developing countries in this regard. Arrangements for deliveries on credit of capital equipment on conditions of repayment from resultant production or through goods produced by recipient countries, could also be considered in appropriate cases and under suitable conditions;

II. *Utilization of loans*

5. As far as possible, development loans should not be tied to particular projects and, where this becomes unavoidable, for reasons of over-all managerial and technical assistance or bilateral association in some specific cases, or due to special credit terms or acute balance-of-payment difficulties in donor countries, necessary care should be taken that loans for infra-structure and social schemes such as education, public health and community development should nonetheless be of a particularly "soft" nature;

6. Loans for purchase of capital equipment or non-project assistance, should not ordinarily be tied to purchases in donor countries and, keeping in view the desirability of flexibility to developing countries in the procurement policies, should be available for use in best markets and, particularly, in the markets of recipient and other developing countries. In any case, they should be available for purchases in countries with convertible currencies. Moreover, in all cases of tied loans where the recipient country can show that the required equipment and goods are available at cheaper rates or better terms elsewhere, the Governments should intervene either to bring down prices and regulate conditions of supply or, where this is not feasible, to transfer the funds for other purchases in donor countries at competitive rates or, failing that, to release them for free purchase in the best market from the point of view of the recipient country;

7. Where development loans are unavoidably tied to projects, regard should be had to the fact that some developing countries are not always able to provide the counterpart local currency requirements for implementation of a project and that a number of projects give rise to additional indirect foreign exchange requirements. In such cases, the loans should be devised, directly or indirectly, to cover substantially more than the foreign exchange component of the project;

III. *Removal of restrictions*

8. Recipient countries should not be compelled to use the shipping of a lending country for the transportation of goods purchased under loans and aid advanced by that country;

9. Recipient countries should not be compelled to insure goods purchased under loans and aid

advanced by a donor country with the insurance companies of that country;

IV. *Appraisal procedures*

10. Appraisal procedures for assessing requests for loans, both for general plans or specific projects, should be simplified to the greatest possible extent, and the present arrangements, which tend to be dilatory, should be studied by donor and recipient countries so that they should be improved with a view to simplification and expedition, while ensuring proper examination;

V. *Co-ordination of aid and of aid and trade*

11. The International Bank for Reconstruction and Development in the light of its experience in relation to countries for which there are consortia and consultative groups or other appropriate bodies under the aegis of the United Nations, should be encouraged, at the request of developing countries concerned, and where appropriate, to co-ordinate aid in respect of individual countries or groups of countries, through consortia or regional or other suitable institutions, where they exist. These bodies should, at suitable regular intervals, review the implementation of the above recommendations with a view to persuading all countries concerned to securing the full achievement of the above guidelines and objectives, in particular, the establishment of more consistent terms and conditions and joint action, with a view to liberalizing procurement procedures;

12. To ensure better co-ordination between trade and aid, it is recommended that governments of both aid-giving and aid-receiving countries should have at their disposal adequate co-ordination machinery for arriving at mutually consistent and constructive decisions and adequate information on which to base policy decisions concerning the issues. For this purpose, studies and surveys evaluating progress in adapting aid to trade needs should periodically be made;

13. Provision of technical assistance and training facilities, along with capital aid, should be tailored to promote co-ordination of aid and to combine public financing with the provision of the necessary skills so as to enable the recipients to obtain the best results from the goods purchased by them.

Annex A.IV.5

PROBLEM OF DEBT SERVICE IN DEVELOPING COUNTRIES⁵⁷

The Conference,

Taking note of the problem of servicing of external debt for many developing countries and keeping in view their external capital requirements, in future,

⁵⁷ The Conference adopted this Recommendation by 109 votes to none, with 11 abstentions.

⁵⁸ The Conference adopted this Recommendation by a roll-call vote of 61 to 2, with 54 abstentions:

In favour: Afghanistan, Algeria, Bolivia, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Came-

Recommends that:

1. Competent United Nations bodies and/or other international financial institutions should stand ready, at the request of any developing country, to review, in co-operation with the creditor countries concerned, the external indebtedness of the developing country concerned, where appropriate, with a view to securing agreement, if necessary, on the re-scheduling or consolidation of debt, with appropriate periods of grace and amortization and reasonable rates of interest;

2. In this connexion, debtor countries should take all possible measures to bring their balance of payments under control and to meet their obligations as they fall due;

3. The international financial agencies should consider the possibilities of adapting their organizations and procedures with a view to improving the terms of their transactions, keeping in view the particular problems of developing countries;

4. The resources available to the International Development Association should be enlarged to provide assistance to developing countries on terms with a minimal burden of debt service. For this purpose, possibilities should be explored of:

(a) Transfer to the International Development Association of a reasonable portion of the net earnings of the International Bank for Reconstruction and Development at the end of each fiscal year;

(b) Contributions on a continuing basis to the resources of the International Development Association by the member Governments to the maximum extent possible.

Annex A.IV.6

NON-FINANCIAL CREDIT ARRANGEMENTS FOR THE DELIVERY OF CAPITAL GOODS⁵⁸

The Conference recommends that, in establishing new production units in developing countries owned by them from the outset, credit arrangements for the financing of capital equipment and technical co-operation could be based on the concept of remuneration by means of goods produced by the unit concerned,

roon, Central African Republic, Ceylon, Chad, Cuba, Cyprus, Czechoslovakia, Dominican Republic, Eihiochia, Ghana, Greece, Guinea, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Niger, Nigeria, Pakistan, Philippines, Poland, Romania, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Yemen, Yugoslavia.

Against: Panama, United States of America.

Abstaining: Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Congo (Leopoldville), Costa Rica, Dahomey, Denmark, Ecuador, El Salvador, Federal Republic of Germany, Finland, France, Gabon, Guatemala, Haiti, Holy See, Honduras, Iceland, Ireland, Italy, Ivory Coast, Japan, Liechtenstein, Luxembourg, Madagascar, Malaysia, Monaco, Netherlands, New Zealand, Nicaragua, Norway, Paraguay, Peru, Portugal, Republic of Korea, Republic of Viet-Nam, Rwanda, San Marino, South Africa, Spain, Sweden, Switzerland, Thailand, Togo, Turkey, United Kingdom of Great Britain and Northern Ireland, Uruguay, Venezuela.

or in other products of developing countries, as appropriate.

It is understood that the prices of the delivered capital equipment, as well as the prices of the products to be reimbursed, should be settled at world market prices for similar capital equipment and products. The products to be reimbursed should not be re-exported unless with the consent of the parties to the agreement.

The delivered capital equipment should correspond to the technical level of similar capital equipment in international trade.

Annex A.IV.7

UNITED NATIONS CAPITAL DEVELOPMENT FUND⁵⁹

The Conference,

While noting the hopeful initiatives that have been proposed for extending the scope of the United Nations activity in development finance,

1. *Recommends* that the United Nations Capital Development Fund should start its operations at an early date to finance on favourable terms in all developing countries, especially in countries at an earlier stage of development, national and regional development plans, programmes and projects, particularly in the field of industrialization.

2. The resources of the United Nations Capital Development Fund should be derived from voluntary contributions.

Annex A.IV.8

GRADUAL TRANSFORMATION OF THE UNITED NATIONS SPECIAL FUND⁶⁰

Referring to the note by the Secretary-General of the United Nations entitled "Transformation of the Special Fund into a United Nations Capital Development Fund: A study of the practical steps involved",⁶¹

Considering the objective of channelling more development assistance through the framework of the United Nations,

Considering that, if and when a merger between the Expanded Programme of Technical Assistance and the Special Fund is decided, such a merger may result in:

- (a) Increased total resources being made available for development purposes;
- (b) Greater administrative efficiency and better utilization of resources,

Believing that it would be appropriate to consider an extension of the terms of reference of the Special Fund into the field of investment proper in accordance with General Assembly resolution 1936 (XVIII),

1. *The Conference recommends* to the Governing Council of the Special Fund that it continue to give consideration to:

- (a) Enlarging its activities in assisting governments, which so request, to find the necessary financing to implement the recommendations of Special Fund pre-investment surveys; and
- (b) Broadening its criteria so as to include increased financing of demonstration projects, thereby playing an effective role as a bridge between pre-investment and capital investment;

2. *The Conference recommends* to the Governments participating in the Conference to take, in the light of paragraph 1 above, a constructive attitude to a gradual transformation of the United Nations Special Fund, so as to include not only pre-investment but also investment proper, as referred to in General Assembly resolutions 1219 (XII), section III and 1936 (XVIII), as additional resources become available;

3. *The Conference recommends* that the Fund should be authorized to accept additional contributions for the purpose of following up its pre-investment activities, provided that the Governing Council

⁵⁹ The Conference adopted this Recommendation by a roll-call vote of 90 to 10, with 16 abstentions:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Leopoldville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Australia, Belgium, Canada, Federal Republic of Germany, France, Japan, Luxembourg, Monaco, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Denmark, Finland, Iceland, Ireland, Italy, Liechtenstein, Netherlands, New Zealand, Norway, Portugal, San Marino, South Africa, Sweden, Switzerland, Thailand.

⁶⁰ The Conference adopted this Recommendation by a roll-call vote of 89 to 5, with 22 abstentions:

In favour: Afghanistan, Algeria, Argentina, Austria, Bolivia, Brazil, Burma, Burundi, Cambodia, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, Iceland, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Sweden, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Australia, Canada, Federal Republic of Germany, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Cuba, Czechoslovakia, France, Holy See, Hungary, Ireland, Japan, Liechtenstein, Luxembourg, Monaco, Mongolia, Poland, Portugal, San Marino, South Africa, Switzerland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

⁶¹ See Vol. V.

of the Special Fund is satisfied that such expenditure for this purpose will not unfavourably affect Special Fund financing of pre-investment needs;

4. *The Conference also recommends* that particular emphasis be placed on: (a) the channelling of any investment resources, which the Special Fund may have at its disposal as a result of action taken in conformity with paragraphs 2 and 3 above, to areas not adequately covered by other capital supplying facilities; and (b) ensuring that action taken under these paragraphs would not unfavourably affect Special Fund financing of pre-investment needs.

Annex A.IV.9

CREATION OF A REGIONAL DEVELOPMENT FUND ⁶²

The Conference,

Realizing that sustained development in the developing countries is not possible from the indigenous resources alone of these countries,

Recognizing that present forms of aid to developing countries are inadequate in scale, scope and consistency to meet the long-term needs of the developing countries,

Taking note of the aid being given to developing countries by many of the developed countries,

Requests the Secretary-General of the United Nations Conference on Trade and Development to convene a committee of experts:

1. To study in consultation with the appropriate agencies operating in the same field:

(a) The feasibility of establishing a fund, where appropriate, for aid to developing countries for the purpose of financing long-term capital projects with particular emphasis on regional and/or sub-regional development projects, without prejudice to bilateral arrangements;

(b) The possibility of utilizing suitable regional agencies engaged in development financing in the operating of such a fund;

2. To work out, if found necessary, a suitable scheme on the lines of the study proposed in paragraph 1 above;

⁶² The Conference adopted this Recommendation by a roll-call vote of 78 to 11, with 27 abstentions:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Holy See, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

3. To report to the General Assembly at its twentieth session or earlier.

Annex A.IV.10

REGIONAL DEVELOPMENT ⁶³

The Conference,

Believing that development on a regional basis can be of material help in enabling developing countries to obtain the benefits of economies of scale for efficient production, marketing, research and trade generally,

1. *Urges* that a proportion of assistance be provided to developing countries, where possible and appropriate, through, or in association with, regional bodies such as the Inter-American Development Bank and the African Development Bank;

2. *Recommends* that the Secretary-General of the United Nations, in consultation with the President of the International Bank for Reconstruction and Development, regional economic commissions, regional development banks and other appropriate regional bodies, be asked to study the problems of regional development and report to the General Assembly of the United Nations at its twentieth session.

Annex A.IV.11

SCHEME FOR INCREASING CAPITAL FLOWS TO DEVELOPING COUNTRIES THROUGH AN INTEREST EQUALIZATION FUND ⁶⁴

The Conference,

After having considered and discussed the proposal by Israel ⁶⁵ for financing economic development,

1. *Expresses its strong interest* in this proposal;

2. *Recommends* that a further study be made by the International Bank for Reconstruction and Development covering all aspects of the proposal, taking into account the points and observations made during the discussion in the Third Committee;

3. *Requests* the International Bank for Reconstruction and Development to submit the aforementioned study, if possible by September 1964, to the United Nations.

Against: Australia, Belgium, Canada, Federal Republic of Germany, Japan, Luxembourg, Netherlands, Portugal, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Bulgaria, Byelorussian Soviet Socialist Republic, China, Cuba, Czechoslovakia, Denmark, Finland, France, Greece, Hungary, Iceland, Ireland, Italy, Liechtenstein, Monaco, Mongolia, New Zealand, Norway, Poland, San Marino, South Africa, Spain, Sweden, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

⁶³ The Conference adopted this Recommendation without dissent.

⁶⁴ The Conference adopted this Recommendation by 97 votes to none, with 12 abstentions.

⁶⁵ E/CONF.46/C.3/2 and C.3/L.5/Rev.1.

Annex A.IV.12

PROMOTION OF PRIVATE FOREIGN INVESTMENT IN DEVELOPING COUNTRIES ⁶⁶*The Conference,*

Recalling that the United Nations General Assembly, by its resolution 1710 (XVI) designating the nineteen-sixties as the "United Nations Development Decade", called upon its Member States:

"To adopt measures which will stimulate the flow of private investment capital for the economic development of the developing countries, on terms that are satisfactory both to the capital-exporting countries and the capital-importing countries",

Aware that, since the beginning of the Decade, the flow of private capital to developing countries, instead of increasing, has substantially declined,

Recognizing the contribution of direct private foreign investment to the economic diversification and development of private-capital-importing developing countries,

Agreeing that the supply of sustained and substantial international public aid contributes to the opening up of opportunities of investment and the generation of a favourable climate for the flow of international private capital to these countries,

Aware that foreign private investment brings technical know-how and managerial skill,

Recommends the following sets of measures and actions in accordance with General Assembly resolution 1710 (XVI):

A. *Action by Governments of developed countries and international institutions to promote the flow of private capital to developing countries*

1. The Governments of capital-exporting developed countries should avoid measures preventing or limiting the flow of capital from such countries to developing countries, and should take all appropriate steps to encourage the flow of private investments to developing countries, such as tax exemption or reductions, giving investment guarantees to private investors investing in developing countries, and by facilitating the training of managerial and technical staff;

2. The International Finance Corporation should examine the possibility of expanding its investment activities, including the use of its borrowing power, under Article III, section 6 (i) of its Articles of Agreement. ⁶⁷

⁶⁶ The Conference adopted this Recommendation by 94 votes to 1, with 22 abstentions.

⁶⁷ "In addition to the operations specified elsewhere in this Agreement, the Corporation shall have power to:

"(i) borrow funds, and in that connection to furnish such collateral or other security therefor as it shall determine; provided, however, that before making a public sale of its obligations in the markets of a member, the Corporation shall have obtained the approval of that member and of the member in whose currency the obligations are to be denominated."

(International Finance Corporation, *Articles of Agreement*, Washington, D.C., 20 July, 1956, p. 8.)

B. *Action by developing countries*

3. *The Conference recommends* the private-capital-importing developing countries to take all appropriate steps to provide favourable conditions for direct private investment. The Conference further recommends developing countries to set up investment bureaux and investment advisory services and to establish and strengthen credit institutions and development banks and to determine and publicize the areas of investment, manner of investment and investment policy.

C. *Provision of information on investment opportunities*

The Conference

4. *Recommends* to the developing countries, in co-operation with appropriate bodies of the United Nations and the Governments and suitable organizations such as federations and chambers of commerce and industries in the industrialized countries, to endeavour to establish information centres in capital markets and adopt other suitable means to supply all the necessary information about investment conditions, regulations and opportunities in the developing countries;

5. *Requests* appropriate bodies of the United Nations and Governments of developed countries to consider assisting the developing countries, on their request, through financial and technical assistance in establishing local agencies with a view to enabling these agencies:

(a) To provide to private investors, both domestic and foreign, information on foreign sources of finance;

(b) To furnish to private investors, both domestic and foreign, full information as regards the areas of industrial activity open to foreign enterprise and the fiscal and other facilities and incentives, and to give all the assistance necessary for the pre-investment and preliminary planning activities, and preparation and presentation of projects, reports and feasibility studies;

(c) To keep ready and make available feasibility reports and a portfolio of projects and fields of investment for consideration and use of private investors.

D. *Action by investors*

6. *The Conference recommends* that foreign private investment, based upon respect for the sovereignty of the host country, should co-operate with local initiative and capital, rely as far as possible on existing resources in developing countries, and should work within the framework and objectives of the development plans with a view to supplying domestic markets and, in particular, expanding exports. The Conference expects that foreign private investment will recognize the desirability of re-investment of profits in the developing countries concerned, as far

as possible, availability of "know-how" to nationals of developing countries and training and employment opportunities to nationals of host countries and other corresponding measures.

E. Studies

7. *The Conference requests* the International Bank for Reconstruction and Development to expedite its studies on investment insurance, in consultation with Governments in both developing and developed countries, and submit, by September 1965 at the latest, the result of its studies and consultations to the United Nations.

8. The Conference understands that the International Bank for Reconstruction and Development is examining the question of the establishment of machinery for settlement of investment disputes. *The Conference requests* the International Bank for Reconstruction and Development to submit the result of its studies and consultations to the United Nations.

9. *The Conference invites* the International Bank for Reconstruction and Development to include in its studies the problem of guarantees to the securities that the private enterprise or public institutions of a developing country may wish to float in the capital markets of the developed countries.

10. *The Conference requests* the Secretary-General of the United Nations to arrange full further studies in consultation with all concerned as may be required to cover all aspects of foreign private investment in order to enable the fulfilment of the objective embodied in the resolution of the General Assembly referred to in the Preamble to this Recommendation, keeping in view the measures and actions recommended above.

Annex A.IV.13

NEEDS OF THE PUBLIC SECTOR IN THE TRANSFER OF EXTERNAL RESOURCES TO DEVELOPING COUNTRIES ⁶⁸

The Conference

1. *Recognizes* that the public sector in developing countries plays a significant role in the economic structure of these countries;

2. *Is aware* that the public sector in developing countries can contribute to accelerating the diversification of their economy, through the industrialization and agricultural development, leading to the promotion of the exports of manufactures and semi-manufactures;

3. *Expresses the view* that the participation of the public sector should be envisaged within the frame-

⁶⁸ The Conference adopted this Recommendation by 117 votes to 1, with 1 abstention.

work of the economic development plans of developing countries;

4. *Recommends* the following principles:

I. Governments of developed countries should take appropriate account of the needs of the public sector in developing countries, in particular:

(a) By not discriminating between enterprises of the public sector and private enterprises, with regard to the financial and commercial treatment;

(b) By giving technical assistance to enterprises and institutions of the public sector of developing countries on an equal basis to that granted to the private sector;

(c) By creating for their enterprises favourable conditions for industrial and agricultural co-operation with enterprises of the public sector of developing countries, in matters relating to licences, purchase of spare parts, semi-manufactures, intermediate products, etc., from the developing countries and to other forms of joint efforts resulting in industrial and trade progress in developing countries;

II. International institutions, agencies, bodies, etc., and in particular financial institutions, should endeavour to assist without discrimination the public sector of developing countries in accordance with the development plans of these countries.

Annex A.IV.14

SUPPLIERS' CREDITS AND CREDIT INSURANCE IN DEVELOPED AND DEVELOPING COUNTRIES ⁶⁹

The Conference,

Having in mind the number and importance of the questions relating to credit and credit insurance which have been raised both by developing and developed countries and the variety of proposals put forward for action in this field,

Recommends that the International Bank for Reconstruction and Development should be invited:

1. To make a study of the use (actual and potential) and terms of suppliers' credits and credit insurance, including rediscounting arrangements:

(a) For financing exports from developed to developing countries, taking account of the capacity of the latter to repay and of other effects on their economies and balance of payments;

(b) As regards their effects on competition between the exports of developing and developed countries, as well as between the developed countries;

(c) As a means of financing trade between the developing countries;

⁶⁹ The Conference adopted this Recommendation without dissent.

2. To take account, in so doing, of the relevant observations, recommendations and suggestions submitted to the Conference, including those in the draft recommendation by Spain and Tunisia annexed hereto;

3. To identify the difficulties which arise or may arise, in particular as regards debt service, and to consider possible solutions;

4. To submit the study to the United Nations at the earliest possible date together with any appropriate recommendations.

Appendix

TEXT OF THE DRAFT RECOMMENDATION PROPOSED BY SPAIN AND TUNISIA ⁷⁰

I

With a view to adapting suppliers' credits to the circumstances and requirements of the developing countries, *the Conference recommends* that:

1. The International Bank for Reconstruction and Development should study the establishment of a multilateral inter-governmental credit insurance institution, taking into account the practice and experience of the national credit insurance systems operating in certain developed countries;

2. The object of the institution should be to cover risks incurred in respect of suppliers' credits by guaranteeing insurance and re-insurance for the supplier granting credit;

3. The institution should also, insofar as possible, be prepared to extend its financial assistance beyond the coverage of the risks referred to in paragraph 2 above, with a view to reducing the costs incurred by the developing countries for the use of suppliers' credits;

4. The developed countries should furnish the developing countries with the most extensive technical assistance possible in regard to exports, in order to help those countries:

(a) To establish, promote and expand, at the national or regional level, credit insurance organizations to promote external trade through guarantees designed to reduce risks, especially the credit risks which such trade involves;

(b) To set up or improve their machinery for financing exports (external trade banks, rediscounting institutions, etc.).

II

Considering that one of the most effective forms of assistance is the promotion of exports, especially of manufactures and semi-manufactures, from developing countries,

⁷⁰ This Recommendation was submitted to the Third Committee by Spain and Tunisia, but no vote was taken on it. Para. 4 (a) was slightly amended by the addition of the words "promote and expand".

⁷¹ The Conference adopted this Recommendation by a roll-call vote of 82 to 8, with 25 abstentions:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Holy See, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Republic of Vietnam, Romania, Rwanda, Saudi-Arabia, Senegal, Sierra Leone,

Considering that in order to export such goods, those countries not only have to meet competitive qualities and prices, but also have to offer terms of sale (deferred payment, credit to purchasers, etc.) similar to those offered by industrialized countries—which is often beyond their means,

The Conference recommends:

5. That existing international finance organizations undertake the study of the measures to be taken to enable developing countries to gain access to world markets on credit terms comparable to those of industrialized countries;

6. That, to that end, the possibility should be studied of enabling commercial drafts relating to export operations of developing countries, duly endorsed by the central bank or by any body offering adequate safeguards, to be rediscounted at a reasonable interest rate.

Annex A.IV.15

SCHEME FOR LOWERING THE INTEREST COST OF LOANS TO DEVELOPING COUNTRIES BY MEANS OF AN INTEREST REBATE FUND ⁷¹

The Conference expresses interest in the proposal of Senegal⁷² on the establishment of an "interest rebate fund" for the purpose of reducing, by compensatory payments, the rate of interest on loans and credits which are of primary economic importance for the expansion of the developing countries.

The Conference recommends that the proposal be studied by an international agency to be designated by the United Nations Secretariat.

The Conference requests that the study:

(a) Should take into account the comments and observations to which the proposal has given rise in the Third Committee;

(b) Should be submitted to the United Nations as soon as possible.

Annex A.IV.16

SCHEME FOR INVESTIGATING THE FINANCING OF MARKETING OF PRIMARY PRODUCTS FROM DEVELOPING COUNTRIES ⁷³

The Conference,

Taking into account that it is advisable to study the improvement of existing trade practices and systems in the developing countries with particular reference

Spain, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Belgium, Canada, Federal Republic of Germany, Japan, Liechtenstein, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Bulgaria, Byelorussian Soviet Socialist Republic, Cuba, Czechoslovakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Italy, Luxembourg, Mongolia, Norway, Poland, Portugal, San Marino, South Africa, Sweden, Switzerland, Thailand, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

⁷² E/CONF. 46/C. 3/L. 14.

⁷³ The Conference adopted this Recommendation by 102 votes to none, with 13 abstentions.

to the financing of external marketing of main primary products and raw materials, with a view to ensuring that producing countries share equitably in the final prices paid for their main export products,

Recommends the organ that may be set up as a result of this Conference, in consultation with the appropriate international organizations, to undertake a study of the systems of financing the export marketing of main primary commodities in order to reveal the factors determining the share of the producing countries in the final prices paid for those products in the developed countries.

Annex A.IV.17

STUDY OF MEASURES RELATED TO THE COMPENSATORY CREDIT SYSTEM OF THE INTERNATIONAL MONETARY FUND ⁷⁴

The Conference,

Considering that the compensatory credit system put into operation by the International Monetary Fund since February 1963 constitutes a definite step towards the solution of short-term financing problems,

Considering that, in view of the short-term needs of developing countries derived from fluctuations in their export receipts, this system should be reviewed,

1. *Recommends* that Governments members of the International Monetary Fund study the following measures:

(1) To increase, as soon as possible, the amount allocated by the Fund to compensatory financing, over and above its current transactions, from 25 per cent to 50 per cent of a member country's quota;

(2) To place compensatory credits entirely outside the structure of the gold and successive credit tranches, so that the drawing of compensatory credits would not directly or indirectly prejudice a member's ability to make an ordinary drawing;

(3) To explore ways to secure possible refinancing of compensatory financing obligations of the developing countries in the event of a persistent shortfall in export receipts beyond the control of the country affected.

2. *Requests* that the International Monetary Fund, in its determination of the shortfall in export receipts, consider giving greater weight to the actual experience of the three preceding years.

Annex A.IV.18

SUPPLEMENTARY FINANCIAL MEASURES ⁷⁵

A

The Conference,

Recognizing that adverse movements in the export proceeds of developing countries can be disruptive of

⁷⁴ The Conference adopted this Recommendation without dissent.

⁷⁵ The Conference adopted this Recommendation by 106 votes to none, with 10 abstentions.

development, and *noting* that the International Monetary Fund (IMF) can make available balance-of-payments support to help meet the short-term effects of shortfalls in export proceeds,

Recommends that the International Bank for Reconstruction and Development be invited to study the feasibility of a scheme with the objective set forth in section I below and based on the principles set forth in section II below, and, if appropriate, to work out such a scheme.

I. Objective

1. The new scheme should aim to deal with problems arising from adverse movements in export proceeds which prove to be of a nature or duration which cannot adequately be dealt with by short-term balance-of-payments support. Its purpose should be to provide longer term assistance to developing countries which would help them to avoid disruption of their development programmes.

II. Principles

2. The scheme should be provided with resources by contributions from participating countries, shared between them on an equitable basis.

3. Developing countries only should be eligible for assistance from the scheme; such assistance should be on concessional and flexible terms.

4. The scheme should normally be applicable after a developing country had had recourse to the International Monetary Fund, under its compensatory financing facility, and it had been possible to make a full assessment of the nature, duration and implications of any adverse movement in the export proceeds of the developing country concerned.

5. An adverse movement for the purposes of the scheme should be regarded as a shortfall from reasonable expectations (see Note 1 below) of the level of export proceeds (including, in appropriate cases, invisible exports).

6. A *prima facie* case for assistance from the scheme should be established by reference to shortfalls from reasonable expectations and to their nature and duration (see Note 2).

7. Once a *prima facie* case has been established there should be an examination, under the International Development Association, of all relevant economic circumstances (see Note 3) in order to assess how far assistance from the scheme would be required and justified in order to help avoid disruption of development programmes. Subject to these points, assistance could cover a substantial proportion of a shortfall from reasonable expectations.

8. Resources for the scheme, which would be administered under the International Development Association, should be in the form of additional commitments, prescribed in advance, for contributions to the Association; all the major Part I member countries of the Association should contribute.

NOTES

Note 1. To the extent that these could be prescribed in advance they could be taken account of by developing countries for planning purposes.

Note 2. The following are offered as illustrative circumstances which might constitute a *prima facie* case for assistance from the scheme to a developing country:

(i) If, following an IMF drawing in one year under its special compensatory financing facility, exports fall significantly below reasonable expectations in the second or third year.

(ii) If, when the IMF drawings were due to be repaid, exports had not recovered sufficiently for this to be possible without disruption of development.

(iii) If there were a significant shortfall in exports which the IMF adjudged at the outset to be other than of a short-term nature and the IMF had decided that it would be inappropriate for it to provide temporary balance-of-payments support.

Note 3. Among other matters, these would include adverse effects from significant rises in import prices.

B

The Conference also recommends that the continuing machinery recommended by this Conference be invited to study and organize further discussion of the following concepts and proposals for financing put forward by the delegations of the developing countries at the Conference:

1. That a fund be set up, financed by contributions from developed countries, as required, and administered by an appropriate agency of the United Nations;

2. That only developing countries should be eligible to draw from the Fund;

3. That disbursements should be in the form of non-reimbursable transfers and/or contingent loans on concessional terms;

4. That the criteria used in deciding upon claims should be as objective as possible and should include the following:

(a) The effect of shortfalls in export earnings and the adverse movements in the terms of trade;

(b) The effect on the country's development programme;

5. That to complement this longer term approach, facilities be provided for interim financing, when warranted, to assist the developing countries concerned while the longer term problem is being assessed.

* The Conference adopted this Recommendation by a roll-call vote of 87 to 11, with 17 abstentions:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Leopoldville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic

Annex A.IV.19

INTERNATIONAL MONETARY ISSUES ⁷⁶*The Conference,*

Considering that it is necessary to make provision for adequate study of international monetary issues relating to problems of trade and development with special reference to the objectives and decisions of this Conference; that studies of the future of the international monetary system should not be carried out in isolation from the examination of new trade policies; that it is necessary to ensure that any decisions reached on future organization of international monetary relationships should be made fully consistent with the purposes of the present Conference, and that any arrangements for the solution of the currency problems of the major trading countries should take fully into account the needs of developing nations;

Considering, at the same time, that new problems are raised in connexion with programmes for liberalizing trade among developing countries and that further study is needed of the possibility of payments arrangements for developing countries on both a regional and an extra-regional basis that might facilitate such liberalization,

Recommends that:

1. The Secretary-General of the Conference take, in the light of the studies under way and after consultation with the appropriate international institutions, steps to convene a group of experts, with a knowledge and experience of the problems of developing countries and industrialized countries, to consider the international monetary issues relating to problems of trade and development with special reference to the objectives and decisions of this Conference, and devoting particular attention to the needs of the developing countries in their trade with one another and the rest of the world;

2. Governments participating in the Conference should be invited to submit any reports or observations they would consider to be of relevance to the work of the group;

3. The group should consult with the International Monetary Fund and other international and regional financial and monetary institutions;

4. The findings of the group should be transmitted to the first meeting of the Trade and Development Board of the Conference, or its equivalent, as

of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Australia, Belgium, Canada, Federal Republic of Germany, France, Luxembourg, Monaco, Netherlands, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, China, Denmark, Finland, Holy See, Iceland, Ireland, Italy, Japan, Liechtenstein, Norway, Portugal, San Marino, South Africa, Spain, Sweden, Thailand.

well as to the General Assembly of the United Nations and to the international and regional monetary organizations.

Annex A.IV.20

PARTICIPATION OF DEVELOPING COUNTRIES IN THE ACTIVITIES OF THE INTERNATIONAL FINANCIAL AND MONETARY INSTITUTIONS ⁷⁷

The Conference recommends that the international financial and monetary agencies, in pursuing the policy of aiming at the highest possible efficiency, further explore ways and means to increase the participation of nationals of the developing countries in the process of policy formulation through the employment of qualified experts on their senior staff.

Annex A.IV.21

SHIPPING QUESTIONS ⁷⁸

The Conference recommends that appropriate inter-governmental procedures, including any committee that might be deemed necessary, be established under the United Nations system, or as part of the institutional system that might be set up under the United Nations Conference on Trade and Development, to promote understanding and co-operation in the field of shipping, and to study and report on economic aspects of shipping that might be referred to it.

Annex A.IV.22

COMMON MEASURE OF UNDERSTANDING ON SHIPPING QUESTIONS ⁷⁹

The Conference agreed that:

1. The Liner Conference system is necessary in order to secure stable rates and regular services. However, in order that the system might function properly, it is necessary that there should be close co-operation between shippers and the conferences. As an initial step, a well-organized consultation machinery should be established, with adequate procedures for hearing and remedying complaints, by the formation of shippers' councils or other suitable bodies on a national and regional basis. It was noted that action has already been taken in some countries on these lines and that the experience thus gained would offer a useful model for other countries

⁷⁷ The Conference adopted this Recommendation without dissent.

⁷⁸ The Conference adopted this Recommendation without dissent.

⁷⁹ The Conference adopted this Recommendation without dissent.

to consider. The following matters, which may need consideration, could be raised within such machinery:

(a) Publication by conferences of their tariffs and regulations;

(b) Increases in conference freight rates, levy of surcharges, etc., giving of reasonable advance notice in this regard;

(c) The terms of dual rate and deferred rebate agreements;

(d) Effective representation of conferences in major ports of developing countries where appropriate;

(e) The adequacy of shipping services in the trades concerned;

(f) Action to be undertaken in order to improve and promote exports of developing countries and, in particular, intra-regional trade;

(g) Rationalization of routes and freights, established or to be established in accordance with the national characteristics of production, marketing and development requirements.

2. The costs of inland transport and cargo handling costs in ports (including the cost of ships' time spent in port) in many cases represent a substantial percentage of total transportation costs of international shipments. There are possibilities of reducing the total cost of transportation by improving port facilities and in the establishment of new facilities. All countries should therefore give priority to improvement of port operation and of connected inland transport facilities. Greater efforts should be made in providing for the aforesaid purposes and to this end international financing and aid and technical assistance be made available on favourable terms and conditions.

3. It was considered that the development of merchant marines in developing countries, as well as their participation in Liner Conferences as full members on equitable terms, is to be welcomed. The question of development of merchant marines by developing countries should be decided by such countries on the basis of sound economic criteria.

* * *

4. While accepting the above Common Measure of Understanding, the sponsor and supporters of the draft recommendation by Sweden (E/CONF.46/C.3/L.29) declared that they maintained their views as expressed in the aforesaid document and reserved their rights. The supporters were: Belgium, Denmark, Finland, France, Federal Republic of Germany, Greece,⁸⁰ Iceland, Ireland, Italy, Japan, Netherlands, Norway, Spain,⁸⁰ Switzerland, United Kingdom of Great Britain and Northern Ireland and the United States of America.⁸⁰

⁸⁰ For reservations or explanations made by the representatives of Greece, Spain, United States of America and Australia, respectively, see report of the Working Party on Shipping annexed to the report of the Third Committee (See Report of the Conference, Annex F, appendix II, paras. 52-55).

5. Similarly, while accepting the above Common Measure of Understanding, the sponsors and supporters of the draft recommendation by Argentina, Bolivia, Brazil, Burma, Ceylon, Chile, Colombia, Dominican Republic, Ecuador, Ethiopia, Ghana, Guatemala, Haiti, India, Iran, Indonesia, Ivory Coast, Jamaica, Liberia, Malaysia, Mexico, Morocco, Nigeria, Peru, Philippines, Sierra Leone, Trinidad and Tobago, Uganda, United Arab Republic, Uruguay, Venezuela and Yugoslavia (E/CONF.46/C.3/L.27 and Add. 1, as amended by E/CONF.46/C.3/L.31 and E/CONF.46/C.3/L.38) declared that they maintained their views as expressed in the aforesaid document and reserved their rights. The supporters were: Australia,⁸⁰ Bulgaria, Cuba, Czechoslovakia, Greece,⁸⁰ Hungary, Israel, Republic of Korea, Pakistan, Poland, Romania, Spain,⁸⁰ Thailand, Turkey and the Union of Soviet Socialist Republics.

Annex A.IV.23

INSURANCE AND REINSURANCE⁸¹

The Conference,

Considering that the characteristics of insurance and reinsurance activities, in general, require operation on an international basis,

That it is necessary to make this international character compatible with the economic and financial interests of the developing countries,

That a sound national insurance and reinsurance market is an essential characteristic of economic growth,

That it is desirable to pool the technical surpluses retained nationally by developing countries and to redistribute them on a regional basis before they are returned to traditional reinsurance markets,

Recommends that:

1. The developed countries should give their full co-operation to the developing countries to encourage and strengthen their national insurance and reinsurance markets and should give their support to all reasonable measures which are directed to this end and to the increase of their retention capacity;

2. Developed countries should continue and increase the technical assistance and training facilities which they provide and which are required for the

sound development of national insurance and reinsurance markets in developing countries;

3. (a) Technical reserves and guarantee deposits of insurance and reinsurance companies or institutions should be invested in the country where the premium income arises;

(b) Adequate conditions of security, liquidity and income must, however, be assured;

(c) Developed countries should encourage such investment by removing all obstacles to the achievement of this aim;

4. Developing countries in which national insurance markets are sufficiently well established, after carrying out technical and financial studies, should establish regional reinsurance institutions;

5. Developed countries which provide aid to developing countries should not prescribe conditions limiting the rights of the developing countries to require insurance to be placed in the national market;

6. The competent international organizations should examine the question of the adoption of:

(a) Uniform clauses for marine, land and air transport insurance;

(b) Uniform criteria for the compilation of insurance and reinsurance statistics.

Annex A.IV.24

MEASURES FOR INCREASING THE RECEIPTS OF DEVELOPING COUNTRIES FROM TOURISM⁸²

The Conference,

Convinced that tourism is an important factor in economic development and international trade,

Recognizing that international tourism, as an important invisible export, can and does make a vital contribution to the economic growth of developing countries,

Believing that special efforts must be made by Governments, both in developed and in developing countries, and by international organizations, to help develop tourism in the developing countries,

Cognizant of the recommendations contained in the Final Report of the United Nations Conference on International Travel and Tourism,⁸³

⁸¹ The Conference adopted this Recommendation by a roll-call vote of 100 to 1, with 12 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cuba, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, Ethiopia, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Libya, Liechtenstein, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Roma-

nia, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: Belgium, El Salvador, Federal Republic of Germany, Holy See, Italy, Ivory Coast, Japan, Luxembourg, Portugal, South Africa, Sweden, Switzerland.

⁸² The Conference approved this Recommendation without dissent.

⁸³ *Official Records of the Economic and Social Council, Thirty-Sixth Session, Annexes, Agenda item 40, document E/3839.*

1. *Endorses* the considerations of the Economic and Social Council on this subject contained in resolution 995 (XXXVI);

2. *Urges* the participating Governments in the United Nations Conference on Trade and Development and members of the specialized agencies to take all necessary measures for the earliest possible implementation of the recommendations of the United Nations Conference on International Travel and Tourism 1963, both as regards the facilitation of governmental formalities for international travel, as well as the development of tourism.

The Conference recommends in particular:

A. That developed countries:

3. Grant due and appropriate financial and technical assistance in the field of tourism in the developing countries;

4. Facilitate and provide incentives for public and/or private investments in the field of tourism in the developing countries;

5. Take all steps to remove, as far as possible, or to reduce obstacles, such as currency restrictions, customs regulations, taxes or charges, which might hinder the expansion of tourism in general, and encourage the expansion of tourist traffic towards developing countries in particular;

6. Explore the possibility of setting up facilities and information centres in their principal towns in suitable premises, with a view to providing space and administrative facilities on easy terms to developing countries wishing to make use of such services for setting up tourist offices abroad;

7. Promote group travel to the developing countries by encouraging the participation of all income groups in such travel;

8. Encourage the convening of international conferences and similar events with large attendance in the developing countries;

9. Promote a co-ordinated effort of all branches of their economy interested directly or indirectly in tourism as, for instance, the hotel industry, travel agencies, transport enterprises, etc., in order to help in the development of tourism in the developing countries by investments in tourist projects, provision of services of experts, and training facilities for tourist personnel;

B. That developing countries:

10. Integrate tourism, as far as possible, in development plans or programmes;

11. Create favourable conditions for facilitating national and foreign investments in the field of tourism;

12. Participate as far as possible, on a regional or sub-regional basis, in the development of existing or potential tourist resources with the assistance of the United Nations regional economic commissions and other international organizations;

13. Promote the expansion of tourist traffic as far as possible inside the region, both as regards visitors coming from other regions as well as visitors belonging to countries of the region itself;

14. Explore the possibility of establishing research units with a view to making market research and other studies at a national level, in collaboration, where appropriate, with international organizations carrying out surveys of regional or of global interest;

15. Utilize, where appropriate, the services which the International Union of Official Travel Organizations can make available for co-ordinating requests and offers of services and the contribution it can make towards the formulation and implementation of technical assistance projects in the field of tourism;

C. That inter-governmental and non-governmental organizations concerned with granting financial and/or technical assistance, especially the United Nations, and in particular the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Special Fund, the Technical Assistance Board and other specialized agencies should, within their fields of competence:

16. Stimulate and undertake, in their respective field of competence, studies and research work (pre-investment surveys, market research, etc.) in the developing countries, aimed at the development and profitable utilization of the existing or potential tourist resources on a national, regional or sub-regional basis;

17. Consider favourably to finance, by means of grants and/or long-term loans on concessional terms, tourist industries, hotels and similar ventures, including infra-structure required for the development of tourism;

18. Grant due and appropriate priority to technical assistance projects, both national and regional, in the field of tourism;

19. Consider favourably the convening of the regular or extraordinary meetings of their organizations in the developing countries;

20. Give assistance, in appropriate manners, for the conservation, restoration, and profitable utilization of archaeological, historical, and natural sites;

D. That Governments and organizations concerned with international travel:

21. Explore the possibilities for further reductions of passenger fares which will result in the promotion of tourist travel to developing countries.

Annex A.IV.25

CONDITIONS OF ECONOMIC AND
TECHNICAL CO-OPERATION⁸⁴

The Conference recommends that:

In order to promote the more effective use of the possibilities of economic and technical co-operation, developed countries and international organizations should abide by the following principles:

(a) In granting assistance in the construction of industrial undertakings, to bear in mind the achievement of optimum economic output of individual types of products, the need to increase future production as much as possible and the marketing of goods produced by those undertakings;

(b) To do everything necessary to ensure that undertakings built with their assistance reach their designed capacity as soon as possible, by assigning, at the request of developing countries, experts and skilled operators for the initial stage of operation, and making available appropriate technical information and technological know-how relating to production techniques and most favourable conditions;

(c) In planning and constructing undertakings to make full use of local cadres and to assist in the training of skilled workers, engineers and technicians to satisfy the personnel requirements of the undertakings constructed;

(d) To make arrangements, in agreement with the developing country, for the supply, over a specific period, of spare parts, which as far as possible, should submit to international standards, or for assistance in the production of such parts within that country in order to ensure the uninterrupted operation of equipment after it has been placed in service by the undertaking under construction;

(e) To promote the establishment of national designing, construction and assembly organizations and the training of designers, builders and fitters;

(f) To make available to developing countries, at their request, information on scientific and technical advances and production experience for use in existing undertakings, and to assist those countries in the establishment of special vocational training institutions and scientific research organiza-

tions (centres) for individual branches of science and technology;

(g) To receive specialists and skilled workers from developing countries to enable them to familiarize themselves with technical advances and acquire production experience in corresponding undertakings in developed countries;

(h) To make available to developing countries, on the most favourable terms possible, technical documentation, descriptions of new technological processes and production experience for use in undertakings in those countries;

(i) At the request of developing countries, to assign specialists for consultation on questions of organization, the adoption of new technological processes and the perfecting of techniques and production methods in existing undertakings in those countries.

Annex A.IV.26

TRANSFER OF TECHNOLOGY⁸⁵

The Conference recommends that:

1. Developed countries should encourage the holders of patented and non-patented technology to facilitate the transfer of licences, know-how, technical documentation and new technology in general to developing countries, including the financing of the procurement of licences and related technology on favourable terms;

2. Developing countries should undertake appropriate legislative and administrative measures in the field of industrial technology;

3. Competent international bodies, including United Nations bodies and the Bureau of the International Union for the Protection of Industrial Property,⁸⁶ should explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, including the possibility of concluding appropriate international agreements in this field;

4. Additional facilities for information on, and for the transfer of, technical documentation and know-how should be organized within the framework of the United Nations in consultation with the appropriate international organizations.

⁸⁴ The Conference adopted this Recommendation by a roll-call vote of 89 to 1, with 24 abstentions:

In favour: Afghanistan, Algeria, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Colombia, Congo (Brazzaville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet

Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: Argentina, Australia, Austria, Belgium, Canada, Chile, Denmark, Federal Republic of Germany, Finland, France, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, Norway, Republic of Korea, San Marino, South Africa, Sweden, United Kingdom of Great Britain and Northern Ireland.

⁸⁵ The Conference adopted this Recommendation without dissent.

⁸⁶ One of the Unions administered by the United International Bureaux for the Protection of Intellectual Property.

Annex A.V.1

INSTITUTIONAL ARRANGEMENTS, METHODS AND MACHINERY TO IMPLEMENT MEASURES RELATING TO THE EXPANSION OF INTERNATIONAL TRADE ⁸⁷⁻⁸⁸

The Conference,

Convinced that sustained efforts are necessary to raise the standards of living in all countries and to accelerate the economic growth of developing countries,

Considering that international trade is an important instrument for economic development,

Recognizing that this Conference has provided a unique opportunity to make a comprehensive review of the problems of trade and of trade in relation to economic development, particularly those problems affecting the developing countries,

Convinced that adequate and effectively functioning organizational arrangements are essential if the full contribution of international trade to the accelerated economic growth of the developing countries is to be successfully realized through the formulation and implementation of the necessary policies,

Having examined the operation of existing international institutions and recognizing both their contributions and their limitations in dealing with all the problems of trade and related problems of development,

Believing that participating Governments should make the most effective use of institutions and arrangements to which they are, or may become, parties,

Convinced that, at the same time, there should be a further review of both the present and the proposed institutional arrangements, in the light of the experience of their work and activities,

Taking note of the widespread desire among developing countries for a comprehensive trade organization, and

Recognizing that further institutional arrangements are necessary in order to continue the work initiated by this Conference and to implement its recommendations and conclusions,

The Conference

Recommends to the General Assembly of the United Nations that it adopt at its nineteenth session the following provisions:

1. The present United Nations Conference on Trade and Development, hereinafter referred to as the Conference, shall be established as an organ of the General Assembly. The members of the Conference shall be those States which are members of the United Nations, the specialized agencies or the International Atomic Energy Agency.

2. The Conference shall be convened at intervals of not more than three years. The General Assembly shall determine the date and location of the sessions of the Conference, taking into account the recommendations of the Conference or the Trade and Development Board, established under paragraph 4 below, hereinafter called the Board.

3. The principal functions of the Conference shall be:

(a) To promote international trade, especially with a view to accelerating economic development, particularly trade between countries at different stages of development, between developing countries and between countries with different systems of economic and social organization, taking into account the functions performed by existing international organizations;

(b) To formulate principles and policies on international trade and related problems of economic development;

(c) To make proposals for putting the said principles and policies into effect and to take such other steps within its competence as may be relevant to this end, having regard to differences in economic systems and stages of development;

(d) Generally, to review and facilitate the co-ordination of activities of other institutions within the United Nations system in the field of international trade and related problems of economic development, and in this regard to co-operate with the General Assembly and the Economic and Social Council in respect to the performance of their Charter responsibilities for co-ordination;

(e) To initiate action, where appropriate, in co-operation with the competent organs of the United Nations for the negotiation and adoption of multilateral legal instruments in the field of trade, with due regard to the adequacy of existing organs of negotiation and without duplication of their activities;

(f) To be available as a centre for harmonizing the trade and related development policies of Governments and regional economic groupings in pursuance of Article 1 of the United Nations Charter; and

(g) To deal with any other matters within the scope of its competence.

Trade and Development Board

Composition

4. A permanent organ of the Conference, to be known as the Trade and Development Board, shall be established as part of the United Nations machinery in the economic field.

5. The Board shall consist of 55 members elected by the Conference from among its membership. In electing the members of the Board, the Conference shall have full regard for both equitable geographical distribution and the desirability of continuing re-

⁸⁷⁻⁸⁸ The Conference adopted this Recommendation without dissent.

presentation for the principal trading States, and shall accordingly observe the following distribution of seats:

- (i) 22 from the States listed in Appendix I
- (ii) 18 from the States listed in Appendix II
- (iii) 9 from the States listed in Appendix III
- (iv) 6 from the States listed in Appendix IV.

6. The list of States in the appendices shall be reviewed periodically by the Conference in the light of changes in membership of the Conference and other factors.

7. The members of the Board shall be elected at each regular session of the Conference, except that the first Board shall be elected in accordance with item (a) of paragraph 32 on Transitional Provisions, below. The members of the Board shall hold office until the election of their successors.

8. Retiring members shall be eligible for re-election.

9. Each member of the Board shall have one representative with such alternates and advisers as may be required.

10. The Board shall invite any member of the Conference to participate, without vote, in its deliberations on any matter of particular concern to that member.

11. The Board may make arrangements for representatives of the inter-governmental bodies referred to in paragraphs 18 and 19 to participate, without vote, in its deliberations and in those of the subsidiary bodies and working groups established by it. Such participation may also be offered to non-governmental organizations concerned with matters of trade and of trade as related to development.

12. The Board shall adopt its own rules of procedure.

13. It shall meet as required in accordance with its rules. It shall normally meet twice in any particular year.

Functions

14. When the Conference is not in session, the Board shall carry out the functions that fall within the competence of the Conference.

15. In particular, it shall keep under review and take appropriate action within its competence for the implementation of the recommendations, declarations, resolutions and other decisions of the Conference and to ensure the continuity of its work.

16. It may make or initiate studies and reports in the field of trade and related problems of development.

17. It may request the Secretary-General of the United Nations to prepare such reports, studies or other documents as it may deem appropriate.

18. It shall, as required, make arrangements to obtain reports from and establish links with inter-

governmental bodies whose activities are relevant to its functions. In order to avoid duplication, it shall avail itself, whenever possible, of the relevant reports made to the Economic and Social Council and other United Nations bodies.

19. It shall establish close and continuous links with the regional economic commissions of the United Nations and it may establish such links with other relevant regional inter-governmental bodies.

20. In its relations with organs and agencies within the United Nations system, the Board shall act in conformity with the responsibilities of the Economic and Social Council under the United Nations Charter, particularly those of co-ordination, and with the relationship agreements with the agencies concerned.

21. It shall serve as a preparatory committee for future sessions of the Conference. To that end, it shall initiate the preparation of documents, including a provisional agenda, for consideration by the Conference, as well as make recommendations as to the appropriate date and place for its convening.

22. It shall report to the Conference and it shall also report annually on its activities to the General Assembly through the Economic and Social Council. The Economic and Social Council may transmit such comments on the reports as it may deem necessary to the General Assembly.

23. The Board shall establish such subsidiary organs as may be necessary to the effective discharge of its functions. It shall establish, in particular, the following committees:

- (i) A committee on commodities which, *inter alia*, will carry out the functions which are now performed by the Commission on International Commodity Trade and the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA). In this connexion, ICCICA shall be maintained as an advisory body of the Board;
- (ii) A committee on manufactures;
- (iii) A committee on invisibles and financing related to trade. The Board shall give special consideration to the appropriate institutional means for dealing with problems of shipping, and shall take into account the recommendations contained in Annexes A.IV.21 and A.IV.22.

The terms of reference of the latter two subsidiary bodies and any other subsidiary organs established by the Board shall be adopted after consultation with the appropriate organs of the United Nations and shall take fully into account the desirability of avoiding duplication and overlapping of responsibilities. In determining the size of the subsidiary organs and in electing their members, the Board shall take fully into account the desirability of including in the membership of these bodies member

States with a special interest in the subject matter to be dealt with by them. It may include any member State of the Conference whether or not that State is represented on the Board.

The Board will determine the terms of reference and rules of procedure of its subsidiary organs.

Voting

24. Each State represented at the Conference shall have one vote. Decisions of the Conference on matters of substance, subject to the decision of the General Assembly on the provisions of paragraph 25, shall be taken by a two-thirds majority of the representatives present and voting. Decisions of the Conference on matters of procedure shall be taken by a majority of the representatives present and voting.

Decisions of the Board shall be taken, subject to the decision of the General Assembly on the provisions of paragraph 25, by a simple majority of the representatives present and voting.

Procedures

25. It is recommended that the provisions of this paragraph shall be determined by the General Assembly at its nineteenth session, after consideration by it of the report and proposals to be made by a Special Committee to be appointed by the Secretary-General of the United Nations, as indicated in item (d) of the Transitional Provisions.

The terms of reference of this Special Committee would be as follows:

(a) The task of the Committee shall be to prepare proposals for procedures, within the continuing machinery designed to establish a process of conciliation to take place before voting and to provide an adequate basis for the adoption of recommendations with regard to proposals of a specific nature for action substantially affecting the economic or financial interests of particular countries;

(b) Such conciliation may be carried out through a system of conciliation committees, the good offices of the Secretary-General of the Conference, or any other means within the framework of the United Nations;

(c) In devising the procedures referred to above, the Committee shall take into consideration that the interested states may wish to place on record and to publicize their views. It shall also take into account the desirability of issuing reports at appropriate times which would state the areas of agreement and disagreement and the explanation of positions as regards, in particular, the implementation of proposed recommendations;

(d) The Committee should also consider the desirability of applying appropriate procedures to proposals involving changes in the fundamental provisions of this resolution; and

(e) Any Government participating in this Conference may submit to the Special Committee such proposals and recommendations as it considers relevant to sub-section (a) above, provided they do not imply any amendment to the Charter of the United Nations or any departure from the principle that each country has one vote. The Special Committee shall include a study of such proposals and recommendations in its report to the General Assembly.

Secretariat

26. Arrangements shall be made, in accordance with Article 101 of the Charter, for the immediate establishment of an adequate, permanent and full-time secretariat within the United Nations Secretariat for the proper servicing of the Conference, the Board and its subsidiary bodies.

27. The secretariat shall be headed by the Secretary-General of the Conference, who shall be appointed by the Secretary-General of the United Nations and confirmed by the General Assembly.

28. Adequate arrangements shall be made by the Secretary-General of the United Nations for close co-operation and co-ordination between the secretariat of the Conference and the Department of Economic and Social Affairs, including the secretariats of the regional economic commissions and other appropriate units of the United Nations Secretariat as well as with the secretariats of the specialized agencies.

Financial arrangements

29. The expenses of the Conference, its subsidiary bodies and secretariat, shall be borne by the regular budget of the United Nations, which shall include a separate budgetary provision for such expenses.

In accordance with the practice followed by the United Nations in similar cases, arrangements shall be made for assessments on States non-members of the United Nations which participate in the Conference.

Future institutional arrangements

30. The Conference will review, in the light of experience, the effectiveness and further evolution of institutional arrangements with a view to recommending such changes and improvements as might be necessary.

31. To this end it will study all relevant subjects including matters relating to the establishment of a comprehensive organization based on the entire membership of the United Nations system of organizations to deal with trade and with trade in relation to development.

Transitional provisions

32. *The Conference further recommends that:*

(a) The members of the Board elected by the present Conference shall commence their terms

after this resolution has been duly approved by the General Assembly at its next session;

(b) The next session of the Conference shall be held early in 1966;

(c) The Secretary-General of the United Nations submit to the nineteenth session of the General Assembly a report on the financial implications of the above recommendations, as well as concrete suggestions as to the allocation of expenditure

among all the States entitled to participate in the Conference;

(d) The Secretary-General of the United Nations appoint the Special Committee referred to in paragraph 25. The Committee shall be representative of the main interests and trends of opinion involved in the matter. The Committee shall be small in size and the Secretary-General shall select its members on an equitable geographical basis, after consultation with their respective Governments.

APPENDIX I

List of States indicated in paragraph 5 (i)

- | | | |
|-----------------------------|-----------------------|---|
| 1. Afghanistan | 22. Israel | 43. Republic of Vietnam |
| 2. Algeria | 23. Ivory Coast | 44. Rwanda |
| 3. Burma | 24. Jordan | 45. Saudi Arabia |
| 4. Burundi | 25. Kenya | 46. Senegal |
| 5. Cambodia | 26. Kuwait | 47. Sierra Leone |
| 6. Cameroon | 27. Laos | 48. Somalia |
| 7. Central African Republic | 28. Lebanon | 49. South Africa |
| 8. Ceylon | 29. Liberia | 50. Sudan |
| 9. Chad | 30. Libya | 51. Syria |
| 10. China | 31. Madagascar | 52. Thailand |
| 11. Congo (Brazzaville) | 32. Malaysia | 53. Togo |
| 12. Congo (Leopoldville) | 33. Mali | 54. Tunisia |
| 13. Dahomey | 34. Mauritania | 55. Uganda |
| 14. Ethiopia | 35. Mongolia | 56. United Arab Republic |
| 15. Gabon | 36. Morocco | 57. United Republic of Tanganyika
and Zanzibar |
| 16. Ghana | 37. Nepal | 58. Upper Volta |
| 17. Guinea | 38. Niger | 59. Western Samoa |
| 18. India | 39. Nigeria | 60. Yemen |
| 19. Indonesia | 40. Pakistan | 61. Yugoslavia |
| 20. Iran | 41. Philippines | |
| 21. Iraq | 42. Republic of Korea | |

APPENDIX II

List of States indicated in paragraph 5 (ii)

- | | | |
|--------------------------------|-------------------|---|
| 1. Australia | 11. Holy See | 21. Norway |
| 2. Austria | 12. Iceland | 22. Portugal |
| 3. Belgium | 13. Ireland | 23. San Marino |
| 4. Canada | 14. Italy | 24. Spain |
| 5. Cyprus | 15. Japan | 25. Sweden |
| 6. Denmark | 16. Liechtenstein | 26. Switzerland |
| 7. Federal Republic of Germany | 17. Luxembourg | 27. Turkey |
| 8. Finland | 18. Monaco | 28. United Kingdom of Great Britain and
Northern Ireland |
| 9. France | 19. Netherlands | 29. United States of America |
| 10. Greece | 20. New Zealand | |

APPENDIX III

List of States indicated in paragraph 5 (iii)

- | | | |
|-----------------------|-----------------|-------------------------|
| 1. Argentina | 9. Ecuador | 16. Nicaragua |
| 2. Bolivia | 10. El Salvador | 17. Panama |
| 3. Brazil | 11. Guatemala | 18. Paraguay |
| 4. Chile | 12. Haiti | 19. Peru |
| 5. Colombia | 13. Honduras | 20. Trinidad and Tobago |
| 6. Costa Rica | 14. Jamaica | 21. Uruguay |
| 7. Cuba | 15. Mexico | 22. Venezuela |
| 8. Dominican Republic | | |

APPENDIX IV

List of States indicated in paragraph 5 (iv)

- | | | |
|---------------------|-------------------|--|
| 1. Albania | 4. Czechoslovakia | 7. Romania |
| 2. Bulgaria | 5. Hungary | 8. Ukrainian SSR |
| 3. Byelorussian SSR | 6. Poland | 9. Union of Soviet Socialist Republics |

Annex A.V.2

ARRANGEMENTS DURING INTERIM PERIOD ⁸⁹

The Conference,

Having adopted a recommendation to the General Assembly whereby the Conference on Trade and Development shall be established as an organ of the General Assembly, and for the setting up of a Trade and Development Board of the Conference and of a secretariat to assist these organs in carrying out their work,

Bearing in mind the urgent need for further action in the field of trade and development and the consequent necessity for continuity in the activities of the United Nations with respect to inter-governmental consultation and action on all subject matter considered by the Conference,

Recognizing the need to make adequate arrangements for such work in the interim period between the conclusion of the Conference and action of the General Assembly,

Requests the Secretary-General of the United Nations to take appropriate measures, including the necessary financial provisions, in order to start, without delay, the work required for the implementation of the recommendations of the Conference during the interim period referred to above.

Annex A.V.3

TERMS OF REFERENCE OF SUBSIDIARY ORGANS ⁹⁰

The Conference,

Taking note of document E/CONF.46/C.4/L.15 and Add.1,

Bearing in mind that it contains, *inter alia*, recommendations adopted by the Conference concerning the terms of reference of the subsidiary organs to be established by the Trade and Development Board of the Conference;

Requests the Board to give prompt and favourable consideration to these terms of reference in establishing its subsidiary organs.

⁸⁹ The Conference adopted this Recommendation by 79 votes to 14, with 10 abstentions.

⁹⁰ The Conference adopted this Recommendation by 77 votes to 15, with 9 abstentions.

Annex A.VI.1

PREPARATION OF A CONVENTION RELATING TO THE TRANSIT TRADE OF LAND-LOCKED COUNTRIES ⁹¹

The Conference,

Having regard to the various aspects of the problem of transit trade of land-locked States,

Noting resolution 1028 (XI) on the subject adopted by the United Nations General Assembly which recognized "... the need of land-locked countries for adequate transit facilities in promoting international trade ..." and invited the Governments of Member States "... to give full recognition to the needs of land-locked Member States in the matter of transit and trade and, therefore, to accord them adequate facilities in terms of international law and practice in this regard, bearing in mind the future requirements resulting from the economic development of the land-locked countries",

Noting the resolution of the Economic Commission for Asia and the Far East (ECAFE) Ministerial Conference of 1963 on Asian Economic Co-operation, "Recognizing the right of free transit for land-locked countries and the special considerations which apply to their transport and transit problems and the importance of the relationship of these problems to questions of regional co-operation and the expansion of intra-regional trade",

Noting further the ECAFE resolution 51 (XX) on the transit trade of land-locked countries, which strongly recommended that the subject be given urgent and sympathetic consideration at the forthcoming United Nations Conference on Trade and Development with a view to formulating an adequate and effective international convention to ensure the freedom of transit trade of land-locked countries,

Considering that, for the promotion of the economic development of the land-locked States it is essential to provide facilities to enable them to overcome the effects of their land-locked position on their trade,

Taking into consideration that the existing multi-lateral conventions relating to the transit trade of the land-locked countries need to be brought up to date and it is therefore essential to formulate an adequate and effective international convention to ensure the freedom of transit trade of land-locked countries,

⁹¹ The Conference adopted this Recommendation without dissent.

Recommends that the United Nations:

1. *Request* the Secretary-General of the United Nations to appoint a committee of twenty-four members, representing land-locked, transit, and other interested States as governmental experts and on the basis of equitable geographical distribution; and to convene the said committee during 1964;

2. *Request* the said committee to prepare a new draft convention treating the proposal made by Afro-Asian land-locked countries⁹² as a basic text and taking into account the principles of international law, conventions and agreements in force and submissions by Governments in this regard, as well as the records of the Sub-Committee on Land-locked Countries established by this Conference, and to submit the new draft convention to the Secretary-General for presentation to the conference of plenipotentiaries to be convened in accordance with paragraph 4 below;

3. *Request* the Secretary-General to prepare, in consultation with the specialized agencies or any other competent body of the United Nations, full preparatory documentation for circulation to the members of the said committee in sufficient time prior to the convening of that committee; and

4. *Decide* to convene a conference of plenipotentiaries in the middle of 1965, for consideration of the draft and adoption of the convention.

Annex A.VI.2

TRADE NEEDS OF DEVELOPING COUNTRIES WITH EXPORTS MAINLY COMPOSED OF NON-RENEWABLE NATURAL PRODUCTS⁹³

The Conference,

Recognizing the particularly urgent character of the trade needs of developing countries whose exports are mainly composed of non-renewable natural products,

⁹² Problems of Land-locked Countries. Annex II. See Vol. V.

⁹³ The Conference adopted this Recommendation by a roll-call vote of 83 to 1, with 25 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Dominican Republic, El Salvador, Ethiopia, Gabon, Ghana, Guinea, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, Norway, Portugal, San Marino, South Africa, Sweden, Switzerland, Thailand, United Kingdom of Great Britain and Northern Ireland.

Considering the need for those countries to reach speedily a certain stage of economic development for which investment capital can be raised, by increasing the per unit income from their exports,

Recommends that international organizations set up by the developing countries which are the principal exporters of non-renewable natural products be recognized and encouraged to enable them to defend their interests.

Annex A.VI.3

LONG-TERM TRADE AGREEMENTS⁹⁴

The Conference,

Concerned with finding the means to stimulate the economic progress of the developing countries and combat the negative trends felt in international trade,

Considering that the conclusion of long-term trade agreements is one of the methods that can contribute to the solution of commercial problems between different countries, especially between countries at different levels of development or with different economic and social systems,

Considering, consequently, the importance and effectiveness of long-term trade agreements for the stabilization and expansion of international trade,

Recommends that:

(a) The utilization of long-term trade agreements, particularly among countries with different economic and social systems and among developing countries, should be expanded, without prejudice to the expansion of other methods of trade;

(b) The parties concerned should adjust to their particular conditions and interests the different types of long-term trade agreements;

(c) The international bodies and the parties concerned should examine the problem of improving the contents, technique and effectiveness of long-term trade agreements.

⁹⁴ The Conference adopted this Recommendation by a roll-call vote of 88 to 1, with 22 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Ecuador, El Salvador, Ethiopia, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: United States of America.

Abstaining: Australia, Belgium, Canada, China, Denmark, Dominican Republic, Federal Republic of Germany, Holy See, Iceland, Ireland, Liechtenstein, Luxembourg, Netherlands, Norway, Republic of Korea, Republic of Viet-Nam, San Marino, South Africa, Sweden, Switzerland, Thailand, United Kingdom of Great Britain and Northern Ireland.

Annex A.VI.4

DIRECT PARTICIPATION BY GOVERNMENTAL TRADE ORGANIZATIONS IN FOREIGN TRADE⁹⁵*The Conference,*

Recognizing that direct participation by governmental trade organizations in foreign trade, including those trading activities in which the Government or its agent holds title to exports before transactions and acquires title to imports, is being pursued by many developing countries with mixed economies for the purpose of expanding their foreign trade,

Noting that government participation in foreign trade is assuming increasing importance in a number of developing countries,

Further noting that these developing countries are achieving satisfactory results by trading through this method,

Realizing that participation by Governments of developing countries in foreign trade could be an effective instrument and consistent with the promotion of international trade and development,

Recommends:

(a) That direct participation by governmental trading organizations in foreign trade, as defined above, be recognized and accepted as one of the effective methods and instruments of promoting the foreign trade of a number of developing countries;

(b) That developed countries should not discriminate against trade with developing countries on the ground that their governmental trading organizations directly participate in trade as a public policy.

Annex A.VI.5

ECONOMIC AND SOCIAL SURVEY OF THE DEPRESSED AREAS OF THE DEVELOPING COUNTRIES⁹⁶*The Conference,**Considering:*

(a) That the different degrees of development do

⁹⁵ The Conference adopted this Recommendation by a roll-call vote of 89 to 1, with 21 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Bolivia, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Ecuador, El Salvador, Ethiopia, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: United States of America.

Abstaining: Austria, Belgium, Brazil, Canada, Denmark, Dominican Republic, Federal Republic of Germany, Finland, Holy See, Iceland, Ireland, Liechtenstein, Paraguay, Portugal, San Marino, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom of Great Britain and Northern Ireland.

not coincide with the geographical division of the world, but occur over large regions with similar characteristics,

(b) That there are depressed areas, in which living conditions are incompatible with human dignity and with the technological progress achieved in the world of today, and which include several countries or parts of countries,

(c) That these areas, in view of the nature of the human, economic and political problems affecting them, require special attention,

Recommends:

That the United Nations and the machinery emerging from the United Nations Conference on Trade and Development, in consultation with other appropriate bodies, should make an over-all economic and social survey of the depressed areas of the developing world and that special measures should be proposed, in accordance with the principles and decisions that emerge from the Conference, to make possible immediate action to secure a substantial improvement in the living levels of the population of these areas.

Annex A.VI.6

CONTINUING STUDIES AND REPORTS ON TRADE AND DEVELOPMENT⁹⁷*The Conference,*

1. *Records its appreciation* of the statistical and analytical studies presented by the Secretariat relating to agenda item 10 (a), (b) and (c);

2. *Recommends* that continuing studies and reports be prepared within the United Nations and, in that eventuality, by the institutional machinery which will emerge from this Conference, and published at appropriate intervals, recording and evaluating data on the volume, distribution, composition, price patterns and perspectives of world trade, including invisible trade, with special reference to their bearing on development

⁹⁶ The Conference adopted this Recommendation by a roll-call vote of 105 to none, with 5 abstentions:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Australia, China, South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America.

⁹⁷ The Conference adopted this Recommendation without dissent.

and to the major export commodities of developing countries;

3. *Recommends also* that efficacious and comparable studies and reports should be made, and their scope extended as necessary, on the economic and social development plans of countries, with special reference to their bearing on international trade and commercial policies;

4. *Recommends* further that information on trade and development included in such studies and reports should be collated and published in forms which would facilitate the understanding, comparison, mutual adjustment and co-ordination of national development plans and commercial policies;

5. *Invites* participating Governments to continue to co-operate in the preparation of the above studies.

Annex A.VI.7

PROBLEMS ARISING IN TRADE RELATIONS BETWEEN COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS⁹⁸

The Conference,

Recognizing the significance of problems referred to in the draft recommendation,⁹⁹ submitted by Czechoslovakia,

Considering that time was lacking for the Conference to discuss this draft recommendation and to take a decision on it,

Decides to transmit it to the continuing United Nations trade machinery which it is proposed to establish, for further consideration and action.

Annex A.VI.8

IMPLICATIONS OF REGIONAL ECONOMIC GROUPINGS¹⁰⁰

The Conference,

Recognizing the significance of problems referred to in the draft recommendations submitted by Ceylon, Malaysia, the Philippines and Thailand;¹⁰¹ Congo (Brazzaville), Congo (Leopoldville), Dahomey, Guinea, Upper Volta, Madagascar, Mauritania and Senegal;¹⁰² Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela,¹⁰³

Considering that time was lacking for the Conference to discuss these draft recommendations and to take a decision on them,

Decides to transmit them to the continuing United Nations trade machinery, which it is proposed to establish, for further consideration and action.

⁹⁸ The Conference adopted this Recommendation without dissent.

⁹⁹ See Vol. VIII.

¹⁰⁰ The Conference adopted this Recommendation without dissent.

¹⁰¹ See Vol. VIII.

Annex A.VI.9

DEVELOPMENT NEEDS OF EDUCATION AND SCIENCE¹⁰⁴

The Conference,

Recommends that the participating Governments should give due consideration, in the context of their trade and assistance policies, to the development needs of education and science;

Recommends that the United Nations Educational, Scientific and Cultural Organization (UNESCO) should continue, in collaboration with the international agencies concerned, its programme to promote the international circulation of educational, scientific and cultural material;

Invites UNESCO to continue, in consultation with the other international agencies concerned, its studies of the international trade in educational and scientific material as a factor in accelerating the development of the developing countries;

Invites UNESCO to continue to keep the United Nations informed concerning the above-mentioned studies and submit recommendations to the Economic and Social Council and whatever other organ of the United Nations system seems appropriate in the light of the recommendations of the United Nations Conference on Trade and Development.

Annex A.VI.10

ELABORATION OF TRADE ASPECTS OF THE ECONOMIC PROGRAMME OF DISARMAMENT¹⁰⁵

The Conference,

Guided by the Declaration of the seventeenth session of the United Nations General Assembly on the conversion to peaceful needs of the resources released by disarmament [1837 (XVII)], as well as by the resolution of the eighteenth session of the United Nations General Assembly [1931 (XVIII)],

Joins in the hope expressed by the United Nations General Assembly that the Governments of all States will intensify their efforts to achieve an agreement on general and complete disarmament under effective international control,

Deems it necessary that in pursuing studies and working out proposals, within the framework of the United Nations, on the economic and social consequences of disarmament as provided by the aforementioned decisions of the United Nations General Assembly, due attention be paid to the trade aspects of the economic programme of disarmament.

¹⁰² See Vol. VIII.

¹⁰³ E/CONF.46/C.5/L.37 and E/CONF.46/C.5/L.38/Rev.2.

¹⁰⁴ The Conference adopted this Recommendation without dissent.

¹⁰⁵ The Conference adopted this Recommendation without dissent.

Annex B

OBSERVATIONS OF DELEGATIONS

CONTENTS

I. *Observations and reservations submitted by groups of countries*

- (a) Joint Declaration of the Seventy-seven Developing Countries made at the conclusion of the Conference.
- (b) *Reservations of the delegations of the socialist countries* which submitted the proposal for the speedy establishment of a universal international trade organization, or which support the idea of such an organization.

II. *Observations and reservations submitted by individual countries*

Australia	Finland	Norway
Austria	France	Pakistan
Belgium	Hungary	Portugal
Bolivia	Ireland	Republic of Korea
Burma	Italy	Romania
Canada	Jamaica	South Africa
China	Japan	Switzerland
Cuba	Kuwait	Union of Soviet Socialist Republics
Czechoslovakia	Liechtenstein	United Kingdom of Great Britain and Northern Ireland
Denmark	Luxembourg	United States of America
Ethiopia	Netherlands	
Federal Republic of Germany	New Zealand	

III. *Index to observations*

I

OBSERVATIONS AND RESERVATIONS SUBMITTED BY GROUPS OF COUNTRIES

(a) JOINT DECLARATION OF THE SEVENTY-SEVEN DEVELOPING COUNTRIES MADE AT THE CONCLUSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

[Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal,

Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Republic of Viet-Nam, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen and Yugoslavia].

I

1. The developing countries named above recognize the United Nations Conference on Trade and Development as a significant step towards creating a new and just world economic order. They regard this Conference as the fruition of sustained efforts which

found expression in the Cairo Declaration, the Alta Gracia Charter, the Resolutions of Brasilia, Addis Ababa, Niamey, Manila and Teheran and, above all, in the Joint Declaration of the seventy-five countries made at the eighteenth session of the General Assembly of the United Nations.¹⁰⁶ These efforts helped to forge the unity of the seventy-five—the outstanding feature of the entire Conference and an event of historic significance.

II

2. The basic premises of the new order were enumerated in these earlier declarations and in the report of the Secretary-General of the Conference. In brief, they involve a new international division of labour oriented towards the accelerated industrialization of developing countries. The efforts of developing countries to raise the living standards of their peoples, which are now being made under adverse external conditions, should be supplemented and strengthened by constructive international action. Such action should establish a new framework of international trade that is wholly consistent with the needs of accelerated development.

3. The several themes of a new and dynamic international policy for trade and development, including the question of transit trade of land-locked countries, found concrete expression in specific programmes and proposals presented by the developing countries to this Conference as a united expression of objectives and measures in all major fields. The developing countries consider it an achievement that this Conference has provided a basis for the fullest discussion of these programmes and proposals by the entire international community. They are confident that the deliberations of this Conference will be of assistance in the formulation of new policies by the Governments of both developed and developing countries in the context of a new awareness of the needs of developing countries.

III

4. The developing countries declare, however, that they consider the final recommendations of the Conference as only an initial step towards an international endorsement of a new trade policy for development. They do not consider that the progress that has been registered in each of the major fields of economic development has been adequate or commensurate with their essential requirements. There has not, for instance, been an adequate appreciation of the problem of the "trade gap" of developing countries. Only the most limited approaches were made regarding trade in primary commodities, and of preferences for exports of manufactures. Similarly, only preliminary steps were possible relating to schemes for compensatory financing to meet long-term deterioration in the terms of trade. The developing

¹⁰⁶ *Official Records of the General Assembly, Eighteenth Session, Supplement No. 15 (A/5515), Resolution, p. 24.*

countries have, nevertheless, accepted the results of this Conference in the hope that these results would lay the foundation for more substantial progress in the period ahead. They have also accepted these resolutions in recognition of the need for a co-operative effort in the international field. To this end they have chosen to arrive at the widest measure of agreements possible, rather than to register their aspirations by majority decisions.

IV

5. The developing countries attach singular importance to the establishment of international machinery in the field of trade and development. It is vitally necessary that this new machinery should be an effective instrument for the discussion of issues, the formulation of policies, the review of results, and for taking such operational measures as are needed in the sphere of international economic relations.

6. The developing countries recognize the value of the general agreement attained regarding the establishment of continuing machinery. They note that some important issues pertaining to such machinery have been held over for decision by the General Assembly. In this connexion, it is their view that there should be ample scope for reaching workable agreement on substantial issues. But, they categorically declare that no arrangements designed for this purpose should derogate from the ultimate right of the proposed Board and the Conference to adopt recommendations on any point of substance by a simple majority vote in the case of the Board and two-thirds majority vote in the case of the Conference. The developing countries attach cardinal importance to democratic procedures which afford no position of privilege in the economic and financial, no less than in the political spheres. Furthermore, the developing countries would stress the need for continued evolution in the institutional field, leading not merely to the progressive strengthening of the machinery that is now contemplated, but also to the ultimate emergence of a comprehensive international trade organization.

V

7. The developing countries regard their own unity, the unity of the seventy-five, as the outstanding feature of this Conference. This unity has sprung out of the fact that facing the basic problems of development they have a common interest in a new policy for international trade and development. They believe that it is this unity that has given clarity and coherence to the discussions of this Conference. Their solidarity has been tested in the course of the Conference and they have emerged from it with even greater unity and strength.

8. The developing countries have a strong conviction that there is a vital need to maintain, and further strengthen, this unity in the years ahead. It

is an indispensable instrument for securing the adoption of new attitudes and new approaches in the international economic field. This unity is also an instrument for enlarging the area of co-operative endeavour in the international field and for securing mutually beneficent relationships with the rest of the world. Finally, it is a necessary means for co-operation amongst the developing countries themselves.

9. The seventy-five developing countries, on the occasion of this declaration, pledge themselves to maintain, foster and strengthen this unity in the future. Towards this end they shall adopt all possible means to increase the contacts and consultations amongst themselves so as to determine common objectives and formulate joint programmes of action in international economic co-operation. They consider that measures for consolidating the unity achieved by the seventy-five countries during the Conference and the specific arrangements for contacts and consultations should be studied by government representatives during the nineteenth session of the United Nations General Assembly.

VI

10. The United Nations Conference on Trade and Development marks the beginning of a new era in the evolution of international co-operation in the field of trade and development. Such co-operation must serve as a decisive instrument for ending the division of the world into areas of affluence and intolerable poverty. This task is the outstanding challenge of our times. The injustice and neglect of centuries need to be redressed. The developing countries are united in their resolve to continue the quest for such redress and look to the entire international community for understanding and support in this endeavour.

(b) BULGARIA, CZECHOSLOVAKIA, HUNGARY, POLAND AND THE UNION OF SOVIET SOCIALIST REPUBLICS

Reservations of the delegations of the socialist countries which submitted the proposals for the speedy establishment of a universal international trade organization¹⁰⁷ or which support the idea of such an organization, as set forth in the statement by the Czechoslovak delegation at the plenary meeting on 15 June 1964

In connexion with the adoption by the Conference of the Recommendation in Annex A.V.1 on institutional arrangements, the delegations of the socialist countries, which submitted the proposals for, and support the idea of, the speedy establishment of a universal international trade organization, deem it necessary to present the following observations:

Paragraphs 1, 30 and 31 of the above-mentioned Recommendation do not reflect the substance of the proposals and statements made during the discussion of institutional arrangements at the Conference. The discussion of this matter showed that the majority of those participating in the Conference clearly favoured the speedy establishment of a universal international trade organization as an instrument designed to ensure the necessary development of international trade in the interests of all countries and especially the developing countries.

The proposal for the establishment of an international trade organization is set forth, in particular, in documents E/CONF.46/50, E/CONF.46/C.4/L.3 and E/CONF.46/C.4/L.5/Rev.1 and in the Fourth Committee recommendation (E/CONF. 46/C.4/L.12/Rev.1) which was adopted by a very large majority of the Committee.

The above countries are still firmly of the opinion that it is absolutely essential to carry out the proposal for the establishment of a universal international trade organization, which would be really capable of promoting the removal of the various kinds of obstacles and discrimination in international trade. In particular, the socialist countries, now as before, consider that a universal international trade organization and the provisional body set up for a transitional period should concern themselves with all the problems of international trade, including, in particular, the promotion of East-West trade and the removal of obstacles to this trade.

If the organization is to be in a position to carry out these important tasks, it must be open to all countries participating in world trade and wishing to contribute to the success of the organization.

Most delegations attending the Conference are fully aware that not one of the existing international institutions is able, or fitted, to handle all the problems of trade and development.

It is imperative to overcome the present organizational confusion and correct the existing unsatisfactory international trade situation, thereby promoting the aims and purposes of the United Nations Charter in this sphere.

In the course of the Conference, the socialist countries have sought the closest and most comprehensive co-operation with other countries, especially the developing countries as a whole. They have co-operated with the developing countries in the preparation of specific proposals on a number of questions, including, in particular, institutional questions. They agreed with them to vote for the last draft proposals on institutional arrangements (E/CONF.46/C.4/L.12/Rev.1 and Add.1) and gave that draft priority in the order of voting. The result was that, by an overwhelming majority, the Fourth Committee of the Conference adopted a satisfactory decision on institutional arrangements. That decision, however, was modified by the action of Western

¹⁰⁷ For E/CONF.46/50 and Rev. 1 (see Report of the Conference, Annex G).

countries which did not agree with it. A text considerably weaker in practical content was consequently placed before the Conference.

Many countries will, we feel, regret that the more satisfactory text of the Fourth Committee was not adopted in plenary session.

Nevertheless, desiring to see the Conference end in unanimity and agreement, the socialist countries decided not to oppose document E/CONF.46/L.22,

and Corr.1 (subsequently adopted as Recommendation A.V.1), although aware of its weakness. We are convinced that all countries will realize the need of truly radical measures for the normalization of international trade and the speedy establishment of a universal international trade organization to that end.

We shall continue to work for the speedy accomplishment of this purpose.

II

OBSERVATIONS AND RESERVATIONS SUBMITTED BY INDIVIDUAL COUNTRIES

AUSTRALIA

The record of the votes of the Australian delegation, which is set out in Annex A, indicates, in respect of the Recommendations on which there were roll-call votes in plenary, those Recommendations which the Australian delegation was unable to support.

There are other Recommendations, which were adopted without a roll-call vote in plenary, which the Australian delegation was unable to support and these are set out below:

First Committee: Annex A.II.1; Annex A.II.5; Annex A.II.7; Annex A.II.8; Annex A.II.9.

Second Committee: Annex A.III.2; Annex A.III.4; Annex A.III.7.

Fifth Committee: Special Principle Six included in Annex A.I.1.

The Australian delegation voted in favour of the proposal for studies as to the feasibility of supplementary finance provided for in the Recommendation in Annex A.IV.18. In recording that vote, it wishes to have it noted that it has reservations about the desirability of financial measures as a method of dealing with long-term shortfalls in export receipts.

In general, as regards the extent to which the Australian Government may deem it possible or appropriate to give effect to the Final Act, the Australian delegation draws attention to the statement which it made in plenary on 10 June 1964 (see Vol. II).

AUSTRIA

In signing the Final Act, the Austrian delegation takes note of its contents as a record of proceedings of the United Nations Conference on Trade and Development. The Austrian Government declares its willingness, without prejudice to its rights and obligations under international agreements, to be guided by the general objectives contained in Recommendations to which the Austrian delegation has given its support. Those Recommendations, declarations or other decisions of the Conference which

the Austrian delegation could not support will be kept under review in order to ascertain if, and to what extent, their implementation might be possible at a later stage.

BELGIUM

The Belgian delegation to the United Nations Conference on Trade and Development requests that the following observations be inserted in the appropriate place in the Final Act.

The Final Act and the other acts of the Conference are a set of Recommendations, which were debated in committee and in plenary session.

The Belgian view of these Recommendations was therefore expressed in the usual manner in the voting in which the Belgian delegation participated.

The Belgian position on certain specific Recommendations was as follows:

1. *Concerning the documents prepared by the First Committee*

1. On the Recommendation in Annex A.II.7 (competition from synthetics and substitutes), the position of Belgium, as of the other countries members of the European Communities, was that:

Paragraph 1 (vii) includes certain provisions regarding "access to markets" which might in practice conflict with the provisions of the Rome Treaty and with provisions adopted under Community policies flowing from that Treaty;

It was not found possible to bring the present text of paragraph 2, as voted in the First Committee, sufficiently into line with certain aspects of the industrialization policies pursued by one or more of the six countries members of the European Economic Community.

2. On the Recommendation in Annex A.II.9 it is noted that the text voted in plenary session on 15 June 1964 might, in practice, conflict with the fiscal policies adopted individually or collectively by the countries members of the European Economic Community.

II. Concerning the documents prepared by the Second Committee

When the Conference voted on these Recommendations at a plenary meeting the Belgian delegation:

Abstained in the vote on:

- (a) The Recommendation in Annex A.III.2;
- (b) The Recommendation in Annex A.III.7;

Voted against:

The Recommendation in Annex A.III.1.

This negative vote is justified by the following considerations:

Belgium favours a dynamic United Nations programme for industrial development. In its view, therefore, the United Nations Centre for Industrial Development should, as part of the activities of the United Nations, become a catalyst for the industrial development of the developing countries. To set up a new specialized agency would, in its view, hardly be a satisfactory method of organizing United Nations assistance for industrial development. The Belgian delegation accordingly voted against the Recommendation in Annex A.III.1.

III. Concerning the documents prepared by the Third Committee

When the Conference voted on these Recommendations at a plenary meeting, the Belgian delegation:

Abstained in the vote on:

- | | |
|--------------------|--------------------|
| (a) Annex A.IV.3; | (h) Annex A.IV.25; |
| (b) Annex A.IV.5; | (i) Annex A.IV.26; |
| (c) Annex A.IV.6; | |
| (d) Annex A.IV.8; | |
| (e) Annex A.IV.12; | |
| (f) Annex A.IV.23; | |
| (g) Annex A.IV.24; | |

Voted against:

- (a) Annex A.IV.4;
- (b) Annex A.IV.7;
- (c) Annex A.IV.9;
- (d) Annex A.IV.15;
- (e) Annex A.IV.19.

IV. Concerning the documents prepared by the Fifth Committee

In accordance with the observation included, at its request, in the report of the Fifth Committee, the Belgian delegation reserves its position on those provisions adopted after the Committee's debates and included in the Final Act on which it formulated observations or against which it voted during the work of the Conference.

BOLIVIA

The delegation of Bolivia wishes to record in the Final Act of this Conference the reservation, which it also formulated in one of the meetings of the Fifth Committee's Sub-Committee on Land-locked Countries, to the effect that, even though the principles adopted concerning the land-locked countries (see Annex A.I.2) are an advance and a partial solution of the problems of some countries, Bolivia, as a country which became land-locked and thus constitutes a special case, will not surrender its right to its own outlet to the sea.

BURMA

Regarding the Recommendation on institutional arrangements (Annex A.V.1):

Paragraph 1.

The delegation of Burma reserves its position on this paragraph as it believes that, since the provisions contained therein do not provide for universality of membership or as near to universality as possible, they do not conform to the criteria laid down by the Preparatory Committee of the Conference at its second session.

Paragraph 5.

The delegation of Burma reserves its position on this paragraph as it believes that the composition of the Board provided for in the paragraph gives less than adequate representation to the developing countries.

Paragraph 25.

The delegation of Burma has approved this provision on the understanding that, in the light of the text of paragraph 25 as a whole, which refers only to conciliation procedures and not to voting, the words "to provide an adequate basis for the adoption of recommendations with regard to proposals of a specific nature for action substantially affecting the economic or financial interests of particular countries" shall not lead to the adoption by the Special Committee of any proposal which directly or indirectly would recommend any system of weighted or dual voting or any procedure for blocking the voting power of certain countries or groups of countries. Neither should it constitute the basis for the adoption of any procedure that would prevent voting upon a proposal or Recommendation after the normal process of conciliation has taken place. This presupposes that the conciliation procedure should be subject to a deadline after which the proposal or Recommendation concerned be voted upon.

Paragraph 31.

The delegation of Burma reserves its position on this paragraph as it believes that the membership of the comprehensive trade organization envisaged should be open to all States in the world in order to ensure wider international co-operation.

CANADA

The delegation of Canada, by its signature, confirms the Final Act as a record of the proceedings of the United Nations Conference on Trade and Development and of the conclusions, Recommendations and other texts adopted by it. The Government of Canada will give careful consideration to these conclusions, Recommendations and other texts in the light of the positions taken and the votes cast by the delegation of Canada in the course of the Conference. These are

reflected in the records and reports of the committees, the sub-committees and plenary meetings of the Conference and in the Final Act.

In particular, the delegation of Canada wishes to have it noted that it was not able to vote in favour of the following texts on which the positions of individual delegations have not already been recorded by roll-call votes:

First Committee: Annex A.II.8; Annex A.II.9.

Second Committee: Annex A.III.2; Annex A.III.7.

Third Committee: Annex A.IV.3.

Fourth Committee: Annex A.V.2; Annex A.V.3.

Fifth Committee: Special Principle Six in Annex A.I.1.

The delegation would have abstained if this Special Principle had been put to the vote.

The delegation of Canada would wish to have it noted, in addition, that it supported the Recommendation in Annex A.V.1 on the understanding that a satisfactory solution would be found for the procedures envisaged in paragraph 25.

CHINA

The Republic of China has not, and does not intend to establish, trade relations with countries with centrally planned economy. Therefore, the Government of the Republic of China will not apply the Recommendations adopted by this Conference with respect to these countries.

CUBA

The delegation of the Republic of Cuba wishes to record in the Final Act its dissent from the texts referring to private national and foreign capital in paragraphs 20 and 41 of the First Part (Preamble) of the Final Act.

Similarly, it wishes to record its reservation with regard to the Recommendations approved in the final plenary meeting insofar as the said Recommendations amend or delete, in whole or in part, the Recommendations in favour of which the delegation of Cuba voted in the First, Second and Fourth Committees.

CZECHOSLOVAKIA

The Czechoslovak delegation reserves its position on those Recommendations and conclusions where it has recorded an abstention, or where it has not taken part in the voting. These reservations are contained in the reports of the Committees as well as in the summary records of the meetings.

DENMARK

The Danish delegation has voted in favour of the Recommendation in Annex A.III.8 on the understanding that the questions dealt with in this Recommendation which have not been considered by the Second Committee, i.e., the reference to "exchanges

of goods and services" contained in Section IV, paragraph (b) are to be regarded as open for further consideration.

Furthermore, the Danish delegation considers that the terms of reference of any further study of shipping must be consistent with the arrangements set out in the Common Measures of Understanding on Shipping Questions (Annex A.IV.22) as provided in the Third Committee.

ETHIOPIA

The Ethiopian delegation reserves its position in relation to paragraphs of the Final Act in respect of which it has submitted amendments contained in document E/CONF.46/L.23, particularly on the following paragraphs of document E/CONF.46/L.10 (Preamble).

Section I, paragraph 8.

This paragraph does not accurately reflect the findings and conclusions of the First and Fifth Committees in respect to the slow rate of growth of exports from developing countries.

Section III, paragraph 30, and Section IV, paragraphs 42 and 43.

These paragraphs do not reflect the decisions and conclusions of the Second and Fifth Committees to the effect that trade between developing countries should be on a mutually advantageous basis.

Section IV, paragraph 37.

The arrangement of this paragraph is not in line with the report of the First Committee. In the view of the Ethiopian delegation, access to markets should precede international commodity arrangements in line with the conclusions of the First Committee.

In regard to paragraph 25 of the Recommendation in Annex A.V.1 the Ethiopian delegation would like to make the following reservation:

In studying the procedures of conciliation, the Special Committee shall confine itself to the procedures of conciliation only, and shall not, in any way, discuss matters which will tamper with the sovereign rights of States members of the United Nations, any system of weighted and plural voting, the principle of one country one vote respected and followed in the United Nations.

We strongly feel that this observation should be made available to the Secretary-General of the United Nations and to the Special Committee.

FEDERAL REPUBLIC OF GERMANY

General observations

The representative of the Federal Republic of Germany, by his signature, confirms the Final Act as a record of the proceedings of the United Nations Conference on Trade and Development as well as of the

conclusions, Recommendations and other texts adopted by it. The votes cast by the delegation of the Federal Republic of Germany and the opinions and observations it has expressed, as contained in the summary records of the committees, sub-committees and plenary meetings of the Conference and in the Final Act, reflect its position regarding the conclusions, Recommendations and other texts of the Conference.

In the light of this position the Government of the Federal Republic of Germany will carefully study which constructive contributions it can make for the realisation of the objectives of the Conference.

Observation concerning the Recommendation in Annex A.II.1

With respect to paragraph II.3 (c) of this Recommendation, the delegation of the Federal Republic of Germany would like to draw attention to the fact that, according to the Constitution of the Federal Republic of Germany, any decision concerning the reduction or elimination of taxes falls within the competence of Parliament the decisions of which the Government of the Federal Republic of Germany is unable to prejudice.

Moreover, the delegation of the Federal Republic of Germany refers to its explanations in this matter which were given during the sessions of the First Committee.

Observation concerning the Recommendation in Annex A.IV.17

The delegation of the Federal Republic of Germany has voted in favour of the Recommendation in Annex A.IV.17, on the understanding that the requirements under operative paragraph I (3) to study possible ways of securing refinancing of International Monetary Fund compensatory drawings would be met by the study to be undertaken by the International Bank for Reconstruction and Development under Part A of the Recommendation in Annex A.IV.18.

Observation concerning the Recommendation in Annex A.V.1

The Recommendation in Annex A.V.1 which determines the institutional arrangements provides in paragraph 25, *inter alia*, that proposals on certain matters concerning procedures and voting shall be submitted by a Special Committee before the General Assembly of the United Nations takes a decision.

The Federal Republic of Germany hopes that it will be given the opportunity to express its views on the proposals before they are submitted to the General Assembly of the United Nations.

FINLAND

Observation I

The delegate of Finland by his signature confirms the Final Act of the United Nations Conference on

Trade and Development as a record of the proceedings of the Conference.

The position of the Finnish delegation on the various Recommendations, declarations and other decisions adopted by the Conference annexed to the Final Act is indicated in the statements made and the votes cast, as reflected in the records of the Conference.

Observation II

In recognizing the great need of the developing countries to increase their earnings from exports of primary commodities, the delegation of Finland wishes to state that, because of financial reasons and conditions prevailing in agriculture in Finland, the possibilities of the Finnish Government to implement the Recommendation in Annex A.II.1, especially in respect of part II, "Actions recommended to be taken by developed market economy nations", are limited.

The Government of Finland will, on the other hand, give careful and continuous attention to the said Recommendation.

FRANCE

Observation on the Final Act of the Conference

The French delegation observes that the Final Act contains certain declarations and Recommendations on which it was obliged to state its position when votes were taken in committee or in plenary meeting. Consequently the approval given by the French delegation to the Final Act should be interpreted in the light of the observations or reservations which it expressed concerning those Recommendations, and in the light of those expressed on behalf of the six States members of the European Economic Community by the representative of Belgium when he stated that he was speaking as the spokesman of those six States.

Observations concerning the Principles adopted by the Conference and shown in Annex A.I.1

The delegation abstained on the following General Principles: Three, Four, Five, on the amendment to Principle Seven and on Principle Seven as amended, Eight, Nine, Eleven, Fourteen.

It also abstained on Special Principles Five, Six, Seven, Eleven, Twelve.

With respect to Special Principle One, which it approved, the French delegation intended to support consultations between developing countries and developed countries concerning the development plans and programmes of the former.

Reservations and observations concerning the Recommendation of the First Committee shown in Annex A.II.7

The French delegation reserves its position on paragraph 1 (vii) and 2 of the Recommendation in Annex A.II.7 (Competition from synthetics and sub-

stitutes) and therefore cannot support their implementation.

It considers that:

With respect to paragraph 1 (vii): this includes certain provisions referring to "access to markets" which might, if applied, conflict with the application of provisions of the Treaty of Rome and of Community policies flowing from that Treaty.

With respect to paragraph 2, the wording of the text voted for in the First Committee was not sufficiently redrafted to take into account certain effects of the policies of industrialization pursued by one or more of the six member countries of the European Economic Community.

Observations on the Recommendation in Annex A.II.9

The French delegation cannot subscribe to the provisions of the Recommendation in Annex A.II.9 as voted in the plenary meeting on 15 June 1964. These provisions, as worded in this document, are incompatible with the fiscal policy of the French Government.

Observations concerning Recommendations submitted by the Second Committee in plenary

The French delegation:

1. Voted against the adoption of the Recommendation in Annex A.III.1;
2. Abstained from voting on:
 - The Recommendation in Annex A.III.2;
 - The Recommendation in Annex A.III.7;
3. Voted in favour of the Recommendations in Annexes A.III.3, A.III.4, A.III.5, A.III.6 and A.III.8.

Reservations and observations concerning the Recommendation in Annex A.III.3

Some developing countries impose taxes on certain raw materials when exported, or hinder their clearance, whereas at the same time their exports of products manufactured with these raw materials are exempt from duty or benefit by various direct or indirect advantages.

There is the danger that these practices may seriously disturb industries processing these raw materials in other countries.

The French delegation states that its vote for the Recommendation in Annex A.III.3 submitted by the Second Committee does not mean that it would approve such wrongful practices if they were covered by paragraph B.II.4.

Reservations and observations concerning the Recommendation in Annex A.III.8

Recognizing the need for closer economic co-operation between the developing countries, the French delegation has decided in favour of the Recommendation in Annex A.III.8.

Nevertheless, it considers that if, in application of the provisions of paragraphs III (e), IV (a) (v)

and IV (b), all the developing countries granted, from the beginning, tariff or other preferences to each other, establishment of the regional economic groupings, which represents the most effective form of co-operation, would be hindered thereby.

Observations on the Recommendations submitted by the Third Committee

On the occasion of the vote in the plenary meeting, the French delegation:

1. Voted against the adoption of:
 - (1) The Recommendation in Annex A.IV.7.
 - (2) The Recommendation in Annex A.IV.19.
2. Abstained in the vote on:
 - (1) The Recommendation in Annex A.IV.3.
 - (2) The Recommendation in Annex A.IV.4.
 - (3) The Recommendation in Annex A.IV.5.
 - (4) The Recommendation in Annex A.IV.6.
 - (5) The Recommendation in Annex A.IV.8.
 - (6) The Recommendation in Annex A.IV.9.
 - (7) The Recommendation in Annex A.IV.15.
 - (8) The Recommendation in Annex A.IV.25.
3. Would have abstained, had there been a vote, when the Recommendation in Annex A.IV.10 was adopted.

Further, the French delegation requests that the text, annexed hereto, of the reservations and observations relating to seventeen Recommendations of the Third Committee be reproduced at the appropriate place in the Final Act of the United Nations Conference on Trade and Development.

This communication refers only to the reservations formulated in connexion with the votes on the Recommendations submitted by the Third Committee. Other communications will be submitted on the other votes in the plenary meeting.

Annex A.IV.1

The French delegation, without questioning the importance of the principle laid down in paragraph 1 (d), points out that its acceptance cannot be interpreted as a general commitment which would limit its freedom of choice with respect to the application of its aid policy. It wishes further to make clear that its acceptance of paragraph 1 (g) should not be interpreted as a commitment on its part.

As regards paragraphs 1 (b) and 2, reference should be made to the observations on the Recommendations in Annexes A.IV.5 and A.IV.18.

Annexes A.IV.3 and A.IV.4

The French delegation abstained from voting on these two Recommendations, as it has serious reservations about the second part of the Recommendation in Annex A.IV.3 and paragraphs 1, 2, 3, 4, 5, 7, 10 and 11 of the Recommendation in Annex A.IV.4.

Annex A.IV.5

In abstaining from the vote on this Recommendation the French delegation wished to indicate that any

procedure which was too general or too highly systematized to permit re-scheduling of the external debt, might have results contrary to the objectives sought. Such arrangements can only be considered case by case and by agreement between the debtor country and its creditors, and in liaison, if necessary, with the international institutions concerned.

Annexes A.IV.7 and A.IV.8

In voting against the Recommendation in Annex A.IV.7 and in abstaining from the vote on the Recommendation in Annex A.IV.8, the French delegation wished to recall that it was opposed to any extension of the activities of the Special Fund to the field of investment because other specialized agencies of the United Nations are responsible for that field and such an extension might jeopardize the effective action of the Special Fund in the pre-investment sector.

Annex A.IV.9

The French delegation considers that the establishment of new development funds would serve no useful purpose and would even be harmful. The functions in view can be carried out satisfactorily by existing general or regional bodies. There is no ground for the belief that the establishment of new bodies would bring about an increase in the total volume of assistance; on the contrary, they would serve to increase costs and to dissipate resources and efforts.

Annex A.IV.10

As the Recommendation was adopted without a vote, the French delegation had no opportunity of stating that it wished to abstain from the vote on the first operative paragraph in order not to restrict its freedom of action in carrying out its assistance policy.

Annex A.IV.11

The French delegation draws attention to the fact that capital borrowed on international markets, guaranteed by the international community, and re-lent at very low rates of interest made possible by an interest equalization fund, falls within the category of public resources rather than private capital; hence, while it considers studies in this field to be useful, it doubts that the use of these methods would secure an effective increase in the volume of financial assistance.

Annex A.IV.12

The French delegation would point out that the list, in paragraph A.1, of some of the measures likely to stimulate the flow of private investment capital cannot be regarded as exhaustive; it expresses a reservation regarding the second part of this paragraph ("such as . . . developing countries"). In addition, the French delegation considers that the "appropriate steps" referred to in paragraph B.3 (first

sentence) should include, in particular, the conclusion of international agreements with a view to improving the conditions for private investment.

Annex A.IV.14

While approving the principle of a study of these questions, the French delegation expresses serious reservations concerning the content of the document annexed to the Recommendation.

Annex A.IV.15

In abstaining on this text, the French delegation wished to indicate that it did not contemplate participating in the financing of such a fund, if established.

Annex A.IV.17

The French delegation draws attention to the fact that it would be premature to reach a final decision on a system which has been in existence for only one year and which has so far been put to very little use; the modifications described in the text should therefore be examined in the light of experience, when more substantial experience has been acquired. Further, their compatibility with the liquidity of the International Monetary Fund should be studied.

Moreover, the French delegation expressed the same reservations with respect to operative paragraph 3 as in the case of the Recommendation in Annex A.IV.18.

Annex A.IV.18

The French delegation has not, by its vote in favour of this Recommendation, accepted the principle of any scheme for the long-term compensation of fluctuations in export earnings; in its opinion, the real solution lies in the organization of primary produce markets, permitting the maintenance of stable and remunerative prices.

Annex A.IV.24

Although it voted in favour of the text, the French delegation has serious reservations to make with respect to paragraph 17 of this Recommendation.

Annex A.IV.25

Although in agreement with a large number of the ideas contained in this Recommendation, the French delegation cannot vote for it because of the rigid nature of some of the measures for which it makes provision.

Annex A.IV.26

The French delegation considers that the conclusion of international agreements on this subject would be undesirable.

Observations on the Recommendation in Annex A.V.1 (Institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade).

The French delegation voted for the Recommendation in Annex A.V.1. Nevertheless, it finds the draft-

ing of paragraph 25 unnecessarily complicated. It would have preferred a simpler wording, which would not have prejudged, in any way, the direction in which solutions to the difficulties in question should be sought, or the manner in which a problem should be settled before any steps had even been taken to study it.

The French delegation observes that the provisions for implementing some of the Recommendations make explicit reference to institutional machinery which still has to be established. The French delegation must therefore reserve its position on these Recommendations until this machinery has been established by the United Nations General Assembly and it can form a final judgment thereon.

HUNGARY

The Hungarian delegation maintains its reservations and observations made in the different Committees as regards the following:

Section IV of the Preamble to the Final Act, paragraph 38, dealing with compensatory financing;

The Recommendation in Annex A.II.6 (World Food Aid Programme);

The Recommendation in Annex A.II.7, point 2 (Competition from synthetics and substitutes).

As regards the Recommendations in Annexes A.IV.2, A.IV.4, A.IV.5, A.IV.8, A.IV.9, A.IV.11, A.IV.12, A.IV.15 and A.IV.16, the Hungarian delegation abstained from voting, taking into account the points of view expressed on these items during the debate in the Third Committee.

Referring to the Recommendation in Annex A.IV.1, the Hungarian delegation shares the reservations expressed on this Recommendation by the delegation of the Union of Soviet Socialist Republics.

The delegation also adheres to the observations made by the delegation of the USSR on the Principles contained in the Final Act.

IRELAND

General observation

The Head of the delegation of Ireland signs the Final Act as a record of the proceedings of the United Nations Conference on Trade and Development. The Recommendations, conclusions and other texts adopted by the Conference will be the subject of careful study by the Government of Ireland. The attitude of the delegation towards specific items has been indicated during the proceedings and is reflected in the voting and other declarations of the delegation as recorded in the documentation of the Conference and the Final Act.

Annex A.II.8

Annex A.II.9 (Minerals and fuels)

Annex A.IV.2

The delegation of Ireland abstained in the voting on these items.

Annex A.V.2

Annex A.V.3

The delegation of Ireland voted against the adoption of these Recommendations.

ITALY

Declaration of reservations and observations to the Final Act

The Italian delegation wishes to state that, in signing the present Final Act of the Conference, it does not intend to withdraw the observation which it put forward when the instruments subsequently submitted in plenary were adopted by the various Committees.

Reservation in respect of the Recommendation in Annex A.II.1 (International commodity arrangements and removal of obstacles and expansion of trade)

The Italian delegation approved the above-mentioned Recommendation but wishes to point out that, in connexion with the provisions of paragraph A, 3 (b) and (c) of Section II, it is impossible for Italy, in view of its present economic and financial situation, to undertake the reduction of tariff and fiscal charges which, in any event, are subject to parliamentary decisions on which no advance commitment can be given.

Reservation on the Recommendation in Annex A.II.9 (Minerals and fuels)

The Italian delegation did not give its approval to the provisions contained in the above-mentioned Recommendation because, apart from any other consideration, Italy's present economic and financial situation does not allow it to modify the fiscal treatment applicable in Italy to the products covered by the said Recommendations.

JAMAICA

The Jamaican delegation wishes to make the following observation: Whilst it agrees in principle to transitional arrangements for the phasing out of preferential arrangements, it cannot agree with the Recommendation contained in section II.A, paragraph 6, of the Recommendation in Annex A.II.1, unless the following points are included in the Recommendation:

First, the principle of the gradual phasing out of existing preferential arrangements between developed and developing countries, which "involve discrimination against other developing countries" should be applied *generally* and not restricted solely to arrangements between developed and developing countries. In other words, these preferential arrangements by developing countries in regional groupings, which

discriminate against other developing countries, must also be removed.

Second, the "international measures providing at least equivalent advantages" for the developing countries affected by the gradual phasing out of preferential arrangements, should consist, not only of satisfactory financial compensation, but must also include other measures to offset the social and economic repercussions resulting from the loss of preferential arrangements. There would have to be the clear understanding that such international measures would include, *inter alia*, extension of general preferences by all developed countries in favour of all developing countries.

Third, preferential arrangements between developed and developing countries, essential for the maintenance and growth of the export earnings of the developing countries, which are based on contractual obligations between developing and developed countries, can be phased out only by mutual agreement between the developed and developing countries concerned.

Fourth, special machinery should be established to ensure that "equivalent advantages" *do* accrue to the developing countries that would be affected by the gradual phasing out of preferential arrangements, *before* the gradual abolition of these preferential arrangements is initiated.

Fifth, the United Nations body responsible for the supervision of the phasing out of existing preferential arrangements, should be obliged to consult the developed and developing countries concerned, and measures should be established to safeguard the interests of the developing country affected.

JAPAN

The delegation of Japan reserves its position with regard to all the Recommendations and the Principles adopted by the Conference and embodied in the Final Act in respect of which it has recorded a negative vote or an abstention.

Furthermore, in cases where the Japanese delegation cast its vote in favour of a Recommendation containing a reference to the continuing machinery to be established, such voting was based upon the assumption that this continuing machinery would be acceptable to Japan.

The Japanese delegation also wishes to make the following observations on some Recommendations in respect of which it cast an affirmative vote:

FIRST COMMITTEE

(1) In supporting the Recommendation in Annex A.II.1, the Japanese delegation wished the following points to be noted:

(a) Japan would find greater difficulties than other developed countries in implementing the provisions of the Recommendation, because of some of the

under-developed elements in its economic structure, particularly in the field of agriculture and small-scale industries;

(b) In dealing with commodity problems, major emphasis should be placed on primary products mainly or wholly produced in developing countries;

(c) In translating the proposals in this Recommendation into action, due account should also be taken of the interests of importing developed countries;

(d) In seeking a solution of international commodity problems, care should be taken not to interfere unduly with domestic policies of importing developed countries.

(2) With respect to the Recommendations in Annex A.II.9, the Japanese delegation abstained from voting.

SECOND COMMITTEE

Recommendation in Annex A.III.4 *Paragraphs 9, 10 and 11*

In respect of a limited number of products, there may be cases where Japan would be unable to conform to the principles set forth in these paragraphs.

Japan reserves its rights to reconsider the extension of the benefits deriving from the international negotiations referred to in this paragraph to those countries which apply discriminatory trade practices against it, whether they participate in such international negotiations or not.

Recommendation in Annex A.III.8

The delegation of Japan voted for this Recommendation on the understanding that, rules, procedures and conditions for the establishment of a preferential system among developing countries should be negotiated by developing and developed countries together in an appropriate international forum in order to safeguard the interests of third countries.

THIRD COMMITTEE

Recommendation in Annex A.IV.1

Japan voted for this Recommendation on the understanding that studies referred to in paragraph 1 (j) would be conducted within the scope of the provisions of the Recommendation in Annex A.IV.14.

Recommendation in Annex A.IV.17

Japan accepted this Recommendation on the understanding that the requirements under operative paragraph 3, to study possible ways of securing refinancing of international Monetary Fund compensatory drawings, would be met by virtue of the study to be undertaken by the International Bank for Reconstruction and Development in pursuance of Section A of the Recommendation in Annex A.IV.18.

Recommendation in Annex A.IV.21

Japan wished it to be noted that, in its view, the terms of reference of any further study of shipping

must be consistent with the arrangements set out in the "Common Measure of Understanding on Shipping Questions" (Annex A.IV.22).

KUWAIT

The delegation of Kuwait would like to state here that when it voted in favour of the Recommendation in Annex A.IV.4, it understood that the expression "donor countries" in the first line of the sixth paragraph of the preambular section of this Recommendation referred to developed countries.

LIECHTENSTEIN

General comment

The delegation of the Principality of Liechtenstein, in signing the Final Act, welcomes the conclusion of the work of the United Nations Conference on Trade and Development. The Government of the Principality of Liechtenstein will carefully study the results of the Conference in order to ascertain what it can contribute to the fulfilment of the Conference's objectives expressed in the Recommendations, including the Principles, and the declarations embodied in the Final Act, having due regard to the attitude of the delegation of the Principality of Liechtenstein towards those objectives.

LUXEMBOURG

The delegation of the Grand Duchy of Luxembourg has signed this Final Act on the understanding that it is no more than a record of the proceedings of the Conference and of the Recommendations adopted by the Conference.

The position of the delegation of the Grand Duchy of Luxembourg on a certain number of issues, whether jointly or severally, is specified in the summary records of the committees and of the plenary meetings of the Conference, as well as in the Final Act itself.

The delegation of the Grand Duchy of Luxembourg states that it holds a position identical with that of the Belgian delegation and therefore presents the same observations as those formulated by that delegation (see above).

NETHERLANDS

The delegation of the Kingdom of the Netherlands has signed this Final Act on the understanding that it constitutes a record of the proceedings, discussions and Recommendations of the United Nations Conference on Trade and Development.

The position taken by the delegation of the Kingdom of the Netherlands either jointly or separately on a number of issues can be found in the summary records of the committees, sub-committees and plenary meetings of the Conference as well as in the Final Act itself.

Regarding the following Recommendations that have been voted upon by a show of hands, the dele-

gation of the Kingdom of the Netherlands has voted against:

Annex A.II.9; Annex A.IV.3, paragraph 1;
Annex A.V.3.

Regarding the following Recommendations that have been voted upon by show of hands, the delegation of the Kingdom of the Netherlands has abstained from voting:

Annex A.II.8; Annex A.III.2; Annex A.III.7;
Annex A.V.2.

Regarding the Recommendation in Annex A.IV.21 the Government of the Kingdom of the Netherlands wishes to point out that in its view, any further study on shipping should be carried out through the Inter-Governmental Maritime Consultative Organization, the existing United Nations specialized agency on shipping.

NEW ZEALAND

The New Zealand delegation, in signing the Final Act and thus accepting it as a correct record of the Conference, makes the following observations:

(a) It is the view of the delegation that there should have been explicit recognition by the Conference of the fact that countries are diverse in their stages of growth and in the size and structure of their economies. Just as there are differences in the needs of various countries for special protection and assistance, so also are there differences in the capacities of various countries to extend such protection and assistance.

(b) The delegation shares the opinion that the Principles are incomplete and susceptible of further improvement. In particular, it considers that they should be supplemented by the following principle: "International measures of co-operation in the field of trade and development should have regard to differences among countries in their economic and trade structures and the size and stage of development of their economies."

The delegation's attitude to all the principles adopted by the Conference is qualified by these considerations.

(c) The delegation considers that if the stated objectives of General Assembly resolution 1710 (XVI) launching the Development Decade, and of the sponsors of resolution 1785 (XVII) calling for this Conference, are to be realised, the position of countries highly dependent on the export of a small range of primary commodities should be more explicitly recognized.

(d) The delegation notes that New Zealand, in acting upon the Recommendations of the Conference, will necessarily be influenced by the nature of, and the conditions affecting its trade and economy.

NORWAY

Reservation on the Recommendation in Annex A.III.8

The Norwegian delegation makes a reservation with regard to the reference to services at the end of Sec-

tion IV (b) of this Recommendation, a matter which has not been considered by the Second Committee.

PAKISTAN

Subject to the observation and reservation made by the Pakistan delegation in the Fifth Committee and in the Sub-Committee on Land-locked Countries, the Recommendations in Annexes A.I.2 and A.VI.1 may be accepted.

PORTUGAL

The Portuguese delegation, in signing the Final Act, declares that its Government will make the fullest possible constructive contribution towards attainment of the objectives of the Conference.

In signing the Recommendations for which it voted, the Portuguese delegation intended that they should be put into effect with due regard to the special situation arising out of the different stages of development existing within the Portuguese economic sphere.

REPUBLIC OF KOREA

The delegation of the Republic of Korea draws attention to its reservations in regard to the points listed below:

1. General Principle Six in Annex A.I.1 (Fifth Committee).
2. Section II.B of the Recommendation in Annex A.II.1 (First Committee).
3. The Recommendations in Annexes A.III.2 and A.III.7. (Second Committee).

These reservations are based on the doubt of the delegation of the Republic of Korea about the possibility of promoting trade between the countries having different economic and social systems.

ROMANIA

The Romanian delegation is of the opinion that all the Recommendations of the Conference concerning the Principles and measures to be adopted in the sphere of international trade and development should be addressed to all States without discrimination of any kind and that the implications of the documents adopted should be universal.

SOUTH AFRICA

The Recommendations of the Conference generally divide all countries into only two categories, namely, developing countries and developed countries.

These Recommendations do not take account of countries which, while sharing some of the problems of "developing" countries, neither need nor seek accommodation to the extent and depth required by the "developing" countries and, while also sharing some common features with "developed" countries, cannot agree, because of their own development needs, to inequitable treatment adversely affecting

their own trade and development and cannot accept all the obligations formulated for acceptance by "developed" countries.

South Africa is such a country which is clearly neither a "developed" nor a "developing" country, in the context of the deliberations of the Conference and the sense in which these terms are used in this Final Act.

The Government of South Africa fully recognizes the urgent need for the accelerated development of developing countries and the rôle which the implementation of Recommendations for the expansion of international trade can play in the promotion of such development.

In the circumstances, the Government of South Africa will take note of the Recommendations of the Conference and will consider, with due regard to South Africa's own development needs, policies and special economic conditions, implementing the Recommendations adopted by the Conference. To this end, the Government of South Africa will co-operate with all other Governments desiring such co-operation to lay the foundations of a better world economic order.

Furthermore, signature of this Final Act is without prejudice to the position which the South African Government may take with respect to those Recommendations of the Conference for which the South African delegation has not voted in the affirmative.

SWITZERLAND

General Observation

In signing the Final Act, the Swiss delegation takes note of the conclusion of the work of the United Nations Conference on Trade and Development. The Swiss Government will study its results with the greatest care, in order to determine what constructive contribution Switzerland can make towards the attainment of the objectives brought out by the Conference and defined in the Recommendations (including the Principles) and declarations which are incorporated in the Final Act, having regard to the attitude to those objectives expressed by Switzerland in its votes, comments and statements at the Conference.

Observation concerning the Principles in Annex A.I.1

In the vote by show of hands on Special Principle Six, Switzerland abstained.

Observation concerning the Recommendation in Annex A.II.1

(International commodity arrangements and removal of obstacles and expansion of trade)

The Swiss delegation has approved the Recommendation in Annex A.II.1, subject to the following remarks:

Switzerland's liberal import policy has already had substantial results for exporters in the developing

countries. Most of the country's food requirements are met by unprocessed, processed or semi-processed agricultural products imported from countries in tropical or temperate zones. Import duties in particular are moderate, and experience has shown that they have never had an adverse affect on the consumption of these products.

In general, duties and taxes levied on imported commodities form part of the State revenue, and the State must be careful not to reduce them without good reason.

Further, owing to the special conditions existing in the country, Switzerland is obliged to apply price support measures for its key agricultural products.

While aiming to maintain the *status quo* and to take further steps when this appears necessary and possible to increase the consumption of agricultural products and foodstuffs in general, the Swiss authorities will have to continue adjusting these price support measures to agricultural policy requirements in accordance with the spirit and the letter of the Swiss constitution and legislative provisions. Subject to the same conditions, they will support efforts to conclude satisfactory international agreements on commodities.

These observations also apply to the other Recommendations (including Principles) adopted by the Conference, in so far as they refer to similar questions.

Observations concerning the Recommendation in Annex A.II.8

(Study of organization of commodity trade)

The Swiss delegation abstained from voting on the Recommendation in Annex A.II.8, as it does not consider the idea of linking commodity prices to the prices of essential goods imported by the developing countries to be either realistic or practical.

Observation concerning the Recommendation in Annex A.II.9

(Minerals and fuels)

The Swiss delegation opposed the Recommendation in Annex A.II.9.

Observation concerning the Recommendation in Annex A.III.5

(Preferences)

Switzerland believes that the granting of preferences to developing countries by developed countries would expose the international trading system to risks which are out of proportion to the limited and precarious advantages which preferences might offer in certain cases. It is consequently opposed to preferences of this kind, but it is in favour of special advantages for the developing countries which, without infringing the most-favoured-nation clause, would effectively encourage the growth and diversification of their exports of manufactures and semi-manufactures to industrialized countries.

Observation concerning the Recommendation in Annex A.III.8

(Measures and action for the promotion of trade in manufactures and semi-manufactures among developing countries)

The Swiss delegation approved the Recommendation in Annex A.III.8. It wishes to specify, however, that, in its view, the preferences which developing countries may grant one another [sections III (e) and IV (b) of the Recommendation] should be designed to promote an expansion of the markets of those countries and thereby widen the basis of their industrial production.

Observation concerning the Recommendations in Annex A.IV.25 (Conditions of economic and technical co-operation) and A.IV.26 (Transfer of technology)

The Swiss delegation voted in favour of the Recommendations in Annexes A.IV.25 and A.IV.26.

In connexion with those two Recommendations, it points out that the Swiss Government has no power to compel private industries to communicate technical information or to grant patents or licences to foreign countries. These transfers are, however, a common practice.

The Swiss delegation interprets paragraph 2 of the Recommendation in Annex A.IV.26 as meaning that developing countries which adopt appropriate legislative and administrative measures in the field of industrial technology will do so with a view to promoting and facilitating the transfer of technical knowledge without interfering with intellectual property rights.

Observation concerning the Recommendation in Annex A.V.1

(Institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade)

The Swiss delegation approved the Recommendation in Annex A.V.1. That Recommendation contains a provision to the effect that proposals on certain matters are to be made by a Special Committee before the United Nations General Assembly takes a decision.

Switzerland attaches great importance to the implementation of the objectives of this Conference and would welcome an opportunity of expressing its views in due course on the proposals to be submitted to the United Nations General Assembly.

To the preceding observations should be added a joint observation made by certain developed countries on the establishment of a specialized agency for industrial development, which has been submitted by the Belgian delegation.¹⁰⁸

¹⁰⁸ See observations submitted by Belgium, above; see also the summary record of the thirty-fifth plenary meeting, E/CONF.46/SR.35, p. 5.

UNION OF SOVIET SOCIALIST REPUBLICS

RESERVATIONS

1. *Principles governing international trade relations and trade policies conducive to development (Annex A.I.1)*

General Principle Five

The Soviet delegation, although endorsing the idea underlying this Principle, and having voted for its adoption, cannot approve the final words, "... and should encourage appropriate adjustments in their own economies to this end", since these matters are governed, not by international standards, but by each country's sovereign law.

General Principle Eight

The Soviet delegation voted in favour of this Principle, although of the opinion that it does not cover all aspects of the question concerned. In its view, the Principle should be amplified by the following provision:

"No developed country shall, in its trade with the developing countries, enjoy any particular privileges and advantages which are not accorded to all other developed countries.

"Developed countries enjoying particular privileges and advantages pursuant to preferential agreements previously concluded with developing countries shall accordingly renounce such privileges and advantages as soon as possible."

General Principle Twelve

The Soviet delegation fully supports the idea underlying this Principle, since the Soviet Union is a consistent advocate of general and complete disarmament and of the allocation of part of the resources that will be released by an appropriate agreement for the economic development needs of the developing countries. It was, however, compelled to abstain from voting on this text, because the wording differs from that approved by the United Nations General Assembly.

Since the Conference did not specifically consider the economic and commercial aspects of disarmament, the Soviet delegation deems it essential that the text approved by the United Nations General Assembly should be retained in the Recommendations of the Conference.

Special Principle Seven

The Soviet delegation abstained from voting on this Principle, since the text does not reflect the USSR's proposal regarding the need to promote the conclusion with the participation of all the major exporters and importers of the commodities concerned, of international commodity stabilization agreements, which would establish economically justified price levels and provide for the steady growth of trade in these commodities, having regard to the

interests of all countries concerned. In the view of the Soviet delegation, action on this proposal is the most effective means of ensuring stabilization of prices in the interests of developing countries.

2. *International trade in primary commodities*

The Union of Soviet Socialist Republics abstained in the vote on the following Recommendations of the First Committee, which are included in the annexes to the Final Act: A.II.6 (since this requires additional study); and A.II.7, paragraph 2 (since this does not take into account the special features of a planned socialist economy).

3. *Financing for an expansion of international trade and international compensatory financing*

Since in some Recommendations the special features of the planned socialist economy have not been taken into account, the USSR delegation abstained from voting on the Recommendations set forth in the following annexes to the Final Act: A.IV.1, paragraphs 1 (c) and 5; it also considers that paragraphs 2 and 3 of this Recommendation do not concern the USSR; A.IV.2, A.IV.4, A.IV.5, A.IV.8, A.IV.9, A.IV.11, A.IV.12, A.IV.15, A.IV.16 and A.IV.18;

Furthermore, the wording of paragraph 38 of section IV of the Preamble to the Final Act is, in the opinion of the USSR delegation, inaccurate and incomplete.

UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELANDA. *General Text*

The delegation of the United Kingdom of Great Britain and Northern Ireland, in signing the Final Act as a record of the proceedings of the Conference, do so on their understanding that the Recommendations and views therein expressed are to be read in the light of the explanations and observations which the delegation have made and the votes which they have cast in the course of the Conference.

In those cases in which the delegation voted in favour of a Recommendation embodying a reference to institutions recommended by the Conference, this vote was made on the assumption that any such institutions will be satisfactory to the United Kingdom.

B. *Texts relating to particular Recommendations*

FIRST COMMITTEE

Annex A.II.1

The delegation voted for this Recommendation.

The attitude of the delegation to international commodity arrangements has already been set out in the draft recommendation they presented, and in the First Committee's summary records and report. With regard to Part I of this Recommendation, the United Kingdom view remains that prices in com-

modity arrangements can be determined only in relation to the circumstances of the commodity concerned.

On Section D of Part I of this Recommendation, the delegation agree that consideration should be given to the establishment of a Commission on International Commodity Arrangements and Policies. However, it has been recognized that there was no opportunity for a substantive discussion of the proposals in Section D, either in the First or the Fourth Committees. Accordingly, it is the opinion of the delegation that the details of Section D remain to be considered. Some of these are unlikely to be acceptable to the United Kingdom and the delegation must therefore maintain their position until substantive discussions have taken place, particularly in regard to the proposed executive functions of the Commission and its relationship with other international bodies in this field.

Annex A.II.4

The delegation voted for this Recommendation. With reference to sub-item (g), they consider that the General Agreement on Tariffs and Trade Information Centre should be the body responsible, within the United Nations family, for trade information and market research.

Annex A.II.8

The delegation voted against this Recommendation.

Annex A.II.9

The delegation voted against this Recommendation.

SECOND COMMITTEE

Annex A.III.1

The delegation voted against this Recommendation.

Annex A.III.3

The delegation does not approve of all the methods of promoting exports described in paragraph B.II.4 of this Recommendation.

THIRD COMMITTEE

Annex A.IV.3

The delegation voted against operative paragraph 1 and abstained in the vote on this Recommendation as a whole.

Annex A.IV.4

The delegation voted against this Recommendation.

Annex A.IV.6

The delegation abstained in the vote on this Recommendation.

Annex A.IV.7

The delegation voted against this Recommendation.

Annex A.IV.8

The delegation voted against this Recommendation.

Annex A.IV.9

The delegation voted against this Recommendation.

Annex A.IV.15

The delegation voted against this Recommendation.

Annex A.IV.17

The delegation voted for this Recommendation on the understanding that the requirements under operative paragraph 3 to study possible ways of securing refinancing of International Monetary Fund compensatory drawings would be met by the study to be undertaken by the International Bank for Reconstruction and Development in pursuance of the Recommendation in Annex A.IV.18.

Annex A.IV.19

The delegation voted against this Recommendation.

Annex A.IV.21

The delegation consider that the terms of reference of any further study of shipping must be consistent with the arrangements set out in the "Common Measure of Understanding on Shipping Questions" (Annex A.IV.22).

Annex A.IV.23

The delegation sympathized with the legitimate aspirations of developing countries in the field of insurance. They have therefore co-operated in drafting the revised Recommendation in terms which probably represent the broadest measure of understanding which can be reached in this difficult and technical field. The delegation must, however, emphasize the importance which they attach to the statement in the preamble to the Recommendation, "that the characteristics of insurance and reinsurance activities, in general, require operation on an international basis." In their view insurance and reinsurance business should be free from any restrictions or controls which are not in the interests of policy holders. In associating themselves with the Recommendation, in accordance with the spirit of this Conference, the United Kingdom delegation must not be assumed to be departing in any way from these views.

Annex A.IV.25

The delegation abstained in the vote on this Recommendation.

FOURTH COMMITTEE

Annex A.V.1

The United Kingdom delegation record their view that institutional arrangements can only effectively serve the interests of the developing countries if they secure the agreement of individual countries, whether developing or developed; having due regard for their national sovereignty and their legitimate economic interests. It is, accordingly, the view of the delegation that when the General Assembly comes to completing the proposals on institutional arrangements for which the foundation has been laid in the Recommendation in Annex A.V.1, it will be essential that the final arrangements should have due regard for the interest of all countries if they are to be of practical value.

FIFTH COMMITTEE

Annex A.I.1

The delegation either voted against, or abstained from voting, as follows:

Against

General Principles 3, 7, 8, 11, 14.
Special Principles 7, 12.

Abstained

General Principles 1, 2, 4, 5, 12.
Special Principles 1, 8, 9, 11.

On Special Principle 6, the delegation declared that they, like some other delegations, would have abstained if a vote had been taken.

Annex A.VI.2

The delegation abstained in the vote on this Recommendation.

Annex A.VI.3

The delegation abstained in the vote on this Recommendation.

Annex A.VI.4

The delegation abstained in the vote on this Recommendation.

Annex A.VI.5

The delegation abstained in the vote on this Recommendation.

UNITED STATES OF AMERICA

Observations

The United States has voted in favour of the Recommendation in Annex A.II.5 concerning promotion of trade between developing countries because it considers that the subject is an important one and that the resolution as a whole is appropriately addressed to the problem. It is opposed, however, to the provisions of subparagraphs (e) and (k), since they provide a blanket endorsement of regional payments unions and such forms of payments methods as may be agreed to by developing countries, without regard to their merits.

The United States has voted in favour of the Recommendation in Annex A.II.7 concerning competition from synthetics and substitutes because the Recommendation contains many constructive features which may help developing countries in meeting the competition of synthetic products. The United States is opposed, however, to the provisions of subparagraph 1 (xi), regarding the possible use of mixing regulations, since it regards such measures as a restrictive and therefore undesirable method of helping the developing countries.

The United States voted against the Recommendation in Annex A.II.8 concerning a study of organization of commodity trade. The Recommendation prejudices the results of the proposed study, by its request that a programme of action be drawn up. It also suggests that import purchasing power can and

should be stabilized through regulation of commodity prices. For these reasons, the United States could not support the Recommendation.

The United States voted against the Recommendation in Annex A.II.9 on minerals and fuels.

The United States voted against the Recommendation in Annex A.III.2 concerning industrial branch agreements. It considers that industrial branch agreements as contemplated in the terms of the Recommendation would tend to impede rather than to further the growth of efficient industries in the developing countries and the expansion of their exports on a sound and enduring basis.

The United States joined in the adoption by consensus of the Recommendation in Annex A.III.3 concerning criteria for the development of export potential in the developing countries. It notes, however, that recourse to certain of the financial, monetary, fiscal and other aids and incentives mentioned in paragraph 4 of Sub-Section II of Section B of the Recommendation might in certain circumstances give rise to the necessity of considering the application of countervailing duties.

The United States joined in the adoption by consensus of the Recommendation in Annex A.III.5 concerning trade in manufactures and semi-manufactures. It wishes to record that it is among the countries, mentioned in the fourth preambular paragraph of the Recommendation, which are opposed in principle to the extension of preferences by developed countries and which support instead the application of the most-favoured-nation principle in the extension of concessions by developed to developing countries.

The United States abstained in the vote on the Recommendation in Annex A.III.7 concerning measures by countries with centrally-planned economies for expansion and diversification of exports of manufactures and semi-manufactures of developing countries.

The United States joined in the adoption by consensus of the Recommendation in Annex A.III.8 concerning promotion of trade in manufactures and semi-manufactures among developing countries, as it favours efforts of developing countries in the same economic region to join together to form larger markets and to co-operate to achieve accelerated economic development. It does not, however, support the principle that developing countries, which are not engaged in this close regional co-operation for development, should enter into discriminatory trade relationships of the kind apparently envisaged by the terms of certain provisions of the Recommendation. Accordingly, the United States is opposed to the following provisions of the Recommendation:

1. Paragraph (e), Section III;
2. The phrase "both generally among themselves and . . ." in paragraph (a), Section IV;
3. Sub-paragraph (v) of paragraph (a), Section IV; and

4. The following portion of paragraph (b), Section IV: "and in particular permit developing countries to grant each other concessions, not extended to developed countries, in view of the requirement to meet the needs during a transitional period of developing countries for the purpose of promoting their exchange of goods and services."

The United States voted against the Recommendation in Annex A.IV.3 concerning certain guidelines for international co-operation.

The United States voted against the Recommendation in Annex A.IV.13 concerning the needs of the public sector in the transfer of external resources to developing countries.

The United States voted for the Recommendation in Annex A.V.1 on continuing machinery, on the assumption that such machinery and the procedures to be developed under paragraph 25 of this Recommendation will be acceptable to the developed as well as the developing countries.

The United States voted against the Recommendation in Annex A.V.2 concerning arrangements during the interim period before the establishment of continuing machinery.

The United States voted against the Recommendation in Annex A.V.3 concerning the terms of reference of subsidiary organs of the continuing machinery.

III

INDEX TO OBSERVATIONS RECEIVED

GENERAL OBSERVATIONS

Joint Declaration of the Seventy-Seven Developing Countries; Austria, Canada, China, Cuba, Czechoslovakia, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Portugal, Romania, South Africa, Switzerland, United Kingdom of Great Britain and Northern Ireland.

FIRST PART (PREAMBLE)

Cuba (paragraphs 20 and 41); Ethiopia (Section I, paragraph 8; section III, paragraph 30; section IV, paragraphs 37, 42 and 43); Hungary (Section IV, paragraph 38); Union of Soviet Socialist Republics (Section IV, paragraph 38).

ANNEX A.I.1

General and Special Principles

Australia (Special Principle 6); Canada (Special Principle 6); France (General Principles 3, 4, 5, 7, 8, 9, 11, 14; Special Principles 1, 5, 6, 7, 11, 12); Hungary (General Principles 5, 8, 12; Special Principle 7); New Zealand; Republic of Korea (General Principle 6); Switzerland (Special Principle 6); Union of Soviet Socialist Republics (General Principles 5, 8, 12; Special Principle 7); United Kingdom of Great Britain and Northern Ireland (General Principles 1, 2, 3, 4, 5, 7, 8, 11, 12, 14; Special Principles 1, 6, 7, 8, 9, 11, 12).

ANNEX A.I.2

Principles relating to transit trade of land-locked countries
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ANNEX A.II.1

International commodity arrangements and removal of obstacles and expansion of trade
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ANNEX A.II.4

Promotional measures

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ANNEX A.II.5

Promotion of trade between developing countries

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ANNEX A.II.6

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ANNEX A.II.7

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ANNEX A.II.8

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Australia, Canada, Ireland, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

ANNEX A.II.9

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ANNEX A.IV.4

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II. Communications dated 10 June 1964 from the Union of Soviet Socialist Republics, Czechoslovakia, Hungary and Poland.

I. MESSAGES

MESSAGE FROM THE PRESIDENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA ADDRESSED TO THE SECRETARY-GENERAL OF THE UNITED NATIONS AND TO THE PRESIDENT OF THE CONFERENCE

On behalf of the Government of the Democratic and Popular Republic of Algeria and in my own name, I am happy to convey my greetings on the occasion of the historic event of the gathering of the International Conference on Trade and Development held under the auspices of the United Nations.

For her part, Algeria regards as being of utmost importance, the work of this Conference, which may lead to the positive and lasting solution of the problems confronting in particular the developing countries.

It is, in fact, true that the organization of the world's economy, for so long characterized by domination, has led to an inequality of development that is becoming more and more unfavourable to our peoples. Our task today is to seek with faith and determination the means whereby scientific and technical progress can be made to operate to the advantage of all.

These means exist; they are both considerable and impressive; they comprise human knowledge, natural resources, agricultural and industrial products, capital, etc. It will be the task of the Conference to bring into operation the means and instruments for international economic co-operation on the basis of the principles of respect for the dignity of the human person, social justice and the right of every man and every people to a life of liberty and economic, social and cultural progress.

It is hardly necessary for me to add that the achievement of the conditions conducive to a rapid rise in the standard of living of the peoples of the developing countries constitutes, after the total elimination of colonial rule and racial discrimination, the only way of ensuring a just and durable peace for mankind.

On behalf of my Government and on my own behalf, I send my best wishes for the success of the United Nations Conference on Trade and Development.

AHMED BEN BELLA

MESSAGE FROM THE PRESIDENT OF THE FEDERAL REPUBLIC OF CAMEROON ADDRESSED TO THE PRESIDENT OF THE CONFERENCE

People and Government of Cameroon and myself following with great interest historic meeting now being held Geneva to institute new structure international trade. In a world both too rich and too poor it was becoming urgently necessary that men of good will apply themselves to arduous problems posed by their trade relations. At a time when man has conquered distances, overcome endemic diseases and infant mortality, and when technical progress has opened up vast possibilities of every kind, it was inconceivable that he should not fight against the anachronistic imbalance in world economic relations. We firmly believe it was time that the two worlds, on the one hand, countries with an embarrassing surplus of foodstuffs and capital for which unable find appropriate use at home, and on the other, countries suffering hunger, poverty, ignorance, in short, under-development, should hold reasoned discussion. Like other under-developed

countries Cameroon hopes that solutions will emerge from your deliberations enabling future to be faced with confidence and promoting conditions harmonious development of all peoples. Highest esteem and consideration.

AHIDJO

MESSAGE FROM HIS IMPERIAL MAJESTY THE EMPEROR OF ETHIOPIA ADDRESSED TO THE PRESIDENT OF THE CONFERENCE

We extend our sincere best wishes for the success of the Conference and we express the hope that your deliberations will result in the establishment of a new and fruitful basis for trade and economic relations between all peoples of the world. May the Almighty guide your effort in His wisdom.

HAILE SELASSIE I

MESSAGE FROM THE PRESIDENT OF THE REPUBLIC OF GHANA ADDRESSED TO THE PRESIDENT OF THE CONFERENCE

Please convey to the United Nations Conference on Trade and Development my personal greetings and the best wishes of the Government and people of the Republic of Ghana. The nations of the world are meeting at a historic moment to consider ways and means of buttressing the hard-won political independence of developing countries with collective economic security within the framework of international trade. More than ever before, all nations must strive in the spirit of international co-operation to iron out the present inequities inherent in international trade to ensure an accelerated economic development and an integrated growth of all the economies of the whole world.

May success attend your deliberations.

KWAME NKRUMAH

MESSAGE FROM THE PRESIDENT OF THE REPUBLIC OF GUINEA TO THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

The present Conference, to which we have the honour to address this message on behalf of the Government and people of Guinea, is one of exceptional importance.

The peoples of the world, especially those of the developing countries, are rightly looking hopefully to Geneva, where the delegations of State are gathered for a confrontation of views and for the purpose of urging upon the conscience of the nations, and proposing for action, equitable solutions to the crucial problem of the harmonious and balanced development of the world's economy, in which one of the decisive factors is the system of international trade.

After the struggle for liberty has ended, every people inevitably sets out upon a course of economic development in order to ensure the flowering of its social and

cultural values; but by itself a people cannot attain all the conditions adequate to that development, without the co-operation of other peoples.

The full satisfaction of the needs of man and society calls for economic, technical and financial means. If, through the physical, intellectual and moral capacities of man or society, those means are to be put to their proper use, that use must necessarily take a form in keeping both with the level of their general development and with their designated aims of action, these two being inseparable. In other words, the rate of development is in direct proportion to the quality and quantity of the means employed and to its ultimate objective.

It is precisely because not all nations have at their disposal the same natural, technical and financial means that they are, at present, at different levels of development. Any policy tending to maintain or accentuate this difference, favours inequality amongst peoples, thereby encouraging the direct or indirect exploitation of some peoples by others.

Are the efforts of the developing countries inferior as compared with those of the developed countries? We are convinced that the unanimous reply of the Conference to this question will be "No!". It is certain that the output and the productivity of the worker are directly affected by the quality of the means of production. Moreover, the Conference will recognize unanimously that the foreign rule suffered by some countries of the world for varying periods of time has seriously jeopardized their economic, social and cultural development.

Even though political liberation is proceeding at an encouraging pace, it must be emphasized that for most of the countries of Asia, Africa and Latin America, it has not been reflected in economic liberation.

The terms of international trade are in no way equitable. Thus it is becoming increasingly clear to the conscience of mankind that the division of the world is more concretely expressed in terms of the existence of nations which are rich, on account of their high degree of development, and of nations which are poor, on account of their lack of development, rather than in terms of the formal cleavage separating ideological groups.

The solution of the problem of the organization of international trade on equitable foundations which would return a just reward for the productive efforts of society is undoubtedly the manifestation of a will to contribute to the progress of the movement for peace throughout the world.

Once nations have been freed, peace depends on the possibility offered to every people to satisfy all its material and moral needs through its own work.

The problem of disarmament yields in importance to the problem of the development of human society.

Furthermore, without underestimating the nature and quality of the decisions which your Conference may reach, we venture to believe that any study

concerning the operation of the system of international trade would remain partial and would yield piecemeal solutions if it did not include an examination of the structure and operation of markets with a view to bringing into existence a world organization for trade and financial relations among nations.

We believe that your Conference, if it is to be equal to the responsibilities which it is assuming before history, will have to organize its discussions in such a way as to be free of any inferiority or superiority complex in relations between the delegations of the developed nations and those of the developing nations.

For to start out from the notion that nations should give charity to other nations or, to be more precise, that the industrialized countries will have to contribute help to the development of the countries of Asia, Africa and Latin America, would lead the discussions far beyond what is demanded by human society, whose harmonious and balanced development remains the only real factor for mutual understanding, reciprocal friendship and fraternal co-operation among peoples.

At this Conference, no one brings gifts and no one asks for them. There are only, and can only be, delegations instructed by their nations to study under what conditions it would be possible to establish relationships of justice in trade transactions which are at present prejudicial to the vast majority of the peoples of the globe, and consequently, to the strengthening of the foundations of world peace.

We hope that a spirit of understanding and a determination to move forward will guide your deliberations and will help to bring them to a positive conclusion, for the benefit not of a part of society, but of the whole of human society, which has endured too much oppression and exploitation and which has deep aspirations to a new life, a life in which each people can enjoy true political and economic freedom, as well as security and peace.

AHMED SÉKOU TOURÉ

MESSAGE FROM THE PRESIDENT OF INDIA ADDRESSED TO
THE PRESIDENT OF THE CONFERENCE

The United Nations Conference on Trade and Development which opens at Geneva on 23 March, sixteen years after the Havana Conference, is an event of great importance. The less developed countries, of which India is one, are looking hopefully to this Conference to find speedy and effective solutions to their problems of development. The United Nations have taken special interest in promoting the economic development of less developed countries, because poverty is a danger to world peace. It is of the utmost urgency and importance that the developed countries of the world assist others, not so fortunately placed, in the achievement of the modest targets of development of the latter through concrete programmes. The prosperity and development of each will contribute to the prosperity of all.

On behalf of India I send the Conference my sincere good wishes for its success.

S. RADHAKRISHNAN

MESSAGE FROM THE PRESIDENT OF THE REPUBLIC OF
INDONESIA TO THE CONFERENCE

It gives me great pleasure to address a message to the United Nations Conference on Trade and Development which opens in Geneva on 23 March 1964.

I welcome the initiative that has been taken by the United Nations in convening this Conference and am gratified indeed, by the fact that this initiative was prompted, among others, by the countries, including Indonesia, who are today engrossed in the task of national construction and development.

The convening of this Conference signifies a growing awareness of the vital need to take effective measures to improve trade relations, to turn trade into an effective instrument for development, instead of being a positive hindrance to development as is so frequently the case today.

One of the Five Pillars of the Republic of Indonesia is Social Justice and by Social Justice we mean the construction of a society that is free of the exploitation of man by man. I recommend to this esteemed Conference to accept this Pillar of Social Justice as the guiding principle for your deliberations. It is my deepest conviction that by adopting the framework, of social justice in the larger context of world economic relationships, an unprecedented acceleration can be achieved in bridging the gap between developing and developed nations. In international relations, the implementation of social justice can lead to the termination of the exploitation of nation by nation, ending imperialist and colonialist relationships and making it possible for all nations to build up their economies in accordance with their own national interest, harnessing fully the potentials of their own people and exploiting fully their own natural resources, with the ultimate goal of general welfare for all mankind regardless of race, colour or creed. Furthermore, by so doing we will be able to keep pace with the tempo of "the revolution of rising demands" which is sweeping through the most remote corners of our shrinking world.

I take this opportunity of assuring you that Indonesia is looking forward to your deliberations with great expectations and is ready to make its contribution to such schemes as you may deem appropriate in pursuance of the common goal of social justice. I should like to add, however, that the main emphasis of the effort of each country, of its efforts to free itself from economic dependence and mobilize its own resources, is to rely on its own potentials. Indonesia warmly welcomes international co-operation and is conscious of the value of assistance from other countries, but international co-operation should

start with the basic premise that those who co-operate rely first and foremost on their own resources. International assistance can even become a burden if it exceeds its function as an auxiliary or catalyst to a nation's own efforts. What is worse, international co-operation would deteriorate into a curse if it tended to retard the growth of a nation and perpetuate its bondage to outside assistance.

The task today is to remove all these hindrances to national economic growth, above all by creating the necessary conditions for the promotion of equitable trade relations. Expanding trade stimulates growth, while growth stimulates trade, and once this process begins for all countries in the world there will be no bounds to the advancement of man, to the riches he will create for the prosperity of all.

I hope that these understandings will underlie your deliberations, for this is the guarantee of success, this is the guarantee that the United Nations Conference on Trade and Development will be a landmark in the history of mankind in the striving towards prosperity and social justice.

SOEKARNO

MESSAGE FROM THE PRIME MINISTER OF JAPAN TO THE CONFERENCE

It is my conviction that the very fact that 121 nations of the world have gathered together to review and discuss the problem of North and South represents the wisdom of the whole of humanity.

It is also my sincere hope that these joint efforts, if continued in coming years in the spirit of harmony and mutual understanding, will ultimately bring about successful results.

HAYATO IKEDA

MESSAGE FROM THE PRESIDENT OF LIBERIA TO THE CONFERENCE

Greetings and best wishes from the Government, people of Liberia, and myself to all representatives assembled at this important Conference. May your contacts with each other and your deliberations on the lively and exciting issues of the imbalance in the relations between developed and developing nations, and in trade and commerce—with particular reference to primary, finished and semi-finished products, tariff preferences and so forth—be enriched by the measure of a proper sense of fairness and understanding so that your shared experiences and work, together may enhance plans for evolving a new era of prosperity among all men and the reign of peace be achieved.

WILLIAM V. S. TUBMAN

MESSAGE FROM THE PRESIDENT AND GOVERNMENT OF MALI ADDRESSED TO THE PRESIDENT OF THE CONFERENCE

At the time of the opening of deliberations on the vital question of international trade, the Republic

of Mali has the honour to transmit to the Conference its best wishes for success. It hopes that the Conference will transcend national egoism and political systems and that it will recommend helpful remedies re-establishing equitable co-operation which will be fruitful for all peoples, in accordance with the hopes and inspiration of the United Nations Charter. Highest consideration.

MODIBO KEITA

MESSAGE FROM THE CHAIRMAN OF THE COUNCIL OF MINISTERS OF THE MONGOLIAN PEOPLE'S REPUBLIC TO THE CONFERENCE

On the occasion of the opening of the United Nations Conference on Trade and Development, I send cordial greetings to the participants on behalf of the Government of the Mongolian People's Republic and on my own behalf. Our Government attaches great importance to the United Nations Conference on Trade and Development for the solution of such problems of international economic co-operation as the elimination of all forms of discrimination in international trade for political or other motives, the establishment and expansion of mutually advantageous economic relations between all States, on a basis of equality, the drafting of effective measures to ensure the economic advancement of developing countries, and the creation of an international trade organization under the aegis of the United Nations, which would concern itself with all questions relating to world trade and would be open to all countries.

The normalization of international trade is an important means of relaxing international tension, putting an end to the cold war, strengthening peace and promoting the peaceful coexistence of States with different social systems.

The Government of the Mongolian People's Republic endorses the principle of mutually advantageous international trade, which will bring peoples closer to one another and serve the cause of peace and the progress of all mankind. I wish the participants in the Conference every success in the attainment of the goals of the Conference.

YU TSEDENBAL

MESSAGE DATED 12 JUNE 1964 FROM HIS MAJESTY THE KING OF MOROCCO ADDRESSED TO THE PRESIDENT OF THE CONFERENCE

Now that the Conference is approaching the end of its proceedings which we have followed with the closest attention, we take pleasure in offering you our sincere congratulations on your unceasing efforts for its success and in expressing our warmest hopes that concrete and beneficial resolutions will emerge from the deliberations of this world-wide meeting.

We are well aware of the obstacles which, from the outset confronted such an enterprise, of the number and complexity of the questions it was to deal with, and how powerful were the interests which were to be involved. It seemed scarcely likely, therefore, that a general and final settlement of the difficult problems involved would be reached un-animously in the short time available to the participants. Accordingly we consider it all the more reassuring that the Conference was able to demonstrate so clearly that every delegation realized to the full the nature and the breadth of the problems which faced them and the need for just and humane solutions.

In this respect the attitude of the developing countries has been of great significance, and the part they have played in the Conference has provided evidence of their maturity. While pressing their legitimate requests, those countries repeatedly affirmed their belief that development called for a sustained national effort on their part.

No less remarkable was the attitude of the industrialized countries: instead of confining themselves to useless intransigence, they paid careful attention to the difficulties confronting the developing countries and have shown a sincere desire to promote their progress.

It is our hope, therefore, that this *rapprochement* and this desire for co-operation will be the prelude to a general and irresistible movement that will translate into reality throughout the world the ideals of peace and brotherhood which are among our own foremost objectives.

HASSAN II

MESSAGE FROM HIS MAJESTY THE KING OF NEPAL ADDRESSED TO THE PRESIDENT OF THE CONFERENCE

It gives us considerable pleasure to have the opportunity to say a few words on this occasion. The United Nations Conference on Trade and Development at present being attended by all the United Nations member countries, will no doubt find ways to overcome the trading difficulties of the developing countries. Developing countries' present and future development plans, largely dependent as they are on their capacity to expand their foreign trade, we hope, the salve will receive due consideration of the Conference and we also hope that the difficulties presently experienced by land-locked countries and their justified concern for unrestricted transit facilities will find a satisfactory solution. The Conference, as it is one of the major efforts of the United Nations to diffuse prosperity, will find general approbation and admiration of the people all over the world and, in particular, of the people of the developing part of the world.

We wish the Conference every success.

MAHENDRA R.

MESSAGE FROM THE PRESIDENT OF PAKISTAN TO THE CONFERENCE

On behalf of the people and Government of Pakistan and on my own behalf, I extend my warm greetings and best wishes to the United Nations Conference on Trade and Development for its success. The importance of this gathering cannot be over-emphasized. Indeed since the founding of the United Nations there has been no other conference on the outcome of which so much of the economic future and well-being of humanity has depended. A large part of the world has pinned its hopes on the successful outcome of this Conference. The developing nations of the world are at the cross-roads of history and the future course they take will largely depend on how far this Conference adequately responds to their hopes and aspirations. The economic and trade problems of developing countries have been under study for a long time. The main difficulties, as well as possible remedies, have been identified. What is required now is the political will to evolve and implement an integrated programme of action.

For a majority of the nations of the world, economic progress is today another name for sheer survival. Pakistan, along with other developing nations of the world, is waiting to see how far the international community responds to the challenge of the times so that the appalling conditions in which vast masses of humanity live can be changed and a period of sustained progress leading to decent standards of living ensured within a reasonable future.

MOHAMMAD AYUB KHAN

MESSAGE FROM THE PRESIDENT OF PERU ADDRESSED TO THE PRESIDENT OF THE CONFERENCE

At the opening of the World Conference in Geneva, I wish to express my sincerest good wishes for the success of this important Conference, the most vital of whose objectives is to correct the imbalances which exist at present in the commercial exchanges of the developing countries with the highly industrialized countries and so to achieve a more just universal order guaranteeing general prosperity and lasting peace on the foundations of economic justice and social progress.

FERNANDO BELAUNDE TERRY

MESSAGE FROM THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES TO THE CONFERENCE

Through the delegation of the Republic of the Philippines to the United Nations Conference on Trade and Development, which has just begun its massively important task, I greet the honourable Conference President, the Secretary-General and other officers as well as all the distinguished delegates in attendance, with the fervent hope that the Conference will not merely raise the expectations of

two-thirds of humanity, but make possible their reasonable fulfilment.

It scarcely needs stating that the Conference, conceived as an earnest effort to assist the developing nations in improving their economies and enlarging their share of human well-being, has already boosted further the rising expectations of the peoples of Asia, Latin America and Africa. This is so, further, because, gathered together in mutual counsel at the Palais des Nations in Geneva are the delegations of 122 nations which surely include in their ranks men and women possessed of the profoundest knowledge and experience in all phases of human uplift. If with this near-total mobilization of the world's humane wisdom and statesmanship goodwill in commensurate measure also exists, failure is inconceivable.

Failure is, indeed, unthinkable. Failure would plunge the developing nations into a new depth of hopelessness and frustration. Failure would earn for the developed nations the disappointment of two-thirds of the world. Failure would deal a fatal blow to the dwindling buying power of the developing nations. Failure would accelerate the progressive loss to the developed nations of their greatest potential markets. Enlightened self-interest on the part of both the developed and developing nations demands not failure but success.

Looming before all the nations, with the increasing brightness of the rising sun, is the simple fact that human well-being is indivisible. Nuclear weapons have made war and peace and security indivisible. Continuous and speedy international intercourse has made human health and human expectations indivisible. Wealth and poverty cannot long exist side by side without wealth itself perishing. Wealth must abolish poverty or poverty will liquidate wealth. Human well-being must be for all humanity.

Strongly believing that the Conference cannot but conceive an improved and enlightened basis of world economic co-operation, I warmly commend those who conceived it in the councils of the United Nations, wish Godspeed to those who are charged with its management and leadership, and offer my prayers that the distinguished delegates will carry on and conclude their vital task with historic vision and wisdom.

DIOSDADO MACAPAGAL

MESSAGE FROM THE PRESIDENT OF THE COUNCIL OF
STATE OF THE ROMANIAN PEOPLE'S REPUBLIC TO
THE CONFERENCE

Permit me on behalf of the Council of State of the Romanian People's Republic, the Romanian people, and on my own behalf to transmit to you and to all participants our best wishes for the complete success of the work of the United Nations Conference on Trade and Development.

The Romanian Government sees in the United Nations Conference on Trade and Development an important event in the work of the United Nations, an important event in contemporary international life, which concerns all countries in all regions of the world.

The Romanian Government hopes that the work of this Conference will contribute to finding the most suitable methods of converting international trade into an efficient instrument for the economic progress of all countries, and primarily, the progress of the developing countries.

Mankind now has at its disposal vast material resources which, together with unexampled advances in science, offer real opportunities for banishing from our planet economic under-development the source of poverty, illiteracy and disease. In order that these opportunities may become realities within the reach of all peoples and every country, an end must be put to the arms race; general and complete disarmament must be achieved, and action must be taken to implement the decisions of the General Assembly of the United Nations concerning the immediate liquidation of colonialism in every form. The restrictions and discriminations which impede and distort international economic relations, and especially the trade relations of the developing countries, must be eliminated. International trade must revert to its true functions, its true character, that of a factor for peaceful, mutually advantageous exchange, contributing to a better understanding among the peoples and to the maintenance of peace.

The United Nations Conference on Trade and Development is expected to make its contribution towards the achievement of these aims, and so to fulfil the legitimate aspirations of millions and millions of human beings in all regions of the world.

With these considerations in mind, the Romanian Government has given special attention to the preparation of Romania's participation in the work of the Conference. As you know, the Romanian delegations at the sessions of the General Assembly of the United Nations and on other occasions have warmly supported the idea of, and have stressed the need for convening this Conference.

Spurred on by the wish to make its contribution to the establishment of an agenda covering the most important problems of a broad and unrestricted development of international trade, the Romanian Government has prepared proposals of general interest, drawn from the positive experience of international economic relations and requirements.

We hope that all due attention will be given to these proposals during the proceedings of the Conference, together with the constructive proposals of other countries.

Romania is interested in the establishment of normal economic relations among States and considers that these relations should be based on the principles

of strict respect for national sovereignty, equality of rights, non-interference in domestic affairs and mutual advantage.

The Romanian Government has always considered, and still considers, that the United Nations has an important part to play in this matter and, in conformity with the fundamental terms of the Charter, should promote measures tending to contribute to the expansion of international economic co-operation, to economic development and to the raising of standards of living throughout the world.

For this purpose, Romania has, since the twelfth session of the General Assembly of the United Nations, been advocating the preparation of a declaration on the principles of international economic co-operation.

At its last session the General Assembly of the United Nations endorsed the idea that such a declaration might be an effective instrument for the establishment of stable, sound and equitable relations among all States.

The Romanian Government hopes that the deliberations of the Conference will proceed in a spirit of understanding and co-operation and that they will approach the modern problems of international trade and economic development realistically and constructively, taking into consideration the profound changes which have occurred in the world and recognizing that all countries have the right to economic and social development.

GHEORGHE GHEORGHIU-DEJ

MESSAGE FROM THE PRESIDENT OF THE TUNISIAN
REPUBLIC TO THE CONFERENCE

The evolution of the modern world, characterized in the first place by spectacular advances in science and technology and, secondly, by the ending of the colonial era and the liberation of productive forces long enslaved to the purposes of exploitation, opens up the broadest prospects for trade and international economic co-operation.

Trade has been, from time immemorial, an instrument for the exchange of wealth and skill among peoples, but it has become nowadays the means by which every economy lives and breathes and the living expression of the profound solidarity of interests among men, irrespective of their mode of life and their political and social systems.

Consequently, it is the responsibility of the United Nations to organize international trade in conformity with the Purposes and Principles of its Charter and so to correct the imbalances and inequalities inherited from an anachronistic system unsuited to the spirit of our times. It is a task necessary for the maintenance of peace and for strengthening co-operation and friendship among the peoples.

Tunisia has at all times, with conviction and unreservedly, supported the activities of the United Nations

and is once again ready to make its contribution, however modest, to the common effort. It has great hopes that the United Nations Conference on Trade and Development will not disappoint the hopes of the developing countries, which are genuinely anxious to find the formula for a balanced and harmonious co-operation working to the mutual advantage of all nations.

On behalf of the people and Government of Tunisia and on my own behalf I express the sincerest wishes for the full success of your deliberations.

HABIB BOURGUIBA

MESSAGE FROM THE CHAIRMAN OF THE COUNCIL OF
MINISTERS OF THE UNION OF SOVIET SOCIALIST
REPUBLICS ADDRESSED TO THE PRESIDENT OF THE
CONFERENCE

On behalf of the Soviet Government and on my own behalf, I extend cordial greetings to the participants in the United Nations Conference on Trade and Development. The Soviet Government expresses its gratification at the opening of this Conference, the convening of which was due in part to the initiative of the Soviet Union.

We are glad that the idea of convening the Conference met with such wide support throughout the world, particularly on the part of the developing countries, and that it has now become a reality. We are convinced that trade on the basis of equality and mutual benefit is a good basis for the peaceful coexistence of countries with different social systems and creates favourable conditions for the further relaxation of international tension and the consolidation of peace throughout the world.

Our era is characterized by the desire of the independent States of Asia, Africa and Latin America to put an end to economic backwardness in the shortest possible time and to achieve progress in all spheres of human endeavour. International trade and economic co-operation, based on respect of sovereignty and a desire to take into account the vital needs of the developing countries, will be an excellent addition to the efforts made by those countries to eliminate the vestiges of colonialism in their economy and foreign trade and to raise the level of their independent national economy. It is common knowledge that the present state of world trade fails in many respects to fulfil the great hopes which the peoples of the world place in it. The inequitable international division of labour and the constantly widening gap between the prices of the goods exported by the developing countries and the prices of the goods imported by them, which is causing depletion of their resources and hampering their development, are the result of imperialist exploitation. Discrimination and artificial barriers check the growth of international trade and poison the political atmosphere. As regards the Soviet Union, it is consistently pursuing the policy of devel-

oping trade and economic relations with all countries of the world on the basis of equality and mutual benefit. Evidence of this is the steady growth of the foreign trade of the USSR. We shall continue in future to devote great attention to the development of trade and economic co-operation with all countries which are interested in this, and in particular with the developing countries. As participants in this extremely important Conference, you are faced with important and noble tasks, namely, to secure better conditions for the development of world trade on the basis of equitable principles, which would help to normalize trade, to eliminate artificial barriers and discrimination, and to ensure all countries an appropriate place in the international division of labour, as well as to work out practical measures for the expansion of international trade and economic co-operation, and to set up effective organizational machinery with a view to the earliest possible implementation of the resolutions of the Conference. This requires a bold, just and unprejudiced approach to the solution of the problems confronting the Conference.

The Soviet Government, convinced that trade and economic co-operation between peoples can and must make an enormous contribution to the strengthening of peace and co-operation among peoples, wishes the Conference every success and expresses the hope that it will open a new page in the history of international economic relations.

N. KHRUSHCHEV

MESSAGE FROM THE PRESIDENT OF THE UNITED ARAB
REPUBLIC TO THE CONFERENCE

On the occasion of the meeting of the United Nations Conference on Trade and Development, I am happy to convey to the honourable representatives—in the name of the people and Government of the United Arab Republic—my best wishes for the success of the Conference.

It is gratifying that the reorganization of the international economy to make it more compatible with the needs of our times—which is the burden entrusted to your Conference—has become the subject of general agreement.

There is no doubt that it is important to all countries of the world, irrespective of their stage of development or their economic system, that this Conference is successful, since its success will pave the way for new horizons of constructive co-operation between all nations for the realization of peace, justice and international economic progress.

The great economic and social problems which face the world at present must be solved on an equitable basis; and international organizations are expected to use all their efforts for this purpose and to go through the process of evolution which might be

necessary to enable them to carry their new responsibilities.

International economic co-operation for the common prosperity of all the peoples of the world is an inevitable necessity for the cause of peace and progress of humanity.

The people of the United Arab Republic—with their intentions supported by action—extend their hands in a spirit of international co-operation to all countries and across all oceans.

GAMAL ABDEL NASSER

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES
OF AMERICA TO THE CONFERENCE

The great task of our time is to bring the fruits of economic well-being to all peoples in a world of peace and freedom. The nations of the world have gathered in Geneva for the United Nations Conference on Trade and Development to discuss together how to move ahead in accomplishing this task.

On behalf of the people and Government of the United States of America, I hereby pledge our strongest co-operation in this great joint endeavour.

LYNDON B. JOHNSON

MESSAGE FROM THE PRESIDENT OF THE SOCIALIST
FEDERAL REPUBLIC OF YUGOSLAVIA TO THE CONFERENCE

I take great pleasure in extending to the participants of the United Nations Conference on Trade and Development best wishes for successful work on behalf of the people and the Government of the Socialist Federal Republic of Yugoslavia. Your assembly constitutes an event of extraordinary importance for international relations and it gives rise to great hopes that the international community will be capable of creating better conditions for general progress of the world and, in particular, for an accelerated economic growth of developing countries. The Conference will thereby make a major contribution to the improvement of the world situation and the preservation of peace as well. We are firmly convinced that the economic development and social progress of all countries are of common interest to the international community as a whole, and as such a matter of common concern and responsibility to all.

Your Conference is faced with a major task of undertaking effective measures in a more organized and comprehensive manner, with the aim of promoting universal and equal economic co-operation in order to accelerate economic development in the world and to eliminate the existing obstacles impeding international economic co-operation and the stabilization of the situation in the world.

General concurrence of all countries on the need and usefulness of having this Conference convened is, no doubt, encouraging. Furthermore, it offers a sound basis for the hopes placed in it. The prevailing international relations, as demonstrated, did not make possible the solution of a number of outstanding problems.

One of these major problems, by all standards, is the unequal development in the world and its impact upon international relations. This problem, in a great measure, constitutes a key problem not only to the further progress of insufficiently developed areas but, we are firmly convinced, to the further prosperity of the industrially developed countries as well.

The rapid economic and social development of those countries which have only recently gained their independence, permitting them to integrate themselves into international economic co-operation on an equal footing, is a matter of immediate urgency. Effective international action, which does not brook delay, is necessary towards this end.

Likewise, the elimination of various obstacles standing in the way of broad international co-operation will, no doubt, in addition to yielding economic gains, contribute considerably towards improved relations among nations and States in general.

We are convinced that all countries feel that it is in their own interest to exert the necessary efforts towards solving the problems facing this Conference. We sincerely hope that the recommendations and decisions of the United Nations Conference on Trade and Development will pay due attention to the interests of all countries, irrespective of the level of development and differences in social and economic systems and that they will constitute a genuine contribution to the promoting of international co-operation and the safeguarding of peace.

JOSIP BROZ TITO

II. COMMUNICATIONS FROM THE UNION OF SOVIET SOCIALIST REPUBLICS, CZECHOSLOVAKIA, HUNGARY AND POLAND¹⁰⁹

POSSIBLE FUTURE DEVELOPMENT OF TRADE BETWEEN THE SOCIALIST COUNTRIES AND THE DEVELOPING COUNTRIES

Union of Soviet Socialist Republics

In connexion with the wishes expressed by delegations of the developing countries to be informed of more concrete perspective data on an eventual increase of turnover between the USSR and the developing countries the Soviet delegation hereby states that, according to estimates made by Soviet economists, trade between the USSR and the developing countries

under proper conditions may increase during the next 17 years as follows (as compared to 1963):

	1963	1970	1980
			<i>over</i>
Total turnover (in million roubles)	1 480	3 300	10 000
Imports of some tropical commodities from the developing countries (in thousand tons)			
Cocoa-beans	54	120	350
Coffee	29.1	60	120
Citrus	60.2	180	750
Coconut oil, palm oil and other oils for confectionery and perfumery industries (in quantities of oil seeds)	212	300	1 000

At the same time the USSR will increase imports from the developing countries of cotton, fibre, jute, wool, tea, bananas, pineapples, spices, and certain products of the mining industry and primary products for the chemical industry. Purchases in the developing countries of manufactures and semi-manufactures under trade agreements, including repayment of credits granted by the Soviet Union to these countries, will also be increased.

The Soviet delegation has no objections to the inclusion of figures provided in the Final Act of the Conference. At the same time, the delegation wishes to have appear in the Final Act, or in any other resolution adopted by the Conference, the following wording in connexion with the above figures:

“The Conference recognizes that trade with the socialist countries is of considerable benefit to the growth of world trade and maintains that such trade can substantially contribute to the growth of export earnings of the developing countries.

“The Conference welcomes the intentions of the socialist countries of annually increasing trade with the developing countries and welcomes the data provided by a number of delegations of the socialist countries on trade development estimates for 1970 and 1980.

“It is understood by the Conference that the statement of a number of delegations of the socialist countries on eventual development of trade reflects the aims of these countries and that the increase of their imports from the developing countries should be accompanied by the rise in purchases of the developing countries in socialist countries as well as by the general normalization of world trade.

“The Conference notes the readiness of the socialist countries to enter into multilateral as well as bilateral trade agreements, including long-term ones when it appears economically advantageous for the trade partners concerned, and welcomes the readiness of the socialist countries to facilitate gradually the transferability of credit balances.”

¹⁰⁹ E/CONF.46/L.17 of 12 June 1964.

Czechoslovakia

To meet the request of some delegations of developing countries, the delegation of the Czechoslovak Socialist Republic decided to make known—as far as it is possible to express them in comprehensive figures—the objectives of Czechoslovakia's trade policy concerning developing countries.

1. The total turnover in 1970 will be approximately doubled so that it is expected to reach about \$US900 million. This increase of turnover includes a corresponding increase of imports of raw materials, and foodstuffs, as well as manufactures and semi-manufactures.

2. The imports of tropical fruits will be almost trebled in 1970.

3. The imports of coffee, cocoa and foodstuffs will be approximately doubled in 1970.

The Czechoslovak delegation would agree to the inclusion of these data in the Final Act of the Conference, provided the Final Act in this connexion contains the statement the wording of which is given in the last four paragraphs of the USSR *aide-mémoire* and to which the Czechoslovak delegation fully subscribes.

Hungary

Referring to the *aide-mémoire* of the USSR delegation of 10 June, regarding more concrete perspective data on the eventual increase of turnover with the developing countries, the Hungarian delegation wishes hereby to make known to the Conference concrete perspective data concerning the eventual growth of trade between Hungary and the developing countries. These data for Hungary are the following:

Total turnover (in million US dollars) was 160 in 1963 and will be 310 in 1970.

In respect to the above data, the Hungarian delegation wishes to state that these are to be understood according to the text of the above mentioned *aide-mémoire* of the USSR.

Moreover, the Hungarian delegation wishes to stress that it fully agrees with the contents of the *aide-mémoire* of the USSR.

Poland

In connexion with the discussion regarding the inclusion in the Final Act of the estimates relating to the possible future development of trade between the socialist and the developing countries, the Polish delegation presents the following estimates of import possibilities of the Polish People's Republic from developing countries in 1970.

	1963	1970
Imports of selected commodities exported by developing countries (in million US dollars)	125	300
Cocoa-beans (thousand tons)	11.6	25
Coffee (thousand tons)	8.7	19
Citrus fruits (thousand tons)	37.1 ^a	65 ^b

^a 1962, total imports.

^b Total imports.

In addition to this, it is estimated that during the same period imports of natural rubber will increase 2.6 times, those of raw hides twofold and those of textile fibres by 30 per cent.

Considerable increases in the imports of other primary commodities, as well as semi-manufactured and manufactured goods, are also expected.

It is understood, of course, that these figures reflect the forecast of the continuing growth of Polish exports.

FINAL CLAUSES

This Final Act and the annexes thereto shall be deposited with the Secretary-General of the United Nations. IN WITNESS WHEREOF, the duly authorized representatives of Governments have subscribed their names below. DONE at Geneva, this sixteenth day of June one thousand nine hundred and sixty-four, in a single copy in the Chinese, English, French, Russian and Spanish languages.



ABDEL MONEIM KAISSOUNI
President of the Conference



RAÚL PREBISCH
Secretary-General of the Conference

For Afghanistan:
ABDUL H. TABIBI

For Albania:
D. MANDRO

For Algeria:
L. YAKER

For Argentina:
E. A. BLANCO

For Australia:
A. P. FLEMING

For Austria:
HEINRICH STANDENAT

For Belgium:
R. ROTHSCHILD

For Bolivia:
R. JORDÁN PANDO

For Brazil:
E. P. BARBOSA DA SILVA

For Bulgaria:
I. BOUDINOV

For Burma:
TIN KYAW HLAING

For Burundi:
L. BARUSASIYEKO

For the Byelorussian Soviet Socialist Republic:
A. S. SHAVROV

For Cambodia:
KHEK-VANDY

For Cameroon:
V. KANGA

For Canada:
SAUL F. RAE

For the Central African Republic:
MAIDOU

For Ceylon:
G. P. MALALASEKERA

For Chad:
J. M. CLAMOUNGOU

For Chile:
CARLOS VALENZUELA

For China:
CHIEN CHANG-TSU

For Colombia:
CARLOS LLERAS RESTREPO

For the Congo (Brazzaville):
KOUNKOU

For the Congo (Leopoldville):
RODOLPHE YAV

For Costa Rica:
CARLO DI MOTTOLA

For Cuba:
RAÚL LEÓN TORRAS

For Cyprus:
RENOS KYPRIANOU

For Czechoslovakia:
J. KOHOUT

- For Dahomey:
NICÉPHORE SOGLO
- For Denmark:
N. V. SKAK-NIELSEN
- For the Dominican Republic:
M. R. SOSA VASSALLO
- For Ecuador:
C. YEROVI INDABURU
- For El Salvador:
G. A. GUERRERO
M. F. CHAVARRÍA
- For Ethiopia:
LIJ ENDALKATCHEW MAKONNEN
- For the Federal Republic of Germany:
RUPPRECHT VON KELLER
HELMUT KLEIN
- For Finland:
PAUL GUSTAFSSON
- For France:
B. DE CHALVRON
- For Gabon:
A. J. MINTSA
- For Ghana:
A. Y. K. DJIN
- For Greece:
A. S. VLACHOS
- For Guatemala:
MAX KÉSTLER-FARNÉS
- For Guinea:
M. K. BANGOURA
- For Haiti:
J.-C. KERNISAN
- For the Holy See:
ALBERTO GIOVANNETTI
- For Honduras:
C. NUÑEZ
- For Hungary:
J. BIRÓ
- For Iceland:
O. GUDJONSSON
- For India:
MANUBHAI SHAH
- For Indonesia:
A. MALIK
- For Iran:
A. ALIKHANI
- For Iraq:
AZIZ AL-HAFEDH
- For Ireland:
SEAN MORRISSEY
- For Israel:
D. HOROWITZ
- For Italy:
M. LANZA
- For the Ivory Coast:
A. KOFFI
- For Jamaica:
ROBERT C. LIGHTBOURNE
- For Japan:
KOICHIRO ASAKAI
- For Jordan:
M. AL WAKIL
- For Kenya:
J. G. KIANO
- For Kuwait:
ABDUL AZIZ HABEEB AL-ZAHIR
- For Laos:
NOUPHAT CHOUNRAMANY
- For Lebanon:
GEORGES HAKIM
- For Liberia:
A. ROMEO HORTON
- For Libya:
SALEM LUFTI AL-QADI
- For Liechtenstein:
A. HILBE
- For Luxembourg:
I. BESSLING
- For Madagascar:
J. RABEMANANJARA
- For Malaysia:
ABDUL GHANI
- For Mali:
H. N' DOURÉ
- For Mauritania:
BA BOCAR ALPHA
- For Mexico:
P. GARCÍA REYNOSO
- For Monaco:
HENRY SOUM
- For Mongolia:
D. GOMBOJAV

- For Morocco:
MOHAMED AMOR
- For Nepal:
VEDA NANDA JHA
- For the Kingdom of the Netherlands:
JOHAN KAUFMANN
- For New Zealand:
K. L. PRESS
- For Nicaragua:
JAIME SOMARRIBA SALAZAR
- For the Niger:
A. MAYAKI
- For Nigeria:
Z. B. DIPCHARIMA
- For Norway:
HERSLEB VOGT
- For Pakistan:
S. AMJAD ALI
- For Panama:
L. CASELLI
- For Paraguay:
J. SANABRIA
- For Peru:
VICENTE CERRO CEBRIÁN
- For the Philippines:
CORNELIO BALMACEIDA
- For Poland:
F. MODRZEWSKI
- For Portugal:
ARMANDO RAMOS DE PAULA COELHO
- For the Republic of Korea:
HAHN BEEN LEE
- For the Republic of Viet-Nam:
VU VAN MAU
- For Romania:
MIRCEA MALITZA
- For Rwanda:
M. UZAMUGURA
- For San Marino:
G. G. FILIPINETTI
- For Saudi Arabia:
T. K. SUDAIRY
- For Senegal:
DANIEL CABOU
- For Sierra Leone:
R. E. KELFA-CAULKER
- For Somalia:
- For South Africa:
N. DIEDERICHS
- For Spain:
JOSÉ SEBASTIÁN DE ERICE
- For the Sudan:
MOHAMED KHOGALI
- For Sweden:
S. E. NILSSON
- For Switzerland:
PAUL JOLLES
- For Syria:
M. AL-ATRASH
- For Thailand:
P. B. ISRASENA
- For Togo:
J. HUNLEDE
- For Trinidad and Tobago:
ST. G. COOPER
- For Tunisia:
H. NOUIRA
- For Turkey:
K. GÜRÜN
- For Uganda:
T. BAZARRABUSA
- For the Ukrainian Soviet Socialist Republic:
G. L. SAKHNOVSKY
- For the Union of Soviet Socialist Republics:
N. S. PATOLICHEV
- For the United Arab Republic:
ABDEL MONEIM EL-BANNA
- For the United Kingdom of Great Britain and Northern Ireland:
PATRICK REILLY
- For the United Republic of Tanganyika and Zanzibar:
J. S. KASAMBALA
- For the United States of America:
JOHN M. LEDDY
- For the Upper Volta:
M. A. TRAORE
- For Uruguay:
AURELIANO AGUIRRE
- For Venezuela:
CARLOS D'ASCOLI
- For Yemen:
ADNAN TARCICI
- For Yugoslavia:
V. POPOVIC

Report
of the Conference

REPORT OF THE CONFERENCE

I. BACKGROUND AND CONSTITUTION OF THE CONFERENCE

1. The General Assembly of the United Nations at its sixteenth session adopted, on 19 December 1961, resolution 1710 (XVI) on the United Nations Development Decade. On the same day it also adopted resolution 1707 (XVI), entitled "International trade as the primary instrument for economic development", which affirmed that if national economic development efforts were to achieve their objectives more rapidly, "it is essential that countries should ensure the maximum expansion of their trade and an increase in their foreign exchange income as a result of growth in the volume and value of their exports". The General Assembly also requested the Secretary-General "to consult Governments of States Members of the United Nations and members of the specialized agencies and ascertain their views on the advisability of holding an international conference on international trade problems relating especially to primary commodity markets and, if they deem such a conference advisable, the topics that might be considered for a provisional agenda".

2. The great majority of the replies of sixty-four Governments to the inquiry of the Secretary-General (E/3631 and Add.1-3) supported the view that an international conference for the discussion of world trade problems was advisable and timely and commented on the issues that might be considered by the Conference.

3. In July 1962, the Cairo Conference on the Problems of Economic Development, sponsored by a number of developing countries, strongly recommended the early convening of an international conference on trade and development under the aegis of the United Nations and proposed "that the agenda of the international economic conference should include all vital questions relating to international trade, primary commodity trade, economic relations between developing and developed countries".

4. Proceeding from the aims of the United Nations Development Decade and "bearing in mind the vital importance of the rapid growth of exports and export earnings of developing countries, of primary products and manufactures, for promoting their economic development", the Economic and Social Council resolved, under its resolution 917 (XXXIV) of 3 August 1962, to convene a United Nations Conference on Trade and Development. The Council also

established a preparatory committee of experts designated by the eighteen Governments represented on the Council to consider the topics to be included in the agenda and documentation to be prepared for the Conference.

5. In resolution 1785 (XVII) of 8 December 1962, the General Assembly reiterated that economic and social progress throughout the world depends in large measure on a steady expansion in international trade and that in order to accelerate the economic development of the developing countries a substantial increase in their share in international trade is required. The Assembly endorsed the decision of the Economic and Social Council to convene a United Nations Conference on Trade and Development. It recommended that the Council convene the Conference as soon as possible after the thirty-sixth session of the Council, but in no event later than early 1964. The General Assembly further recommended that the Council enlarge the Preparatory Committee by twelve members. It requested the Secretary-General to invite all States Members of the United Nations and members of the specialized agencies and of the International Atomic Energy Agency to take part in the Conference, to appoint a secretary-general of the Conference and to assist the Preparatory Committee by providing the necessary documentation in connexion with the Conference. The General Assembly also listed the fundamental points to be taken into consideration in drawing up the draft agenda of the Conference as follows:

(a) The need for increasing the trade of developing countries in primary commodities as well as in semi-manufactured and manufactured goods so as to ensure a rapid expansion of their export earnings and, for that purpose, to examine the possibility of taking measures and reformulating principles with a view to:

- (i) Increasing trade between the developing and developed countries, irrespective of the differences in the foreign trade systems of the latter;
- (ii) Intensifying trade relations among the developing countries;
- (iii) Diversifying the trade of developing countries;
- (iv) Financing the international trade of developing countries;

(b) Measures for ensuring stable, equitable and remunerative prices and the rising demand for exports of developing countries, including, *inter alia*:

- (i) The stabilization of prices and of primary commodities at equitable and remunerative levels;
 - (ii) The increase in consumption of products imported from primary-producing countries and of semi-manufactured and manufactured goods imported from developing countries;
 - (iii) International commodity agreements;
 - (iv) International compensatory financing;
- (c) Measures leading to the gradual removal of tariff, non-tariff or other trade barriers by industrialized countries, whether individually or collectively, which have an adverse effect on the exports of developing countries and on the expansion of international trade in general;
- (d) Methods and machinery to implement measures relating to the expansion of international trade, including:

- (i) A reappraisal of the effectiveness of the existing international bodies dealing with international trade in meeting trade problems of developing countries, including a consideration of the development of trade relations among countries with uneven levels of economic development and/or different systems of economic organization and trade;
- (ii) The advisability of eliminating overlapping and duplication by co-ordination or consolidation of the activities of such bodies, of creating conditions for expanded membership and of effecting such other organizational improvements and initiatives as may be needed, so as to maximize the beneficial results of trade for the promotion of economic development.

6. In implementing the recommendations of the General Assembly resolution 1785 (XVII), the Economic and Social Council, at its resumed thirty-fourth session in December 1962, enlarged the membership of the Preparatory Committee to thirty and again, on a recommendation of the Preparatory Committee itself, during its thirty-fifth session in April 1963, to thirty-two countries. Consequently, the following countries served as members of the Preparatory Committee:

Argentina, Australia, Austria, Brazil, Canada, Colombia, Czechoslovakia, Denmark, El Salvador, Ethiopia, France, India, Indonesia, Italy, Japan, Jordan, Lebanon, Madagascar, Federation of Malaya,¹ New Zealand, Nigeria, Pakistan, Peru, Poland, Senegal, Tunisia, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom

of Great Britain and Northern Ireland, United States of America, Uruguay and Yugoslavia.

7. The Preparatory Committee held three sessions. During its first session, held in New York from 22 January to 5 February 1963, the Committee prepared a provisional agenda for the Conference² and considered the documentation requirements for the Conference. At its second session, held in Geneva from 21 May to 29 June 1963, the Committee carried out a preliminary consideration of the items of the provisional agenda of the Conference, attempted to identify the issues and the problems and endeavoured to list proposals for action or to indicate lines along which solutions might be sought. It worked out recommendations regarding administrative arrangements for the Conference, including the date and place of the Conference, its structure, rules of procedure and the level of representation. It also received a joint statement submitted by the representatives of the developing countries.³ The Committee held a third session in New York from 3 to 15 February 1964, at which it reviewed the problems facing the Conference and dealt primarily with outstanding administrative matters for the Conference (E/CONF. 46/65).

8. In complying with the request of the Economic and Social Council that the documentation for the Conference should be prepared "with the assistance of the regional economic commissions, the specialized agencies and other related international organizations" (resolution 917 (XXXIV) of 3 August 1962) extensive analytical work was initiated within the various bodies of the United Nations family. Contributions to the documentation of the Conference were made by the United Nations regional economic commissions, by the Food and Agriculture Organization of the United Nations, the International Bank for Reconstruction and Development, the International Monetary Fund, the International Finance Corporation, the General Agreement on Tariffs and Trade, the United Nations Educational Scientific and Cultural Organization, the International Labour Organization and the International Civil Aviation Organization. Documentation was also submitted by a number of inter-governmental and non-governmental organizations.

9. At its thirty-sixth session, the Economic and Social Council, recognizing in resolution 963 (XXXVI) of 18 July 1963 the wide interest expressed in the Conference by members of the United Nations family and various inter-governmental bodies, decided that the Conference should be held in Geneva from 23 March to 15 June 1964, and approved the provisional agenda for the Conference as drawn up by the Preparatory Committee, the arrangements for the

¹ At the third session of the Preparatory Committee, represented by Malaysia.

² See "Interim Report of the Preparatory Committee" (first session, in Vol. VIII of this series).

³ *Ibid.*, Report of the Preparatory Committee (second session).

documentation and the Preparatory Committee's recommendations on the level of representation, the rules of procedure and invitations to inter-governmental economic organizations. Under the same resolution, the Council invited the States participating in the Conference "to give earnest consideration, before the beginning of the Conference to proposals for concrete and practical international action and to explore all practical means for their implementation, so as to make it possible to reach, at the Conference, basic agreement on measures constituting a new international trade and development policy". It also expressed the hope "that the United Nations Conference on Trade and Development will offer an opportunity for the manifestation, in the field of trade and development, of the will necessary to contribute to the acceleration of the economic development of developing countries and the promotion of economic stability and security in the world at large".

10. The regional economic commissions and other regional organizations considered the questions of trade and development to be dealt with by the Conference and adopted important resolutions and declarations. These included the reports relating to the Brasilia meeting convened by the Economic Commission for Latin America and the Alta Gracia Charter approved by the Special Latin American Co-ordinating Committee of the Organization of American States, the resolution adopted by the Economic Commission for Africa and by the Economic and Social Commission of the Organization of African Unity at Niamey, the resolution of the Economic Commission for Europe and the Teheran resolution of the Economic Commission for Asia and the Far East. (For all these reports, see volumes VI and VII.)

11. The General Assembly subsequently noted, in its resolution 1897 (XVIII) of 11 November 1963, that "the purposes of the forthcoming United Nations Conference on Trade and Development are gaining strong support", noted with appreciation "the work already done by the Preparatory Committee of the United Nations Conference on Trade and Development at its first and second sessions and by the Secretary-General of the Conference", welcomed the Joint Declaration of the Developing Countries with regard to the Conference (which was annexed to the resolution) and invited the States which proposed to participate in the Conference to give serious consideration to that Joint Declaration.

12. The Joint Declaration dealt with the international trade and development policies which the developing countries expected to emerge from the Conference and stated, *inter alia*, that, "the developing countries consider that the United Nations Conference on Trade and Development should represent an outstanding event in international co-operation conducive to the development of their economies and the integrated growth of the world economy as a whole. They believe that the full attainment of even the

modest targets of the United Nations Development Decade will depend on the concrete decisions taken at this Conference and on their effective implementation. The developing countries are already making, and are determined to continue to make, great efforts for their economic and social advancement through full mobilization of domestic resources, agricultural development, industrialization and diversification of their production and trade. However, this task can be accomplished only if these domestic efforts are supplemented and assisted by adequate international action. The developing countries look to the Conference to help them reach the stage of self-sustaining growth".

13. The Secretary-General of the Conference sought the advice of Governments and scholars. His report entitled *Toward a New Trade Policy for Development* (Vol. II) was a basic document of the Conference. Member States also submitted useful proposals and suggestions to the Conference.

14. The action of the General Assembly and of the Economic and Social Council and the work done by the Preparatory Committee paved the way for the opening of the United Nations Conference on Trade and Development on 23 March 1964 at Geneva. Thirty-six plenary meetings were held and the Conference completed its work on 16 June 1964.

15. The representatives of the following one hundred and twenty States gathered in Geneva to take part in the Conference: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Tanganyika,⁴ Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland,

⁴ On 27 May 1964, as a result of the formation of the United Republic of Tanganyika and Zanzibar, the delegations of Tanganyika and Zanzibar were reconstituted as a unified delegation.

United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zanzibar.⁵

16. The Conference was opened by the Secretary-General of the United Nations. On the opening day statements were made by the President of the Swiss Confederation and by the Secretary-General of the United Nations. During the two first meetings the Conference elected H.E. Dr. Abdel Moneim Kais-souni, Vice-President of the United Arab Republic, as President of the Conference; adopted its rules of procedure (see Annex J); elected twenty-seven Vice-Presidents; elected Mr. Georges Hakim (Lebanon) as Rapporteur; and approved its agenda.

17. The Vice-Presidents elected were: H.E. Mr. Pierre A. Forthomme (Belgium), H.E. Mr. Octavio Dias Carneiro (Brazil), H.E. Mr. Victor Kanga (Cameroon), Mr. L. D. Wilgress (Canada), H.E. Mr. C. Lleras (Colombia), H.E. Mr. Bernal Jimenez (Costa Rica), H.E. Mr. Jaroslav Kohout (Czechoslovakia), H.E. Lij Endalkachew Makonnen (Ethiopia), Dr. Helmut Klein (Federal Republic of Germany), H.E. Mr. André Philip (France), H.E. Mr. Loekman Hakim (Indonesia), H.E. Dr. Alinaghi Alikhani (Iran), H.E. Mr. Koichiro Asakai (Japan), H.E. Mr. Victor Miadana (Madagascar), H.E. Mr. Raul Salina Lozano (Mexico), Mr. Ali Skalli (Morocco), H.E. Mr. Hersleb Vogt (Norway), H.E. Mr. Amzad Ali (Pakistan), H.E. Mr. Edgardo Seoane (Peru), H.E. Mr. Cornelio Balmaceda (Philippines), H.E. Professor Dr. Witold Trampczynski (Poland), H.E. Mr. G. Radulescu (Romania), H.E. Mr. Ousmane Socé Diop (Senegal), H.E. Mr. J. De Erice (Spain), H.E. Sir Patrick Reilly (United Kingdom of Great Britain and Northern Ireland), H.E. Mr. Griffith Johnson (United States of America), H.E. Mr. N. S. Patolichev (Union of Soviet Socialist Republics).

18. The approved agenda of the Conference read as follows:

1. Opening of the Conference by the Secretary-General of the United Nations.
2. Election of the President.
3. Adoption of the rules of procedure.
4. Constitution of Committees and election of their officers.
5. Election of Vice-Presidents.
6. Election of Rapporteur.
7. Credentials of representatives to the Conference:
 - (a) Appointment of the Credentials Committee;
 - (b) Report of the Credentials Committee.
8. Adoption of the agenda.
9. General debate.

10. Expansion of international trade and its significance for economic development (Main topic I):

- (a) A review of trends in the world trade and its perspectives;
- (b) Trade needs of developing countries for their accelerated economic growth;
- (c) International trade and its relations with national development planning, policies and institutions;
- (d) Trade problems between countries:
 - (i) at similar levels of development;
 - (ii) at different stages of development;
 - (iii) having different economic and social systems;
- (e) Principles governing international trade relations and trade policies conducive to development.

11. International commodity problems (Main topic II):

- (a) Review of the long-term trends and prospects for primary commodity producers (including terms of trade);
- (b) Programme of measures and actions for the removal of obstacles (tariff, non-tariff and other) and of discriminatory practices and for the expansion of market opportunities for primary commodity exports and for increases in their consumption and imports in developed countries;
- (c) Measures and actions for the promotion of trade in primary commodities among developing countries;
- (d) Measures for stabilization of primary commodity markets at equitable and remunerative prices including commodity arrangements;
- (e) International compensatory financing and measures for stabilization of primary export earnings at adequate levels.

12. Trade in manufactures and semi-manufactures (Main topic III):

- (a) Measures and action for diversification and expansion of the exports of manufactures and semi-manufactures by developing countries with a view to increasing their share in world trade;
- (b) Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries:
 - (i) Programme of measures and action for the progressive reduction and elimination of tariffs on imports of manufactures and semi-manufactures;
 - (ii) Programme of measures and actions for the progressive reduction and elimination of quantitative and other restrictions on and discriminatory practices against

⁵ On 27 May 1964, as a result of the formation of the United Republic of Tanganyika and Zanzibar, the delegations of Tanganyika and Zanzibar were reconstituted as a unified delegation.

- imports of manufactures and semi-manufactures;
- (iii) Programme of measures and actions for the expansion of market opportunities for exports of manufactures and semi-manufactures produced in developing countries and for increases in their consumption and imports;
- (c) Measures and actions for promotion of trade in manufactures and semi-manufactures among the developing countries.
13. Improvement of the invisible trade of developing countries (Main topic IV):
- (a) Role of invisibles in the balance of payments of developing countries;
- (b) Measures for improving the invisible trade of developing countries through increasing receipts for services such as tourism and reducing payments for transportation, insurance and similar charges.
14. Implications of regional economic groupings (Main topic V):
- (a) Implications for trade and development of developing countries, of economic groupings of developed countries and/or preferential trading arrangements;
- (b) Implications for trade and development of developing countries, of economic groupings in developing areas and/or preferential trading arrangements.
15. Financing for an expansion of international trade (Main topic VI):
- (a) Importance of medium and long-term financing for trade of developing countries;
- (b) Co-ordination of trade and aid policies, including technical assistance, for accelerated economic development;
- (c) Measures for increasing the volume and improving the terms of financing for the promotion of the exports of developing countries and their imports of essential commodities and capital equipment.
16. Institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade (Main topic VII):
- (a) A reappraisal of the effectiveness of the existing international bodies dealing with international trade in meeting trade problems of developing countries, including a consideration of the development of trade relations among countries with uneven levels of economic development and/or different systems of economic organization and trade;
- (b) The advisability of eliminating overlapping and duplication by co-ordination or consolidation of the activities of such bodies, of creating conditions for expanded membership and of effecting such other organizational improvements and initiatives as may be needed, so as to maximize the beneficial results of trade for the promotion of economic development.
17. Final Act (Main topic VIII):
18. Adoption of the report of the Conference.
19. After adopting its agenda and electing its officers, the Conference was addressed by its President and heard, over a period of twelve days, an address by its Secretary-General and a series of policy statements by heads of delegations, most of whom were Cabinet Ministers, and by representatives of a number of inter-governmental economic organizations.
20. Five Committees of the Whole were established for detailed study of the items of the agenda: the First Committee, on international commodity problems (agenda item 11); the Second Committee, on trade in manufactures and semi-manufactures (agenda item 12); the Third Committee, on the improvement of invisible trade of developing countries (agenda item 13) and financing for an expansion of international trade (agenda item 15); the Fourth Committee, on institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade (agenda item 16) and the Fifth Committee, on expansion of international trade and its significance for economic development (agenda item 10) and implications of regional economic groupings (agenda item 14). The Third Committee also dealt with some aspects of international compensatory financing [agenda item 11 (e)].
21. At its second plenary meeting, the Conference established a Credentials Committee, in accordance with rule 4 of its rules of procedure, consisting of the representatives of Algeria, Belgium, Ecuador, Ireland, Liberia, Nepal, Panama, the Ukrainian Soviet Socialist Republic and the United States of America.
22. In accordance with a recommendation of the Preparatory Committee at its third session [E/CONF.46/65, para. 22 (h)], a General Committee was established, composed of the President, the Vice-Presidents, the Rapporteur of the Conference, and the Chairmen of the five main Committees (the names of the Chairmen of the main Committees appear in the reports of the Committees). The General Committee assisted the President in the general conduct of the business of the Conference and subject to the decisions of the Conference, ensured the co-ordination of its work. It prepared, *inter alia*, proposals regarding the preparation of the Final Act, Report and Record of Proceedings of the Conference, the Reports of the Main Committees and the Terms of Reference of the Drafting Committee for the Final Act (E/CONF.46/110). These proposals were approved by the Conference at its twenty-fifth plenary meeting and served as guide-lines for the work of the Drafting Committee.
23. The Conference, at its twenty-fourth plenary meeting, decided that the Drafting Committee for the

Final Act should be composed of thirty-four countries on the same pattern as the General Committee. Accordingly, the following countries participated in the work of the Drafting Committee: Argentina, Australia, Belgium, Brazil, Bulgaria, Burma, Colombia, Costa Rica, Dahomey, Denmark, the Federal Republic of Germany, France, Ghana, India, Iran, Japan, Lebanon, Liberia, Madagascar, Mali, Mexico, New Zealand, Pakistan, Peru, Poland, Romania, Spain, Thailand, Tunisia, the Union of Soviet Socialist Republics, the United Arab Republic, the United Republic of Tanganyika and Zanzibar, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

24. With a view to reaching agreement on the issues before the Conference, many informal meetings were held and important consultations conducted among groups of delegations. A notable feature of the Conference was the fact that the delegations of the States signatories of the Joint Declaration of the Developing Countries co-ordinated their work with a view to enhancing general co-operation among all delegations.

25. At the thirty-sixth plenary meeting, the Conference agreed to include in Annex B of the Final Act a Joint Declaration of the Seventy-Seven Developing Countries made at the conclusion of the Conference.

II. ACTION BY THE CONFERENCE ON THE REPORTS OF THE COMMITTEES

CREDENTIALS COMMITTEE

26. The report of the Credentials Committee; (see Annex A below and E/CONF.46/SR.27) was considered by the Conference at its twenty-seventh plenary meeting.

27. The Conference adopted the following resolution:

Credentials of representatives to the United Nations Conference on Trade and Development

The United Nations Conference on Trade and Development

Approves the report of the Credentials Committee.

GENERAL COMMITTEE

28. Besides assisting the President in the general conduct of the business of the Conference (see para. 22, above), the General Committee, which held fifteen closed meetings, made recommendations to the Conference regarding the size and composition of the Drafting Committee for the Final Act and regarding the preparation of the Final Act, report and record of proceedings of the Conference, the reports of the main Committees and the terms of reference of the Drafting Committee for the Final Act.

29. These recommendations were approved by the Conference at its twenty-fourth and twenty-fifth plenary meetings (Annexes B and C).

FIRST COMMITTEE

30. The Conference took note of the report of the First Committee (Annex D) at its twenty-eighth plenary meeting.

31. At its thirty-fifth plenary meeting, the Conference dealt with the following draft recommendations concerning commodity problems which were

before it: the nine draft recommendations submitted by the Committee, a draft recommendation submitted by the President of the Conference (E/CONF.46/L.19), and a draft recommendation on minerals and fuels submitted by sixteen countries⁶ (E/CONF.46/L.24) and an amendment to it submitted by Algeria (E/CONF.46/L.25). The latter two draft recommendations had not been considered by the First Committee.

32. Since the draft recommendation submitted by the President was intended to replace paragraphs 3 and 4 of draft recommendation A as well as draft recommendations B and E of the Committee, it was considered first.

33. The Conference took the following action on the draft recommendations before it:

(i) *Draft recommendation on international commodity arrangements and removal of obstacles and expansion of trade*

Approved without dissent (Annex A.II.1 of the Final Act).

(ii) *Draft recommendation on implementation*

Approved without dissent (Annex A.II.2 of the Final Act).

(iii) *Draft recommendation on promotional measures*

Approved without dissent (Annex A.II.4 of the Final Act).

(iv) *Draft recommendation on competition from synthetics and substitutes*

Approved without dissent (Annex A.II.7 of the Final Act).

(v) *Draft recommendation on the World Food Aid Programme*

Approved without dissent (Annex A.II.6 of the Final Act).

⁶ Burma, Ceylon, India, Indonesia, Iran, Iraq, Kuwait, Lebanon, Libya, Nigeria, Pakistan, Saudi Arabia, Sudan, Syria, the United Arab Republic and Venezuela.

- (vi) *Draft recommendation on the study of organization of commodity trade*

Approved by a vote of 86 to 3, with 15 abstentions (Annex A.II.8 of the Final Act).

- (vii) *Draft recommendation on consideration of principles and guide-lines*

Approved without dissent (Annex A.II.3 of the Final Act).

- (viii) *Draft recommendation on the promotion of trade between developing countries*

Approved without dissent (Annex A.II.5 of the Final Act).

- (ix) *Draft recommendation on minerals and fuels and the amendment to it*

The amendment was approved by a vote of 64 to 6, with 24 abstentions. The draft recommendation, as amended, was approved by a vote of 79 to 15, with 12 abstentions (Annex A.II.9 of the Final Act).

SECOND COMMITTEE

34. The Conference took note of the report of the Second Committee (see Annex E) at its twenty-seventh meeting, after having decided that part B, section III of the draft recommendation contained in paragraph 24 of the Committee's report concerning the establishment of industries with an export potential in developing countries should be referred for further study to the continuing machinery recommended by the Conference.

35. At its thirty-fifth plenary meeting the Conference dealt with the following draft recommendations concerning trade in manufactures and semi-manufactures which were before it: (a) the seven draft recommendations submitted by the Committee; (b) an amendment submitted by the United States of America (E/CONF.46/L.5) to the draft recommendation on the promotion of trade in manufactures and semi-manufactures among developing countries; (c) two compromise proposals and draft recommendations submitted by the President of the Conference (E/CONF.46/L.20 and L.21). The latter two draft recommendations were intended to replace the draft recommendation included in para. 65 of the Second Committee's report and had not been considered by the Second Committee. An amendment had been submitted to that draft recommendation by Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics (E/CONF.46/L.13).

36. The Conference took the following action on the draft recommendations before it:

- (i) *Draft recommendation on the expansion of United Nations activities in the field of industrialization: establishment of a United Nations specialized agency for industrial development*

Approved by a roll-call vote of 81 to 23, with 8 abstentions (Annex A.III.1 of the Final Act).

- (ii) *Draft recommendation on industrial branch agreement on potential division of labour be-*

tween developing countries and developed countries which are interested in this form of co-operation and for which this scheme is applicable

Approved by a vote of 84 to 1, with 22 abstentions (Annex A.III.2 of the Final Act).

- (iii) *Draft recommendation on measures by the developed countries with market economies for expansion and diversification of exports of manufactures and semi-manufactures by developing countries*

Approved by a roll-call vote of 108 to none, with 5 abstentions (Annex A.III.6 of the Final Act).

- (iv) *Draft recommendation on measures by countries with centrally planned economies for expansion and diversification of exports of manufactures and semi-manufactures by developing countries*

Approved by a vote of 86 to none, with 24 abstentions (Annex A.III.7 of the Final Act).

- (v) *Draft recommendation on measures and action for the promotion of trade in manufactures and semi-manufactures among developing countries and the amendment to it*

The United States of America withdrew its amendment.

Approved without dissent (Annex A.III.8 of the Final Act).

- (vi) *Draft recommendation on preferences*

Approved without dissent (Annex A.III.5 of the Final Act).

- (vii) *Draft recommendation on guidelines for tariff and non-tariff policies in respect of manufactures and semi-manufactures from developing countries*

Approved without dissent (Annex A.III.4 of the Final Act).

- (viii) *Draft recommendation on criteria for development of industries with an export potential in developing countries*

Approved without dissent (Annex A.III.3 of the Final Act).

THIRD COMMITTEE

37. The Conference took note of the report of the Third Committee (Annex F) at its twenty-seventh meeting, after having been informed by the Chairman of the Committee that paragraph 291 had been revised with the consent of the Committee.

38. At its twenty-ninth and thirty-first plenary meetings, the Conference dealt with the draft recommendations submitted by the Committee in Appendix I of its report. An amendment to draft recommendation Y had been submitted by the United States of America (E/CONF.46/L.4), but it was withdrawn at the thirty-first plenary meeting.

39. The Conference took the following action:

- (i) *Draft recommendation on growth and aid*
Approved by a vote of 107 to none, with 9 abstentions (Annex A.IV.2 of the Final Act).
- (ii) *Draft recommendation on international monetary issues*
Approved by a roll-call vote of 87 to 11, with 17 abstentions (Annex A.IV.19 of the Final Act)
- (iii) *Draft recommendation on guidelines for international financial co-operation*
Approved without dissent (Annex A.IV.1 of the Final Act).
- (iv) *Draft recommendation on the aims of international financial and technical co-operation*
At the request of the representative of the Netherlands, a separate vote was taken on operative paragraph 1.
Operative paragraph 1 was approved by a vote of 90 to 10, with 16 abstentions.
The draft recommendation as a whole was approved by a vote of 89 to 1, with 26 abstentions (Annex A.IV.3 of the Final Act).
- (v) *Draft recommendation on terms of financing*
Approved by a roll-call vote of 81 to 9, with 25 abstentions (Annex A.IV.4 of the Final Act).
- (vi) *Draft recommendation on the needs of the public sector in the transfer of external resources to developing countries*
Approved by a vote of 117 to 1, with 1 abstention (Annex A.IV.13 of the Final Act).
- (vii) *Draft recommendation concerning the conditions of economic and technical co-operation*
Approved by a roll-call vote of 89 to 1, with 24 abstentions (Annex A.IV.25 of the Final Act).
- (viii) *Draft recommendation on a scheme for increasing capital flows to developing countries through an interest equalization fund*
Approved by a vote of 97 to none, with 12 abstentions (Annex A.IV.11 of the Final Act).
- (ix) *Draft recommendation on the creation of a regional development fund*
Approved by a roll-call vote of 78 to 11, with 27 abstentions (Annex A.IV.9 of the Final Act).
- (x) *Draft recommendation on regional development*
Approved without dissent (Annex A.IV.10 of the Final Act).
- (xi) *Draft recommendation on the promotion of private foreign investment in developing countries*
Separate votes were taken on section A, paragraph 1; section B, paragraph 3; and section E.
Section A, paragraph 1, was approved by a vote of 96 to 1, with 18 abstentions.
Section B, paragraph 3, was approved by a vote of 84 to 5, with 25 abstentions.
Section E was approved by a vote of 87 to 1, with 24 abstentions.
The draft recommendation as a whole was approved by a vote of 94 to 1, with 22 abstentions (Annex A.IV.12 of the Final Act).
- (xii) *Draft recommendation on a scheme for investigating the financing of marketing of primary products from developing countries*
Approved by a vote of 102 to none, with 13 abstentions (Annex A.IV.16 of the Final Act).
- (xiii) *Draft recommendation on a United Nations Capital Development Fund*
Approved by a roll-call vote of 90 to 10, with 16 abstentions (Annex A.IV.7 of the Final Act).
- (xiv) *Draft recommendation on the gradual transformation of the United Nations Special Fund*
Approved by a roll-call vote of 89 to 5, with 22 abstentions (Annex A.IV.8 of the Final Act).
- (xv) *Draft recommendation on the participation of developing countries in the activities of the international financial and monetary institutions*
Approved without dissent (Annex A.IV.20 of the Final Act).
- (xvi) *Draft recommendation on the problem of debt service in developing countries*
Approved by a vote of 109 to none, with 11 abstentions (Annex A.IV.5 of the Final Act).
- (xvii) *Draft recommendation on non-financial credit arrangements for the delivery of capital goods*
Approved by a roll-call vote of 61 to 2, with 54 abstentions (Annex A.IV.6 of the Final Act).
- (xviii) *Draft recommendation on suppliers' credits and credit insurance in developed and developing countries*
Approved without dissent (Annex A.IV.14 of the Final Act).
- (xix) *Draft recommendation on a scheme for lowering the interest cost of loans to developing countries by means of an interest rebate fund*
Approved by a roll-call vote of 82 to 8, with 25 abstentions (Annex A.IV.15 of the Final Act).
- (xx) *Draft recommendation on supplementary financial measures*
Approved by a vote of 106 to none, with 10 abstentions (Annex A.IV.18 of the Final Act).
- (xxi) *Draft recommendation on a study of measures relating to the compensatory credit system of the International Monetary Fund*
Approved without dissent (Annex A.IV.17 of the Final Act).

- (xxii) *Draft recommendation on shipping questions, and draft text relating to a common measure of understanding of shipping questions*

The draft recommendation and the draft text, which were considered together, were approved without dissent (Annexes A.IV.21 and A.IV.22 of the Final Act).

- (xxiii) *Draft recommendation on measures for increasing the receipts of developing countries from tourism*

On the suggestion of the representative of Nigeria, the Conference agreed to amend section A, paragraph 5 (first line), of the draft recommendation by inserting the words "or to reduce" before the word "obstacles".

The draft recommendation, as amended, was approved without dissent (Annex A.IV.24 of the Final Act).

- (xxiv) *Draft recommendation on insurance and re-insurance*

Approved by a roll-call vote of 100 to 1, with 12 abstentions (Annex A.IV.23 of the Final Act).

- (xxv) *Draft recommendation on the transfer of technology*

Approved without dissent (Annex A.IV.26 of the Final Act).

FOURTH COMMITTEE

40. The Conference took note of the report of the Fourth Committee (Annex F) at its twenty-eighth plenary meeting.

41. At its thirty-fifth plenary meeting, the Conference dealt with the following draft recommendations concerning institutional arrangements which were before it: (a) the three draft recommendations submitted by the Committee (Annex G, appendices II and III) and (b) a draft recommendation submitted by the President of the Conference (E/CONF.46/L.22 and Corr.1). The latter draft recommendation had not been considered by the Fourth Committee.

42. Since the draft recommendation submitted by the President was intended to replace draft recommendation A of the Committee, it was considered first.

43. The Conference took the following action on the draft recommendations before it:

- (i) *Draft recommendation on institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade.*

Approved without dissent (Annex A.V.1 of the Final Act).

- (ii) *Draft recommendation on terms of reference of subsidiary organs* (See Annex C, appendix I).

As a consequence of the approval of the recommendation on institutional arrangements,

the words "executive council" in this draft recommendation were amended to read "trade and development board".

The draft recommendation, as amended, was approved by a vote of 77 to 15, with 9 abstentions (Annex A.V.3 of the Final Act).

- (iii) *Draft recommendation on arrangements during interim period* (See Annex C, appendix I).

As in the case of the previous draft recommendation, the words "executive council" in this draft recommendation were amended to read "trade and development board".

The draft recommendation, as amended, was approved by a vote of 79 to 14, with 10 abstentions (Annex A.V.2 of the Final Act).

Election of the members of the Trade and Development Board

44. At its thirty-sixth plenary meeting, the Conference elected the members of the Trade and Development Board in accordance with operative paragraph 5 of the recommendation on institutional arrangements which it had approved at its previous meeting. In accordance with that recommendation, 22 seats were reserved for the States listed in appendix I of the recommendation, 18 for the States listed in appendix II, 9 for the States listed in appendix III and 6 for the States listed in appendix IV.

45. The following 22 States, designated by the States listed in appendix I of the recommendation, were elected members of the Trade and Development Board: Afghanistan, Cameroon, Ceylon, Congo (Leopoldville), Dahomey, Ethiopia, Ghana, Guinea, India, Indonesia, Iran, Iraq, Lebanon, Madagascar, Mali, Morocco, Nigeria, Pakistan, Philippines, United Arab Republic, United Republic of Tanganyika and Zanzibar and Yugoslavia.

46. The following 18 States, designated by the States listed in appendix II of the recommendation, were elected members of the Board: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, France, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, and United States of America.

47. A vote was taken by secret ballot for the election of the members from among the States listed in appendix III of the recommendation. The number of votes obtained were:

Argentina	110	Cuba	15
Uruguay	107	Colombia	4
Chile	106	Haiti	4
Mexico	106	Venezuela	4
Bolivia	104	Panama	3
Ecuador	103	Peru	3
Brazil	102	Dominican Republic	2
El Salvador	86	Paraguay	2
Honduras	84	Trinidad and Tobago	2
Jamaica	56	Costa Rica	1

48. As a result of the vote, the following 9 States were elected members of the Board: Argentina, Bolivia, Brazil, Chile, Ecuador, El Salvador, Honduras, Mexico, Uruguay.

49. The following 6 States, designated by the States listed in appendix IV of the recommendation, were elected members of the Board: Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Union of Soviet Socialist Republics.

FIFTH COMMITTEE

50. The Conference took note of the report of the Fifth Committee (Annex H) at its twenty-eighth plenary meeting.

51. At its thirty-second and thirty-fifth plenary meetings the Conference dealt with the draft principles and draft recommendations contained in the Committee's report (E/CONF.46/L.3 and Corr. 1 and 2, draft recommendation H), a draft text of General Principle Eight submitted by Algeria, Bolivia, Colombia, Dahomey, Ethiopia, India, Indonesia, Madagascar, Mexico, Pakistan and Yugoslavia (E/CONF.46/L.12 and Corr.1), draft texts of new general principles submitted by Algeria, Bolivia, Ceylon, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Ethiopia, Guatemala, Haiti, Honduras, India, Mexico, Nicaragua, Pakistan, Panama, Paraguay, Peru, United Arab Republic, Uruguay, Venezuela and Yugoslavia (E/CONF.46/L.11), and by the United States of America (E/CONF.46/L.15). The Conference also had before it draft amendments submitted by Cuba (E/CONF.46/L.6), by Ethiopia, India, Mexico and Yugoslavia (E/CONF.46/L.9), and by Algeria, Bolivia, Colombia, Dahomey, Ethiopia, India, Indonesia, Madagascar, Mexico, Pakistan and Yugoslavia (E/CONF.46/L.14). A draft resolution submitted by Algeria, Burma, Colombia, Czechoslovakia, India, Italy, Nigeria, the Union of Soviet Socialist Republics, the United Arab Republic, the United States of America and Yugoslavia (E/CONF.46/L.7 and Add.1) and a draft recommendation submitted by the President of the Conference (E/CONF.46/L.26) were also before the Conference.

52. The Conference took the following action on the draft recommendations and draft principles before it:

Draft recommendations

- (i) *Draft recommendation on a convention relating to the transit trade of land-locked countries*
Approved without dissent (Annex A.VI.1 of the Final Act).
- (ii) *Draft recommendation relating to development needs for education and science*
Approved without dissent (Annex A.VI.9 of the Final Act).
- (iii) *Draft recommendation on trade needs of developing countries with exports mainly composed of non-renewable natural products*

Approved by a roll-call vote of 83 to 1, with 25 abstentions (Annex A.VI.2 of the Final Act).

- (iv) *Draft recommendation on continuing studies and reports on trade and development*

Approved without dissent (Annex A.VI.6 of the Final Act).

- (v) *Draft recommendation on an economic and social survey of the depressed areas of the developing countries*

Approved by a roll-call vote of 105 to none, with 5 abstentions (Annex A.VI.5 of the Final Act).

- (vi) *Draft recommendation on long-term trade agreements*

Approved by a roll-call vote of 88 to 1, with 22 abstentions (Annex A.VI.3 of the Final Act).

- (vii) *Draft recommendation on direct participation by governmental trade organizations in foreign trade*

Approved by a roll-call vote of 89 to 1, with 21 abstentions (Annex A.VI.4 of the Final Act).

- (viii) *Draft recommendation on problems arising in trade relations between countries having different economic and social systems*

Approved without dissent (Annex A.VI.7 of the Final Act).

- (ix) *Draft recommendation on implications of regional groupings*

Approved without dissent (Annex A.VI.8 of the Final Act).

Draft principles

53. The Conference voted by roll-call on all the draft general and special principles before it (with the exception of Special Principle Six), as well as on the amendments to them. The United States withdrew its proposal to add two general principles and Cuba withdrew its amendment to General Principle Two.

54. The results of the votes were as follows:

General Principle One: approved by 113 to 1, with 2 abstentions.

General Principle Two: approved by 96 to 3, with 16 abstentions.

General Principle Three: approved by 94 to 4, with 18 abstentions.

General Principle Four: approved by 98 to 1, with 17 abstentions.

General Principle Five: approved by 97 to none, with 19 abstentions.

General Principle Six: approved by 114 to 1, with 1 abstention.

General Principle Seven:

Amendment submitted by Ethiopia, India, Mexico and Yugoslavia, approved by 79 to 13, with 15 abstentions.

General Principle Seven, as amended: approved by 87 to 8, with 19 abstentions.

General Principle Eight: approved by 78 to 11, with 23 abstentions.

General Principle Nine: approved by 106 to none, with 10 abstentions.

General Principle Ten: approved by 115 to none, with 1 abstention.

General Principle Eleven: approved by 92 to 5, with 19 abstentions.

General Principle Twelve: approved by 83 to 1, with 30 abstentions.

General Principle Thirteen: approved by 108 to none, with no abstentions.

General Principle Fourteen: approved by 90 to 2, with 22 abstentions.

General Principle Fifteen (proposed by 24 Powers): approved by 101 to none, with 12 abstentions.

* * *

Special Principle One: approved by 99 to 2, with 15 abstentions.

Special Principle Two: approved by 116 to none, with no abstentions.

Special Principle Three: no draft recommendation concerning preferences was submitted to the Conference.

Special Principle Four: approved by 115 to none, with 1 abstention.

Special Principle Five: approved by 91 to none, with 25 abstentions.

Special Principle Six and eleven-Power amendment to it: the Principle, as amended, was approved without a vote. A number of delegations stated that if a vote had been taken they would have abstained or voted against the principle.

Special Principle Seven: approved by 85 to 13, with 18 abstentions.

Special Principle Eight: approved by 106 to 1, with 9 abstentions.

Special Principle Nine: approved by 107 to none, with 9 abstentions.

Special Principle Ten: approved by 116 to none, with no abstentions.

Special Principle Eleven: approved by 93 to none, with 23 abstentions.

Special Principle Twelve: approved by 92 to 7, with 17 abstentions.

Special Principle Thirteen: approved by 111 to none, with 5 abstentions.

55. The texts of the General and Special Principles are given in Annex A of the Final Act.

56. The Conference then approved, without dissent, the draft recommendation submitted by the President of the Conference on principles governing international trade relations and trade policies conducive to development (Annex A.I.3 of the Final Act).

57. The Conference also approved, without dissent, the eleven-Power draft resolution on the elaboration of trade aspects of the economic programme of disarmament (Annex A.VI.10 of the Final Act).

DRAFTING COMMITTEE FOR THE FINAL ACT

58. The Conference, at its thirty-fifth plenary meeting, considered the draft Final Act submitted by the Drafting Committee and the Rapporteur of the Conference (E/CONF.46/L.10 and L.10/Add.2/Rev.1, L.10/Add.5 to 11), proposed additions to it submitted by the Union of Soviet Socialist Republics (E/CONF.46/L.16) and by the Union of Soviet Socialist Republics, Czechoslovakia, Hungary and Poland (E/CONF.46/L.17), and amendments proposed by Ethiopia (E/CONF.46/L.23) and by the President of the Conference (E/CONF.46/L.27).

59. The representative of Ethiopia withdrew his amendments on the understanding that they would be quoted in full in the summary record of the meeting.

60. The suggestions submitted by the President of the Conference regarding the opening paragraph of the Final Act and paragraph 9 were approved by the Conference without dissent.

61. An amendment submitted by the Rapporteur of the Conference to replace paragraph 22 of the Preamble by a new text (E/CONF.46/L.10/Add.8), which took into account the changed provisions relating to institutional arrangements (Annex A.V.1 of the Final Act) was approved without dissent.

62. The Conference rejected, by a vote of 35 to 19, with 22 abstentions, a proposed new text for insertion in section II of the Preamble which had been submitted by the Union of Soviet Socialist Republics.

63. The Preamble of the Final Act, as amended, was approved without dissent.

64. In considering the Second Part of the Final Act—a consolidation of the recommendations of the Conference—the Conference decided that the results of voting would be indicated after each Principle and Recommendation in Annex A of the Final Act.

65. The Conference agreed to include the text of the General Principles in full in the Second Part of the Final Act.

66. The Conference rejected, by a vote of 36 to 25, with 13 abstentions, a proposal by the representative of Afghanistan that the text of all the Special Principles be inserted in place of paragraph 2 of document E/CONF.46/L.10/Add.2/Rev.1. The Conference approved by a vote of 32 to 29, with 22 abstentions, a proposal by the representative of Afghanistan to insert, in place of paragraph 3 of document E/CONF.46/L.10/Add.2/Rev.1, the Principles relating to transit trade of land-locked countries as adopted by the Conference.

67. It was further agreed that the full text of all the Principles, together with the results of the voting, would be given in Annex A.

68. The Conference approved, without dissent, the following additions proposed by the Rapporteur of the Conference: a new paragraph to be inserted after paragraph 3 (E/CONF.46/L.10/Add.9); a new paragraph to be inserted after paragraph 6 (E/CONF.46/L.10/Add.10); and a new sub-paragraph (11) to paragraph 29 (E/CONF.46/L.10/Add.11).

69. The Second Part of the Final Act, as amended, was approved without dissent.

70. Annex A of the Third Part of the Final Act was approved without dissent.

71. In considering Annex C of the Third Part of the Final Act, the Conference noted that a message from the Prime Minister of Japan would be added to the messages received from the Heads of State. The Conference also approved, without dissent, the inclusion in this annex of communications submitted by the Union of Soviet Socialist Republics, Czechoslovakia, Hungary and Poland.

72. The Final Clauses of the Final Act were approved without dissent.

73. The draft Final Act, as a whole, as amended, was approved without dissent.

III. ADOPTION OF THE REPORT OF THE CONFERENCE

74. The Conference had before it a brief factual account of the background and constitution of the Conference prepared by the Rapporteur. It was agreed at the thirty-fifth plenary meeting that the Rapporteur would supplement this document by the reports of the five Main Committees as adopted by the Committee themselves and noted by the Con-

ference, by a report of the action taken by the plenary meeting on the Recommendations of the Committees, and by any other relevant texts.

75. The report of the Conference, to be completed by the Rapporteur on the above lines, was approved without dissent by the Conference.

Annex A

REPORT OF THE CREDENTIALS COMMITTEE

Chairman: Mr. Christian D. MAXWELL (Liberia)

CREDENTIALS OF REPRESENTATIVES TO THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

1. At its second plenary meeting, held on 23 March 1964, the United Nations Conference on Trade and Development, in accordance with rule 4 of its rules of procedure, appointed a Credentials Committee consisting of the following States: Algeria, Belgium, Ecuador, Ireland, Liberia, Nepal, Panama, the Ukrainian Soviet Socialist Republic, and the United States of America.

2. The Credentials Committee met on 14 May and 30 May 1964 (E/CONF.46/CRED/SR.1 and 2). The representatives of Algeria, Belgium, Ireland, Liberia, the Ukrainian Soviet Socialist Republic and the United States of America attended both meetings. The representatives of Nepal and Panama attended the first meeting. The representative of Ecuador attended the second meeting. The Committee unanimously elected Mr. Christian D. MAXWELL (Liberia) as Chairman.

3. On the basis of information provided by the Secretariat, the Chairman reported to the Committee as follows:

(a) By 30 May 1964, credentials which conformed with rule 3 of the rules of procedure had been received for the representatives of 115 Governments, of the 119 participating in the Conference. The latter figure takes into account the declaration communicated on 6 May 1964 to the Secretary-General of the United Nations that the United Republic of Tanganyika and Zanzibar was now a single Member of the United Nations (see document E/CONF.46/124).

(b) In the case of Pakistan, credentials had been received in the form of a cablegram issued by the Head of State; in the cases of Jordan, of the United Republic of Tanganyika and Zanzibar, and of Yemen, credentials had been received in the form of a cablegram issued by the Foreign Minister.

In view of the assurances given by the delegations concerned that credentials in the proper form would be provided as soon as possible, the Chairman proposed that the Committee, as an exceptional measure, should find the credentials of those representatives in order.

4. The representative of the Ukrainian SSR raised the question of the representation of China. He asserted that China could be represented only by the representatives of the Central People's Government of the People's Republic of China and not by persons describing themselves as representatives of the Government of the Republic of China while, in fact, not representing the people of China. On the question of the representation of China he stated that the artificial exclusion of that country's legitimate representatives should not be tolerated in the United Nations. He requested that these very strong reservations of his Government be included in the report of the Credentials Committee. The representative of Algeria stated that he shared the views of the representative of the Ukrainian SSR on this question.

5. The representatives of Algeria and of Liberia, supported by the representative of the Ukrainian SSR, expressed very strong reservations with regard to the credentials of the representative of the Government of South Africa, which, in the view of their delegations, was not representative of the people of South Africa and which persistently violated the principles of the United Nations Charter and continued to defy numerous resolutions adopted by the United Nations organs calling for an end of the policy of *apartheid*. They also expressed very strong reservations with regard to the credentials of the representative of the Government of Portugal. They felt that the United Nations should undertake a review of the validity of the credentials submitted by these two Governments. They requested that their views be included in the report of the Committee.

6. The Chairman stated that the views expressed by the representative of the Ukrainian SSR with respect to the representation of China and by the representatives of Algeria and Liberia, supported by the representative of the Ukrainian SSR, with respect to the representatives of South Africa and of Portugal, would be included in the report of the Credentials Committee.

7. The Chairman proposed that the Credentials Committee find the credentials of all representatives in order and recommend that the Conference approve its report.

8. The representatives of the Ukrainian SSR, Algeria and Liberia said that they were prepared to agree with the Chairman's proposal, on condition that the reservations they had expressed were fully recorded.

9. The proposal of the Chairman was approved by the Committee.

RECOMMENDATION OF THE CREDENTIALS COMMITTEE

10. The Credentials Committee, therefore, recommends to the United Nations Conference on Trade and Development the adoption of the following draft resolutions:

Credentials of representatives to the United Nations Conference on Trade and Development

The United Nations Conference on Trade and Development

Approves the report of the Credentials Committee.

Annex B

REPORT OF THE GENERAL COMMITTEE

PROPOSALS REGARDING THE FINAL ACT, REPORT AND RECORD OF PROCEEDINGS OF THE CONFERENCE, REPORTS OF MAIN COMMITTEES AND TERMS OF REFERENCE OF THE DRAFTING COMMITTEE FOR THE FINAL ACT

1. The General Committee held a number of meetings during the period 7 to 27 April 1964, during which it considered the question of the form and content of the reports of the Main Committees, reports and record of proceedings of the Conference and the Final Act of the Conference as well as the terms of reference of the Drafting Committee for the Final Act. It also discussed the procedures to be followed in the preparation and consideration of these documents.

2. The General Committee recommends for the approval of the Conference the following draft proposals:

A. Final Act, Report and Record of Proceedings of the Conference;

B. Reports of Main Committees;

C. Terms of Reference of the Drafting Committee for the Final Act.

An explanatory note is also annexed.

(A) *Final Act, Report and Record of Proceedings of the Conference*

The General Committee recommends that the Conference adopt the following decision regarding the Final Act and Report of the Conference and regarding the Record of Proceedings of the Conference.

1. At the conclusion of the Conference, a single document shall be issued containing the Final Act and Report of the Conference.

2. The Final Act shall be a concise, integrated and consistent document adopted by the Conference for the purpose of signature by the representatives of the participating Governments. It shall include:

(a) A preamble consisting of

(i) A short account of the background, constitution and proceedings of the Conference;

(ii) A summary statement on the basis of the reports of the Main Committees of the essential reasons, findings and considerations underlying the Recommendations, declarations, and other decisions of the Conference;

(b) A consolidation of the Recommendations to the United Nations and related agencies, to other international bodies in the economic field, as appropriate, and to States Members of the United Nations or the specialized agencies, declarations, and other decisions adopted by the Conference on matters within its competence, regarding, *inter alia*:

(i) Principles and policies;

(ii) Measures for the implementation of these principles and policies;

(iii) Where appropriate, the machinery required for carrying out or supervising the execution of the measures agreed upon;

(iv) A programme of work;

(c) As annexes, the observations of the delegations and any other appropriate texts.

3. The Report of the Conference shall consist of

(a) A full account of the background and constitution of the Conference;

(b) The reports of the Committees and the action taken thereon by the Conference.

4. The printed Record of Proceedings of the Conference will be published after the conclusion of the Conference as provided by the General Assembly.¹

(B) *Reports of Main Committees*

The General Committee recommends that the Conference give the following guidance to the Main Committees regarding their reports.

¹ The General Assembly provides that the Proceedings of the Conference be published in the four official languages of the Conference and will contain:

(a) The basic documentation submitted by Governments, specialized agencies and the Secretariat;

(b) The policy statements made at the ministerial level at the Conference;

(c) A complete report of each of the main committees to the plenary session of the Conference;

(d) The programme of the Conference, the list of participants, a comprehensive table of contents, and the final act of the Conference.

It is to be assumed that the basic documentation mentioned in (a) includes the full text of messages received by the Conference from the Heads of States and that the policy statements mentioned in (b), include both "opening" and "concluding" statements at the ministerial level. (*Official Records of the General Assembly, Eighteenth Session, Annexes, agenda item 58, document A/C.5/978.*)

1. In order to facilitate the task of the Conference and of its Drafting Committee, it is essential for the Main Committees to prepare their reports to the Conference in a concise and uniform manner, so as to include, for each item and sub-item of the agenda, as appropriate:

Preamble

- (a) The essential issues posed;
- (b) A general account of the areas of agreement and the various points of view emerging from the discussion of these issues;
- (c) The reasons, findings and considerations underlying the Recommendations, declarations and other decisions submitted for the approval of the Conference.

Operative section

- (d) Draft Recommendations, draft declarations and other draft decisions on matters within the competence of the Committee, regarding, *inter alia*
 - (i) Principles and policies;
 - (ii) Measures for the implementation of these principles and policies;
 - (iii) Where appropriate, the machinery required for carrying out or supervising the execution of the measures agreed upon;
 - (iv) A programme of work;
 - (e) Appropriate draft texts for inclusion as annexes to the Final Act of the Conference.

Particular observations

(f) Any observations submitted by particular delegations regarding the draft Recommendations, draft declarations and other draft decisions referred to in (d) above.

2. The Main Committees shall transmit to the Drafting Committee the texts adopted by them and recommended for inclusion in the Final Act. The Drafting Committee may bring to the attention of the Main Committees concerned any overlapping or duplications or inconsistencies in the texts and shall report to the General Committee any unresolved inconsistencies which might require action under rule 47 of the rules of procedure.

(C) *Terms of reference of the Drafting Committee for the Final Act*

The General Committee recommends that the Drafting Committee for the Final Act should have the following terms of reference:

The Drafting Committee for the Final Act, established in accordance with rule 45 of the rules of procedure, shall be responsible for the preparation of the draft of the Final Act in accordance with the provisions of sections (A) and (B) above.

Explanatory Note

1. The Main Committees shall issue as a document and make available to the Drafting Committee their reports, preferably by sections, after approval on the first reading. These should begin to go to the Drafting Committee from the end of the sixth week.

2. The Drafting Committee shall promptly consider these reports, or sections of reports, as soon as they are available.

3. Where any overlaps, duplication or inconsistencies appear in the texts, the Chairman or Rapporteur of the Drafting Committee shall arrange for consultations with the Bureaux of the other Committees concerned. The Drafting Committee shall report to the General Committee any unresolved inconsistencies which might require action under rule 47 of the rules of procedure. The Main Committees concerned will determine the text of their report, taking into account any Recommendations arising from action by the General Committee.

4. The Drafting Committee shall endeavour to bring all these matters to the attention of the Main Committees by 19 May so that the Committees may be aware of them when approving the full report of the Committee on the second reading for transmittal to the plenary session.

5. In the meantime the Drafting Committee shall be authorized to prepare a tentative draft of the Final Act on the basis of the Recommendations in the reports of the Main Committees as approved on the first reading.

6. During the tenth week the Conference in plenary session will take up the reports of the Main Committees and the draft Final Act in the following order:

(a) The reports of the five Main Committees, as adopted by them, which will be noted by the Conference and action will be taken on their Recommendations.

(b) The draft Final Act in the following order:

- (1) Preamble
- (2) Recommendations, declarations and other decisions adopted by the Conference under (a) above, as consolidated by the Drafting Committee in the Final Act.

Annex C

NOTE BY THE PRESIDENT

SIZE AND COMPOSITION OF THE DRAFTING COMMITTEE FOR THE FINAL ACT

1. The Conference, at its 24th plenary meeting, decided that the Drafting Committee for the Final Act, established under rule 45 of the rules of procedure, should be constituted on the same pattern as the General Committee, namely that there should be four members from Group A, nine from Group B, fifteen from Group C and six from Group D. The Conference also agreed that the four groups should meet to elect their representatives and that they would submit to the President the names of the countries elected by them to serve on the Drafting Committee.

2. Accordingly, the following countries have been elected by their respective groups to serve on the Drafting Committee.

Eastern European countries excluding Yugoslavia (A):
1. Bulgaria; 2. Poland; 3. Romania; 4. Union of Soviet Socialist Republics.

Western European countries, USA and Commonwealth countries not falling into other categories listed (B): 1. Australia; 2. Belgium; 3. Denmark; 4. Federal Republic of Germany; 5. France; 6. New Zealand; 7. Spain; 8. United Kingdom of Great Britain and Northern Ireland; 9. United States of America.

African and Asian countries and Yugoslavia (C):
1. Burma; 2. Dahomey; 3. Ghana; 4. India; 5. Iran; 6. Japan; 7. Lebanon; 8. Liberia; 9. Madagascar; 10. Mali; 11. Pakistan; 12. United Republic of Tanganyika and Zanzibar; 13. Thailand; 14. Tunisia; 15. United Arab Republic.

Latin American countries (D): 1. Argentina; 2. Brazil; 3. Colombia; 4. Costa Rica; 5. Mexico; 6. Peru.

Annex D

REPORT OF THE FIRST COMMITTEE

Rapporteur: Mr. G. S. MAGOMBE (United Republic of Tanganyika and Zanzibar)

INTERNATIONAL COMMODITY PROBLEMS

INTRODUCTION

1. The First Committee was established by the Conference at its first meeting on 23 March 1964 in accordance with rule 45 of the rules of procedure of the Conference.

2. The Committee elected the following officers: Mr. B. Grinspun (Argentina) Chairman, Mr. C. H. J. Amaratunga (Ceylon) Vice-Chairman, and Mr. G. S. Magombe (United Republic of Tanganyika and Zanzibar) Rapporteur.

3. The following items of the agenda of the Conference were allocated to the First Committee:

11. International commodity problems

(a) Review of the long-term trends and prospects for primary commodity producers (including terms of trade);

(b) Programme of measures and actions for the removal of obstacles (tariff, non-tariff and other) and of discriminatory practices and for the expansion of market opportunities for primary commodity exports and for increases in their consumption and imports in developed countries;

(c) Measures and actions for the promotion of trade in primary commodities among developing countries;

(d) Measures for stabilization of primary commodity markets at equitable and remunerative prices including commodity arrangements;

(e) International compensatory financing and measures for stabilization of primary export earnings at adequate levels.

4. In transmitting to the Chairman of the Committee the agenda items to be considered, the President of the Conference indicated that item 11 (e) would be divided between the First and Third Committees. The First Committee would consider the needs for, and general aspects of, compensatory financing, leaving consideration of technical aspects to the Third Committee.

5. The Committee had before it the following background documentation dealing directly or indirectly with the subjects under consideration:

E/CONF.46/3 Report of the Secretary-General of the Conference

E/3799 Report of the Second Session of the Preparatory Committee of the Conference

E/CONF.46/7 Access to markets for primary commodities in the industrial countries: existing obstacles and measures for trade expansion

E/CONF.46/8 Stabilization of international commodity markets

E/CONF.46/10 International compensatory financing of the effects of changes in the terms of trade

E/CONF.46/25 The standardization of primary commodities as a means of promoting the expansion of exports from the developing countries [Economic Commission for Europe (ECE)] in collaboration with the Food and Agriculture Organization of the United Nations (FAO)

E/CONF.46/30 Inter-governmental Commodity Agreements [prepared by the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA)]

E/CONF.46/44 Note on previously published documentation on international compensatory financing

E/CONF.46/47 Food aid and other forms of utilization of agricultural surpluses—a review of programmes. Principles and consultations (contributed by FAO in collaboration with the World Food Programme)

E/CONF.46/52 Agricultural trade statistics (contributed by FAO)

E/CONF.46/57 Trade in agricultural commodities in the United Nations Development Decade—a general review (contributed by FAO)

E/CONF.46/59 Synthetics and their effects on agricultural trade (contributed by FAO)

E/CONF.46/61 International commodity arrangements and policies (contributed by FAO)

E/CONF.46/62 World agricultural commodity trade—prospects, problems and policies (FAO trade policy reference paper)

E/CONF.46/72 Trade in primary agricultural commodities (contributed by FAO)

E/CONF.46/73 Trade in processed agricultural commodities (contributed by FAO)

E/CONF.46/P/1 International commodity agreements (Paper contributed by Professor J. E. Meade)

E/CONF.46/P/5 Organization of international markets for primary commodities (Paper contributed by Mrs. Margaret J.'t Hooft-Welvaars)

E/CONF.46/P/7 The case for an international commodity reserve currency (Paper contributed by Professors A. G. Hart, N. Kaldor and J. Tinbergen)

6. The Committee held seventy meetings from 23 March to 4 June 1964, the summary records of which are contained in documents E/CONF.46/C.1/SR.1-70.

Establishment of Working Parties

Working Party 1 on Synthetics and Substitutes

7. At its twenty-eighth meeting on 23 April 1964, the Committee established Working Party 1 on Synthetics and Substitutes [agenda item 11 (b)] with the following terms of reference:

“To consider the effect of synthetics and substitutes on trade, with particular reference to primary products exported wholly or mainly from the developing countries and to present its Recommendations to the Committee.”

8. The membership of the Working Party was as follows: Ceylon, Chile, Indonesia, Liberia, Malaysia, Mexico, the Netherlands, the Philippines, Poland, Sweden, Uganda, the Union of Soviet Socialist Republics and the United States of America. Representatives of FAO took part in the work of the group in a consultative capacity.

9. The Working Party, which elected Mr. B. P. Yeo (Malaysia) as its Chairman and Mr. H. Bashkin (United States of America) as its Rapporteur, held six meetings (24 April-7 May) in the course of which it made a brief general review of the problems in the field of synthetics and substitutes and considered various proposals pertaining to the solution of these problems. The report of the Working Party on Synthetics (E/CONF.46/C.1/L.31) is summarized in paragraphs 38 to 41 below. The full text of the report appears in appendix I.

Drafting Group (Working Party 2)

10. In order to facilitate the drafting of its report and Recommendations, the Committee at its forty-second meeting on 6 May 1964 established a Drafting Group with the following terms of reference:

“To make an initial review for consideration by the Committee of the draft reports prepared by the Rapporteur on items 11 (b) to (d) as well as on the general aspects of item 11 (e) of the agenda of the Conference, including proposals and Recommendations.”

11. The following countries participated in the work of the Drafting Group: Australia, Brazil, Cameroon, Canada, Chile, Czechoslovakia, El Salvador, Ethiopia, France, India, Indonesia, Iran, Italy, Ivory Coast, Japan, Libya, Mexico, the Netherlands, Niger, Nigeria, Pakistan, Poland, Romania, Spain, Sweden, Syria, Thailand, Tunisia, Uganda, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Uruguay and Venezuela. Other countries were admitted as observers.

12. Mr. F. M. C. Obi (Nigeria) was elected Chairman, Mr. J. Najman (Czechoslovakia) Vice-Chairman and Mr. E. S. Hoffman (Australia) Rapporteur of the Drafting Group.

13. The documentation of the Group consisted of E/CONF.46/C.1/L.58. (See appendix III.) and UNCTAD/Working Paper/C.1/WP.2/2-8. The Group held 18 meetings from 12-29 May and presented its Recommendations to the First Committee.

Agenda item 11 (a)

REVIEW OF THE LONG-TERM TRENDS AND PROSPECTS FOR PRIMARY COMMODITY PRODUCERS (INCLUDING TERMS OF TRADE)

14. At the root of the foreign trade difficulties facing the developing countries and other countries heavily dependent on a narrow range of primary commodities is the slow rate of growth of exports of primary commodities accounting for 90 per cent of their exports. Thus from 1928 to 1960, while the rate of growth of output of manufactures for the world as a whole averaged 3.4 per cent per annum, the corresponding rate of increase for primary commodities was only 1.7 per cent; and while world exports of manufactures expanded at an average annual rate of 3.1 per cent, exports of primary commodities increased at the rate of only 1.4 per cent.

15. Between 1950 and 1961, the value of primary commodities exported by developing and developed market economies increased at an average annual rate of 4.3 per cent, due to an increase of 4.7 per cent per annum in quantities exported; between 1955 and 1961 the value of primary commodities exported by these countries rose at an average of 3.2 per cent per annum. These higher rates of expansion, however, were largely due to growth in the shipments of primary products by developed countries to one another, the value of these exports rising by 5.8 per cent per annum between 1950 and 1961, and by 4.6 per cent per annum between 1955 and 1961, and also to a rise in exports of 6.0 per cent per annum between 1950 and 1961 and of 6.0 per cent per annum between 1955 and 1961 from developed countries to developing countries.¹ In some cases developing countries have shifted from a net export to a net

¹ Exports to developing countries consisted to a substantial extent of deliveries under food aid and other special programmes.

import position for specific products as their needs for foodstuffs and industrial raw materials have expanded.

16. The value of exports of primary commodities from developing countries, excluding mineral fuels, rose in value by 0.9 per cent per annum between 1950 and 1961, and by \$800 million (1.0 per cent per annum) between 1955 and 1961. There was no change in the value of exports (\$11,500 million) to developed market economies during this period; exports to the countries with centrally planned economies increased between 1955 and 1961 by \$900 million (17.3 per cent per annum) from \$500 million to \$1,400 million and exports to the developing countries decreased by \$200 million (from \$2,600 million to \$2,400 million). In the same period, exports of primary products, excluding mineral fuels, from the developed market economies increased by \$6,900 million (5.7 per cent per annum). Exports to developed market economies increased by \$5,100 million (5.1 per cent per annum), from \$14,200 million to \$19,300 million; exports to the developing countries by \$1,300 million (6.9 per cent per annum) from \$2,600 million to \$3,900 million and exports to the countries with centrally planned economies by \$500 million (10.9 per cent per annum) from \$600 million to \$1,100 million.²

17. As a result of these diverging export trends, the share of the developed market economies in world exports, by value, of primary commodities increased from 45.1 per cent in 1955 to 47.6 per cent in 1961 and that of the countries with centrally planned economies from 10.4 per cent to 11.9 per cent, while the share of developing countries declined from 44.5 per cent to 40.5 per cent.

18. From 1950 to 1962 export prices of primary commodities declined by 7 per cent³ while export prices of manufactures increased by 27 per cent. Thus the unfavourable effects of this decline in primary commodity prices were considerably aggravated by the rise in the price of manufactures, which resulted in a deterioration of 27 per cent in the terms of exchange. This deterioration has in large part offset, and in some cases cancelled, the effects of increases in the export volume of developing countries. Since the end of 1962, the prices of a number of commodities have risen, though it is not possible to say whether that represents a trend.

19. The long-term trends have been aggravated by short-term fluctuations in export earnings caused by economic recessions and other factors. Among other disadvantages, these developments have been major factors in the inability of the developing countries to finance needed imports of manufactures

out of their exports of primary products. The instability and inadequacy of export earnings of developing countries from primary products have had serious adverse effects upon their economic development.

Causes of the adverse trends in the trade of developing countries

20. The adverse trends in the trade of developing countries and other countries heavily dependent on a narrow range of primary commodities reflect the operation of many influences, the incidence of which varies widely from commodity to commodity and from country to country. In the first place, there are factors which tend to make the demand for primary products lag substantially behind the general growth of world output and income. Among these factors are: (i) the low response of consumer demand for food to increases in income of consumers in the advanced countries where incomes and food consumption are already high, and (ii) economies in raw-material use as a result of technological change. These are unlikely to be transient and have to be reckoned with in long-term estimates. In the second place, there are factors which have increased the competition encountered by the primary exporting countries; chief among these are: (a) the growth in primary production in the developed countries, partly in consequence of a rise in productivity but also, to a large extent, as a result of the protection and subsidization of domestic production; (b) the increasing production of synthetics and other substitutes which displace natural materials; and (c) restrictive import, tariff and excise policies of the developed countries. Adverse movements in the terms of trade for developing countries have resulted on the export side, *inter alia*, from the structural weakness of their economies which gives little scope for diversion of productive factors from primary production; this, allied with the lag in demand mentioned above, often leads to persistent excess of supply over demand. On the import side, one of the main factors has been the tendency for the prices of industrial goods to rise, in spite of increases in the efficiency of industrial production.

Future developments

21. Although the industrialization of the developing countries and the diversification of their economies and exports may create, in the years to come, new opportunities for the solution of their trade problems, they will nevertheless be predominantly dependent on the exports of primary products for the foreign exchange earnings they need to finance the minimum rate of economic growth which is desirable for the future. A continuation of past trade trends taken together with increasing import requirements would mean that, even if there were no further deterioration in the terms of trade, the trade gap of developing countries would continue to grow. There is therefore

² Source: *United Nations Monthly Bulletin of Statistics*, March 1961 and March 1964.

³ The percentage given in the text represents the average price variation for all primary commodities exported by both the developed and the developing countries, and it is possible that the situation of the developing countries, taken separately, would be even more unfavourable.

a serious problem facing the developing countries. In this context, it is relevant to refer to the FAO projections with regard to agricultural commodities and, in particular, to the conclusion that in the absence of far-reaching policy changes and a substantial change in agricultural price levels, the export-income of the non-industrialized countries would no more than keep pace with their demographic expansion, so that Development Decade targets seemed likely to remain out of reach owing to the slow expansion of export-income from agricultural products. The problem may, therefore, be succinctly stated thus: unless new policy measures in the field of trade, aid and finance provide additional resources for developing countries to the amount required, and a measure of stabilization is brought about in their export earnings at remunerative and equitable levels, it will be exceedingly difficult for developing countries to attain the target rate of growth set by the United Nations Development Decade.

22. The Committee concluded that, in the study of items 11 (b) to (e) of the agenda, measures should be drawn up and implemented so that export earnings from trade in primary commodities should make a maximum contribution to the solution of the trade and development problems of the developing countries.

Agenda item 11 (b)

PROGRAMME OF MEASURES AND ACTIONS FOR : THE REMOVAL OF OBSTACLES (TARIFF, NON-TARIFF AND OTHER) AND OF DISCRIMINATORY PRACTICES, EXPANSION OF MARKET OPPORTUNITIES FOR PRIMARY COMMODITY EXPORTS AND, INCREASES IN THEIR CONSUMPTION AND IMPORTS IN DEVELOPED COUNTRIES

Essential issues

23. During the period of structural readjustment of their economies, countries producing primary commodities, in particular the developing countries, will remain heavily dependent on commodity exports to meet the growing import needs involved in the process of industrialization and diversification. The general outlook for these exports is unfavourable, not only because of the behaviour of commodity prices but also because of a lagging rate of growth in export volume. There is, accordingly, a need for a deliberate effort on the part of all industrialized countries to facilitate access of primary products to their markets and in this way to promote an expansion in the export earnings of the developing countries. It is necessary to accelerate the removal of existing obstacles and to forestall the creation of new obstacles to commodity trade.

Discussion in the Committee

24. The discussion fell under four main headings: standstill agreement; removal of trade obstacles; removal of discriminatory practices; and expansion of market opportunities.

25. There was general agreement on basic policy objectives and principles. The developing countries were unanimous in calling for conditions that would enable commodities to flow freely into the markets of the industrialized countries. For their part, the industrial market economy countries acknowledged the necessity of making adjustments which might foster increased trade with the developing countries in ways compatible with the economic and administrative systems of the industrialized countries concerned. The countries with centrally planned economies stressed their desire to expand also, in the future, their imports of primary products from the developing countries. It was also agreed, that in view of the necessity for the expansion of trade of the developing countries and the imperative need to assist their economic development, the principle of reciprocity was inapplicable in trade relations with them.

26. The points of view of the developing countries with regard to the removal of obstacles to trade and consumption and to the expansion of market opportunities are crystallized in document E/CONF.46/C.1/L.17/Rev.1 and Corr. 1 and Corr. 2. which was sponsored by 61 developing countries and supported by several others.

27. The document contained Recommendations for action to be taken by developed market economy countries and developed countries with centrally planned economies. These Recommendations constituted a comprehensive set of measures, which was intended to be considered as a programme for action, to be implemented, in a concerted manner, within specified time limits. It aimed both at eliminating present obstacles to the trade in primary products of developing countries and at restricting the tendency for the developed countries' share of the market for competing products to increase at the expense of the developing countries. It recommended that developed countries, as a first and immediate step, should refrain from erecting new tariff or non-tariff barriers or increasing existing ones against the export trade in primary products of developing countries. It further recommended positive measures for the acceleration of the removal of existing tariffs and internal fiscal charges as well as of quantitative restrictions, with a view to their final elimination. In this respect attention was drawn to the need for urgent measures in relation to primary products exported by the developing countries, including primary commodities in processed or semi-processed form.

28. The programme included transitional provisions for the elimination of preferential arrangements of a discriminatory nature between developed and developing countries, these preferences to be abolished *pari passu* with the effective application of international measures providing at least equivalent advantages to the developing countries concerned. International measures of this kind should be introduced gradually so as to become operative before the end of the United Nations Development Decade. Two

delegations expressed reservations with regard to the implementation of these proposed transitional provisions.

29. The developing countries stressed the need for the removal of protectionist policies in developed countries which had the effect of restricting the access of goods from developing countries to world markets. Mention was made of the need for modifying price-support policies, export subsidy regulations and of refraining from dumping, as well as adhering to internationally agreed criteria, including the Principles recommended by FAO, regarding the disposal of agricultural surpluses,⁴ stockpiles and government-held surplus inventories. Mention was also made of the action to be taken with regard to synthetics and substitutes.

30. In relation to action to be taken by the countries with centrally planned economies, measures recommended centred on the need for expanding access to their markets through quantitative import targets, and the adoption of prices and import policies which would ensure increasing opportunities for the exports of developing countries.

31. Finally, the developing countries requested that all the measures included in the programme should be taken without reciprocal concessions from the developing countries. The developing countries emphasized the need for concerted and comprehensive action along the above-mentioned lines covering a wide front for the removal of all obstacles to trade. They also stressed the importance that this action be implemented within specified time limits in order to provide for an immediate expansion of their export earnings, as one of the pre-conditions for achieving the minimum growth targets of the United Nations Development Decade. They considered that a narrow and piecemeal approach would not constitute an adequate solution to the many problems of access to, and opportunities in, the markets of the developed countries.

32. The main emphasis by the developed market economy countries was on the acceptance, as a guideline for future policies, of the GATT action Programme as set out in E/CONF.46/38 (see Vol. V) and including the comments and qualifications contained therein.

33. Several delegations thought that the products to which a liberalization programme was to be applied must be identified before they could be included in such a programme. They further thought that some qualifying clause was necessary to take account of exceptional and compelling circumstances which might necessitate a deviation from any agreed programme. Some delegations also expressed the view that the time limits mentioned by the developing countries did not take account of existing commit-

ments and national legislation and that it would, therefore, be necessary to introduce an element of flexibility on that point or delete reference to specific dates. Some delegations expressed reservations with regard to the abolition of domestic support policies, which operated in different ways in different countries, and preferred, on the whole, that action on this measure should be confined to avoiding stimulating uneconomic domestic production of primary products. Some market economy countries also made it clear that, under their economic and trade systems, it would not be possible to guarantee the purchase of fixed quantities. Reference was also made to the need to exclude sales taxes and internal turnover taxes from the term "non-tariff barriers."

34. Some other countries, furthermore, doubted whether the removal of trade obstacles would lead to the rise in consumption and improvement in producers' prices which the developing countries claimed would result and thought that the incidence, nature and extent of these obstacles required further detailed study. They could accept the Recommendations put forward by the developing countries as general objectives but not as legal obligations. These countries, however, agreed to a phasing of the removal of tariff-obstacles on products of special importance to developing countries, which products required definition, but were unable to accept a timetable for phasing. They acknowledged the elimination of quantitative restrictions as a relatively long-term objective, but felt that the objective could be better achieved by incorporation in a wider plan for price-stabilization and commodity agreements. Some countries belonging to regional groupings emphasized that the general aims contained in the Recommendations made by the developing countries would be acceptable in so far as they did not hinder the progressive implementation of economic integration and the policies stemming therefrom.

35. The delegations of a small number of countries heavily dependent for their export earnings on a narrow range of primary products stressed that their position in respect of primary commodity trade was analogous to that of the developing countries. This small number of countries, in pointing out that their economies were dependent upon fair and reasonable conditions for their export commodities, stated their intention to support, to the best of their ability, measures for the removal of obstacles.

36. The countries with centrally planned economies expressed their readiness to take measures, in accordance with their economic systems, to promote a further development of trade with the developing countries. They also pointed out that there would be quantitative increases in their imports of particular products of interest for the developing countries. At the same time, they drew attention to the fact that the possibilities of expanding exports by the developing countries to the countries with centrally planned economies could be used to a fuller extent if the

⁴ Food and Agriculture Organization of the United Nations, *Disposal of Agricultural Surpluses: Principles Recommended by FAO*, reproduced in vol. VIII of this series.

developing countries increased their imports from the countries with centrally planned economies. They also stressed the importance of an understanding that products from the countries with centrally planned economies should not be less favourably treated in the markets of the developing countries than products of the industrialized market-economy countries. They considered that, in the context of their economic systems, there was no need to introduce the question of internal prices, because the pricing policies followed by the countries with centrally planned economies in establishing internal prices for imported commodities were subsidiary to over-all economic policies and hence these prices did not represent a factor determining the volume of their imports.

Promotional measures

37. The Committee agreed that, in addition to the removal of obstacles hampering trade in, and consumption of, primary products, it was important that positive measures of a promotional nature be adopted to expand trade. The objectives of these measures would be, *inter alia*:

- (a) To develop better guidance to the exporters from developing countries as to market opportunities and consumer demands for primary commodities;
- (b) To encourage the development and transfer of technology designed to improve the processing and the marketing of primary commodities;
- (c) To expand the export earnings of the developing countries through the promotion of consumption of primary commodities in developed countries;
- (d) To expand trade among developing countries.

The special case of natural products facing competition from synthetics and other substitutes

38. The very rapid growth in the production of synthetics poses a serious problem for a large number of developing countries and affects their development by reducing the rate of increase in their export earnings in two ways: first, by reducing the rate of expansion in the volume of the import demand for the natural materials; and, second, by increasing price competition and thus exerting a downward pressure on the price of these natural materials. Moreover, the possibilities of technological breakthrough in the field of synthetics create a special risk in long-term investments in the sector of the natural products. While the advance of technology cannot be halted in a world based on economic progress, the need for cushioning the repercussions on the exports of countries producing natural products should be taken into account in the interests of development.

39. The Committee, recognizing that the types of action reviewed in the preceding sections might prove of limited value in the case of the natural products

facing competition from synthetics and other substitutes, stressed the need for special action.

40. The Committee agreed on the need for national and international action as set out in the Recommendations contained in para. 69, Recommendation D, below. It recognized that even if these Recommendations were implemented, a considerable risk would remain as to the long-term prospects for the export earnings of developing countries. The Committee therefore stressed, in addition, that, in all likelihood, there would be a need for financial measures to reduce the impact of this risk on the developing countries and to assist them in undertaking the necessary structural adjustments.

41. Some delegations considered that these financial measures should take the form of compensatory financing; others felt that the problem might be solved through general development assistance, in which priority might be given in its programmes to countries specially affected by competition from synthetics.

World Food Aid Programme

42. Taking note of the disturbing downward trend in *per capita* food output in developing countries and the likelihood that this trend would continue for some time, as populations grew and considering that there was need for increased food aid to food-deficit areas for a transitional period (until efforts to increase agricultural productivity and achieve more adequate levels of food production in these areas were brought to fruition), the Committee expressed the belief that food aid should become an integral and continuing part of international aid under the United Nations and FAO and that it should be possible to develop a useful and generally acceptable system of food aid on the basis of experience with the present modest pilot programme sponsored by the United Nations and FAO. It also noted the desirability of all countries contributing to such a world food aid programme and of the developed countries, in particular, contributing to an expanded food aid programme on an equitable basis, and that for effective operation, an international food aid programme should have resources in cash as well as in kind, if only for the purpose of covering its necessary administrative and freight costs.

43. The Committee recognized, moreover, that contributions of additional cash resources, particularly from developed countries, to an international food aid programme, would make possible the purchase of a range of foodstuffs (in addition to those donated) needed for a nutritionally adequate diet, purchases being made in so far as it was possible and economic, from those developing countries which were exporters of food and were seeking to expand their food exports.

44. The Recommendations of the Committee in respect of a World Food Aid Programme are contained in Recommendation F, para. 69.

*Agenda item 11 (d)*MEASURES FOR STABILIZATION OF PRIMARY COMMODITY
MARKETS AT EQUITABLE AND REMUNERATIVE PRICES
INCLUDING COMMODITY ARRANGEMENTS*Essential issues*

45. In its consideration of commodity stabilization measures, including international commodity arrangements,⁵ the Committee was guided by the following two main considerations: (i) the outstanding importance of commodity trade for the economies and growth prospects of developing countries and of other countries heavily dependent on the exports of a narrow range of primary products; and (ii) the special difficulties affecting trade in primary commodities and the underlying structural problems concerning their production and consumption. It considered that market forces alone cannot generally be relied upon to ensure the effective stabilization and growth of trade in many primary commodities. International commodity arrangements should, therefore, be used as one of the means of stimulating a dynamic and steady growth of real export earnings, at predictable and stable rates, for developing countries.

46. The main questions at issue, in the Committee's consideration of this item of the agenda, concerned the main objectives which could, and should, be aimed at by means of commodity agreements and arrangements and the principles to be followed; the steps which could be taken for enlarging the number and scope of these arrangements, for improving the methods of negotiation, and for developing new types of arrangements and techniques of operation, to promote the attainment of the main objectives and principles they are intended to serve. In particular, the Committee addressed itself to the identification of a number of key aspects which, in its view, called for urgent action, including any necessary preparatory work, to form part of a programme of commodity arrangements.

Discussion in the Committee

47. The Committee stressed the special role that international commodity arrangements could perform in securing over-all stabilization in primary commodity markets, and stimulating the economic development of the developing countries.

48. In the view of a large number of delegations, the reference in international commodity arrangements to "stable, equitable and remunerative prices" should be interpreted as referring to prices not merely in absolute terms, but also in terms of import purchasing power, since this was what mattered, in practice, to the primary exporting countries.

49. Some delegations, however, believed that commodity prices could be related only to the charac-

teristics and market situation of the commodity concerned.

50. There was general agreement in the Committee that commodity arrangements should aim at increasing, particularly in developed countries, the consumption and imports of primary commodities from developing countries; that they should assure satisfactory access for developing countries to the markets of the developed countries; and that they should co-ordinate commodity production and marketing policies for the purpose of ensuring a better and more economic balance of world production and consumption and preventing excessive fluctuations and of facilitating the long-term adjustment of production required by structural changes in world markets.

51. The full text of objectives and principles of international commodity arrangements, as proposed for adoption by the Conference (Recommendation E, para. 69 below), reflects the Committee's consensus that these arrangements, to achieve the aims set out, should be based on a more comprehensive and more dynamic approach than had been generally envisaged in the text of the Havana Charter and, in particular, that the provisions of these arrangements should take account of the general needs of trade and development of the developing countries, seen in the light of their minimum growth targets.

52. The Committee considered that the prospects for concluding international commodity agreements would be improved, in general, by proceeding on a commodity-by-commodity basis which made it easier to take account of the special characteristics of the products concerned and of their markets. For dealing with groups of closely related commodities, the possible advantages of aiming at joint arrangements were recognized. In this connexion, the Committee concluded that arrangements for natural products faced with competition from synthetics and other substitutes would be more effective if they included these synthetics and substitutes and that the scope for multi-commodity arrangements might usefully be explored further.

53. Some delegations stressed the importance of bilateral agreements for the mutual delivery of goods as a factor in the stabilization of markets and expansion of market opportunities and export earnings of developing countries. In this connexion, they suggested that long-term bilateral contracts should be used within the framework of international commodity agreements or arrangements.

54. In calling for strong and concerted action towards effective commodity arrangements, the Committee acknowledged that these arrangements and, in particular, formal agreements, would not be practicable for all commodities. The Committee therefore stressed the importance and urgency of other forms of suitable action being pursued simultaneously over a wide front.

⁵ The term "international commodity arrangements" or "international commodity agreements" refers throughout this text to inter-governmental arrangements or agreements.

55. A number of suggestions were made on ways of enlisting the assistance of independent experts to deal with problems of negotiation and effective operation of commodity arrangements, without prejudice to the ultimate political responsibility of the contracting parties concerned for the negotiation and operation of these arrangements.

56. In commenting on the agreement that a more comprehensive approach in the formulation of commodity arrangements was desirable, many delegations referred, in particular, to the need for improved co-ordination of policies and for realistic guarantees to developing countries of terms of access to the markets of developed countries on terms which would ensure a fair share of these markets and of their expansion.

57. Several delegations stressed the need to take account, *inter alia*, of the special problems of small trading developing countries and of possibilities of access for efficient producers from developing countries, and for new producers.

58. Notwithstanding differences in emphasis and approach, there was general agreement that account had to be taken, in formulating and implementing price policies within the framework of commodity arrangements, of the interests of both exporting and importing countries and in the view of some delegations, particularly of the developing countries, and of the characteristics of particular markets, and types of product. The Committee agreed that flexibility, within not too wide a range of prices, was generally desirable and that, where appropriate, there should be provision for floor and ceiling prices. The special importance of floor prices in maintaining the export earnings of the developing countries was stressed.

59. Some delegations laid stress on the need to maintain fair labour standards in the developing countries, and emphasized that this objective, the principle of which had not been challenged, was difficult to attain in a climate of deteriorating primary commodity prices.

60. Most delegations held that where a buffer stock arrangement was part of an international commodity agreement importing countries should agree to share with exporting countries the cost of financing these stocks, in cases of arrangements concerning developed importing and developing exporting countries.

61. It was also suggested that, in commodity agreements containing quota provisions, there should be a limit, fixed in the agreement, to the level to which individual countries' export quotas might be reduced. Any reduction in quotas beyond that point should be for the account of a stabilization reserve to be administered like a buffer stock and financed internationally. The suggestion was made that in negotiations of quota arrangements there should be sufficient flexibility to allow for trade expansion of small developing countries advancing from a subsistence to a cash economy.

62. The Committee heard a statement by one delegation relevant to the organization of markets. The plan presented by this delegation was designed to give producers their fair share of the proceeds because they saw their share increasingly reduced to the advantage of the processing, service and distributing industries. The plan envisaged a co-ordinated range of international agreements covering a wide range of commodities instead of the limited range of agreements at present in existence. These agreements would seek to stabilize prices at equitable and remunerative levels, which, in the case of temperate-zone products, for example, might gradually come closer to those prices prevailing in developed countries. Reference was also made in the statement to the fact that the choice of appropriate means should be made case by case, depending on the special characteristics of each product or group of products considered.

63. A number of delegations, while stressing the advantages of considering arrangements for a wider range of particular commodities, or closely related groups of commodities, and endorsing the need of measures to ensure equitable and remunerative prices, particularly for developing countries, also stressed the importance of providing improved facilities and assurances for access to markets.

Commission on Commodity Arrangements and Policies

64. The Committee had before it proposals for the establishment and functions of a commission on commodity arrangements and policies. The proposals were given the Committee's general approval, in the form shown in Part IV in paragraph 69, Recommendation E, and referred for action to the Fourth Committee. (E/CONF.46/C.4/L15.)

Working Party on the organization of commodity trade

65. The Committee also had before it, for consideration, a document sponsored by a number of developing countries. The sponsors of the document, bearing in mind on the one hand the deterioration in the terms of trade of primary commodity exporters and, on the other, the minimum growth target fixed for the United Nations Development Decade, and aware that the present problems were unlikely to be solved simply by the elimination of obstacles to trade or by the introduction of compensatory financing, but might also require international action with a view to rational organization of world trade in these products, made the recommendations contained in para. 69, Recommendation G.

Agenda item 11 (e)

INTERNATIONAL COMPENSATORY FINANCING AND MEASURES FOR STABILIZATION OF PRIMARY EXPORT EARNINGS AT ADEQUATE LEVELS

66. As indicated in paragraph 4 above, consideration of this item of the agenda in the First Committee was limited to the general aspects of the problem.

67. It was agreed that compensatory financing is an appropriate solution to meet the serious residual problems caused by short-term fluctuations in the prices of and earnings from primary commodity exports and that for residual long-term problems financial solutions should be sought.⁶

68. The differing views of the Committee on the general aspects of compensatory financing and of the stabilization of export earnings from primary products at adequate levels were reflected in the relevant summary records and in the document transmitted to the Third Committee. This document (E/CONF. 46/C.1/2), together with the separate attachments by Ecuador, India, the United States and Mexico, is attached as appendix B.

69. In respect of items 11 (b) and (d) of its agenda the Committee submitted for the consideration of the Conference the following draft recommendations:

DRAFT RECOMMENDATIONS IN RESPECT OF AGENDA ITEMS 11 (b) AND (d)

A. *Implementation*⁷

1. In the formulation of its conclusions and recommendations on matters of international commodity trade, the Conference has been guided by the following two main considerations:

(i) The outstanding importance of commodity trade for economic development, particularly of the developing countries;

(ii) The special difficulties affecting trade in primary commodities.

2. These considerations underline the importance and urgency of actions that need to be taken by Governments, individually and jointly, over a wide front and on dynamic and comprehensive lines, so as to conduct a concerted attack on international commodity problems.

3. The Conference recommends that States Members of the United Nations or members of the specialized agencies should, as part of the United Nations programme for trade and development, implement the following recommendations in respect of:

(i) The programme for removal of barriers to trade and consumption and for expansion of market opportunities for primary commodity exports;

(ii) The programme on international commodity agreements and other arrangements.

4. The Conference also recommends that States Members of the United Nations or of the specialized agencies should implement the relevant recommendations on measures for the promotion of

trade in primary commodities among developing countries.⁸

B. *Removal of obstacles and expansion of trade*⁹

I. *Action recommended to be taken by developed market economy countries*

Standstill

1. No new tariff or non-tariff barriers should be erected, or existing barriers increased, by developed countries against the export trade in primary products of any developing country.

Removal of obstacles to trade

Tariff and internal fiscal charges

2. Without prejudice to the transitional arrangements proposed in paragraph 6 the developed countries should:

(a) Eliminate customs tariffs and all other customs charges on primary products originating in developing countries; such elimination to be completed, for those products of special importance to the trade of developing countries, as soon as possible but not later than 31 December 1965;

(b) Abolish all customs charges affecting imports of tropical commodities from the developing countries as soon as possible but not later than 31 December 1965;

(c) Reduce progressively internal charges and revenue duties applying specifically to products wholly or mainly produced in developing countries with a view to their elimination by 31 December 1965;

(d) (i) Undertake, as a matter of urgency, to reduce progressively and to eliminate completely in favour of developing countries, all differential tariffs in respect of processed and semi-processed primary commodities before 31 December 1965;

(ii) Reduce customs and excise duties affecting finished products imported from developing countries as well as excise duties on domestically produced finished goods containing a high proportion of tropical products to a level which would encourage the expansion of industrial activity in the countries of origin and contribute to the increase of consumption of those products in the importing countries;

(iii) Consider reducing, as far as feasible, the rates of taxation on minerals and fuels as well as finding other ways and means for increasing, in the near future, the real income of the developing countries from the said exports.

(e) Enlarge progressively any tariff-free quotas which are being maintained by them, until tariffs are eliminated.

⁶ The delegations of Bulgaria, Cuba, Czechoslovakia, France, Hungary, Poland and the Union of Soviet Socialist Republics reserved their positions on this paragraph.

⁷ For observations, see paras. 77-78 below.

⁸ For final text, see Final Act, Annex A.II.2.

⁹ For observations, see paras. 79-82 below.

Quantitative restrictions

3. Without prejudice to the transitional arrangements proposed in paragraph 6, the developed countries should eliminate by 31 December 1965 all quantitative restrictions affecting imports of primary products from developing countries; if, after consultations with the developing countries concerned it is found that this elimination is not possible within that period, without injuring the economy of the country concerned, the developed countries should progressively enlarge, in accordance with *quantitative targets*, the volume of their imports from the developing countries in relation to their consumption, having regard to the development needs of these countries.

Domestic policies affecting trade in primary products

4. Developed countries, in formulating and implementing their domestic policies affecting trade in primary products, should not take measures which stimulate uneconomic production in such a way as to deprive developing countries of the opportunity to obtain a fair and reasonable share of world markets and market growth.

5. For this purpose, and as a first step, the said countries should undertake to set immediately a ceiling for all the various forms of protection at a level substantially below that prevailing on 1 January 1964. Thereafter, they should also apply a programme of progressive reduction to the aggregate of such forms of protection which adversely affect the trade and trade opportunities of developing countries so as to eliminate them completely during the United Nations Development Decade.

Transitional provisions

6. Preferential arrangements between developed countries and developing countries which involve discrimination against other developing countries and which are essential for the maintenance and growth of the export earnings and for the economic advancement of the less developed countries at present benefiting therefrom should be abolished *pari passu* with the effective application of international measures providing at least equivalent advantages for the said countries. These international measures should be introduced gradually in such a way that they become operative before the end of the United Nations Development Decade.

II. *Action recommended to be taken by the developed centrally planned economy countries*

7. The countries with centrally planned economies should:

(a) Refrain from taking any measures which would adversely affect the expansion of imports from the developing countries;

(b) Take duly into consideration the trade needs of the developing countries when fixing the quantitative targets in their long-term economic plans and concluding long-term agreements and contracts, so that it should result in a steady growth of their imports of primary products and semi-processed products from the developing countries and should constitute a proportion of growing importance in their total imports.

8. In all matters affecting decisions relating to imports they should, within the framework of their trade system, grant such favourable terms to imports from the developing countries and to consumption of products imported from them as should result in further expansion of imports from those countries.

9. The centrally planned economy countries should abolish, not later than 31 December 1965, customs duties on primary products both imported from and originating in the developing countries.

10. The centrally planned economy countries should develop not only bilateral but also multi-lateral trade with the developing countries, whichever form would be considered more desirable by the trading partners concerned, with a view to permit a more flexible use of the export receipts of the developing countries.

III. *Action recommended to be taken by all developed countries**Export subsidies and dumping*

11. Developed countries should:

(a) Progressively reduce their export subsidies and as from 31 December 1965 undertake not to subsidize their exports of primary products which compete with exports of similar products from developing countries;

(b) Refrain from all direct and indirect forms of dumping.

Mixing regulations

12. Developed countries should modify their mixing regulations, where they exist, to increase market access to products from developing countries.

Disposal of agricultural surpluses, stockpiles and other government-held surplus inventories

13. In the disposal of agricultural surpluses, developed countries should undertake, if they have not already done so, to apply effectively the FAO principles of surplus disposal, so as not to affect adversely the export prospects of developing countries and other countries heavily dependent on a narrow range of primary exports, or the intra-regional trade and the agricultural development of the developing countries, or countries receiving these surpluses as assistance.

14. The sale of surplus inventories, including strategic stockpiles of minerals, metals and raw materials, accumulated in the developed countries should be effected in accordance with internationally determined criteria designed to ensure that they do not depress the prices of these commodities or distort world trade to the detriment of exports from the developing countries.

IV. *General principle*

15. The relevant measures should be applied by all developed countries in favour of all developing countries on a non-reciprocal basis.¹⁰

C. *Promotional measures*¹¹

The Conference recommends that the organization that may be set up following upon this Conference should promote, within the United Nations family, arrangements for:

(a) Studies into how national production and marketing arrangements and international arrangements could complement one another in the marketing of primary products;

(b) Periodic reviews of marketing methods and costs;

(c) Inter-governmental action for research into improved marketing techniques, the organization of trade fairs, the dissemination of market intelligence and the simplification of formalities relating to customs procedure, commercial travel, etc.;

(d) Inter-governmental action for research to promote consumption (including new uses) of primary commodities;

(e) Promoting wider implementation of grading and quality standards recognized internationally (or where such standards do not yet exist, to be devised with the aid of appropriate international organizations) for the primary products exported by developing countries;

(f) Facilitating the establishment in developing countries, of plants processing local raw materials to produce exportable products;

(g) Within the framework of its organizational structure, establishing a centre, with regional sub-centres, for trade information and market research.¹²

D. *Competition from synthetics and substitutes*¹³

1. Recognizing that the types of action reviewed in the section relating to the removal of obstacles to trade in primary commodities might prove of limited value in the case of natural products facing competition from synthetics and other substitutes, the Conference recommends that special action of

a national and international character be taken with a view to:

(i) Raising the technical efficiency of the production of natural products so as to reduce cost;

(ii) Improving quality and grading practices;

(iii) Intensifying technical and market research on the uses of natural products;

(iv) Prohibiting, by appropriate means, the representation of a synthetic product as if it were a natural one;

(v) Granting appropriate consideration to the phenomenon of interchangeability of certain products in the determination of agricultural and industrial policies, particularly in the developed countries;

(vi) Improving the statistical information regarding both natural and synthetic sectors of the industries, particularly with regard to current and planned productive capacity and end-uses, by fullest possible exchange of information about future investment plans and consumption trends, through the appropriate international bodies;

(vii) Increasing access to developed countries' markets, for natural and semi-processed products facing competition from synthetics, and progressively reducing tariff and non-tariff barriers against these natural and semi-processed products with a view to their final elimination [See appendix I (Report of the Working Party on Synthetics and Substitutes), para. 16];

(viii) Giving special attention, in study groups, or in the negotiation and operation of international commodity agreements, to the need for measures to mitigate short-term fluctuations in the prices of the natural products facing competition from synthetics;

(ix) Bringing about as much co-ordination as possible in investment planning and policies in the field of the natural and synthetic sectors;

(x) Introducing, where appropriate, financial measures with a view to reducing the impact of the development of synthetics on the long-term prospects for the export earnings of developing countries and to assist them in undertaking the necessary structural adjustments;

(xi) Where feasible and necessary, and taking account of the studies recommended in 4 (c), adopting mixing regulations or comparable actions in order to ensure that the proportion of utilization of natural products is not reduced.

2. The Conference recommends that countries, particularly developed countries, should avoid giving special encouragement to the production of new synthetics which may displace natural products and to additional investment in the production of synthetic materials competing with the natural products exported by the developing countries, especially when such investment can be employed more effectively in other fields; and in exceptional cases requiring a departure from this principle, consulta-

¹⁰ For final text, see Final Act, Annex A.II.1.

¹¹ For observations, see para. 83.

¹² For final text, see Final Act, Annex A.II.4.

¹³ For observations see para. 84-85.

tions be held with the developing countries likely to be adversely affected, or with the appropriate international bodies in order to consider forms of co-operation, including financial measures, to mitigate such adverse effects.

3. Stressing the need to keep under continuing scrutiny the problems resulting from the development of synthetic substitutes, the Conference recommends that consideration be given, by appropriate bodies within the United Nations family, especially those bodies which might be created following the United Nations Conference on Trade and Development, to the establishment of a permanent sub-group to deal with the problems of commodities affected by competition from synthetic substitutes and other substitute products. The sub-group should give consideration to studies being carried out in this field, and in the meantime these studies should be vigorously pursued.

4. The Conference recommends that studies be made on the following points:

(a) Feasibility of agreements covering both the natural product and its synthetic substitutes;

(b) Possible role of long-term contracts (up to ten years) in stabilizing the market for particular natural products; consideration of new techniques for extending the scope and applicability of such contracts;

(c) Feasibility of mixing regulations.¹⁴

E. *International commodity arrangements*¹⁵

Recognizing that commodity arrangements serve to secure overall stabilization in primary commodity markets, the Conference stresses the special role they should perform in stimulating the economic development of the developing countries. With reference to this role, the Conference recommends that commodity arrangements should have the following objectives, principles and scope.

I. *Objectives and principles*

1. A basic objective of international commodity arrangements is, in general, to stimulate a dynamic and steady growth and ensure reasonable predictability in the real export earnings of developing countries, so as to provide them with expanding resources for their economic and social development.

2. To achieve this objective, international commodity arrangements should:

(a) Secure remunerative, equitable and stable prices for primary commodities, especially those exported by developing countries, having due regard for the import purchasing power of the commodities exported;

(b) Aim to increase, particularly in developed countries, the consumption and imports of primary

commodities, including those in semi-processed and processed forms, from developing countries;

(c) Assure satisfactory access to the markets of the developed countries for the primary products of developing countries as appropriate in the context of commodity arrangements;

(d) Co-ordinate commodity production and marketing policies as appropriate for the purpose of:

(i) Ensuring a better and more economic adjustment between world consumption and production and mitigating any detrimental effects of residual burdensome surpluses or deficits;

(ii) Preventing excessive fluctuations in prices and price relationships in quantities traded;

(iii) Ensuring that adequate measures for increasing consumption and imports are taken before resorting to measures to restrict production and exports;

(iv) Promoting production and equitable distribution of commodities in short supply;

(v) Ensuring that developed countries do not take measures which would encourage uneconomic production and so deprive developing countries of the opportunity to obtain a fair and reasonable share of their markets and of market growth;

(vi) Facilitating the long-term adjustment of production required by structural changes in world markets.

II. *Types of commodity arrangements*

1. To reach the objectives stated above, various types of arrangements can be made, ranging from formal commodity agreements (including possible compensation agreements) to less formal arrangements, such as inter-governmental consultations within Commodity Study Groups.

2. International commodity arrangements should be usually on a commodity by commodity basis and, as far as each commodity is concerned, should take due account of the interests of exporting and importing countries, of the characteristics of the product concerned and of the trade in, and the market arrangements for, that product.

3. Commodity arrangements may, however, also cover groups of commodities under certain circumstances. Where the negotiation of arrangements for a group of commodities is considered desirable, but does not appear practicable, the possibility of negotiating simultaneously a number of separate arrangements for different commodities can be considered. In any case, there will be considerable advantage in providing, within the institutional machinery that may be set up, a common forum for consultation and confrontation where the related aspects of all these arrangements may be periodically considered.

III. *Scope of commodity arrangements*

1. An attempt should be made to extend the scope of commodity arrangements and make them

¹⁴ For final text, see Final Act, Annex A.II.7.

¹⁵ For observations, see paras. 86-88.

comprehensive so that, in addition to provisions on prices and quantities commercially traded, these may include, *inter alia*, provisions on the following:

(a) Co-ordination of national production and consumption policies, as far as possible;

(b) Realistic guarantees to developing countries of terms of access to markets of developed countries ensuring a fair and reasonable share of the market and of market growth;

(c) Market promotion and improvement of marketing conditions and distribution channels.

2. In the preparation and negotiation of international commodity agreements and arrangements and in their implementation, consideration should be given to the need of retaining flexibility in the use of the techniques adopted in order (i) to increase market opportunities to efficient producers among developing countries; (ii) to enable small trading developing countries and countries progressing from a subsistence to a cash economy to attain economic levels of production for the purpose of economic growth; and (iii) not to obstruct the access to the market of potential producers from developing countries. In applying all these considerations, account should be taken of the trade needs of traditional producers, especially among developing countries, and the capacity of the market to absorb new production.

3. The techniques employed under commodity arrangements should vary according to the characteristics of the commodity or groups of commodities concerned, and may include as appropriate provisions for measures such as:

(a) Floor and ceiling prices and price ranges;

(b) Quota arrangements;

(c) Measures for trade liberalization;

(d) Minimum guaranteed import volumes;

(e) Long-term contracts and import targets;

(f) Long-term purchase and sale arrangements;

(g) Buffer stocks schemes (including stabilization reserves) financed:

(i) By exporting countries; and

(ii) Jointly by importing and exporting countries;

(h) Systems of levies in the developed importing countries which, if adopted, would provide for the reimbursement of the proceeds to the developing exporting countries through appropriate international funds;

(i) Operation of funds established to ensure, *inter alia*, the implementation of agreed diversification programmes of production and trade in favour of developing exporting countries.

(j) Systems of adequate incentives to exporting developing countries to open new markets for primary products.

4. Before adopting any of the above techniques, consideration should be given to their likely impact on the economies of primary producing developing

countries, taking into account their prospective trade needs for economic development.

5. The sale of government-held surplus inventories, including strategic stockpiles of minerals, metals and raw materials, should be made in accordance with criteria to be agreed internationally.

6. Disposal from agricultural surpluses should be made in accordance with the FAO principles of surplus disposal and with due regard to the interests of receiving developing countries.

IV. *Commission on Commodity Arrangements and Policies*¹⁶

A Commission on Commodity Arrangements and Policies should be set up by the proposed Standing Committee of the United Nations Conference on Trade and Development (or any other equivalent body that may be established) with the following terms of reference:

1. To exercise functions under the general guidance of the proposed Standing Committee (or any other equivalent body that may be established), to ensure general and integrated policies in the commodity field;

2. To co-ordinate the activities of all bodies involved in the commodity field including the appropriate organs of FAO as well as of the autonomous commodity councils, study groups and other commodity groups, and any commodity activities within GATT;

3. To assume functions at present being undertaken by the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA) and specially to evaluate reports received annually, or at such other intervals as it may request, from all bodies referred to above, and to make such recommendations as it deems appropriate in the light of such evaluation;

4. To assume functions at present being undertaken by the Commission on International Commodity Trade, including:

(a) Preparation of reviews of the market situation of various primary commodities, including projections of supply and demand in the commodity concerned. These studies should be carried out in co-operation with the specialized commodity groups where appropriate.

(b) Preparing studies of trends in international trade in primary commodities and in particular of the relationship between the prices of primary commodities and the prices of manufactured goods entering international trade.

¹⁶ At its fifty-sixth meeting the Committee approved generally the following recommendations in respect of the proposed Commission on Commodity Arrangements and Policies and decided to transmit them to the Fourth Committee for necessary action.

(c) Making recommendations regarding short-term and long-term stabilization measures, in particular with regard to the terms of trade.

(d) Any member entitled to participate in the United Nations Conference on Trade and Development not represented on the Commission may bring to the attention of the Commission, or to the operational committee, for immediate action, any development with respect to commodity markets or particular commodities affecting it and may take part in the Commission's discussion of the problems;

5. To arrange for a drafting of a General Agreement on Commodity Arrangements including the objectives and principles;

6. To bring to the attention of the Standing Committee or Governments participating in the Conference its views and recommendations as to the need for governmental or inter-governmental action to deal with problems or emerging problems which its studies may disclose;

7. To assist it in its work, the Commission may establish, with the approval of the Standing Committee, or equivalent body to be established under the United Nations Conference on Trade and Development an operational committee, as well as such working parties and study groups as may be necessary from time to time.

8. The Conference recommends that FAO, the CONTRACTING PARTIES to GATT, commodity councils and other autonomous groups take such steps as would be required to ensure that the bodies operating in the commodity field for which they are responsible submit substantive reports annually, or at such other intervals as may be requested, to the Commission on Commodity Arrangements and Policies and that they receive general policy recommendations aimed at the integration and co-ordination of commodity policy in accordance with the purposes of the Commission. The Conference further recommends that all Governments participating in the United Nations Conference on Trade and Development be made eligible to participate in all commodity groups.

V. Programme of work

1. The Commission on Commodity Arrangements and Policies (or any equivalent body that may be established) and, pending its establishment, the appropriate bodies of the United Nations in collaboration with the FAO and other relevant international organizations) should within a period of two years from the end of this Conference:

(a) Help arrange negotiations in conformity with the general objectives and principles set forth in section I in respect of commodities for which there is a demand for commodity arrangements from countries having a significant share in the world trade of those particular commodities and for which adequate data are available;

(b) Arrange expert studies in respect of commodities for which there is similar demand, but for which adequate data are not available;

(c) Develop appropriate guiding lines and procedures for commodity arrangements in the light of the general objectives and principles mentioned at section I.

2. The Commission shall thereafter submit regular progress reports regarding commodity arrangements to the Standing Committee and the Conference, taking duly into account the conclusions of the special group of governmental experts instructed to study the international organization of commodity trade.

VI. General

In giving effect to the present provisions, consideration should be given to the need to promote the expansion of international commodity trade among the developing countries and especially within their regional groupings. This should not lead to any deterioration in the purchasing power of the developing countries in their trade with one another. In this connexion, the recommendations of the Conference on agenda item 11 (c) should be taken into account.¹⁷

F. World food aid programme¹⁸

1. The Conference recommends that in the review of the present experimental World Food Programme which will be conducted by the United Nations and FAO in 1965 due attention be paid to the possibilities of modifying the programme along the lines suggested above (paras. 42 and 43) so that the programme may hereafter benefit both food-deficient developing countries and food-exporting developing countries, and that in the documentation to be presented in connexion with that review due account be taken of the relationship and effects of such modified programme on the expansion and development of the commodity trade of the developing countries.

2. The foregoing should not, however, preclude bilateral arrangements for the disposal of surplus food and agricultural products in accordance with the FAO principles of surplus disposal.¹⁹

G. Study of organization of commodity trade²⁰

The Conference,

Recommends the establishment, by the first session of the Standing Committee, within the framework of the institutional machinery and the programme

¹⁷ For final text, see Final Act, Annex A.II.1.

¹⁸ For observations, see para. 89.

¹⁹ For final text, see Final Act, Annex A.II.6.

²⁰ For observations, see para. 90.

of work to be decided by the Conference, of an *ad hoc* working party of government experts responsible for studying the proposals and preparing a programme of action for the international organization of commodity trade which will ensure that the developing countries will at all times be able to market their export products in increasing quantities and at remunerative prices, the "purchasing power" of which should not decline in relation to the prices of the essential goods imported by those countries, devoting their attention during the first stage to the commodities of greatest importance to the international trade of the developing countries. The *ad hoc* working party should meet in January 1965 and submit its report in good time so that it can be considered by the Commission on Commodity Arrangements and Policies;

Invites the Governments of the States Members of the United Nations and of the specialized agencies to submit to the Secretary-General of the Conference before 1 January 1965 proposals and comments concerning the problems involved in the international organization of the commodity trade, in order that these proposals and comments may be considered by the *ad hoc* working party. The working party shall also take into consideration the work done in this field by the specialized agencies, as well as any relevant recommendations adopted by the Conference.²¹

H. *Consideration of principles and guidelines*

The United Nations Conference on Trade and Development

Recommends that the principles and general guidelines submitted to the Committee and contained in paras. 1 to 22 of UNCTAD Working Paper C.1/W.P.2/1 * be remitted to the commission for commodity arrangements and policies, or whatever corresponding body may be established following this Conference, in connexion with the development of guidelines and principles on commodity policies and commodity arrangements as proposed in paragraph V.1 (c) of Recommendation E above.²²

Agenda item 11 (c)

MEASURES AND ACTIONS FOR THE PROMOTION OF TRADE IN PRIMARY COMMODITIES AMONG DEVELOPING COUNTRIES

Essential issues

70. Between 1953 and 1961 trade in primary commodities between the developing countries increased in value by 18 per cent compared with an increase of 31 per cent in their exports of primary commodities to the rest of the world. In 1961 only 20 per cent of

exports of primary commodities from developing countries was taken by other developing countries.

71. Many reasons can be adduced to explain the relatively low level of trade in primary commodities between developing countries. Among these are: (i) the low level of income in developing countries; (ii) lack of a suitable and adequate infrastructure; (iii) the consideration that, within a given developing region, the consumption patterns of the various countries tend to be similar and the structure of their economies competitive rather than complementary; (iv) the frequent inadequacy of transport facilities both between the countries of a developing region and between the regions themselves; (v) the fact that developing countries usually have strong historical and commercial ties with particular developed countries rather than with each other; (vi) the low level of their international reserves, which is partly a consequence of the decline in the value of their primary exports.

72. Although the speeding up of the economic development of the developing countries depends, in large measure, on a substantial increase in their trade with the developed countries, it can also be helped by the strengthening of trade relations among the developing countries themselves.

Discussion in the Committee

73. The Committee considered that a growth in trade in primary products between developing countries would bring substantial benefits to developing countries, provided it does not occur at the expense of a rise in exports of primary commodities to developed economies. Firstly, for the developing countries as a group an increase in trade in primary commodities between developing countries could provide a means of reducing imports from developed countries, thereby reducing the adverse balance of payments which, as a group, the developing countries run with the developed economies. Secondly, markets for primary commodities should prove to be more dynamic in developing countries than in the developed economies since consumption of foodstuffs in the former will respond quickly to any rise in national income because of the existing low standards of living and the anticipated rapid rise in the size of the population. Thirdly, a growth in primary commodity trade between developing countries could be instrumental in increasing the degree of specialization and therefore the efficiency with which primary commodities are produced in developing countries, though it has to be remembered that greater specialization in a particular commodity can make a country more vulnerable to world market changes beyond its control.

74. Whilst measures to raise the level of exports of primary commodities between developing countries could bring certain immediate benefits it was generally recognized that most of the gains would accrue in the longer run. For, whilst a growth in total exports of developing countries is necessary for, and to some

²¹ For final text, see Final Act, Annex A.II.8.

²² For final text, see Final Act, Annex A.II.3.

* See appendix III, p. 141.

extent a prerequisite of, their economic development, any substantial expansion of trade between developing countries ultimately requires a greater degree of diversification in the structure of these economies and, therefore, further industrialization. But whether or not the gains from a rise in trade in primary products between developing countries are to be reaped by the developing countries in the short or long run, measures which will lay the foundation for such a rise are required immediately. In some cases, the factors responsible for the relatively low level of trade in primary commodities between developing countries, such as poor transport facilities, can be dealt with directly; in others, such as competitive resource endowments, they cannot. Nevertheless, there exists a wide range of measures, the implementation of which requires the participation, not only of the developing countries themselves, but also of developed countries and international organizations, which could help to raise the level of trade in primary commodities between developing countries.

75. The recommendations below should, without prejudice to their individual validity, be considered in conjunction with the recommendations on related subjects in other Committees; and should not be regarded as necessarily indicative of priorities among possible measures to expand trade in primary commodities among developing countries.

76. The Committee adopted the following draft recommendation:

I. PROMOTION OF TRADE BETWEEN DEVELOPING COUNTRIES²³

The Conference recommends as follows:

Action recommended to be taken by developing countries

(a) Developing countries should liberalize and strengthen the trade and monetary relations which they maintain with each other with a view to expanding mutual trade in primary commodities within the framework of co-ordinated action programmes and national development plans;

(b) Developing countries should integrate external trade into their national development plans;

(c) Developing countries should co-ordinate development plans for external trade, transport and communications in order to increase continental and inter-continental trade;

(d) Developing countries should co-operate with the trade information and market research centre and regional sub-centres referred to in Recommendation C (para. 69), in order to facilitate trade in primary commodities between developing countries;

(e) Developing countries should encourage the establishment of regional payments unions in order to facilitate the transfer of credit balances, and

this within the framework of existing regional economic groupings or those to be set up;

(f) Developing countries should provide for preferential arrangements in order to promote an increase in trade between developing countries at the regional and sub-regional level; such arrangements should not, in principle, adversely affect the exports of other developing countries;

(g) Developing countries should grant each other mutually in primary products the most advantageous commercial treatment which they grant to developed countries.

Action recommended to be taken by developed countries

(h) Developed countries should assist interested developing countries with technical and other assistance towards attaining greater knowledge of the markets of other developing countries. In their aid programmes they should also take note of the need to improve transport facilities between developing countries.

(i) Developed countries should co-operate in facilitating primary commodity trade between developing countries, refraining from any action which hinders the process of liberalization and strengthening of such trade.

International action

(j) United Nations technical assistance should be provided to improve developing countries' knowledge of one another's markets and to help overcome the practical difficulties which, at present, limit trade in primary commodities between developing countries;

(k) International financial institutions should study methods of payment, agreed to between developing countries, which would promote their trade in primary commodities, and should assist in the adoption and implementation of such methods.²⁴

General

The recommendations which appear in Recommendation C (para. 69) for positive measures of a promotional nature are also applicable to the expansion of trade among developing countries.²⁵

Observations of delegations on the recommendations of the Committee

77. A number of delegations expressed observations and reservations on some of the recommendations contained in the foregoing text. These are noted below with reference to individual recommendations contained in paragraph 69.

78. On Recommendation A, the delegation of the United States of America noted that parts of this

²⁴ The Committee took note of the statement made by a representative of the International Monetary Fund on 3 June 1964 (E/CONF.46/C.1/SR.68).

²⁵ For final text, see Final Act, Annex A.II.5.

²³ For observations, see para. 91.

recommendation—and in particular paragraphs 3 and 4—would require modification before it could accept them. Reservations on paragraph 3 were made by the delegations of Australia, Austria, Canada, the member countries of the European Economic Community (EEC), Denmark, Finland, Japan, New Zealand, Norway, Sweden, and the United Kingdom of Great Britain and Northern Ireland. Switzerland reserved its position on paragraph 3 (i).

79. In respect of *Recommendation B*, the United States delegation was in favour of most of the principles contained therein and strongly supported their inclusion in the recommendations of the Committee. It was, however, of the opinion that many of the specific proposals were worded in such a way as to be unacceptable. The United States therefore expressed its opposition to the adoption of Recommendation B. The delegation of the United Kingdom, while in general sympathy with the recommendation, was unable to accept paragraphs 1, 2 (a) and (b), 3 and 5 as insufficiently precise and insufficiently qualified. It was also unable to accept paragraph 2 (d) (iii) and reserved its position on 2 (d) (i) and (ii) as appropriate to the Second Committee. The United Kingdom expressed its support for paragraph 6.²⁶

80. The Members of the European Economic Community reserved their position, pointing out that the measures laid down in paragraph 69, B.1, 2, 3, 5 and 11, although generally acceptable as long-term objectives, called for reservations and comments by the six countries of the Community, based principally on the following facts:

(1) Such measures might be in conflict with the application of the provisions of the Treaty of Rome and Community policies of application arising therefrom;

(2) Moreover, some of those measures could be undertaken at an early date only after commodity-by-commodity studies, possibly in conjunction with other measures, so as to ascertain whether the results to be expected would correspond to those hoped for by the majority of the Committee.

The delegation of Australia reserved its position on paragraph 2 (d) (ii) since, in its opinion, the paragraph related to finished products and as such was outside the terms of reference of the Committee.

²⁶ In explaining his vote in this connexion, the United Kingdom delegate stated:

"The United Kingdom regards this paragraph as a constructive step forward. We well understand that for this Conference, which is essentially concerned with laying down guidelines for future action, it would not be feasible to set down in detail precise interpretation of the many important phrases in this paragraph.

"For my part, therefore, I wish to do no more than take note of the agreement which has been reached on this matter among many developing countries—as well as the reservations expressed by some others—and to say, in very general terms, how we interpret this paragraph.

"In this connexion, may I once again draw your attention to all the remarks on the subject of preferences made by Mr. Heath in his statement to the plenary session. He drew particular attention to the fact that Commonwealth countries might suffer by

The Swedish delegation made a number of reservations in connexion with this recommendation which are noted in detail below. While upholding these reservations to specific points in the draft Recommendations, Sweden was generally prepared to accept the proposed programme for the removal of barriers to trade as guiding principles and to take an active part in the work to be initiated within the appropriate bodies of the continuing machinery in order to achieve concrete and speedy results. The Swedish authorities maintained that a clear definition on the various groups of commodities involved—temperate zone agricultural products, tropical products, industrial raw materials—would greatly facilitate this work and make it possible to undertake more far-reaching commitments.

81. The Swiss delegation stated that the liberal import policy of Switzerland had already had important results for the exporters of the developing countries. A large part of the food requirements of the Swiss people was covered by agricultural products—temperate and tropical—imported raw, processed or semi-processed. The import duties, in particular, were small and, as experience had shown, had in no case an unfavourable effect on the consumption of the products in question. Nevertheless, owing to the special conditions obtaining there, Switzerland was obliged to apply measures of support for the key products of its agriculture. Moreover, the duties and charges levied on imports were part of the State revenue and Switzerland must avoid reducing them unless it was demonstrably useful to do so. Consequently, the Swiss delegation reserved its country's position regarding the measures referred to in the Recommendation B, part I, paras. 1 to 5. It would endeavour to conform to the standstill, but would not regard recognition of that objective as a legal obligation. Although they envisaged further progress where that proved necessary and possible in order to increase the total consumption of agricultural products and foodstuffs, both temperate and tropical, the Swiss authorities reserved the right to adapt support measures as required by agricultural policy, in accordance with the spirit and the letter of Swiss constitutional and legislative provisions. The foregoing observations apply equally to the reservations made in respect of Recommendations A, D and E.

sharing preferences with others—incidentally, it is obvious they might suffer even more by losing preferences altogether—unless they obtained compensating advantages in other markets. In this context we are glad to note that the phrase 'equivalent advantages', to which we attach the same meaning, is used in the paragraph. It follows, as Mr. Heath said, that we therefore need to act in concert with the other major industrialized countries.

"As Mr. Heath pointed out, where present preferences in our markets are the subject of contractual agreements with Commonwealth Governments, we could not act without the consent of those Governments. To this I would like to add that, as will be readily understood, we would wish to have the fullest consultation with Commonwealth countries which enjoy non-contractual preferential access to our markets. It is, I think, clear from the text of the paragraph that its sponsors well appreciate that preferences can be of fundamental importance to exporting countries, irrespective of any legal contract in which they may be enshrined."

82. In addition to the reservations and observations noted above in connexion with Recommendation B, the following reservations were made:

Part I, Ireland

Paragraph 1. Austria, Denmark, Finland, Japan, Norway, Sweden

Paragraph 2. Austria, Denmark, Finland, Japan, Sweden

(a) Norway

(b) Norway

(d) Norway

Paragraph 3. Austria, Denmark, Finland, Japan, Norway, Sweden

Paragraph 5. Austria, Denmark, Finland, Japan, Norway, Sweden

Paragraph 6. Jamaica, Trinidad and Tobago.

83. *Recommendation C* was welcomed by the United States delegation, which fully supported all sub-paragraphs (a) to (f) inclusive. In the view of the United States, however, sub-paragraph (g), which recommended that the organization that may be set up following the Conference should promote arrangements for establishing a centre, within the framework of its organizational structure, with regional sub-centres, for trade information and market research, could not be properly dealt with solely within the context of trade in primary commodities. Moreover, the relationship of the proposed centre to existing centres required examination. Accordingly, the United States did not support this part of the Recommendation and would express its views when that matter was considered, at a later stage. Reservations on sub-paragraph (g) of this Recommendation were also made by Canada, the European Economic Community (EEC) countries and the United Kingdom of Great Britain and Northern Ireland.

84. On *Recommendation D*, the United States stated that it was fully aware of the great difficulties which might be caused to producers of natural products by the development of synthetic or natural substitutes, and was ready to co-operate, as far as possible, to help ameliorate these difficulties. In the view of the United States, however, the recommendation contained in sub-paragraph 1 (xi) which provides for the adoption of "mixing regulations" or comparable actions, where feasible and necessary and taking account of the studies recommended in sub-paragraph 4 (c), in order to ensure that the proportion of utilization of natural products was not reduced, was not desirable. The United States, therefore, opposed the adoption of sub-paragraph 1 (xi).

85. Reservations on paragraph 1 (vii) were made by Austria, Canada, Denmark, Finland, EEC countries, Japan, Norway and Switzerland. Reservations were expressed on paragraph 2 by Bulgaria, Czechoslovakia, EEC countries, Hungary, Japan and the Union of Soviet Socialist Republics.

86. In respect of *Recommendation E*, the delegation of the United States expressed the view that commodity arrangements make an important contribution to the stability and expansion of export earnings by the developing countries, and would be able, under other circumstances, to support the principles and recommendations contained in Recommendation E. However, the United States was of the opinion that accomplishment of the objectives toward which the First Committee had worked would require resolution of all the major issues considered under agenda items 11 (b) and (d). The United States therefore opposed the adoption of the recommendations contained in the Recommendation until agreement had been reached on all these issues.

87. The United Kingdom delegation stated that, in Part I, paragraph 1 of this Recommendation it was unable to accept the word "real" qualifying export earnings; it was also unable to accept the phrase "having due regard for the import purchasing power of the commodities exported" in paragraph 2 (a). In paragraph 2 (d) (i) it was unable to accept the phrase "mitigating any detrimental effects of residual burdensome surpluses on deficits" since it was not clear that only non-financial methods were in question. In part II, paragraph 1, the United Kingdom delegation was also unable to accept the phrase "including compensation agreements" and considered the idea of simultaneous negotiation of separate arrangements as noted in paragraph 3 of Part II, neither desirable nor practicable. On Parts IV and V the United Kingdom reserved its position as it considered these organizational details more appropriate to the Fourth Committee.

88. In addition to the observations listed above, reservations on Recommendation E were made as follows:

Part I, paragraph 1: Canada, Switzerland; paragraph 2 (a): Canada, Switzerland; paragraph 2 (d) (v): Switzerland.

Part II, paragraph 3: Canada, Japan.

Part III, paragraph 1 (a): Burma; paragraph 3, Japan; paragraph 3 (h) and (i): Canada.

Part IV: Australia, Hungary, Japan, Switzerland, the Union of Soviet Socialist Republics.

Part V: Switzerland.

89. On *Recommendation F*, the United Kingdom reserved its position on the entire text, although in general sympathy with it. Other reservations on this recommendation were made by Bulgaria, Burma, Czechoslovakia, Hungary and the Union of Soviet Socialist Republics.

90. On *Recommendation G*, the delegations of the United Kingdom and of the United States expressed themselves as opposed to the entire Recommendation. Reservations were also made on this Recommendation by the delegations of Austria, Canada, Denmark, Finland, Japan, Norway, Sweden and Switzerland.

91. On *Recommendation I*, as stated with regard to the similar provision in sub-paragraph (g) of *Recommendation C*, the United States considered that the issues there discussed must be resolved before it could join in the recommendation contained in sub-paragraph (d) of *Recommendation I*. The United States was also of the opinion that the establishment of regional payments unions or the action of international financial institutions with regard to methods of payment agreed to between developing countries could be considered solely within the context of trade in primary commodities. The United States therefore did not support the Recommendations contained in sub-paragraphs (e) and (k).

Appendix I

EFFECT OF SYNTHETICS AND SUBSTITUTES ON PRIMARY COMMODITY TRADE: REPORT OF THE WORKING PARTY ON SYNTHETICS AND SUBSTITUTES

1. The Working Party on Synthetics and Substitutes was established by the First Committee at its 28th meeting on 23 April 1964 with the following terms of reference:

"To consider the effect of synthetics and substitutes on trade, with particular reference to primary products exported wholly or mainly from the developing countries and to present its recommendations to the Committee."

2. The membership of the Working Party was as follows: Ceylon, Chile, Indonesia, Liberia, Malaysia, Mexico, the Netherlands, the Philippines, Poland, Sweden, Uganda, the Union of Soviet Socialist Republics and the United States of America. Representatives of the Food and Agriculture Organization (FAO) took part in the work of the group in a consultative capacity.

3. The Working Party, which elected Mr. B. P. Yeo (Malaysia) as its Chairman and Mr. H. Bashkin (United States of America) as its Rapporteur, held six meetings (24 April to 7 May) in the course of which it made a brief general review of the problems in the field of synthetics and substitutes and considered various proposals for the solution of these problems which are set out below.

4. It recognized that practically all primary commodities faced competition from substitutes to some extent, and that, within the time available, discussion of this entire subject would not be feasible because of complexities of substitution between different food-stuffs or materials. The Working Party therefore decided to limit its discussion solely to the impact of synthetic materials on the trade in primary products which originated mainly in the developing countries.

I. Nature of the problem

5. It is generally recognized that the emergence of synthetic substitutes poses a serious problem for producers of a large number of primary products in developing countries. The products which face competition from synthetics account for approximately 40 per cent, by value, of total exports of primary products (excluding petroleum) from the developing countries to developed countries, or approximately \$5,000 million per year. The principal commodities which now face serious competition from synthetics are agricultural products such as rubber, apparel fibres, hard fibres, some tropical oils and oilseeds, hides and skins. Some other products such as tin, mica, timber, copper,

shellac, fertilizer and turpentine also face competition from synthetics, but to a lesser extent.

6. The problem caused by synthetic substitutes is particularly severe for those countries whose export earnings are substantially dependent on those natural products which face competition from synthetics. The effects of this competition will make the fulfilment of the development plans and objectives of these countries more difficult and will jeopardize the attainment of even the modest growth objectives established for the United Nations Development Decade. In the light of these considerations, it is of particular importance that the problem of competition from synthetic substitutes be viewed in the perspective of the over-all problem of development.

7. The growth in the volume and variety of synthetic products has affected the export earnings of the developing countries by reducing the demand for natural materials below what it might have been in the absence of synthetics, and by increasing price competition and thus exerting a downward pressure on prices. The price of synthetic materials has also tended to decrease over the long run, as the scale of production has increased and the technology of production improved. It was agreed that the specific problems of competition between natural materials and synthetics varied from commodity to commodity. A detailed assessment of the problem caused by the increasing use of synthetics for each individual commodity could not be made by the Working Party. However, it could be said that in some cases the trend toward synthetics was irreversible because of technical advantages, such as exist for certain special types of synthetic rubber, or in the greater strength of nylon as compared with abaca nets, or in the greater efficiency of detergents as compared with soap for some uses. It was generally recognized that the production and development of synthetics could not be expected to be discontinued. Moreover, for some products the supply of natural materials alone would not be adequate to meet total world demand.

8. The high degree of stability shown by synthetic prices was contrasted with the wide fluctuations which characterized the world market for many natural materials. It was noted that the greater price fluctuations shown by natural materials might contribute to their replacement by synthetics and that this might have an effect on the long-term trend in demand.

9. Organizational factors such as the financial or management relationship between the manufacturers and the raw material producers, the effectiveness of marketing practices, the proper grading and standardization of the natural materials, were also acknowledged as being significant in the competition between natural and synthetic materials.

10. The Working Party discussed factors influencing cost of production and the growth of productive capacity of both synthetic and natural materials. In this respect, it was noted that there was a lack of adequate information about future investment plans for natural and synthetic materials. This lack of information was particularly serious because of the risk to producers of both the natural and the synthetic materials creating a supply greater than could be absorbed at a reasonable price.

11. The problem of market access, significant both to the competition between natural and synthetic materials, and to earnings by developing countries from exports of natural products, was discussed. Analyses prepared by FAO indicate that the raw materials which faced competition from synthetics did not generally face import tariffs in developed countries, but these materials in semi-processed or processed form did face such barriers. The Working Party noted that this situation conflicted with the general objective of stimulating diversification of industry in the developing countries, and might also weaken the competitive position of the natural materials.

12. To summarize, the Working Party stressed that, in view of the uncertainty as to future technological development in the field of synthetics, a special element of risk was attached to the earnings of the developing countries exporting commodities facing competition with synthetics. The Working Party recognized that this special risk could not be eliminated by the ordinary devices applicable to the other commodities. Consequently, it appeared necessary to consider special devices, including financial measures, which could mitigate the adverse effect of technological progress in synthetic production on the earnings of developing countries and help them in proceeding to the necessary structural adjustments in their production pattern.

II. Recommendations

Improvements in efficiency and reduction of costs of production

13. The Working Party pointed out the importance of the adoption by the developing countries of all possible measures to improve efficiency and reduce costs of production of natural products experiencing competition from synthetics. An example of action of this kind was cost reduction through the replacement of old low-yielding rubber trees by the greatly improved stock now available. Note was taken of the fact that owing to possible price decline this improvement in efficiency or cost reduction would not necessarily result in improvement or maintenance of the level of foreign exchange receipts.

Quality improvements and new uses

14. The quality and presentation of the natural product should be improved so as to match more closely the more uniform standards achieved for synthetic products produced under factory conditions. The Working Party considered that research might yield further new processes similar to "drip-dry" cotton, the "Ciroset" process for wool and "superior processing" for natural rubber which imparted to the natural product some of the more desirable properties of synthetics. This research should be associated with active promotional campaigns to bring more forcibly to the attention of consumers the particular attributes of the natural product. The representation of a synthetic product as a natural product should be prohibited. New uses of finished products containing natural raw materials should be encouraged through research and market development.

Improved statistical information

15. The Working Party considered that all possible steps should be taken to improve the general statistical coverage of both the natural and synthetic sectors of the various industries, particularly with regard to current and planned productive capacity and end uses. The closest co-operation should be encouraged between international study groups dealing with natural products and organizations dealing with their synthetic counterparts. Where, for various reasons, important statistics were not obtainable on a national basis, consideration might be given to the furnishing of regional totals, if appropriate, through an international agency acting as a clearing house for such data.

Tariff and non-tariff barriers

16. The Working Party suggested that no new barriers to the imports of primary commodities competing with synthetic products should be established and that existing tariff and non-tariff barriers including subsidies to synthetic materials which lessened the price competitiveness of primary commodities *vis-à-vis* their synthetic substitutes should be progressively reduced with a view to their final elimination. The Working Party noted the fact that performance of the first stages of processing in the developing countries could strengthen the

competitiveness of natural versus synthetic materials. In this connexion the Working Party urged that the importing countries undertook measures for the eventual elimination of the existing barriers (tariff and non-tariff) on such semi-processed materials. The Working Party noted statements made by the representatives of the countries with centrally planned economies about their readiness not to undertake any measures which would affect the growth of imports from the developing countries unfavourably and, that they would, within the framework of their long-term plans, undertake appropriate measures which would result in a steady growth of their import of primary products from the developing countries. A number of delegations expressed the view that planned economies, to the extent appropriate, in view of their different economic structure and systems, should undertake comparable actions to those suggested for tariff and non-tariff barriers for market economies to increase the competitiveness of the primary products. The representatives of the countries with centrally planned economies stated that no such comparable action need be taken as they did not maintain barriers of this kind to imports from the developing countries.

Short-term fluctuations

17. Having acknowledged the special significance of extreme short-term price fluctuations in the competition between natural and synthetic products, the Working Party agreed that special attention be given, in study groups or in the negotiations of international commodity agreements, to the need for measures to mitigate these fluctuations.

Problems of long-term supply and demand

18. In view of the lengthy gestation period of the fixed investments directed to the production of some natural products facing substitution with synthetics and of the uncertainties as to future technological developments, there was a risk of creating further surplus production capacity both in the natural and in the synthetic products that could not be diverted to other uses without considerable losses. There was a need, therefore, for bringing about as much co-ordination as possible in investment planning and policies at an international level, taking into account the fact that a number of developing countries had few alternatives, at the present time, to the production of primary commodities. Some delegations expressed the view that the resources of developed countries, devoted to the further expansion of synthetic production, could be employed more readily than in the developing countries, in other activities.

19. There was general agreement on the need for the fullest possible exchange of information about future investment plans and consumption trends through the appropriate international bodies. In this connexion, it was suggested that study be given to the possibility of arranging for a regular review of investment plans between the producers of both the natural materials and the synthetic substitutes and their users. Such a review should be made within the framework of detailed projections of demand by end-uses and of the production which would result from investments already made. A more detailed analysis of the factors influencing the substitution between the natural products and their synthetic substitutes would also be required, in particular as regards the influence of relative prices. Recognizing that the usefulness of such a review would depend mainly on the reliability of the projections, the Working Party urged the major producing and consuming countries to collaborate to the fullest possible extent in furnishing the information required. In this connexion, some members of the Working Party expressed the wish that the countries with centrally planned economies, either individually or as a group, would make known sufficiently in advance their long-term requirements for the specific commodities facing competition from synthetics.

20. A number of delegates urged that special encouragement should not be given to additional investment in facilities to produce synthetic materials which competed with natural products exported by developing countries; and that to the extent that exceptional circumstances required a departure from that general principle, or where economic plans were likely to result in a significant diminution of the market for the natural products, consultations were urged with the developing countries likely to be affected or with the appropriate international bodies. It was generally agreed that in the making of plans for the further extension of synthetic capacity, whether in the public or in the private sector and whether in the developed countries, the countries with centrally planned economies or in the developing countries themselves, attention should be paid to the possibility of greater exchange with countries producing natural products and the advantages of international specialization.

21. A number of delegates considered that action along these lines should be supplemented by more formal arrangements such as commodity agreements to reduce the elements of risk facing the developing countries and to facilitate a rational allocation of investment. Since, for commodities facing acute competition from synthetics, it might not be possible to apply existing techniques of commodity agreements, the need was stressed for a study of the specific techniques which would be feasible for these commodities. It was suggested that these studies include, in particular, the following points: (a) feasibility of agreements covering both the natural product and its synthetic substitute; (b) possible role of long-term contracts (covering a period of five to ten years and specifying price and quantities) in stabilizing the market for particular natural products, including consideration of the feasibility of these contracts for the consuming countries, whether through government or private commercial channels, consideration of new techniques which would help to extend the scope and applicability of these contracts whether through government or private commercial channels; (c) the possible establishment in the consuming countries of a minimum proportion of the natural in relation to the synthetic product.

22. Some members of the Working Party expressed the view that the natural products should be assured a fair share of the growth in the total demand and suggested that this might be accomplished through the adoption of such further measures as discriminatory taxes to discourage the use of synthetics. Other members felt that this approach was not acceptable in view of the fact that interference of this kind would hamper technological progress. It was also contrary to the general relationship of non-interference between Government and industry in many countries.

23. A number of delegates felt that the practice of bilateral long-term purchase contracts had a stabilizing effect on both long-term demand and on prices of primary products and should be expanded. Other delegates noted that long-term contracts were already being entered into between producers and consumers and between Governments and there was nothing to bar their more extensive use if it was felt to be in the interests of the parties concerned. In their judgement, however, long-term contracts did not normally increase total demand, as the amount contracted for would presumably be no more than would have been purchased otherwise.

Supplementary financial measures

24. It was generally agreed that whilst the measures outlined above might prove of some assistance in improving the position of natural products open to competition from synthetics, they were by themselves unlikely to solve these problems or to bring about a decisive change in the present situation facing

the countries producing natural products. A considerable risk would remain for the long-term prospects of the earnings that developing countries might derive from their exports of natural products facing competition with synthetic substitutes. To mitigate the effects of this uncertainty and to assist these countries in undertaking the long-term structural adjustments made necessary by the emergence of synthetics, additional financial measures would, in all likelihood, be needed.

25. Some members of the Working Party proposed that these financial measures should take the form of compensatory financing on a commodity, if not on an over-all, basis, whereby the real foreign exchange resources available to the developing countries concerned could be sustained whenever the relative prices of natural products decline below an agreed level. Some members of the Working Party felt that the problem might also be approached through more general forms of development assistance in which priority might be given to the particular needs of countries affected by the emergence of synthetic substitutes. It was generally agreed that it would be desirable to link the receipts from compensatory financing, or other forms of international financial assistance, to programmes of structural adjustment in the developing countries.

Institutional machinery and the need for a continuing review of the problem

26. The Working Party agreed that the seriousness of the problem of synthetic substitutes made it necessary that the subject be kept under continuous scrutiny. It was agreed that, towards this end, the establishment of a permanent subgroup to deal with the problems of commodities affected by competition from synthetic substitutes should be considered by appropriate bodies within the United Nations family, and especially by such bodies as might be established following the United Nations Conference on Trade and Development.

Annex to Appendix I

EFFECT OF SYNTHETICS AND SUBSTITUTES ON TRADE, WITH PARTICULAR REFERENCE TO PRIMARY PRODUCTS EXPORTED WHOLLY OR MAINLY FROM THE DEVELOPING COUNTRIES

*Statement by the representative of FAO
made before Working Party I on 24 April 1964*

Practically all primary commodities have to face competition from substitutes to a variable extent. However, for some commodities, such as tropical beverages, the extent of the competition on the developed countries' market is very limited, while for most agricultural raw materials it is very acute in view of the rapid development of synthetic substitutes. Thus, during the last ten years, the growth of world production and consumption was about 25 per cent for wool and cotton, and 20 per cent for natural rubber, against 80 per cent for rayon, 700 per cent for synthetic (non-cellulosic) fibres and 150 per cent for synthetic rubber. Such a rapid development in the production of synthetics was bound to have a serious effect on the receipts which developing countries derived from their exports of agricultural raw materials.

The paper prepared by the FAO secretariat (see Vol. III) analyses the impact of synthetic materials on the trade in a selected group of agricultural commodities, namely: natural rubber, apparel fibres (cotton and wool), fats and oils, and hides and skins. Other agricultural raw materials, in particular jute and hard fibres, also have to face severe competition with synthetics and other substitutes and the problems of these commodities are briefly referred to in documents E/CONF.46/57 and E/CONF.46/72. Altogether, the field in which the production of synthetics competes with the exports from developing

countries covers something like 40 per cent of the agricultural exports of these countries.

The growth of synthetics has affected the export outlets of the developing countries in two ways: by reducing the volume of the demand for the natural materials and by exerting a downward pressure on prices. However, the extent of the impact of synthetics on the various agricultural raw materials has varied from commodity to commodity. In some cases, the displacement of natural by synthetic materials has resulted from the technological advantages of the synthetics in specific end-uses. For example, cotton, which was the major fibre used in tyre cords fifteen years ago, has been progressively eliminated, first by rayon and more recently by nylon. Similarly, abaca is being displaced by nylon in fishing nets and marine cordage. In such cases, the natural material cannot regain its lost market, even if prices are to be substantially reduced. In other cases, where the natural and synthetic materials are close substitutes for important end-uses, relative prices are the critical factor. Thus, synthetic rubber, the production of which now exceeds that of natural rubber, has become the price leader, and technological progress in the field of synthetics has exerted a downward pressure on the price of natural rubber.

After these preliminary remarks, I shall briefly consider some measures which might help to strengthen the competitive position of the natural versus synthetic materials.

1. *Reducing short-term price fluctuations*

As appears very strikingly on graphs 4, 6 and 7 of the FAO document (see Vol. III) prices of synthetics have remained remarkably stable while prices for natural materials have often fluctuated widely from year to year and within particular years. These fluctuations have encouraged the replacement of natural by synthetic materials: in times of high prices, a number of firms made the necessary adjustment in their factories to enable them to use synthetic materials; when prices of the natural materials came down again, they did not always return to the natural material in view of the capital investment involved in the reorganization of their factories. International arrangements aiming at reducing price fluctuations on the market of agricultural raw materials can therefore improve the competitive position of these commodities versus synthetics.

2. *Quality improvement and research for new uses*

Synthetics have the advantage of uniform quality and may be tailored to particular end-uses, especially when the production of the synthetic material and its transformation into final goods takes place in a financially integrated concern. Improvements in the quality of the agricultural raw materials, standardization of their grading and research into new uses are therefore urgently needed. Improvements of this kind in the treatment of agricultural raw materials should not be discouraged by the developed countries through the imposition of discriminatory tariffs, such as those applied to SP rubber in certain countries.

3. *Improvements in productivity and co-ordination of investment policies*

When natural and synthetic materials are largely substitutable, a reduction in the cost of production through improvements in productivity is vital for the natural material. The natural rubber industry has already shown the great scope which exists for these improvements through replanting with new high-yielding material. However, replanting involves a high capital cost on which there is no return for a long period owing to the time lag of six to seven years before rubber trees reach the tapping stage.

Competition, however, does not exist only between synthetic and natural materials, but also between various types of synthetic

materials. Surplus capacity in the synthetic rubber industry in 1962 is believed to have been as high as 20 to 25 per cent; this, together with plans for further expansion, particularly of the new stereo rubbers, is causing highly competitive conditions in the industry. There is an obvious need, therefore, for co-ordinating investment policies at a world level.

In such a policy of co-ordination, account should be taken of the fact that in a number of developing countries there are few alternatives to the production of natural rubber while the resources of the large petro-chemical industries set aside for further expansion of synthetic production could be employed in other activities without great sacrifice. Such a co-ordination of investment policies would require discussions between representatives of the natural rubber industry, the synthetic rubber industry and the users of rubber. A possible way of encouraging such a co-ordination might be through the use of long-term contracts specifying volume and price limits over a period of five to ten years ahead. These long-term contracts would in fact provide a way of sharing the risk attached to technological improvements both in natural and synthetic rubber production and might thus reduce the tendency toward over-investment in synthetic rubber factories.

To conclude, it may be noted that the export earnings of the developing countries from some agricultural raw materials (natural rubber and abaca, in particular) are unlikely to increase significantly in the course of the United Nations Development Decade owing to the prospect of further price declines. Since diversification of production in the developing countries, as well as steps to reduce cost and find new uses, will require capital investment, it may be necessary to compensate for the slow growth, or even the decline, in export earnings of particular developing countries through the mechanism of compensatory financing which is receiving attention in the First and Second Committees. It may also be stressed that for a number of agricultural raw materials, the most promising prospects lie very much in an expansion of the processing and manufacturing of these raw materials in the developing countries themselves; this is especially the case for textile fibres, where there is a very large potential market for the finished goods in the developing countries themselves. As you know, the detailed problems raised by the development of processing and manufacturing are being studied in the Second Committee.

Appendix II

INTERNATIONAL COMPENSATORY FINANCING AND MEASURES FOR STABILIZATION OF PRIMARY EXPORT EARNINGS AT ADEQUATE LEVELS: NOTE OF TRANSMISSION FROM THE FIRST COMMITTEE TO THE THIRD COMMITTEE

1. Numerous delegations agreed that, even if obstacles to trade were removed, market access improved, and a measure of stabilization achieved through commodity agreements, there would still exist a serious residual problem of fluctuations, shortfalls in export earnings and deterioration in the terms of trade of the developing countries, for which financial solutions should be sought. The first set of measures does not deal with fluctuation in prices, and commodity agreements cannot cover all commodities and all situations. There was, therefore, need for compensatory financing. Two aspects of the problem of compensatory financing were recognized: those relating to the short-term and those relating to the long-term.

2. In respect of the short-term problem, the special facilities provided by the International Monetary Fund (IMF) were noted, but numerous delegations felt that they were inadequate, and that a compensatory financing scheme based on the Develop-

ment Insurance Fund scheme, proposed by the United Nations group of experts, was required.

3. So far as the long-term problem was concerned, numerous delegations felt that the Third Committee should consider the ways and means, including the scheme suggested by the Secretary-General of the Conference, of fostering and furthering the establishment of a system of compensatory financing adequately covering this problem.

4. Numerous delegations felt that compensatory financing should not be a substitute for general development assistance.

5. Some other delegations, while agreeing that there was a residual problem for which financial solutions should be sought, felt that the other matters discussed in paragraphs 1-4 of this report were appropriate for consideration by the Third Committee.

6. Certain suggestions made by the delegation of Ecuador—which were supported by a large number of developing countries—and by the delegations of India, the United States and Mexico in the First Committee are annexed, for the consideration of the Third Committee.

COMPENSATORY FINANCING: SUGGESTIONS SUBMITTED FOR THE CONSIDERATION OF THE THIRD COMMITTEE

Suggestions by the delegation of Ecuador

1. To correct the deterioration in the terms of trade and decline in income derived from exports of developing countries.

2. To offset shortfalls in export earnings caused by short-term fluctuations.

3. To allow for the long-term programming of income derived from exports of developing countries necessary to their development programmes.

4. To establish a non-reimbursable global transfer of income from developed countries to developing countries.

5. This system should not be considered a form of international financial aid, and therefore, should not, on any account, be established to the detriment of the general level of aid.

6. It should be as automatic as possible.

7. It should be universal and compulsory.

8. It should be deemed as supplementary to the more fundamental results to be achieved through an adequate structural reorganization of international trade.

Suggestions by the delegation of India

In case the development insurance fund scheme is found to be unacceptable or inadequate, the Third Committee may consider a somewhat simpler alternative proposal which has recently been made by some economists. According to this proposal, the total export earnings of all developing countries from all developed countries during an agreed base period may be determined. This may be escalated in every subsequent year by an agreed rate of minimum average growth, keeping in view past trends and prospects for the Development Decade. If considered desirable, this figure of escalation may be reviewed periodically—say once every five years—in the light of trends in import purchasing power. This escalated figure of export earnings of all developing countries from all developed countries may then be distributed among the latter, individually, as import quotas on the basis of imports made in the base period. Such an arrangement might cover the field of manufactures and semi-manufactures also. Every developed country should agree to make total purchases from all developing countries up to this quota. In case the purchases of any developed country fall short of this quota, it should pay the difference to a United Nations fund. This fund would distribute the amount to the

developing countries suffering shortfalls, after a careful examination of the nature of their shortfalls, the reasons thereof and the programmes on which it is proposed to spend these funds. Payments from the developed countries to the fund would be outright transfers but those from the fund to the developing countries may be either contingent loans or outright transfers. This payment should be treated not as aid but as compensatory payment because no developed country need pay it if it imports up to the agreed quota.

The Third Committee should consider the general question of liquidity from the standpoint of commodity prices. Without a satisfactory solution of the liquidity problem, commodity prices and export earnings of developing countries may not be maintained at satisfactory levels merely through commodity agreements and compensatory financing.

Suggestions by the delegation of the United States of America

In the course of the First Committee's preliminary discussion of compensatory financing, the United States delegate proposed that the Third Committee be informed as follows:

There is general agreement that, after all is done that can be done to help the developing countries maintain adequate levels of export earnings through the type of measures visualized under agenda items 11 (b) and (d), there will be a residual problem for which financial solutions must be sought. Compensatory financing is the financial solution which has been found appropriate for the residual problem in the field of short-term fluctuations in export earnings. The Committee has given preliminary consideration to proposals for compensatory financing as the financial solution for the residual problem related to the longer-term phenomenon of adverse trends in export earnings or terms of trade.

The United States proposes that the Third Committee be asked to draw up plans for a study of this longer-term problem and of the various ways in which it is being or might be met, including, but not limited to, compensatory financing.

Until the several proposals for longer-term compensatory financing have been studied in depth in relation to other possible financial approaches to the longer-term problem—the task proposed to be initiated by the Third Committee—no decision can be taken as to whether compensatory finance is the desirable mechanism for dealing with the problem.

Suggestions by the delegation of Mexico

1. The compensatory credit system put into operation by the International Monetary Fund since February 1963 constitutes a definite step towards the solution of short-term financing problems, but it needs changing if it is to fulfil the hopes of developing countries. In this context, it would be advisable to adopt the following modifications:

(i) In determining the magnitude of the decline in export earnings, more importance should be attached to their behaviour trends in the three-year period preceding the year in which the decrease takes place than to projections of exports for the two years immediately following it;

(ii) An exception should be established whereby compensatory credits are treated as completely independent of the structure of the gold *tranche* and of other successive credit *tranches*, so that the fact of obtaining compensatory credits neither directly nor indirectly militates against a member's chances of obtaining a current credit;

(iii) The amount allocated by the Fund to compensatory financing over and above its current transactions should be increased from 25 to 50 per cent of the member country's quota;

(iv) In the event of a persistent decline in export earnings, facilities should be provided for extending the maturity date

or transferring the debt to another international institution as a long-term credit.

2. Direct compensatory financing should be applied where it is possible to determine clearly the adverse effects of the deterioration of export market prices brought about by countries possessing accumulated reserves marketing them, regardless of existing regulations and agreements.

Appendix III

PRINCIPLES OF COMMODITY POLICY

SECTION A: OBJECTIVES AND GENERAL GUIDELINES

I. *Main objectives of commodity policy*

I.1 *Contribution to economic development*

1. The Conference stresses the importance and urgency of action being taken by member nations, individually and jointly, to provide the conditions for the production, consumption and trade of primary commodities, which will make the maximum contribution to economic development, with special reference to the need of ensuring the conditions required for the acceleration of economic development in the less developed nations, in line with the target rates of economic growth for the United Nations Development Decade.

I.2 *Export earnings of developing nations*

2. In particular, taking account of the predominant importance to the economies and development prospects of less developed nations of earnings from exports of primary commodities, the Conference stresses the special importance and urgency of a concerted programme of action by member nations, with a view to assuring to the less developed nations adequate opportunities for the expansion of export earnings at rates which are stable, equitable and sufficiently remunerative, in terms of general and import purchasing power, to enable the less developed nations to attain the objectives of economic growth referred to in paragraph 1.

I.3 *Expansion of consumption and markets*

3. In the shaping and implementation of national and international policies, arrangements, and related measures affecting primary commodities, member nations should take account of (i) factors influencing the desirability of expanding consumption and imports; and (ii) the need to bring production into balance with consumption.

I.4 *Relations between trading nations*

4. Countries should avoid, as far as predictable, any interference with the normal trade prospects of other countries and, in particular, with the stability, earning power and prospects of economic growth of the developing countries.²⁷

II. *Further related objectives and general guidelines*

5. The Conference recommends that member nations, in the shaping and implementation of national and international policies, arrangements, and related measures affecting the trade, production, consumption, prices, stocks, terms of sales and terms of releases, including related financial and fiscal measures affecting primary commodities, should bear in mind the "further related objectives and general guidelines" which are enumerated under II.2.

II.1 *Compatibility of further objectives and guidelines and relation to main objectives*

6. To a large extent, the further related objectives and general guidelines enumerated under items (a) to (f) will be found to be not merely mutually compatible but also likely to reinforce each other. In some respects and for some situations, however, it may be found that one or more of the objectives and guidelines enumerated under (a) to (f) cannot easily be fully reconciled with one or more of the others. Any such possible conflicts should be resolved, as far as practicable, by reference to the "Main objectives", as outlined in paragraphs 1 to 4.

7. Similarly, to the extent that the "Further related objectives and general guidelines" as enumerated under items (a) to (f) are found to be compatible with each other, the relative importance to be assigned to each should be determined as far as practicable with a view to promoting the "Main objectives", as outlined in paragraphs 1 to 4.

II.2 *The further related objectives and general guidelines*

(a) *Stability*

8. The Conference recommends that national and international policies, arrangements and related measures should be designed with a view to preventing excessive fluctuations, or lessening the impact of such undesirable fluctuations as may still remain, of the prices, price relationships and quantities traded of commodities entering international trade, with special reference to the importance of lessening the harmful effects of instability on the economies of the developing countries. The concept of stability over longer periods should not mean stagnation but should be interpreted in a dynamic sense, to allow for stable conditions of accelerating economic growth.

(b) *Predictability and improved programming*

9. The Conference recommends that action be taken by member nations, individually and jointly, with a view to improving the predictability of factors which have a direct or indirect influence on commodity markets. Concerted programmes for improved advance knowledge should range from measures designed to improve the predictability of short-term market developments to improved facilities for the exchange of advance information and joint programming for much longer periods ahead, including, wherever possible, advance notification of policy changes and, where practicable, consultation and confrontation procedures applying to such changes. In particular, improved international programming should be developed with a view to improving the predictability of commodity prospects for less developed nations over periods sufficiently long to match the periods of national development programmes or, preferably, of successive programming periods.

(c) *Efficiency, flexibility, diversification and other desirable structural adjustments*

10. National and international commodity policies and arrangements should contribute, as far as practicable, toward providing opportunities of expanding outlets for efficient production, with special reference to the need of allowing for flexibility in patterns of trade and, in particular, for opportunities to be provided for the expansion of the exports earnings of developing countries.

11. Adequate arrangements should be made, during the period which may be necessary, to provide the framework, resources and other forms of assistance required for economic adjustments designed to promote desirable structural changes and diversification of production patterns, including, as far as possible in appropriate cases, the encouragement in the economies of less developed countries of secondary industries, based upon domestic production of primary commodities,

²⁷ The United Kingdom of Great Britain and Northern Ireland reserved its position regarding the placing of this paragraph.

and the elimination or reduction of obstacles to the expansion of exports in processed form of primary commodities from less developed to developed countries.

(d) *Considerations of international equity*

12. In the shaping and implementation of national and international policies, arrangements, and related measures affecting primary commodities, member nations should also take account, *inter alia*, of:

(i) The degree of economic dependence, particularly of developing nations, and causes of dependence, on earnings from primary commodities, and the degree of economic dependence, particularly of the developing nations, on imports of primary commodities, with special reference to their ability to bear the cost of imports without undue disruption of their development programmes;

(ii) The need for any trade on special terms, including programmes of food aid and other forms of surplus utilization, surplus disposal, releases from non-commercial stockpiles and from other large accumulations of stocks, to be conducted in line with internationally agreed principles;

(iii) The need to assure the equitable distribution of commodities in short supply.

13. Recommendations by the Conference with respect to non-reciprocity of advantages granted to developing nations by developed nations, and measures and actions relating to preferential arrangements, including transitional arrangements and compensatory measures relating to any proposed changes in these arrangements, are considered under paragraphs 23 to 36²⁸ in so far as they relate to primary products. (See also document E/CONF.46/C.1/L.19.)

(e) *Conservation of natural resources*

14. In the shaping and implementation of national and international policies, arrangements and related measures affecting primary commodities, member nations should bear in mind the need to maintain and develop the natural resources of the world and of individual nations and to protect them from unnecessary exhaustion, with due allowance also being made for such differences in cost structures of export industries of different nations as may result from differing stages of exploration of non-renewable resources.

(f) *Economic inter-relationships*

15. In the shaping of policies and arrangements relating to commodity trade matters, member nations should take full account of the underlying conditions, trends and prospects for the production and consumption of the commodities concerned and of related products. The Conference stresses the importance of recognition being given to the fact that commodity trade problems cannot be solved by trade measures alone; and that there is need for remedying structural defects and disequilibria in supply/demand patterns and for improved co-ordination of national policies, in line with the "Main objectives" defined in paragraphs 1 to 4. As far as practicable, this might be obtained through confrontation procedures relating to all relevant problems, trends and policies in the fields of production, consumption, prices, stocks and terms of sales of primary commodities, with reference also to any financial and fiscal policies and other relevant legislative and administrative measures

²⁸ Paras. 23 to 36, as modified and adopted by the Committee, can be found in Annex D, para. 69B.

affecting the markets and market prospects for primary commodities.

III. *General observations on the need for a concerted programme of action*

III.1 *The need for a comprehensive approach*

16. Market forces alone, even where allowed full play, cannot be relied upon to provide sufficiently adequate solutions to the special difficulties affecting commodity trade, nor by themselves to ensure the steady expansion of real export earnings of less developed nations on the scale and terms required for the attainment of the "Main objectives" which were outlined in paragraphs 1 to 4.

17. The Conference, therefore, recognizes the importance and urgency of positive action being taken by member nations, individually and jointly, with a view to laying the basis for a comprehensive commodity policy.

III.2 *The need for liberalization*

18. The expansion of international commodity trade is hampered by obstacles of many kinds. Some of these obstacles take the form of direct barriers to access to markets, being imposed for protectionist, fiscal or other reasons. Other obstacles, less direct but at least equally serious in character, may result from the international effects of national policies or of special arrangements.

III.3 *Organization and liberalization—elements of synthesis*

19. Measures directed toward the improved organization of markets need to take due account of the need for the liberalization and expansion of commodity trade and, in particular, of the need for the expansion of export earnings of less developed nations at stable and adequate rates.

20. Measures designed to promote the liberalization of commodity markets are not likely to be sufficiently comprehensive and far-reaching, unless they form part of a concerted programme of action.

21. In general, the Conference concludes therefore that the approaches of organization and liberalization of markets are not merely mutually compatible but well suited to reinforcing each other. Measures of liberalization and organization should be promoted as speedily as possible, with action being taken simultaneously on many fronts. Action on any one of these fronts should not be unduly delayed because of any delays which may occur on another front. To the extent that action on one or more of these fronts is found to depend on action being taken *pari passu* on other fronts (as may be the case, for instance, with respect to programmes for the phasing out of preferential arrangements and related measures), every effort should be made by all interested parties to agree on transitional arrangements which will make it possible to proceed with these programmes.

III.4 *The need for complementary measures*

22. Measures designed to promote the improved organization and liberalization of commodity trade are not likely to be sufficient in themselves, however, to assure the attainment of the objectives outlined above. The Conference has therefore found it necessary to formulate a series of further Recommendations relating to compensatory and other financial and complementary measures.

Annex E

REPORT OF THE SECOND COMMITTEE

Rapporteur: Mr. J. WINTERMANS (Netherlands)

TRADE IN MANUFACTURES AND SEMI-MANUFACTURES

INTRODUCTION

Organization of work

1. The Conference at its second plenary meeting decided that the subject matter of agenda item 12 should be allocated to the Second Committee for consideration and report (see E/CONF.46/C.2/1).

Trade in manufactures and semi-manufactures

(a) Measures and action for diversification and expansion of the exports of manufactures and semi-manufactures by developing countries with a view to increasing their share in world trade;

(b) Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries:

- (i) Programme of measures and action for the progressive reduction and elimination of tariffs on imports of manufactures and semi-manufactures;
- (ii) Programme of measures and actions for the progressive reduction and elimination of quantitative and other restrictions and discriminatory practices to imports of manufactures and semi-manufactures;
- (iii) Programme of measures and actions for the expansion of market opportunities for exports of manufactures and semi-manufactures produced in developing countries and for increases in their consumption and imports;

(c) Measures and actions for promotion of trade in manufactures and semi-manufactures among the developing countries.

2. The Committee met from 23 March to 4 June 1964. It held 62 meetings, the summary records of which are contained in documents E/CONF.46/C.2/SR.1—62.

3. At its first meeting, the Committee unanimously elected Mr. T. Swaminathan (India), Chairman; and at its second meeting Mr. C. Yerovi Indaburu (Ecuador), Vice-Chairman and Mr. J. Wintermans (Netherlands), Rapporteur.

4. The Committee had before it documentation dealing with the subject under consideration, as listed in appendix III.

THE ISSUES BEFORE THE COMMITTEE

5. Detailed consideration of the sub-items of the agenda of the Conference allocated to the Committee was preceded by a general debate on the item as a whole.

6. There was general agreement that a wider and more diversified pattern of industrialization of the developing countries was essential.¹ Many developing countries referred to the "gap" between their foreign exchange resources and the expenditure they needed to make abroad in order to implement their plans for economic development. It was recognized that an increase in the export earnings of the developing countries would be necessary to help them to finance their economic development and industrialization, and that to accomplish this they had to increase their exports of manufactures. They could not rely merely on the expansion of traditional exports of primary products and raw materials. Diversification and expansion of exports of manufactured goods were among the important means of assisting the developing countries to achieve in time a balance in their external accounts.

7. Such industrialization as had taken place in the developing countries had generally been aimed at replacing imports by nationally-produced articles. The savings of foreign exchange thereby obtained were naturally of primary importance for the developing countries. But a process of that kind could cause certain major weaknesses in the economy. The industries thus established catered to domestic markets which were usually of limited scope. For balance of payments reasons and also because of the infant

¹ One delegation pointed out that the process of industrialization of the under-developed countries demanded the rational use of their own natural resources, which was not always possible when those resources were being exploited by foreign undertakings, and that the establishment by the under-developed countries of effective measures of control over those enclaves should not give rise to reprisals by the developed countries.

nature of the industries these markets were often highly protected, which might be conducive to the persistence of relative inefficiency and lack of competitive ability. Import substitution sometimes tended to develop in fields which did not always and necessarily have top priority for the economic development of the country. The future industrialization of developing countries should therefore be devoted much more to the establishment of efficient and competitive industries, which would make a substantial contribution to export earnings. This could best be accomplished through carefully conceived and soundly based industrial development plans.

8. In certain cases industries enjoying particular advantages with regard to supplies of raw materials or of skilled labour had succeeded in producing highly competitive exports. But these exports sometimes encountered obstacles set up by developed countries to guard against what in their view constituted market disruption.

9. In order to facilitate the industrial exports of developing countries, their products should not only have freer access particularly to the markets of the developed countries, but also to the markets of other developing countries.

10. One of the major purposes of the Conference was the formulation of internationally co-ordinated measures aimed at the relaxation and removal of restrictions of various kinds which operate against the exports of manufactures and semi-manufactures of developing countries. Easier access to markets should therefore be provided, not only for existing and traditional exports of manufactures and semi-manufactures, but also for a wider range of products in order to improve the opportunities for the establishment in the developing countries of a wider range of industries more technically evolved and producing industrial goods of a higher degree of complexity.

11. In developing countries where industries relied only on small domestic markets, many industries producing manufactured and semi-manufactured goods showed a pattern of uneconomic operation and high costs, either because of under-utilization of capacity, lack of experience or the small size of the manufacturing units, resulting in the loss of the benefits of economies of scale. That, in turn, prevented them from competing effectively in world markets on an equal footing with more efficient industries elsewhere. Narrow markets, limited output, high costs, uneconomic operation and lack of competitive power thus pursued one another in a vicious circle.

12. The abolition of quantitative restrictions still existing in a number of developed countries on industrial products would not be sufficient to set in motion trends towards an adequate and sustained process of diversified industrialization. Tariff and non-tariff barriers were also hindering this process. Many delegations of developing countries criticized the existing tariff structure according to which import

duties went up in scale with the degree of processing, particularly if calculated in terms of value-added, which discouraged the processing of raw materials in the developing countries themselves.

13. As regards economies of scale in particular, some delegations stated that one possibility of solving the dilemma posed by the economic and technological requirements of modern industry on the one hand and the limited domestic markets on the other, might be to establish on a regional basis industries with an export potential so as to benefit from expanded markets. It was noted that this aspect of the problem was being studied by Governments in the various regions and that it had already given rise to such arrangements as the Latin American Free Trade Association and the Central American Common Market. This aspect of the problem is considered in detail elsewhere in this report (see paras. 57 and 78 to 86 below).

14. There appeared to be a wide measure of agreement that developing countries should be granted reductions in tariffs applicable to their exports without reciprocity. Some delegations mentioned in this context that the probable reductions of tariffs envisaged in the "Kennedy round" of tariff negotiations would provide important trading advantages to industries in the developing countries. Many delegations of developing countries, while noting that possibility, stressed the need for preferential treatment by the developed countries of the exports of the developing countries.² They considered that that would be a logical and desirable projection of the principle of protection of infant industries in domestic markets to the external and international sphere. It was pointed out that even with preferences the exports of developing countries would have to be fully competitive with the products of the domestic industries of the importing countries, including industries in the same customs union or free trade area. Many delegations stated that in order to be effective those preferences should be granted by all, or the great majority of, developed countries. Some other delegations, while recognizing the need for preferential treatment, considered that it should be granted on a carefully selective basis as regards both countries and commodities through *ad hoc* negotiations. In the opinion of some delegations preferences should be considered as exceptions to the general rule of non-discrimination in international trade and should be temporary and degressive. A considerable number of delegations contested the principle of selective preferences, both on the ground that country by country and product by product negotiations would create confusion in international trade relations and be extremely difficult to administer; moreover, they felt that that might increase the difficulties in the way of economic

² It was pointed out by one delegation that these negotiations could possibly better help the trade of the developing countries if all participants would be prepared to give up political discrimination in their trade.

co-operation among developing countries. Finally, certain delegations made other proposals, such as special aid measures taken in conjunction with the opening of markets, to take the place of tariff preferences, proposals which seemed to them better adapted to the nature of the problem.

15. It was recognized that, though tariff reductions and preferences for imports by developed countries from developing countries represented a type of trade concession on their part, especially on the part of those with market economies, countries with centrally planned economies could, within the framework of their economic system, take other appropriate measures aimed at the promotion of industrialization and expansion of exports of the developing countries. Some delegations pointed out that the countries with centrally planned economies might provide in their long-term plans, in conformity with bilateral trade agreements they conclude, for an increase in trade with the developing countries and, in particular, for an increase in imports of manufactures and semi-manufactures. With a view to promoting the industrialization of the developing countries and the expansion of their trade in manufactures and semi-manufactures, a proposal was made concerning deliveries on credit of industrial equipment reimbursable in goods resulting from this production or in other goods.

16. Mention was made of the desirability of co-operation between countries with advanced industries and developing countries in the form of "branch-agreements on a partial division of labour". Such agreements could provide for the development of long-term co-operation between a given branch of industry in the countries concerned and cover all successive stages of production. They could thus promote mutual exchange of manufactures, semi-manufactures and raw materials, as well as the supply of the capital goods required, and in this way assist in the establishment and development of industries with an export potential in developing countries and in securing markets for more sophisticated exports.

17. Some delegations mentioned the possibility of establishing joint ventures with the participation of foreign private capital which would be associated with local, public or private interests under mutually acceptable terms. In that connexion, they stressed that the developing countries should establish a favourable investment climate to attract foreign capital. Developing countries on their side pointed out that foreign investors should take cognizance of the national aspirations and the economic and political philosophies underlying the policy of industrialization in these countries (see also paras. 26 and 27 below).

18. Attention was drawn to the technical difficulties and the financial implications of modern marketing techniques which were required to take full advantage of the highly complex markets of industrialized countries. Several delegations stressed the need for institutions, both national and international,

which would furnish exporters in the developing countries with appropriate information and assistance with regard to opportunities and operations in the various markets for their products (see also paras. 38 to 42 below).

19. The process of industrialization on a wider scale and on a diversified basis was considered by several delegations to be of such urgency and importance to the developing countries as to require international action in the form of the setting up, within the framework of the United Nations, of a specialized agency charged with responsibility for the promotion of the industrialization of developing countries. It was stressed by these delegations that such a specialized agency should have sufficiently large resources to enable it to assume its responsibilities effectively and promptly. Some delegations from industrialized countries, while recognizing the importance of that problem, thought that the functions envisaged could well be performed by the existing Centre for Industrial Development, suitably strengthened and enlarged (see also paras. 33 to 36 below).

20. Following upon the general debate the Committee considered in detail the specific topics assigned to it with a view to defining the nature of the problems which arose and to recommending practical measures and action to be taken to deal with these problems. In so doing, the Committee took into account: the documentation submitted to the Conference; the list of questions dealing with sub-items 12 (a), (b) and (c) in the Note by the Secretary-General of the Conference, "Questions arising in connexion with the United Nations Conference on Trade and Development" (see vol. VIII) and the introductory statements made by the representative of the Secretary-General of the Conference under the various sub-items (E/CONF.46/C.2/L.4, E/CONF.46/C.2/L.9 and E/CONF.46/C.2/L.32).

21. Under each of the sub-items before it the Committee has sought to frame and approve appropriate draft recommendations for submission to the Conference. The full text of all those recommendations is incorporated in this report and, indeed, forms a principal part thereof. As a rule the draft recommendations adopted by the Committee in their final form reflect, to the maximum extent possible, a summation of the various views put forward by delegations both in the Committee and in the plenary meetings of the Conference. Frequently they are the result of a merging of various proposals.

(a) *Measures and action for diversification and expansion of the exports of manufactures and semi-manufactures by developing countries with a view to increasing their share in world trade*

[Agenda item 12 (a)]

22. As was emphasized in the documentation submitted by the Secretariat (E/CONF.46/C.2/L.1 and Add. 1-3) and recognized in the course of the general

debate, the industrial sector in the developing countries which had been so far generally pre-occupied with import substitution presented major structural weaknesses as regards both the level of output and range of manufactured products.

There was general agreement that promotion of industries with an export potential in the developing countries was essential, in order to benefit from greater economies of scale, engaging in production of higher technological complexity, and in order to ease their balance of payments problems. The Committee further felt that the strengthening of the United Nations machinery in the field of industrialization would greatly contribute to that end. Finally, the Committee attached great importance to the development of adequate national and international machinery for the promotion of marketing of industrial goods from the developing countries. The discussion on sub-item 12 (a) in the Committee was thus focused on the three following points:

- (i) The conditions which had to be met if the establishment and expansion of viable industries with an export potential in the developing countries were to be effectively promoted;
- (ii) The need for adequate United Nations machinery to assist the developing countries in establishing and developing such industries; and
- (iii) The need for effective dissemination of information on marketing techniques, in order to enable the exports of manufactures and semi-manufactures from the developing countries to compete in world markets.

A. *Establishment and expansion of industries with an export potential*

23. The establishment and expansion of industries with an export potential in developing countries call for a whole series of inter-related measures and action on the part of the developing countries within the framework of overall planning, as well as by developed countries and appropriate international organizations.

24. The Committee considered a proposal on this subject.³ Part A of this proposal deals with criteria for development of industries with an export potential in developing countries; part B deals with aids, incentives and other measures for strengthening the competitive strength of industries with an export potential in developing countries. This proposal met with general support, except for the provisions set out in part B. Section III dealing with subsidies on which no consensus could be reached in the Committee. In the circumstances, the Committee decided to refer the proposal *in toto* to the Conference for further consider-

³ This proposal was based on document E/CONF.46/C.2/L.34, submitted by the delegation of India and subsequently revised (E/CONF.46/C.2/L.34/Rev.1). The proposals contained in document E/CONF.46/C.2/L.10, also sponsored by the delegation of India, were withdrawn.

ation. The text of the proposal in question is as follows:

A. *Criteria for development of industries with an export potential in developing countries*

The United Nations Conference on Trade and Development recommends to the Governments of developed and developing countries the following measures with respect to their industrial development policies to promote the expansion of exports of manufactures and semi-manufactures of the developing countries.

I. The United Nations Conference on Trade and Development

(a) *Recognizes* the vital importance of the diversification and substantial expansion of exports of manufactures and semi-manufactures by the developing countries in the process of their development;

(b) *Realizes* that the establishment and development of industries with an export potential in the developing countries is indispensable for achieving the above objectives; and

(c) *Acknowledges* the fact that the policies, laws and regulations governing the establishment and development of industries with an export potential are matters for decision by each developing country concerned;

(d) *Recognizes* the importance of following efficient economic policies for the maintenance and expansion of exports of manufactures and semi-manufactures of the developing countries.

II. The United Nations Conference on Trade and Development draws the attention of the developing countries to the following which they may take into consideration:

1. *Present and prospective demand.* It will require the survey of the present and potential demand of different categories of manufactures and semi-manufactures in foreign markets and their demand elasticities in the light of the growth trends of these economies, the existence and development of domestic industries and their competitive position.

2. *Dynamic comparative cost advantages.* Cost elements need to be examined with particular reference to advantages in the specific endowment of natural resources, labour costs and the size of the domestic market which may be helpful in obtaining the full benefits of economies of scale in the shortest possible period.

3. *Technical "know-how" and skills.* The developing countries should take into account their ability to develop and acquire new techniques and managerial know-how and train labour required in the operation of the industries with an export potential.

III. The United Nations Conference on Trade and Development recommends that:

(a) The developing countries, in their industrial development programmes within the framework of

over-all development, should give particular attention to industries with an export potential and should make appropriate provision for their establishment and development;

(b) The developed countries and the appropriate international agencies, in their bilateral and multilateral, financial and technical assistance programmes, should give particular attention to industries with an export potential in the developing countries and should make appropriate provision for projects and programmes of assistance to these industries.

B. *Aids, incentives and other measures for strengthening the competitive strength of industries with an export potential in developing countries.*

I. (a) *Recognizing* the insufficient entrepreneurial, technical and managerial experience in the developing countries,

(b) *Considering* the comparatively small size of the domestic market and gross insufficiency of external economies in the developing countries, and

(c) *Realizing* the consequent high capital costs and low productivity of labour in the developing countries,

II. The United Nations Conference on Trade and Development recommends, *inter alia*, the following measures for the consideration and action by the developing countries:

1. *Integration of exports of manufactures and semi-manufactures in development plans and policies.* The establishment and development of industries with an export potential and other measures and policies for the promotion of exports of manufactures and semi-manufactures should be included in the development plans and policies of the developing countries by giving priority treatment to the export sector in allocation of domestic and foreign exchange resources, supplies of raw materials, spare parts, power, transport and skilled manpower, financial and technical assistance and providing for other types of aids and incentives and at the same time without neglecting the development of industries based on the domestic market.

2. *Productive efficiency and cost reduction programmes.* In order to raise output per worker and to formulate and execute programmes of cost reductions in industries with an export potential, the following steps, among others, may be taken:

(a) Modernization of and addition of balancing equipment to existing industries;

(b) Ensuring full utilization of the installed capacity;

(c) Introduction of progressive and scientific management which can employ techniques of modern industrial management such as incentives for workers, engineers, technicians and other cadres in the managerial and supervisory ranks, proper lay-out of equipment and machines, production

and management accounting control, tooling facilities and systematic preventive maintenance procedures, product design, quality control, standardization, pre-shipment inspection, work performance standards, etc.

(d) Provision of training facilities for imparting and improving skills of workers and technical and managerial personnel.

3. *Standardization and quality control.* Measures should be taken to introduce standardization and quality control.

4. *Financial, monetary, fiscal and other aids and incentives.* The Governments should assist investment in industries with an export potential and the promotion of exports of manufactures and semi-manufactures by ensuring adequate provision of long and short term credit at reasonable or concessional rates of interest and equity capital through appropriate agencies such as the commercial banks, refinance corporations for industry, export risk insurance corporations and development banks and corporations, fiscal incentives, drawbacks of customs duties, sales or purchase taxes, concessional internal freight rates, supply of scarce raw material and other measures.

5. *Training and research facilities.* The Governments should provide, and/or effectively assist training facilities for workers, engineers, technicians and managerial personnel and research institutes for improving the processes of products and quality of products, designing of products, new uses of products, etc.

6. *Technical assistance.* The Governments should establish and improve the industrial extension service to help industrial enterprises to solve their technical problems and implement cost reduction programmes.

7. *National market information and trade promotion centres.* Such centres should be established to act as an intermediary between exporters and the international and regional market information and trade promotion centres and to help exporters to promote exports of manufactures and semi-manufactures.

III. The United Nations Conference on Trade and Development recognizes that the developing countries face various disadvantages in production with consequent high costs which inhibit their exports of manufactured and semi-manufactured products to world markets and hence they may consider it necessary to subsidize exports of such products, to the minimum extent, to enable them to compete on equal terms with like products of the developed countries, and accordingly recommends that the international community should evolve rules and procedures for bilateral and multilateral consultations to solve, in a constructive manner and taking into account the trade needs of the developing countries, any difficulties arising from the increased flow of such subsidized manufactured and semi-manufactured products from the developing coun-

tries and to avoid, wherever possible, the application of countervailing measures⁴

25. In this context the Committee also gave consideration to a number of special instruments for industrial diversification in developing countries, namely:

- (i) The role of direct private foreign investment;
- (ii) The supply of industrial equipment on credit; and
- (iii) The role of the public sector.

Since, in the opinion of the Committee these matters more directly concerned the Third Committee, it was decided to transmit to that Committee the relevant draft proposals tabled on these three questions, together with a summary of the Committee's discussions thereon.

26. The consideration of the role of direct private foreign investment was based on a proposal submitted by the Federal Republic of Germany (E/CONF. 46/C. 2/L.6) to the effect that the developed countries should endeavour to promote private investment in developing countries and the developing countries should endeavour to provide favourable conditions for such foreign investment. The Committee, without reaching definite conclusions on this matter, discussed a number of conditions under which private foreign investments should operate in order to contribute to the fullest extent possible to the sound economic development of developing countries. These conditions centred around two considerations, namely, (i) that, since domestic capital was of first importance, foreign private capital should play an auxiliary and secondary role and should be in accordance with national legislation; and (ii) that this capital should contribute to capital formation, to the raising of technical and administrative skills, (more particularly by providing training facilities and utilizing, to the fullest extent, local personnel), as well as to the improvement of technology in developing countries. A number of delegations expressed the view that foreign private capital should not seek fiscal privilege and should observe the special conditions of overseas remittance of their profits in order both to further capital formation in the developing countries and to help meet difficulties arising from chronic balance of payments disequilibrium in these countries. A number of delegations pointed out that the imposition of too many and too rigid conditions on private foreign capital in the industrialization process might have a discouraging effect on such investment. They emphasized that the purpose of the proposal was to outline conditions for promoting investment, not to indicate limitations under which foreign investment could operate.

27. The original proposal was amended (E/CONF. 46/C.2/L.6/Rev.1) to take into account as far as

⁴ For final text, with the exception of part B, section III, see Final Act, Annex A.III.3. For action taken on part B, section III, see report of the Conference, para. 34.

possible the views expressed in the discussion. After further discussion, no definite agreement could be reached. The proposal was transmitted in its revised form (E/CONF.46/C.2/5; E/CONF.46/C.3/L.57) to the Third Committee, within whose competence the matter lay.

28. The shortage of foreign exchange is an important limitation on the establishment and expansion of industries with an export potential in the developing countries. The draft recommendation submitted by Guinea, Indonesia, Romania, Tanganyika, the United Arab Republic and Zanzibar (E/CONF.46/C.2/L.15 and Add. 1) dealt with the supply of industrial equipment on credit reimbursable in goods resulting from the production by the use of such equipment or in other goods. In the course of the discussion it was pointed out by some delegations that this type of collaboration would be possible only between countries which desired it and in so far as it was feasible under their trading systems. The draft recommendation met with a considerable measure of support.

29. The original proposal was amended (E/CONF. 46/C.2/L.15/Rev.1) to take into account as far as possible the views expressed in the discussion and was transmitted to the Third Committee as revised (E/CONF.46/C.2/6, E/CONF.46/C.3/L.58).

30. It was recognized that the public sector played an important role in the economic development programmes of developing countries in three ways: (i) by establishing infrastructure facilities which were essential for industrial expansion; (ii) by advancing funds, through development banks, etc., for investment in industries, including those with an export potential; and (iii) by participating directly in industrial production, especially in key industries.

31. A proposal was submitted by Afghanistan, Indonesia, Syria, the United Arab Republic and Yugoslavia (E/CONF.46/C.2/L.18) to the effect that the Governments of the developed countries and their public agencies and international institutions and, in particular, financial institutions should take into account the needs of the public sector in the developing countries and should not discriminate against it with regard to financial assistance, commercial treatment, technical assistance, etc. This proposal met with a considerable measure of support.

32. The original proposal was amended (E/CONF. 46/C.2/L.18/Rev.1) to take into account as far as possible the views expressed in the discussion and was transmitted in its revised form (E/CONF.46/C.2/6, E/CONF.46/C.3/L.58) to the Third Committee.

B. *International machinery for industrial development*

33. The selection, establishment and development of industries in the developing countries represent a highly complex task. Developing countries are, therefore, in need of advisory, technical and other assistance rendered both bilaterally by individual

developed countries and also through appropriate international organizations.

34. While there was general agreement on the action which had to be taken on an international level, two views on the nature of the international machinery required for assisting the industrial development of the developing countries emerged in the course of discussions: (i) one favouring the establishment of a United Nations specialized agency for this purpose; and (ii) the other recommending an enlargement of the functions and strengthening of the resources of the existing Centre for Industrial Development within the framework of the Department of Economic and Social Affairs of the United Nations. The former found expression in the draft recommendations submitted by the delegations of Argentina, Bolivia, Brazil, Ceylon, Chile, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Kenya, Kuwait, Liberia, Mexico, Nicaragua, Nigeria, Panama, Paraguay, Peru, the Philippines, Saudi Arabia, Sierra Leone, Sudan, Tanganyika, United Arab Republic, Uruguay, Venezuela, Yugoslavia, Zanzibar (E/CONF.46/C.2/L.31/Rev.1), and the latter in the draft recommendation submitted by the delegations of Denmark, Federal Republic of Germany, Jamaica, Japan, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland, United States of America (E/CONF.46/C.2/L.11).⁵

35. The Committee adopted the first mentioned draft recommendation on industrial development by 58 votes in favour, 21 votes against and 6 abstentions⁶ and transmitted it to the Conference:

1. The United Nations Conference on Trade and Development recognizes that, for the purpose of attaining the highest possible degree of diversification of their industrial structure enabling them to promote and diversify their exports of manufactures and semi-manufactures, the developing countries need the broadest possible international co-operation.

2. It therefore endorses the draft resolution submitted to the Economic and Social Council by the Committee for Industrial Development in its report on the fourth session⁷, in which the said Committee states as follows:

“ ...

2. *Declares* that there is an urgent need to establish a specialized agency for industrial development within the framework of the United Nations

⁵ The proposals on this matter contained in documents E/CONF.46/C.2/L.7 and E/CONF.46/C.2/L.12 were withdrawn.

⁶ The vote was taken by roll call. The result was as follows:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian SSR, Cameroon, Ceylon, Chile, Colombia, Cuba, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, Hungary, India, Indonesia, Iran, Israel, Kenya, Lebanon, Liberia, Libya, Malaysia, Mexico, Mongolia, Morocco, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Romania, Sierra Leone, Sudan, Tanganyika, Thailand, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet

family, in order to assist developing countries in the promotion and acceleration of industrialization;

“ 3. *Requests* the Secretary-General to prepare a study on the scope, structure and functions of this agency, including draft statutes and information on the steps required to bring such an organization into operation, taking into account the views expressed by the Committee for Industrial Development at its fourth session, by the United Nations Conference on Trade and Development, and by the Economic and Social Council at its thirty-seventh session, and to submit this study to the nineteenth session of the General Assembly;

“ 4. *Recommends* to the General Assembly, at its nineteenth session, to consider the deliberations of the Committee for Industrial Development at its fourth session, of the United Nations Conference on Trade and Development, and of the Economic and Social Council at its thirty-seventh session, and the study requested in paragraph 3 above, with a view to expediting action towards the establishment of such an organization.”

3. Accordingly the United Nations Conference on Trade and Development recommends that the General Assembly at its nineteenth session should take suitable action with a view to the establishment of a Specialized Agency for Industrial Development, which should assume the following functions among others:

(a) To compile, analyse, interpret and publish information concerning industrial technology, production, programming and planning;

(b) To co-operate with existing regional economic commissions in assisting the regional planning of industrial development of developing countries and within the framework of regional and sub-regional economic groupings among those countries where they exist;

(c) In connexion with the objectives stated under (b) above, to study and recommend special measures for adapting and co-ordinating the measures adopted so that, in particular, the less advanced of the developing countries will receive a strong impetus to their growth;

(d) To promote, and where necessary, to recommend national, regional and international action tending to speed up the industrial development of developing countries;

(e) To contribute actively to scientific research into the problems of industrial technology, production, programming and planning;

Socialist Republics, United Arab Republic, Uruguay, Venezuela, Yugoslavia.

Against: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Jamaica, Japan, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland, Trinidad and Tobago, United Kingdom, United States of America.

Abstaining: China, Greece, Madagascar, Portugal, South Africa, Spain.

⁷ Official Records of the Economic and Social Council. Thirty-Seventh Session. Supplement No. 6, Chap. VII, Part II.

(f) To propose programmes for the improvement of instruction and administration in the matter of industrial technology, production, programming and planning;

(g) To offer advice and guidance on the efficient use of natural resources, by-products and new products of developing countries with a view to increasing their industrial productivity and also contributing to the diversification of their economies;

(h) To conduct research relating to domestic and external market demands and available raw materials;

(i) To provide technical assistance through its own regular budget as well as through funds allocated by other agencies;

(j) To study the formulation of credit policies designed to promote the industrial expansion of the developing countries and to stimulate their exports of manufactures and semi-manufactures;

(k) To co-operate with the other specialized agencies in the training of the staff needed for the accelerated industrial development of the developing countries.

4. The United Nations Conference on Trade and Development proposes that pending the establishment of a specialized agency for industrial development, the existing Centre for Industrial Development of the United Nations should, in addition to its existing functions, fulfil the functions specified above.*

36. The Committee rejected the second draft recommendation on industrial development by 44 votes against, 22 votes in favour and 19 abstentions.⁸ The text of the proposal appears in appendix II to this report.

37. The Committee also had before it proposals relating to the functions of a commission on manufactures and of a commission on financing of the proposed United Nations Conference on Trade and Development machinery, as contained in a draft Recommendation submitted by nine countries (E/CONF.46/C.2/L.12 and Add. 1 and 2 and Corr. 1). The Committee decided to transmit the first proposal to the Fourth Committee (E/CONF.46/C.2/3; E/CONF.46/C.4/4) and the second to the Third and

Fourth Committees (E/CONF.46/C.2/2; E/CONF.46/C.3/11; E/CONF.46/C.4/3) for consideration.

C. *Marketing of manufactures and semi-manufactures*

38. The marketing of industrial goods in the developed countries requires the identification of prospective buyers, thorough and detailed knowledge of their demands in relation to technical standards, quality, design, packaging, prices, credit deliveries, etc., as well as comprehensive information on prevalent laws, rules, customs and procedures. An effective dissemination of relevant information and the organization of appropriate promotion services, both on a national and international scale, call for wide experience and substantial resources which are, at present, beyond the means of most developing countries. In addition, exports of manufactures and semi-manufactures by the developing countries have to contend with consumers' bias in favour of the technical standards and quality of the products of developed countries.

39. An international trade information and trade promotion centre, adequately staffed by competent personnel, can render valuable assistance to the developing countries in promoting their exports of manufactures and semi-manufactures. As some developing countries can, at present, derive only a limited benefit from such a centre in regard to manufactures and semi-manufactures, one delegation suggested that the centre should deal similarly with trade in, and export of, primary products as well. Such a centre, to be effective, should be supplemented by national or regional trade information and trade promotion centres so that the latter can act in liaison between the former and the exporters of the developing countries. The international centre should be universal in character, i.e., should assist all the developing countries to sell their products in all, and especially developed, countries irrespective of their economic systems or mechanism of foreign trade. All developed countries should be prepared to co-operate fully with the international centre whose services should be made available on like terms to all developing countries.

40. The international centre should collect trade and other relevant information; provide a "correspondence-answering service"; publish a "register of sources of trade information" and other relevant material; and prepare a manual on efficient means for establishing and operating export promotion services. It should also assist in establishing and strengthening national trade information and trade promotion centres in the developing countries by means of aid in planning and training programmes for the personnel of these centres; in the provision of experts as consultants; and in the preparation of manuals and special literature on subjects related to the organization and work of the national centres.

41. The Committee did not reach a conclusion on three other functions of the international and regional centres, viz. (i) standardization of products and quality

* For final text, see Final Act Annex A.III.I.

⁸ The vote was taken by roll call. The result was as follows:

In favour: Australia, Austria, Belgium, Canada, China, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Jamaica, Japan, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland, United States of America.

Against: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cameroon, Ceylon, Chile, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, India, Indonesia, Iran, Kenya, Lebanon, Liberia, Libya, Mexico, Mongolia, Morocco, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Romania, Sierra Leone, Sudan, Tanganyika, United Arab Republic, Uruguay, Venezuela, Yugoslavia.

Abstaining: Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Holy See, Hungary, Israel, Madagascar, Malaysia, Philippines, Poland, Portugal, South Africa, Spain, Switzerland, Thailand, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

control; (ii) preparation of sales contracts, rules for claims and arbitration, etc., and (iii) assistance in the financing of national centres, especially the financing of training programmes and the acquisition of documentation coming from abroad requiring foreign currency.

42. The Committee considered that an international trade information and promotion centre to assist the developing countries was desirable. It took no decision on whether the Centre recently opened in accordance with a decision of the Contracting Parties to the GATT should be expanded or whether the above-mentioned functions of such a centre should be performed within the framework of the institution(s) to be set up to continue the work of the Conference. The Committee decided to refer this issue to the Fourth Committee (E/CONF.46/C.2/4 and Corr. 1; E/CONF.46/C.4/5 and Corr. 1) together with the résumé concerning the functions of these centres as well as the three proposals on these topics submitted by Sudan and Sweden (E/CONF.46/C.2/L.3/Rev. 1 and Corr. 1), Israel (E/CONF.46/C.2/L.14 and Corr. 1) and Canada, Finland, Jamaica, the Netherlands and the United States of America (E/CONF.46/C.2/L.16).

(b) *Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries*

[Agenda item 12 (b)]

43. In discussing sub-item 12 (b) the Committee considered the three types of measures listed under the sub-item, namely:

- (i) Programme of measures and action for the progressive reduction and elimination of tariffs on imports of manufactures and semi-manufactures;
- (ii) Programme of measures and actions for the progressive reduction and elimination of quantitative and other restrictions and discriminatory practices to imports of manufactures and semi-manufactures;
- (iii) Programme of measures and actions for the expansion of market opportunities for exports of manufactures and semi-manufactures produced in developing countries and for increase in their consumption and imports.

44. It was generally recognized by the Committee that increased opportunities in the developed countries for exports of manufactures and semi-manufactures from developing countries was of vital importance to their economic growth. Substantial improvement of the access to these markets was therefore a major objective of the Conference. Such improvement would greatly assist the developing countries in their endeavour to diversify, as well as to expand, their industrial production and their exports.

45. The general trend in the post-war years in the developed countries had been toward trade liberalization. Nevertheless, important barriers to the exports of manufactures and semi-manufactures from developing countries persisted.

46. In the view of most delegations the most important of the non-tariff barriers, which covered a great variety of practices including, *inter alia*, general economic regulations and sanitary codes, were the "hard core" quantitative restrictions which are normally non-permissible and often bore heavily on items of interest to developing countries. Moreover, limitations applied to some manufactures and semi-manufactures by some developed countries on grounds of what constituted in their view market disruption had affected especially some manufactures which the developing countries had been able to export.

47. It was also considered by most delegations that the tariff barrier remained significant because some of the highest tariffs were to be found in regard to items of special interest to developing countries. Furthermore, tariff rates rising with the degree of processing frequently discouraged establishment of processing plants in developing countries, especially when the value added by processing was relatively low. Some delegations also mentioned that the formation of regional groupings among the developed countries had, in some cases, led to a less favourable treatment of exports from developing countries.

48. A lowering of trade barriers would improve the competitive position of the developing countries relative to that of domestic producers in the market of each developed country, but it would not improve their competitive position in that market in relation to exports from other developed countries. The Committee recognized that special measures in favour of exports from developing countries would be needed to bring about the required expansion of their share of the world markets. These may include measures such as technical assistance, financial aid, investment in industries in developing countries and direct aid in the marketing of their manufactures. A large number of delegations both from developing and developed countries urged among these measures preferential treatment in regard to tariffs, for the exports of developing countries. A few delegations, on the other hand, considered that effective, stable and long-standing encouragement to the exports of manufactures and semi-manufactures from developing countries would be provided by a general lowering of tariffs supplemented by the special measures (other than preferential tariff treatment) mentioned above. It was recognized that the special characteristics and requirements of the less developed among the developing countries should be borne in mind.

A. *Proposals submitted as follows:*

49. A number of proposals were submitted under this sub-item,

Suggestion by the delegation of Niger E/CONF.46/C.2/L.5

Draft Recommendation submitted by the Syrian delegation E/CONF.46/C.2/L.21

Proposal by the delegations of India, Indonesia, Lebanon, Nepal and Saudi Arabia E/CONF.46/C.2/L.22

Proposal by the delegations of Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela E/CONF.46/C.2/L.23

Draft Recommendation proposed by the United Kingdom delegation E/CONF.46/C.2/L.25

Draft proposal submitted by the Swiss delegation E/CONF.46/C.2/L.26

Recommendations submitted by the delegations of Ghana, Kenya, Liberia, Nigeria, Tanganyika and Zanzibar, Sierra Leone, Sudan, and Trinidad and Tobago E/CONF.46/C.2/L.27

Draft Recommendation submitted by the delegations of Czechoslovakia, Hungary, India, Poland and United Arab Republic E/CONF.46/C.2/L.28 and Corr.1

Proposal submitted by the delegations of Czechoslovakia, Hungary, Poland, and USSR E/CONF.46/C.2/L.33 and Rev. 1 and 2

Draft Recommendation submitted by the delegations of India, Nigeria, Lebanon and Iraq E/CONF.46/C.2/L.35 and Rev.1

Draft proposal submitted by the delegation of the United States of America E/CONF.46/C.2/L.47

They relate to removal of obstacles to exports of manufactures and semi-manufactures of developing countries; preferential treatment; action especially applicable to countries with centrally planned economies; and other measures, including measures of adjustment to be taken by developed countries to offset possible dislocations resulting from increased imports of manufactures and semi-manufactures from developing countries.

50. The Committee set up a Working Group⁹ to examine proposals tabled under this sub-item and in particular to consolidate, co-ordinate and amalgamate proposals wherever possible. The Working Group invited the Chairman of the Committee to serve as Chairman of the Group, and the representative of Nigeria as Vice-Chairman. The representative of Mexico was elected Rapporteur.¹⁰ Following the work of the Group a number of proposals (E/CONF.46/C.2/L.5, E/CONF.46/C.2/L.22, E/CONF.46/C.2/L.23 and E/CONF.46/C.2/L.27) were merged into

⁹ For the composition of Working Group, see document E/CONF.46/C.2/L.37.

¹⁰ For the Rapporteur's report, see document E/CONF.46/C.2/L.50.

a composite proposal submitted by a group of delegations¹¹ (E/CONF.46/C.2/L.40 and Add. 1-5).

B. *Removal of obstacles and preferential treatment*

51. There was general agreement that tariffs on imports of manufactures and semi-manufactures from developing countries should not be increased or non-tariff restrictions intensified. Some delegations expressed the view that such a provision should be broadly interpreted, covering all manufactures and semi-manufactures. Others cited the lists prepared by Committee III of the General Agreement on Tariffs and Trade (GATT) which might be useful as a starting point for extension and revision.

52. There was also general agreement that, as a rule, existing quantitative restrictions should be removed. In exceptional cases, these restrictions might be applied but, in the view of a large number of delegations, only after consultations with the countries concerned and detailed justification before an appropriate international body, which would have to keep them under continuing review. In this connexion, a number of developing countries urged renegotiation of the long-term arrangements on textiles and speedy removal of limitations imposed on exports from developing countries under these arrangements.

53. The need for rapid reduction of tariffs was generally recognized. A large number of delegations emphasized the importance of complete elimination of tariffs on items originating from developing countries. In this connexion, it was urged that in negotiations for broad reductions of tariffs, exceptions should be kept at a minimum and moreover, that deeper cuts should be applied to items of interest to developing countries. It was generally recognized that such cuts should be made without expecting reciprocity on the part of developing countries. It was urged that special attention should be paid to items of special interest to developing countries which are subject to particularly high tariffs.

54. A large number of delegations considered the reduction or elimination of tariff differentials between certain raw materials and the semi-processed and processed products made thereof as being of special importance to the establishment of processing industries in the developing countries. It was urged that measures should be provided for securing such reductions. A few delegations noted that broad across-the-board tariff reductions should go far to deal with this problem.

¹¹ Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burundi, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Kenya, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

55. Several delegations stressed the need for elimination, by developed countries, of internal taxes and revenue duties which are especially burdensome to the exports of manufactures and semi-manufactures from developing countries. It was pointed out by some delegations, however, that practical implementation of such measures might be difficult because most of these taxes or duties were general in character and not limited to products of interest to developing countries, and, in many cases, were applicable to products of domestic manufacture also.

56. Most delegations favoured preferential treatment being given to the exports of manufactures and semi-manufactures from developing countries. It was stressed by these countries that such a preferential treatment would not mean that the most-favoured-nation principle would cease to operate in world trade relations. If preferential treatment were extended to all developing countries uniformly, the most-favoured-nation principle would apply to these countries. Furthermore, in the view of these delegations, if the preferential arrangements to be worked out also consolidated the existing preferences, the exceptions to the most-favoured-nation principle might become even less numerous and complicated than the existing ones. It was pointed out by them that non-discriminatory treatment of the developing countries was essential to promote co-operation and unity of purpose among them. Those delegations also favoured the granting of preferences to all developing countries by all developed countries. It was, however, urged that the individual characteristics and special requirements of the less developed among the developing countries should be studied and borne in mind. A small number of delegations stated that their countries were undergoing a process of industrialization and, like the developing countries, were seeking to lessen their dependence on a narrow range of primary products for their export earnings. Nevertheless, they accepted in principle the proposals tabled and would consider measures appropriate to their economic situation.

57. Some delegations did not accept the approach on preferential treatment contained in the previous paragraph. Others emphasized that conditions in individual countries, both developed and developing, were very different and that temporary preferential arrangements were feasible only through negotiations on a bilateral or group basis, for which there were provisions already under existing rules governing international trade. A few delegations stressed the undesirability of new deviations from the most-favoured-nation principle. They stressed that the disadvantages of granting preferences would far outweigh the advantages and that the best means of ensuring a steady and long-standing increase in the exports of the developing countries would be the general reduction of tariffs on a most-favoured-nation basis to products of interest to developing countries.

58. Many delegations also urged that preferences should be granted to all manufactures and semi-

manufactures. The reason was that developing countries which had already achieved a certain degree of competitiveness in some branches of industry were in need of preferences even for those branches in order to accelerate their economic development. They also pointed out that, on purely practical grounds, negotiations on a commodity-by-commodity basis would be practicable.

59. It was generally recognized that certain special problems posed by preferential treatment could not be ignored. For instance, countries receiving preferences from certain developed countries might suffer a loss when preferences were generalized to apply to other countries; even where such loss might be offset in the long run by gains from preferences accorded by other developed countries, if the exports involved were extremely specialized, reorientation and readjustment might be for them a lengthy and costly process. Many delegations considered that it would therefore be necessary to provide for equivalent advantages and, where necessary, temporary suspension of the application of general preferences for particular products.

60. Many delegations felt that, for some products, initial exceptions to preferential treatment might be permitted. These exceptions would have to be justified before an appropriate international body, after prior consultations with the interested parties. It was expected, however, that such exceptions would be small in number, since most of the developing countries were not in a position to export large quantities of manufactures or semi-manufactures in the first place.

61. It was recognized by most delegations that general preferences would not benefit equally developing countries at different stages of development. The industrially more advanced among them would be in a position to make prompt use of preferences while the less advanced would not be able to do so. In the course of the debate, various suggestions were made to deal with this problem. One suggestion would differentiate the developing countries according to the degree of development or industrialization; another would link the duration of preferences to the date at which particular countries began to export. An apprehension was, however, voiced that selective preferences and preferences with varying durations would cause confusion and be very difficult to administer. It was also suggested that this problem would best be dealt with by means other than discriminatory tariff preferences for the less developed among the developing countries.

62. In view of the complexity of the problem, some delegations felt that the elaboration of details of implementation might be left for further negotiations within an appropriate international machinery. In this context, it was emphasized that preferences should not be viewed as the only means of promoting exports of manufactures and semi-manufactures from

the developing countries, since even with zero tariffs, such exports would still have to face the competition of domestic industries in the importing countries. In addition, with the general lowering of trade barriers and the formation of customs unions and free trade areas, such exports would also have to face unequal competition from other suppliers. Supplementary measures such as technical assistance in regard to planning and establishment of industries etc. would make a valuable contribution towards meeting the special characteristics and the individual requirements of the less developed among the developing countries.

63. After detailed discussion of the subject, the Committee decided to ascertain the wishes of the member delegations by voting on the relevant proposals. Prior to the vote on the proposal embodied in document E/CONF.46/C.2/L.40, a number of delegations stated that the subject matter contained in section B of the proposal, dealing with measures affecting trade between developing countries and developed countries with centrally planned economies, had already been dealt with in the draft recommendation adopted by the Committee on this subject (see para. 72 below), and that it would have been incorrect to adopt different recommendations on the same subject. They considered moreover that certain provisions contained in that section were unacceptable to them. For the circumstances they requested a separate vote on the various sections of the proposal.¹²

64. The representatives of Australia, Austria, Belgium (speaking also on behalf of the countries members of the European Economic Community), Bulgaria, China, Cuba, Czechoslovakia, Denmark, Hungary, Ireland, New Zealand, Poland, Republic of Korea, Romania, Switzerland, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America made statements explaining their votes or abstentions (see Document E/CONF.46/C.2/SR.60).

65. Thereupon the Committee voted by roll call on the proposal as a whole, which was adopted by 69 votes in favour, 8 votes against and 23 abstentions¹³ and transmitted to the Conference the following draft recommendation:

The United Nations Conference on Trade and Development

1. *Recognizes* the urgent need for the diversification and expansion of the export trade of developing countries in manufactures and semi-manufac-

tures in order to narrow the gap resulting from the present trends in international trade;

2. *Emphasizes* the general agreement on the objective of securing a significant increase in the share of the developing countries of international trade in manufactures and semi-manufactures;

3. *Accordingly it urges* the Governments of developed countries to adopt the following measures with the object of facilitating access to their markets for the exports of manufactured and semi-manufactured goods from the developing countries.

A

4. Provision shall be made in the rules of international trade for preferential entry in respect of import duties and quotas into all developed countries of manufactures and semi-manufactures originating in developing countries without reciprocal concessions from the latter.

I. *Preferential tariffs:*

5. Duties applied by developed countries to the following categories of products originating in developing countries will be immediately eliminated:

(a) Goods on which the "most favoured nation" duty is 10 per cent or less;

(b) Products of cottage industries and hand-made goods;

(c) Semi-manufactured goods which are subject to further industrial processing;

(d) Goods processed or manufactured primarily from products or materials originating in developing countries.

6. Import duties on goods imported by developed countries from developing countries which are not accorded the treatment mentioned in the previous paragraph should be immediately reduced by a minimum of 50 per cent of the "most favoured nation" duty; the remaining tariffs will be phased out in equal stages over a period not greater than five years.

7. The preferential treatment described above shall be extended uniformly by all developed countries to all developing countries in a non-discriminatory manner.

8. The duration of the preferential treatment mentioned in paragraph 6 will be for a period of at least ten years counted from the date from which

¹² *Preamble* (paras. 1 to 3): 80 in favour; 3 against; 15 abstaining. *Section A* (paras. 4 to 18): 75 in favour; 7 against; 15 abstaining. *Section B* (paras. 19 to 26): 65 in favour; 13 against; 20 abstaining. *Section C* (paras. 27 to 30): 77 in favour; 6 against; 15 abstaining.

¹³ *In favour:* Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cameroon, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Israel, Jamaica, Kenya, Korea, Kuwait, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria,

Thailand, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Canada, Finland, Iceland, Norway, Poland, Sweden, Switzerland, United States of America.

Abstaining: Australia, Austria, Bulgaria, Byelorussian, Soviet Socialist Republic, Cuba, Czechoslovakia, Denmark, Federal Republic of Germany, Greece, Hungary, Ireland, Japan, Monaco, Mongolia, Netherlands, New Zealand, Portugal, Romania, South Africa, Spain, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland.

the particular industry in a developing country begins to benefit from the zero tariff, subject to further extension in accordance with such international procedures as may be established. While extension of such preferences is under consideration such preferences should not be suspended or interrupted until further agreement is reached in the appropriate international body designated by the United Nations Conference on Trade and Development.

9. In the event of the appropriate international authority being, on the motion of an importing country, satisfied, in accordance with the agreed procedures that imports under preferential arrangements are causing disproportionate dislocation in its domestic market, provision may be made for suspension of the preferential tariff margins for a temporary period to facilitate smooth adjustment, subject to the establishment of preferential tariff quotas on imports from developing countries during the period of suspension.

II. *Non-tariff barriers:*

10. Quantitative restrictions, internal taxes and other charges with an equivalent effect, as well as all types of discriminatory measures, governmental or otherwise, affecting the import of manufactured and semi-manufactured goods from the developing countries into the developed countries shall be immediately eliminated.

11. Developed countries shall not establish any type of restrictions which would in any way hinder or discourage exports to their markets of manufactured and semi-manufactured products by developing countries.

12. The competent international body designated by the United Nations Conference on Trade and Development will proceed immediately to identify any existing non-tariff trade barriers affecting the export of manufactured, processed and semi-manufactured goods to developed countries by developing countries with a view to obtaining their immediate elimination.

III. *Additional measures:*

13. Without prejudice to the general provisions made in paragraph 7 special treatment may be granted by developed countries to the less-developed amongst developing countries in accordance with criteria to be determined and/or established by an appropriate body designated by the United Nations Conference on Trade and Development.

14. When the preferential treatment established in paragraphs 5, 6 and 10 is insufficient to give rise to a steady and effective flow of manufactured, processed and semi-manufactured products from developing countries, in the initial phases of industrialization, towards developed countries, action shall be taken to grant additional support to their national development and export programmes.

These measures shall include, amongst others, financial and technical assistance through the appropriate international institutions designated by the United Nations Conference on Trade and Development. Consideration will be given in this connexion to developing countries with limited domestic markets.

15. Bilateral or multilateral arrangements relating to financial and technical aids currently in force shall remain undisturbed in connexion with such assistance.

16. When relatively less developed countries are participating in regional economic programmes, the aforementioned measures, in accordance with the wish expressed by such countries, should preferably be channelled through existing regional economic organizations.

17. A special group of experts appointed by the United Nations Conference on Trade and Development shall study methods of applying immediately these additional measures and report directly to the international body designated by the United Nations Conference on Trade and Development.

IV. *Existing preferences:*

18. Preferential arrangements between developed countries and developing countries which involve discrimination against other developing countries and which are essential for the maintenance and growth of the export earnings and for the economic advancement of the less developed countries at present benefiting therefrom, should be abolished *pari passu* with the effective application of measures described in paragraphs 5, 6 and 10 providing at least equivalent advantages for the said countries. Preferences, which are not being made use of will, however, be replaced by the provisions in part A of this Recommendation.

B

19. Trade plans for centrally planned developed countries will provide for:

(a) Significant increases in their imports from developing countries in consonance with the latter's trade requirements;

(b) Diversification of imports from developing countries with a view to securing a rapid increase in the proportion of manufactures and semi-manufactures within the total volume of imports from said countries.

20. Other appropriate measures shall be taken, within the general framework of the economic policies pursued by centrally planned economies, to encourage importation and consumption of products originating in developing countries. The centrally planned countries will give an undertaking to reduce gradually the margin between the import price and the resale price of manufactures and

semi-manufactures imported from the developing countries, in order to make such imports more attractive to the final consumer.

21. Centrally planned countries shall abolish tariffs on imports from developing countries.

22. In drawing up national and regional development plans, due account should be taken by countries with centrally planned economies of the production potential in developing countries and provision should be made for the imports from developing countries of products of the industries set up in these countries with capital, equipment and other assistance received by them from developed countries.

23. Centrally planned countries should avoid competing in markets of the developing countries in the sale of produce which these countries export.

24. Centrally planned countries should also avoid competing in world markets in the sale of products manufactured with materials imported from developing countries.

25. Steps should be taken to broaden and amplify purchase and payment arrangements with a view to supplementing trade exchanges under bilateral and multilateral agreements.

26. Centrally planned economies shall eliminate any trade obstacles which have effects analogous to tariffs, quotas or internal taxes. In all cases the developed countries with centrally planned economies shall, as regards access to their markets, financing and other facilities, grant to the developing countries terms in no way inferior to those which the developing countries obtain from the developed countries with market economies, in accordance with the recommendations of the United Nations Conference on Trade and Development.

C

27. Any developed country may grant additional preferences to imports from developing countries without extending them to other developed countries provided that it applies them to imports from all developing countries.

28. Provision should be made for periodic review, by an appropriate international organization designated by the United Nations Conference on Trade and Development, of measures which may be taken by national Governments in developed and developing countries to permit adjustments of their industrial production structures with a view to facilitating the expansion of the export trade of the developing countries in manufactures and semi-manufactures.

29. The international body designated by the United Nations Conference on Trade and Development should make appropriate provision for adoption by developed and developing countries of suitable measures to permit industrial co-operation between developed and developing economies to

build up export production in developing countries of manufactured and semi-manufactured items required by consumers and industrial users in developed economies.

30. While the preferential treatment is being established, developed countries shall not raise present tariff or non-tariff barriers to exports of manufactured and semi-manufactured items from developing countries, nor shall they, at any time, establish new tariff or non-tariff barriers or any discriminatory measures which may impede or prevent the free access into their markets of such products from developing countries. The developed countries shall always refrain from undertaking anti-dumping measures directed against the industries of developing countries.

66. After this vote, the proposals embodied in documents E/CONF.46/C.2/L.25; E/CONF.46/C.2/L.26; and E/CONF.46/C.2/L.47 were provisionally withdrawn by their sponsors who reserved their right to reintroduce them in their original or in an amended form at a later stage of the Conference if that could contribute to reaching a greater measure of agreement.

C. *Measures especially applicable to countries with centrally planned economies*

67. In order to ensure greater access to markets of the countries with centrally planned economies proposals (E/CONF.46/C.2/L.28, submitted by the delegations of Czechoslovakia, Hungary, India, Poland and the United Arab Republic; E/CONF.46/C.2/L.33 and Rev. 1 and 2, submitted by the delegations of Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics, and E/CONF.46/C.2/L.40, section B, reproduced in paragraph 65 above) especially applicable to them were considered by the Committee. These countries have so far absorbed a relatively small proportion of the exports of manufactures and semi-manufactures from developing countries but delegations of the former countries pointed out that the rate of growth of these exports is high. They pointed out further that they expected that this trend would continue. In that case these countries would be an important market for such exports. While some of the measures examined in the preceding paragraphs might be relevant, to a greater or lesser extent, to countries with centrally planned economies, they were on the whole, less significant for the latter countries owing to the special features of their economic system.

68. Delegations of countries with centrally planned economies stated that they would abolish or reduce customs duties on manufactures and semi-manufactures from developing countries. They would be willing, further, to grant other forms of favourable treatment, consistent with their system of foreign trade, to imports from developing countries.

69. Many delegations suggested that countries with centrally planned economies, in so far as they

established import targets in their over-all development plans, might undertake a commitment to increase imports from the developing countries steadily and significantly. Such targets might be related to targets of domestic production and, where necessary, structural readjustment of domestic industry might be undertaken.

70. One of the methods suggested in this connexion, was the use of long-term agreements for deliveries of particular categories of goods and services. These agreements need not be bilateral only but might also assume a multilateral character. One delegation emphasized the importance of safeguarding the interests of third countries.

71. Some delegations suggested that the margin between import prices, and the price to the consumer in countries with centrally planned economies, might be reduced as a means of encouraging consumption and thus increasing the volume of imports from developing countries. It was pointed out, however, by the delegations of the countries with centrally planned economies that as a rule there was no difference between prices of home made goods and similar manufactures and semi-manufactures imported from developing countries. They further pointed out that the pricing policies under their system were part of a complex process of economy planning. Therefore, prices of goods alone could not be regulated by simple adjustment. They emphasized further that, under their system, retail prices do not determine the volume of imports.

72. After discussion the Committee adopted the following draft Recommendation¹⁴ by consensus:

The United Nations Conference on Trade and Development notes with satisfaction statements by the delegations of countries with centrally planned economies concerning their readiness to increase the import of manufactures and semi-manufactures from the developing countries.

Accordingly, the countries with centrally planned economies will:

(1) Within the framework of their long-term plans, take appropriate measures which would result in the diversification and significant growth of their imports of manufactures and semi-manufactures from the developing countries;

(2) Reduce or abolish customs duties on goods imported from and originating in the developing countries;

(3) In all matters affecting decisions regarding imports, within the framework of their system of foreign trade, grant to imports from the developing countries such favourable conditions as will result in the growth of such imports. The developing countries for their part will accord to the countries with centrally planned economies conditions for

trade not inferior to those granted normally to the developed countries with market economies;

(4) Develop and amplify the practice of concluding, with the developing countries, long-term agreements concerning mutual deliveries of goods as one of the methods of promoting the steady growth of trade, and, particularly, the increase of exports of manufactures and semi-manufactures from the developing countries, thereby facilitating the fulfilment of these countries' economic development plans or programmes;

The countries with centrally planned economies:

(5) Are prepared to ensure that the funds they receive in repayment of credits granted by them to the developing countries will be used for the purchase of goods from those countries, including manufactures and semi-manufactures, as well as products made in these countries at enterprises built with funds provided by such credits. In cases where repayments cannot be made in goods, other ways and means of repayment could be agreed upon between the partners concerned;

(6) Are prepared to collaborate with developing countries interested in organizing co-operation in the manufacture of particular types of products, especially through the conclusion of long-term agreements and contracts, and through the rendering of the necessary technical assistance;

(7) Are prepared to engage alongside with bilateral trade, also in multilateral trade when this seems economically advantageous to all interested trade partners. Countries with centrally planned economies realize that the possibilities of conducting multilateral forms of trade and payments relations will increase with the normalization and expansion of international trade as a whole;

(8) Are prepared to arrange for gradually facilitating the transferability of credit balances between countries with centrally planned economies. It is understood that the desirability of such transfers is agreed upon between the partners concerned;

(9) Note that the possibilities of expanding exports from the developing countries to these countries can be used to the full alongside with increased imports from the centrally planned economies by the developing countries;

(10) Are prepared not to re-export goods purchased in developing countries, unless it is with the consent of the parties concerned.¹⁵

73. The Committee further considered the desirability of co-operation in the form of industrial branch agreements on the principle of a partial division of labour to be concluded between developing countries and the developed countries which are interested in this form of co-operation and for which

¹⁴ The United States delegation expressed its opposition to this Recommendation.

¹⁵ For final text, see Final Act, Annex A.III.7.

such a scheme is applicable. Such an agreement would apply in particular to progressive processing and fabrication of raw materials available in the developing countries. Some delegations pointed out that this form of trading was equivalent to tied aid and would represent a step backward from multilateral trading if it were adopted by developed countries with market economies: although the advantages might outweigh the disadvantages when adopted by countries with centrally planned economies.

74. After discussion the Committee adopted by consensus the following draft Recommendation:¹⁶

I. Recognizing the vital need for:

(a) Diversifying and expanding exports of manufactures and semi-manufactures of the developing countries;

(b) Promoting industrialization and establishing export industries in developing countries on the broad basis of world markets and within the framework of an international division of labour;

(c) Progressive processing and fabricating of raw materials at higher levels; and

(d) Rapid restructuring of the trade between presently developing countries and the developed countries on the basis of, *inter alia*, the cross-flows of sophisticated manufactures;

the United Nations Conference on Trade and Development recommends, amongst practical measures which could be taken with these ends in view, a new type of international co-operation in the form of industrial branch agreements between the countries concerned based on partial division of labour aimed at promoting the existing and establishing new export industries in the developing countries.

II. In the case of the industrial branch agreements between developing countries and centrally planned economies, the principal features of such agreements may be described as follows:

1. *Long-term bilateral or multilateral agreements.* The agreements, because of their very nature, will have to be concluded on a long-term basis. They may be either of bilateral or multilateral character. The latter form would apply to cases where the machinery and equipment for the establishment and development of a particular export industry would be supplied by two or more countries with centrally planned economies, and/or the export industry in question would be jointly established by two or more developing countries, and/or where the products of the particular industry could be sold to two or more countries with centrally planned economies.

2. *Partners to agreements.* The agreement would be concluded between the Governments or trading organizations and production enterprises in countries with centrally planned economies, and the Govern-

ments or public and private corporations in the developing countries.

3. *Selection of export industries.* Resource-based industries and/or industries producing manufactures of higher levels of processing may be established for which: (a) the developing country has a suitable raw material base or other suitable conditions for the development of the industry and a limited domestic demand for its products; and (b) the country with the centrally planned economy has the capacity of exporting the required machinery and equipment and associated technical assistance for their installation and operation and is prepared to adapt its development plans so as to import a stated proportion of the output of these industries.

4. *Credit.* The country with the centrally planned economy will provide machinery and equipment to the developing countries on credit at reasonable terms and rates of interest.

5. *Repayment of credit.* The repayment of the credit in instalments will be agreed upon between the contracting parties. It might be made by the developing countries fully or in part by: (a) exports of raw materials and other commodities until the export industry has production available for export; and (b) an agreed proportion of the output of the export industry and other specified commodities in the subsequent period until the credit is fully repaid.

6. *Co-operation in design and research.* The agreement will include provisions for close co-operation between the respective partners in designing the product, and research for improving the processes of production and the quality of products.

7. *Clearance of payments.* As a rule, the branch agreements will be linked to trade agreements and payments arrangements between the countries concerned. The latter should provide, to the maximum extent possible, for multilateral clearance.

8. *Prices.* Prices of machinery and equipment and technical services provided by the countries with centrally planned economies and those of goods exported by the developing countries will be agreed upon in the light of world prices and world standards.

9. If required by the developing countries, countries with centrally planned economies may assist in promoting the exports of products of the new industries to third countries. The agreement may also contain provisions dealing with re-exports of the products of the new industries and other commodities.

10. The establishment of the export industries in the developing countries under the branch agreements is designed to create complementarity of economies based on specialization and partial division of labour. The exports of these industries to countries with centrally planned economies would be expected, therefore, to continue after the credit for the machinery and equipment has been fully repaid.

11. The negotiations concerning the conclusion of branch agreements may best be initiated through

¹⁶ The United States delegation abstained in the adoption of this Recommendation.

bilateral consultations. Such consultations would take place as a rule between Governments; appropriate governmental institutions such as development banks; trade associations and similar bodies with sufficient general knowledge of the economies of the countries concerned. When trade co-operation between the countries has already sufficiently developed, establishment of specific branch committees with representatives of both sides may be envisaged which would deal with the implementation of the agreements and other relevant matters as they arise.¹⁷

D. Other measures

75. The Committee recognized that there are other measures which may be helpful in expanding the market opportunities for exports of manufactures and semi-manufactures of developing countries. Particular attention was drawn to measures designed to increase consumption and imports of manufactures and semi-manufactures originating from developing countries. These measures may include the establishment of appropriate governmental machinery in developed countries for co-ordination of action designed to produce an expansion of such imports, and provision of guidance to entrepreneurs regarding investment opportunities in developing countries in the industries with an export potential.

76. A proposal (E/CONF.46/C.2/L.35 and Rev.1) was submitted by India, Iraq, Lebanon and Nigeria, containing, *inter alia*, Recommendations on the subject of the required changes in the industrial structure of developed countries as regards those sectors in which developing countries have an export potential. Some delegations felt that the magnitude of the required adjustments would be relatively small as compared to that of the adjustments needed for dealing with domestic business fluctuations, changes in demand patterns, technological advances and shifts in regional economic patterns. A suggestion was made that the developed countries should adopt measures designed to remedy the effects of such dislocation. Such measures should anticipate the resulting economic and social consequences. As regards the former, it was suggested that developed countries should examine the long-term perspectives of their industrial structure, taking into account the new patterns of international division of labour which would result from the accelerated industrialization of the developing countries. As regards the social consequences they should include positive policies for re-training and relocation of labour. In so far as certain groups of workers might be particularly affected, it was pointed out by one organization representative of trade unions (under rule 69 of the rules of procedure) that it would be prepared to support appropriate action being taken to facilitate necessary adjustments. It was pointed out by the delegations of some developed countries that they already had

provisions in their laws and policies to facilitate structural changes in industries affected by increased imports.

77. Following a discussion, the Committee adopted the following draft Recommendation by consensus:

I. The United Nations Conference on Trade and Development,

(a) *Recognizes* obstacles and difficulties faced by the developing countries in marketing their manufactures and semi-manufactures in the developed countries; and

(b) *Realizes* that substantial imports of manufactures and semi-manufactures may involve some readjustment in the industrial structures of the developed countries.

II. The United Nations Conference on Trade and Development recommends that the developed countries should consider taking among others the following measures:

1. Establishment of focal or contact points within the appropriate government agency or other appropriate institution for the co-ordination of activities intended to enlarge the opportunities for the importation of manufactures and semi-manufactures from the developing countries;

2. Provision of financial and technical assistance to export organizations of the developing countries to market their industrial products; to

3. Granting of favourable treatment to the industries of the developing countries with respect to the establishment of agencies, offices, consignment stocks, maintenance and repair service, etc., in the territory of the developed countries, within the framework of their national legislation;

4. Provision of guidance to industrial entrepreneurs regarding investment opportunities in the export industries of the developing countries and familiarizing them with legal, political, economic and other relevant information on the situation in the developing countries;

5. Arrangements for assisting the adaptation and adjustment of industries and workers in situations where particular industries and workers in those industries are adversely affected by increased imports of manufactures and semi-manufactures;

6. Placing no obstacles to the granting of favourable terms of production and export rights derived from the use of patents and licences;

7. Promoting integrated programmes of manufacture and schemes of industrial co-operation between developing and developed countries by:

(i) Encouraging, within the framework of their national legislation, industrial groups to set up joint enterprises in developing economies for producing goods required in developed countries;

¹⁷ For final text, see Final Act, Annex A.III.2.

- (ii) Taking steps for bringing about adjustment in production patterns so that endowment factors of both developed and developing economies are more efficiently used for common benefit;
- (iii) Urging industrial groups to refrain from including restrictive provisions relating to the division of export markets in their collaboration agreements;

8. Provision of technical assistance to further schemes of industrial co-operation and integrated programmes of manufacture aimed at production, in developing countries, of intermediates for purchase and use by industries in developed countries.¹⁸

- (c) *Measures and actions for promotion of trade in manufactures and semi-manufactures among the developing countries*

[Agenda item 12 (c)]

78. Trade among the developing countries forms only a small proportion of their total trade. Exports of the developing countries to one another amounted in 1962 to about one-fifth of their total exports and an even smaller fraction of their imports of manufactures and semi-manufactures came from other developing countries. With the progress in economic development, trade among developing countries, especially in manufactures and semi-manufactures, should greatly expand.

79. The expansion of trade in manufactures and semi-manufactures among the developing countries should, in turn, play a positive role in stimulating their industrial development by making possible more economic operation of their industries. As noted in the course of the general debate, in addition to the expansion of exports of manufactures and semi-manufactures to the developed countries, the expansion of such trade among the developing countries themselves would significantly contribute towards solving the dilemma posed by the economic and technological requirements of modern industry on the one hand and the limited domestic markets of individual countries on the other.

80. The establishment and operation of industries based on the better utilisation of economies of scale through the enlargement of markets will be made possible or facilitated by economic co-operation among developing countries. At the same time, economic co-operation through the pooling of natural, financial and human resources will lead to greater specialization and to a harmonized and more efficient operation of the industries of the participating countries.

81. Several delegations pointed out that economic co-operation among the developing countries might take several forms, including:

- (i) Payments clearing schemes aimed essentially at facilitating financial transfers between the

participating countries for purchasing more of each other's goods;

- (ii) Commercial policies, which might range from reduction of trade barriers, preferential duties and bilateral or multilateral trade concessions, to free trade areas, customs unions or even more comprehensive forms of economic integration;
- (iii) Production arrangements and technical co-operation, including the establishment of integrated industries on a multi-national basis, which would take advantage of the complementarity of the economies of the participating countries, industrial specialization and economies of scale.¹⁹

82. Several delegations pointed out that implementation of these various schemes might raise certain problems, arising partly from differences in levels of development among the participating countries, which might require special measures of assistance to the less developed among them, based on their individual characteristics and requirements.

83. Because of the many forms which economic co-operation might take in various cases and the problems which they might cause, it was considered that it should be applied with some measure of flexibility. In this connexion, the Committee considered that in some cases the most appropriate form of economic co-operation might not satisfy the criteria of formal customs unions or free trade areas, as stated in Article XXIV of GATT.²⁰ Many delegations considered it essential to make provision enabling developing countries to grant each other concessions not extended to developed countries. One view expressed was that, while agreeing to flexible arrangements of regional co-operation among the developing countries, these arrangements should be limited to countries which belonged to the same economic region. Some delegations asked that the possible adverse effects on the trade of third countries and especially of other developing countries which were not party to these arrangements were also to be considered.

84. As regards the establishment of integrated industries, the Committee agreed that a certain amount of co-ordination of industrial programmes in national economic plans was desirable. It was equally desirable to achieve a harmonization of such plans with a view to creating integrated industries in economic regions and sub-regions, with due regard to the elimination of uneconomic competition within the region and sub-region and ensuring an equitable sharing of all member countries, in the region or sub-region, in the process of industrialization. Such co-ordination would amount to an agreement on division of labour

¹⁹ Reference to these various arrangements and the relevant experience in the various regions is contained in document E/CONF. 46/C.2/L.32.

²⁰ The report of the Secretary-General of the Conference (vol. II) deals with these questions in detail.

¹⁸ For final text, see Final Act, Annex A.III.6.

and specialization among developing countries, based on their specific resource endowment.

85. A proposal (E/CONF.46/C.2/L.38) was submitted by the delegations of Australia, Kenya, Liberia, Nigeria, the Philippines, Sierra Leone, Tanganyika and Zanzibar, Uganda and the United Kingdom of Great Britain and Northern Ireland, and a counter-proposal (E/CONF. 46/C.2/L.39) was submitted by the Alta Gracia Latin American Group. These were merged in document E/CONF.46/C.2/L.42 and Rev.1, submitted by the delegations of China, India, Lebanon, Liberia, Nigeria, Peru and the Philippines after consideration in the Committee. Certain delegations expressed a negative view with regard to portions of this merged draft Recommendation which, in their view, referred to preferential concessions among developing countries not in the same economic region. Some other delegations stated their understanding that rules governing world trade would cover the question of preferences as well as that of forms of regional economic co-operation.

86. On the conclusion of the discussion the Committee adopted by consensus the following draft Recommendation:

The United Nations Conference on Trade and Development, recognizing the urgent need for closer and intensified economic co-operation among developing countries, particularly in the promotion of trade in manufactures and semi-manufactures among the developing countries.

I. Notes:

(a) The present relatively small size of the trade in manufactures and semi-manufactures among the developing countries;

(b) The limited size in the developing countries of national markets, the limited resources of capital, skill and foreign exchange;

(c) The diversity of natural resources among developing countries;

(d) The great advantages of:

- (i) Economies of scale and specialization offered by modern technology;
- (ii) Joint mobilization by developing countries of their resources in capital and skills;
- (iii) Developing countries exploiting their natural endowment factors in order to create complementarities of their industrial economies;

II. Further notes

The progress already achieved in some regions in promoting economic co-operation among the developing countries.

III. Considers

(a) That closer economic co-operation among developing countries, through bilateral and multi-lateral arrangements, and through regional and/or sub-regional groupings, will greatly assist the efficient utilization of their resources and accelerate

their rate of economic development, particularly of the less developed of the developing nations;

(b) That such co-operation should be based on mutual respect for the sovereign equality of States and mutual benefits and assistance, with due regard to the different needs of participating countries, and with special consideration for the requirements of the less developed of the developing countries;

(c) That policies and programmes aimed at expanding and diversifying trade in manufactures and semi-manufactures among developing countries, within the framework of regional or sub-regional economic groupings or otherwise, should make an effective contribution to the economic development of the participating countries, as well as to the expansion of world trade as a whole;

(d) That any forms of economic grouping should provide, in addition to co-operation with other developing countries and regional or sub-regional groups, for developing countries, not initially members, to join under equitable conditions and avoid, as far as possible, harmful effects on other developing countries;

(e) That if trade between the developing countries is to achieve its full potential, they may need to adopt among themselves, where feasible, preferential rules designed specifically for that purpose.

IV. Recommends

(a) That, having regard for the considerations enumerated in III, developing countries, consider the adoption of practical measures for promoting economic co-operation, both generally among themselves and within regional and sub-regional economic groupings, particularly in the fields of industrial development, and the growth and diversification of exports of manufactures and semi-manufactures. These measures could include:

- (i) The exchange of information between developing countries on their industrial development plans in relation to stimulating trade, and the harmonization of such plans with a view to creating integrated industries in economic regions or sub-regions with due regard to the elimination of uneconomic competition within the region or sub-region, and ensuring an equitable sharing of all member countries in the region or sub-region in the process of industrialization;
- (ii) Joint facilities for, and the exchange of information, on research, standards, trade promotion and similar matters;
- (iii) Collaboration in the development of adequate transport and communication facilities;
- (iv) The promotion among developing countries of increased purchases of manufactures and semi-manufactures produced in other developing countries;
- (v) The progressive liberalization of trade between developing countries, including the

simplification of trade and customs formalities. Their individual characteristics and different stages of development should be taken into account, special attention being paid to the less developed, as an effective means of ensuring sustained growth with equal opportunities for each country;

- (vi) Appropriate financial and payments arrangements;
- (vii) Close technical co-operation, including arrangements for exchange of technical information and training facilities;

(b) That rules governing world trade should make provision to accommodate forms of regional and sub-regional co-operation consistent with the considerations outlined in III above and taking account

of the interests of third countries, especially developing countries, and, in particular, permit developing countries to grant each other concessions, not extended to developed countries, in view of the requirement to meet the needs, during a transitional period, of developing countries for the purpose of promoting their exchanges of goods and services;

(c) That the appropriate United Nations bodies, including regional economic commissions and other appropriate international organizations, should increase their assistance to developing countries to promote the planned co-ordinated development of industries based on complementarities of their economies and to expand trade in manufactures and semi-manufactures among them.²¹

²¹ For final text, see Final Act, Annex A.III.8.

Appendix I

A SYNOPTIC RECORD OF PROPOSALS

<i>Symbol * and Sponsor</i>	<i>Subject</i>	<i>Action taken by the Committee</i>
Proposals relating to agenda item 12 (a): Measures and action for diversification and expansion of the exports of manufactures and semi-manufactures by developing countries with a view to increasing their share in world trade		
L.3/Rev.1 and Corr.1 Sweden	Creation of international export organizations	Transmitted to Fourth Committee E/CONF.46/C.2/4 and Corr.1 E/CONF.46/C.4/5 and Corr.1 12 May 1964 and 16 May 1964 (Summary record: E/CONF.46/C.2/SR.34)
L.6/Rev.1 Federal Republic of Germany	Proposals concerning foreign private investment capital	Transmitted to Third Committee E/CONF.46/C.2/5 E/CONF.46/C.3/L.57 12 May 1964 (Summary records: E/CONF.46/C.2/SR.28, 30 and 31)
L.7 Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela	Draft Recommendation on industrial development (establishment of a specialized agency for industrial development)	Withdrawn; merged in part with E/CONF.46/C.2/L.31/Rev.1 (Summary record: E/CONF.46/C.2/SR.35)
L.10 India	Composite proposal on Recommendations in respect of: <ol style="list-style-type: none"> 1. Developing countries 2. Developed countries 3. International community [see section 3 (e) establishment of a specialized agency for industrial development] 	Withdrawn; merged in part with E/CONF.46/C.2/L.34/Rev.1 Withdrawn; merged in part with E/CONF.46/C.2/L.35/Rev.1 Withdrawn; merged in part with E/CONF.46/C.2/L.31/Rev.1 (Summary record: E/CONF.46/C.2/SR.35)
L.11 Denmark, Federal Republic of Germany, Jamaica, Japan, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland, United States of America	Draft Recommendation on industrial development	Rejected by roll-call vote at 37th meeting: 22 in favour 44 against 19 abstentions (Summary record: E/CONF.46/C.2/SR.37)

* Symbol E/CONF.46/C.2/...

<i>Symbol and Sponsor</i>	<i>Subject</i>	<i>Action taken by the Committee</i>
L.12 and Add. 1 and 2 and Corr.1 Ethiopia, Ghana, Guinea, Kenya, Liberia, Nigeria, Sierra Leone, United Republic of Tanganyika and Zanzibar	Composite proposal: Part A: Specialized agency for industrial development Part B.2: Commission on manu- factures Part B.3: Commission on financing	Withdrawn; merged in part with E/CONF.46/C.2/L.31/Rev.1 (Summary record: E/CONF.46/C.2/SR.35) Transmitted to Fourth Committee E/CONF.46/C.2/3 E/CONF.46/C.4/4 12 May 1964 (Summary record: E/CONF.46/C.2/SR.35) Transmitted to Third and Fourth Committees E/CONF.46/C.2/2 E/CONF.46/C.3/11 E/CONF.46/C.4/3 8 May 1964 (Summary record: E/CONF.46/C.2/SR.32)
L.14 and Corr.1 Israel	Trade information centres	Transmitted to Fourth Committee E/CONF.46/C.2/4 E/CONF.46/C.4/5 12 May 1964 (Summary record: E/CONF.46/C.2/SR.34)
L.15/Rev.1 and Add.1 Guinea, Indonesia, Romania, United Arab Republic, United Republic of Tanganyika and Zanzibar	Draft Recommendation (Industrial equipment deliveries on credit)	Transmitted to Third Committee E/CONF.46/C.2/6 E/CONF.46/C.3/L.58 12 May 1964 (Summary records: E/CONF.46/C.2/SR.31, 35)
L.16 Canada, Finland, Jamaica, Netherlands, United States of America	Trade information and trade pro- motion advice	Transmitted to Fourth Committee E/CONF.46/C.2/4 E/CONF.46/C.4/5 12 May 1964 (Summary record: E/CONF.46/C.2/SR.34)
L.18/Rev.1 Afghanistan, Indonesia, Syria, United Arab Republic, Yugoslavia	Draft Recommendation regarding the public sector	Transmitted to Third Committee E/CONF.46/C.2/6 E/CONF.46/C.3/L.58 12 May 1964 (Summary records: E/CONF.46/C.2/SR.31, 35)
L.31/Rev.1 Argentina, Bolivia, Brazil, Ceylon, Chile, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Kenya, Kuwait, Liberia, Mexico, Nicaragua, Nigeria, Panama, Paraguay, Peru, Philippines, Saudi Arabia, Sierra Leone, Sudan, Tanganyika, United Arab Republic, Uruguay, Venezuela, Yugoslavia, Zanzibar	Joint draft Recommendation on industrial development (establishment of a specialized agency for industrial development)	Adopted by vote at 37th meeting: 58 in favour 21 against 6 abstentions E/CONF.46/C.2/REC/1 13 May 1964 (Summary record: E/CONF.46/C.2/SR.37)
L.34/Rev. 1 India	Composite proposal: A. Criteria for development of industries with an export po- tential in developing countries B. Aids, incentives, and other measures for strengthening the competitive strength of indus- tries with an export potential in developing countries	The proposal met with general support in the Committee, except for the provisions in section III dealing with subsidies. Referred to the Conference. (Summary record: E/CONF.46/C.2/SR.49)

<i>Symbol and Sponsor</i>	<i>Subject</i>	<i>Action taken by the Committee</i>
Proposals relating to agenda item 12 (b): Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries		
(i) Programme of measures and action for the progressive reduction and elimination of tariffs on imports of manufactures and semi-manufactures;		
(ii) Programme of measures and actions for the progressive reduction and elimination of quantitative and other restrictions and discriminatory practices to imports of manufactures and semi-manufactures;		
(iii) Programme of measures and actions for the expansion of market opportunities for exports of manufactures and semi-manufactures produced in developing countries and for increases in their consumption and imports.		
L.5 Niger	Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures from the developing countries	Withdrawn; merged in part with E/CONF.46/C.2/L.40
L.21 Syria	Ditto	Ditto
L.22 India, Indonesia, Lebanon, Nepal, Saudi Arabia	Ditto	Ditto
L.23 Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela	Ditto	Ditto
L.25 United Kingdom of Great Britain and Northern Ireland	Trade barriers and preferences	Provisionally withdrawn at 60th meeting (Summary record: E/CONF.46/C.2/SR.60)
L.26 Switzerland	Draft proposal	Provisionally withdrawn at 60th meeting (Summary record: E/CONF.46/C.2/SR.60)
L.27 Ghana, Kenya, Liberia, Nigeria, Sierra Leone, Sudan, Tanganyika, Trinidad and Tobago, Zanzibar	Recommendations	Withdrawn; merged in part with E/CONF.46/C.2/L.40
L.28 and Corr.1 Czechoslovakia, Hungary, India, Poland, United Arab Republic	Industrial branch agreements on partial division of labour with special reference to economic co-operation between developing countries and countries with centrally planned economies	Adopted by the Committee at 43rd meeting. E/CONF.46/C.2/REC.2, 20 May 1964 (Summary record: E/CONF.46/C.2/SR.43)
L.33/Rev.2 ²² Czechoslovakia, Hungary, Poland, USSR	Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries	Adopted by the Committee at 49th meeting E/CONF.46/C.2/REC.4, 25 May 1964 (Summary record: E/CONF.46/C.2/SR.49)
L.35/Rev.1 India, Iraq, Lebanon, Nigeria	Measures to facilitate imports of manufactures and semi-manufactures from developing countries (and measures of adjustment to be adopted by the developed countries)	Adopted by the Committee at 47th meeting E/CONF.46/C.2/REC.3, 22 May 1964 (Summary record: E/CONF.46/C.2/SR.47)

²² The text of E/CONF.46/C.2/L.33/Rev.1 incorporates drafting changes to the English text of document E/CONF.46/C.2/L.33, dated 11 May 1964.

<i>Symbol and Sponsor</i>	<i>Subject</i>	<i>Action taken by the Committee</i>
L.40 and Add. 1 to 5 Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burundi, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Kenya, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.	Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries	Adopted by roll-call vote at 60th meeting: 69 in favour 8 against 23 abstentions E/CONF.46/C.2/REC.6, 2 June 1964 (Summary record: E/CONF.46/C.2/SR.60)
L.47 United States of America	Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries	Provisionally withdrawn at 60th meeting (Summary record: E/CONF.46/C.2/SR.60)
Proposals relating to agenda item 12 (c): Measures and actions for promotion of trade in manufactures and semi-manufactures among the developing countries		
L.38 Australia, Kenya, Liberia, Nigeria, Philippines, Sierra Leone, Tanganyika, Uganda, United Kingdom of Great Britain and Northern Ireland, Zanzibar	Measures and action for the promotion of trade in manufactures and semi-manufactures among developing countries	Withdrawn; merged in part with E/CONF.46/C.2/L.39 into E/CONF.46/C.2/L.42
L.39 Counter-proposal of the Alta Gracia Latin American Group to the proposals submitted by the delegations of Australia, Kenya, Liberia, Nigeria, Philippines, Sierra Leone, Tanganyika, Uganda, United Kingdom of Great Britain and Northern Ireland, Zanzibar	Ditto	Withdrawn; merged in part with E/CONF.46/C.2/L.38 and Corr. 1 into E/CONF.46/C.2/L.42
L.42/Rev.1 China, India, Lebanon, Liberia, Nigeria, Peru, Philippines	Ditto	Adopted by the Committee at 52nd meeting E/CONF.46/C.2/REC.5, 25 May 1964 (Summary record: E/CONF.46/C.2/SR.52)
L.43 Cuba	Amendment proposed to document E/CONF.46/C.2/L.42	At 51st meeting, transmitted to the Chairman of the Fifth Committee by letter of 26 May 1964 (Summary record: E/CONF.46/C.2/SR.51)
L.44 United States of America	Ditto	Withdrawn at 52nd meeting (Summary record: E/CONF.46/C.2/SR.52)
L.45 China	Ditto	Adopted by the Committee at 52nd meeting (Summary record: E/CONF.46/C.2/SR.52)
L.46 United Kingdom of Great Britain and Northern Ireland	Ditto	Ditto

Appendix II

TEXT OF PROPOSAL REFERRED TO IN PARAGRAPH 36 OF THE REPORT OF THE SECOND COMMITTEE

Draft Recommendation on industrial development submitted by the delegations of Denmark, the Federal Republic of Germany, Jamaica, Japan, Trinidad and Tobago, the United Kingdom of Great Britain and Northern Ireland and the United States of America

1. The United Nations Conference on Trade and Development recognizes that, for the purpose of attaining the highest possible degree of diversification of their industrial structure enabling them to promote and diversify their exports of manufactures and semi-manufactures, the developing countries need the broadest possible international co-operation.

2. It therefore endorses the draft resolution submitted to the Economic and Social Council by the Committee on Industrial Development²³ in which the Secretary-General is requested to make any necessary changes in organization and procedures required in order that the Centre for Industrial Development may without prejudice to the continuation of activities now being performed by the Centre and other parts of the United Nations system in accordance with relevant resolutions and taking into account the views expressed in the Committee for Industrial Development at its fourth session, become an activating and catalytic agent in promoting and carrying out a dynamic programme of activities, and recommends that the appropriate organs of the United Nations approve these measures and make adequate budgetary provision to enable the implementation of such a programme.

3. Accordingly, the United Nations Conference on Trade and Development recommends that such a dynamic programme should include the following functions:

(a) To compile, analyse, interpret and publish information concerning industrial technology, production, programming and planning;

(b) To promote, and where necessary, to recommend national, regional and international action tending to speed up the industrial development of developing countries;

(c) To devote particular attention to the opportunities offered for the industrial development of developing countries by the economic integration of such countries at the regional level and co-operate with the efforts and action of Governments and existing or future regional bodies;

(d) To provide research which would be of practical use to the developing countries through the preparation or contracting of specific studies and by providing a channel through which studies from the research facilities of States Members of the United Nations, or members of the specialized agencies, may be made available to the developing countries;

(e) To assist the developing countries in the establishment and strengthening of national institutions, such as industrial development boards, programming offices, industrial promotion centres, engineering and technological institutes, etc., that could provide special stimulus to the growth of industry.

(f) To advise on the efficient use of existing resources and the creation of new industrial products to increase the industrial productivity and contribute to the diversification of the economies of the developing countries;

(g) To co-operate with the specialized agencies in the training of the staff needed for the accelerated industrial development of the developing countries;

²³ See *Official Records of the Economic and Social Council, Thirty-seventh Session, Supplement No. 6*, para. 144.

(h) To promote industrial development projects through the provision of advice, in consultation with the resident representatives, in the formulation of requests by Governments for technical assistance, in particular, under the programmes of the United Nations Special Fund, the Expanded Programme of Technical Assistance, and the regular United Nations programmes of technical assistance;

(i) To develop a periodic world industrial development survey to provide a review and assessment of developments which may be significant for the industrialization programmes of the developing countries and review the overall progress achieved in the field;

(j) To establish *ad hoc* working groups of high level experts to deal with technical subjects which are intended for submission to the Committee for Industrial Development, with the purpose of providing the Committee with an evaluation of the work of the Centre in the respective field of the *ad hoc* working group as well as an assessment of the general orientation and progress within that field;

(k) To co-ordinate effectively activities of the United Nations system in the field of industrial development in order to avoid unnecessary duplication of the work which is carried out by the United Nations family to that effect, the Centre should follow closely the activities of the various organizations, undertake joint projects and make arrangements for adequate reporting to the Committee for Industrial Development and the Economic and Social Council;

(l) To establish close contacts with those persons and institutions in the developing countries directly concerned with industrialization and those in the advanced countries who can help them with a view, *inter alia*, to promoting arrangements for carrying out joint or participation projects.

Appendix III

LIST OF DOCUMENTS BEFORE THE COMMITTEE

The following documentation was submitted to the Committee on agenda item (12):

1. General reference documents

Allocation of agenda items to the Second Committee: letter dated 24 March 1964 from the President of the Conference to the Chairman of the Second Committee (E/CONF.46/C.2/1).

Reports of the Preparatory Committees, and Government and secretariat submissions mentioned therein:

First session.²⁴

Second session.²⁵ (see in particular paras. 92 to 193 which identify the main issues before the Second Committee and suggest possible lines of action.)

Third session (E/CONF.46/65).

Report of the Group of Experts appointed under Economic and Social Council resolution 919 (XXXIV), in particular paras. 24 to 29 referring to export diversification.²⁶

2. Studies of the general problem of exports

"Towards a new trade policy for development" (Report by the Secretary-General of the Conference) (see Vol. II).

²⁴ See "Interim Report of the Preparatory Committee (first Session)" in Vol. VIII of this series.

²⁵ *Ibid.*, "Report of the Preparatory Committee (second session)".

²⁶ See "Report of the Group of Experts" in Vol. V of this series.

- E/CONF.46/4, and Add.1 Bellagio statement of policy. New directions for world trade (reference only).
- E/CONF.46/6 Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries.
General study of exports of manufactured and semi-manufactured goods from developing countries and their role in development [Centre for Industrial Development (CID)] (see Vol. IV).
- E/CONF.46/12, and Corr.1 and Add.1 A review of trends in world trade.
Handbook of international trade statistics.
An analysis of the proceedings of the United Nations Conference on Science and Technology related to problems of exports of manufactured goods from developing countries [Centre for Industrial Development (CID)] (see Vol. IV).
Inter-governmental co-operation in market research and marketing advisory services to help expand exports from developing countries [Economic Commission for Europe (ECE)] (see Vol. VII).
Expert Group *Report on Planning for Economic Development*.²⁷
Implications for trade and development of developing countries of economic groupings of developed countries and/or preferential trading arrangements (ECE) (see Vol. VI).
Promotion of exports of small industry products from developing countries (CIO) (see Vol. IV).
Trade problems between countries having different economic and social systems (ECE) (see Vol. VI).
Past trade flows and future prospects for trade between the centrally planned economies and developing countries (ECE) (see Vol. VI).
The developing countries in GATT (secretariat of the United Nations Conference on Trade and Development) (UNCTAD) (see Vol. V).
Survey of progress in the reduction and elimination of barriers affecting products exported by less developed countries [Contracting Parties to the General Agreement on Tariffs and Trade (GATT)] (see Vol. IV).
The role of GATT in relation to trade and development (GATT) (see Vol. V).
- E/CONF.46/68 International trade and its relations with national development planning, policies and institutions [Bureau of General Economic Research and Policies of the United Nations (BGERP)].
- Memorandum on trade in manufactures and semi-manufactures (submitted by Yugoslavia) (see Vol. IV).
Resolution of the Committee for Industrial Development on United Nations Machinery in the Field of Industrial Development (March 1964) (see Vol. V).
Questions arising in connexion with the United Nations Conference on Trade and Development (Secretary-General of the Conference) (see Vol. VIII).
The Alta Gracia Charter (provisional version approved by the Organization of American States at a meeting held in February-March 1964) (see Vol. VI).
Deliveries on credit of industrial equipment, reimbursable in quotas from the resultant production (submitted by Romania) (see Vol. V).
The Niamey resolution on the United Nations Conference on Trade and Development (adopted by the Economic and Social Commission of the Organization of African Unity in December 1963) (see Vol. VI).
Problems and prospects in the export of manufactured goods from the less developed countries (by Prof. R. Vernon) (see Vol. IV).
Notes on the United Nations Conference on Trade and Development (by Dr. T. Balogh) (see Vol. VII).
A framework for trade between developed and less developed countries (by Mr. I. Gal-Edd) (see Vol. V).
The significance of GATT for underdeveloped countries (by Prof. S. B. Linder) (see Vol. V).
- E/CONF.46/NGO/1 Memorandum by the International Confederation of Free Trade Unions.
- E/CONF.46/NGO/2 Statement by the International Chamber of Commerce.
- E/CN.11/641 Report of the Ministerial Conference on Asian Economic Co-operation.
- E/CN.14/262 Report of the Expert Group on an African Payments Union.
- E/CN.14/STC/20 Background paper on the establishment of an African Common Market.
3. *Country studies*
- E/CONF.46/43 Possibilities and measures of expanding exports from the manufacturing sector in Mexico.
- E/CONF.46/54 Exports of manufactures and industrial development of Hong Kong.
- E/CONF.46/64 Methods and experiences in promoting exports of manufactured goods in Yugoslavia.

²⁷ United Nations publication, Sales No. 64.II.B.3 [transmitted by a note by the Secretary-General of the Conference (E/CONF.46/28)].

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| E/CONF.46/76 | India—policies and measures for promotion of exports of manufactures and semi-manufactures. | E/CONF.46/42 | World trade in steel (ECE). |
| E/CONF.46/77 | Poland's export promotion policy for manufactures and semi-manufactures. | E/CONF.46/70 | Prospects for expanding forest products from developing countries [Food and Agriculture Organization of the United Nations (FAO)].
(English only.) |
| E/CONF.46/78 | Argentina—exports of manufactures and semi-manufactures. | and Corr.1
and 2 | |
| E/CONF.46/P/9 | India—export possibilities for Indian manufactures in the European markets (by Prof. B. P. Adarkar). | E/CONF.46/P/8 | Possibilities of establishing food processing industries in developing countries for export (by Prof. S. D. Neumark). |
| E/CONF.46/P/11 | Brazil—outlook for promotion of exports of manufactures (by Mr. E. Orosco). | E/CONF.46/P/10
and Corr.1 | Aluminium as an export industry (by Prof. H. Bachmann). |
| E/CONF.46/P/12 | Exports of manufactures and industrial development of Japan (by Mr. H. Kanamori). | | |
| | <i>4. Industry studies</i> | | <i>5. Employment aspects</i> |
| E/CONF.46/41 | Some problems of world trade in machinery and equipment (ECE). | | Structural employment problems in the industrialized countries caused by higher imports of manufactured goods from the developing countries [International Labour Organisation (ILO)] (see Vol. VI). |

Annex F

REPORT OF THE THIRD COMMITTEE

Rapporteur: Mr. Giorgio SMOQUINA (Italy)

INTERNATIONAL COMMODITY PROBLEMS

INTERNATIONAL COMPENSATORY FINANCING AND MEASURES FOR STABILIZATION OF PRIMARY EXPORT EARNINGS AT ADEQUATE LEVELS

IMPROVEMENT OF THE INVISIBLE TRADE OF DEVELOPING COUNTRIES FINANCING FOR AN EXPANSION OF INTERNATIONAL TRADE

Chapter I

GENERAL INTRODUCTION

1. At its second plenary meeting, the Conference allocated the following agenda items to the Third Committee:

11. International commodity problems:
 - (e) International compensatory financing and measures for stabilization of primary export earnings at adequate levels.¹
13. Improvement of the invisible trade of developing countries:
 - (a) Role of invisibles in the balance of payments of developing countries;
 - (b) Measures for improving the invisible trade of developing countries through increasing receipts for services such as tourism and reducing payments for transportation, insurance and similar charges.
15. Financing for an expansion of international trade:
 - (a) Importance of medium and long-term financing for trade of developing countries;
 - (b) Co-ordination of trade and aid policies, including technical assistance, for accelerated economic development;
 - (c) Measures for increasing the volume and improving the terms of financing for the promotion of the exports of developing countries and their imports of essential commodities and capital equipment.

¹ The general aspects of compensatory financing were considered in the First Committee, while the technical aspects were allocated to the Third Committee for consideration.

2. The Committee elected the following officers:
Chairman: Mr. Janez Stanovnik (Yugoslavia)
Vice-Chairman: Mr. Hassan Bashir (Sudan)
Rapporteur: Mr. Giorgio Smoquina (Italy)

3. The Committee held a total of sixty-four meetings from 23 March to 4 June 1964.

4. The Committee began its deliberations with a general debate which extended over six meetings, covering all the items on its agenda. The debate indicated where the main interests of the majority of participating delegations were focused. It thus revealed the major issues and paved the way for the Committee to establish its programme of work. It also provided an opportunity for delegations to acquaint one another with their national viewpoints and different approaches, which proved helpful in subsequent efforts to draw up recommendations acceptable to the Committee.

5. The Committee considered the desirability of setting up working parties to deal with topics of a more technical nature. In view of the importance which delegations attached to shipping questions and the complexity and technical character of the issues involved, the Committee decided to form a working party to deal with this subject, in which representatives from sixty-seven countries participated.² After a preliminary discussion of the issues, the Committee approved the following terms of reference for the working party:

“To consider, and to report on, the conditions under which, and the form in which, shipping could best contribute towards expansion of the foreign trade of developing countries, with special reference to:

² The report of the Working Party on Shipping will be found in appendix II.

- “(a) Transport costs; the evolution of the structure of freight rates;
- “(b) The functioning of the Liner Conference system;
- “(c) Preferential and discriminatory arrangements in shipping;
- “(d) National fleets in developing countries; and
- “(e) Ports and terminal facilities.”

6. After the conclusion of the general debate, it was agreed, at the suggestion of the Chairman, that the discussion of the issues before the Committee should focus on specific proposals presented from the floor. In view of the discussion, and since many of the proposals submitted were closely interlocked or encompassed more than one agenda item or sub-item, it did not prove possible for the Committee to adhere strictly, in its deliberations, to the sequence and scheme of its agenda.

Chapter II

SUMMARY OF THE GENERAL DEBATE ³

7. A general debate on all items allocated to it took place during the Committee's fifth to tenth meetings on 6 to 10 April 1964. A total of thirty-five delegations took part in the general debate,⁴ the speakers representing the major geographical areas of the world and each of the principal groups of countries attending the Conference. Taken together, their statements provided a comprehensive introduction to the various agenda items, sub-items and topics to which the Committee subsequently turned its attention in greater detail.

8. The general debate brought out the main problems faced by developing countries in the field of trade, invisibles and external financing. These problems may be summarized as follows: the trade gap associated with the development process which needs to be bridged by external capital; the increasingly heavy burden of servicing external debt; the large adverse balance on invisibles; and the losses arising from the deterioration in the terms of trade. It was stressed that measures to deal with these problems were urgently required and some specific schemes were suggested.

9. The statements formed a useful starting-point for the further work of the Committee, revealing areas both of agreement and of disagreement and, above all, indicating where the main interests of the majority of the participating delegations were focused.

³ This chapter sets forth the essential issues posed, as requested by the General Committee in its report (Report of the Conference, Annex B, para.1).

⁴ Afghanistan, Brazil, Bulgaria, Cameroon, Ceylon, Chile, China, Colombia, Czechoslovakia, Ethiopia, Ghana, Guatemala, India, Indonesia, Iran, Israel, Italy, Japan, Kenya, Mali, Nepal, Pakistan, Poland, Romania, Senegal, Spain, Sweden, Syria, Tanganyika, Tunisia, Union of Soviet Socialist Republics, United Arab Republic, United States of America, Uruguay and Yugoslavia. Chile, Colombia, Guatemala, and Uruguay spoke on behalf of the eighteen signatories of the *Alta Gracia* Charter.

1. A BRIEF SUMMARY OF THE DEBATE

10. In their broadest sense, both the problems of external financing, including the means to increase it, and the problems of the heavy payments for invisibles and the specific measures to reduce them were discussed extensively during the general debate.

11. The main emphasis in the discussion of development financing was placed on the impact of capital flows on the growth rates of the national product and on the balance of payments position of developing countries. Many delegates from developing countries, while recognizing the significant increase in the flow of external capital, emphasized that that capital was inadequate for the purpose of attaining even the modest growth targets set for the United Nations Development Decade, especially in view of losses suffered through the deterioration in the terms of trade and of the rising debt service payments. The discussion of problems of development financing focused on the need to increase aid, to link it with development plans and to improve the terms of aid and ease the existing burden of debt service. The discussion also covered extensively the institutional aspects and conditions of multilateral aid. Comments on private capital concentrated especially on suppliers' credits, machinery for export credit insurance and the problem of interest and dividend payments on private capital.

12. The need for compensatory financing, to offset the effects of the deterioration of the terms of trade, was stressed by many speakers from developing countries and the scope and operation of a scheme in this field formed the main object of their detailed comments.

13. Among the invisible items, the questions relating to sea transport—especially the system of Conference freight rates—were those which received the greatest attention. The speakers also made brief references to insurance, international tourism and the transfer of technology. The payments of interest and dividends as well as patent fees and royalties were mainly considered in the context of the discussion on financial and technical assistance as a whole.

* * *

14. The general debate provided valuable new data on developments at the national and international level, thereby facilitating a more complete and factual evaluation of the items under consideration by the Committee. In particular, the new data included useful information on specific situations which had confronted individual countries in recent years.

15. In relation to the problem of transport, one developing country referred to the relatively satisfactory experience it had had with its own merchant marine, while land-locked countries drew the attention of the Committee to their particularly unfavourable situation in this field. Transport charges for one of

the latter countries were said to total 35.4 per cent of the f.o.b. price of imported equipment goods. Another speaker described the situation and practices of foreign insurance companies in his country as monopolistic and observed that all the profits made by the firms concerned were transferred abroad. On the other hand, representatives from a few developing countries informed the Committee that their earnings from international travel had been increasing somewhat in recent years, partly as a result of the setting up of tourist offices on a national or regional basis.

16. A number of statements pointed out that in several developing countries external financing—and in particular suppliers' credits—had declined in the years in which it had been most needed, i.e., when exports had fallen. Besides, the long-term benefits gained from financial co-operation had in some cases been more than offset by the deterioration in the terms of trade. An example of a developing country was cited in which the loss due to the worsening terms of trade had been almost three times as large as the inflow of foreign capital over the past five years. Furthermore, some speakers stated that direct private investment had not been increasing appreciably in spite of the measures taken in their countries to stimulate it.

17. Some speakers referred to new credit arrangements which had successfully promoted co-operation between foreign lenders, on the one hand, and domestic firms, on the other. One such arrangement consisted of production sharing, whereby state enterprises from countries with centrally planned economies or enterprises in market economies provided domestic enterprises with capital in the form of industrial equipment and technical assistance, the foreign contribution being on a temporary basis and repaid, at an agreed ratio of total production, in goods produced by the enterprises. Some delegations drew attention to the fact that the ownership of undertakings set up with economic and technical assistance from socialist countries remained with the developing countries. One speaker from a developed country informed the Committee of measures carried out recently by his Government to facilitate the consolidation of short and medium term credits granted by private firms on a commercial basis to developing countries. In the course of this consolidation, the government absorbed a regular part of the interest charges, thereby reducing the previous burden on the developing country concerned. Another speaker also informed the Committee that his Government was operating an investment guarantee programme and granted preferential fiscal treatment to firms investing in developing countries.

* * *

18. When examining in their broadest sense the problems posed by the agenda, the view was widely shared that their solution implied the transfer of a larger amount of current and financial resources

from developed to developing countries. In this context, some speakers felt that the extension of the concepts—and policies—of the welfare State or social justice to international life was needed. Likewise, most speakers expressed the view that economic development required, in addition, the full mobilization and rational use of domestic resources and certain reforms in the present structures of developing countries. Some representatives also stressed the need for political and monetary stability.

19. Although the weight given to the problem of invisibles and to that of external financing, respectively, differed somewhat according to the speaker, several representatives referred to the close relationship existing between the two. Many speakers pointed out, in particular, that the expansion of merchant marines depended partly upon external aid. Some countries stressed the special conditions governing the costs, the efficiency and the capital output ratio of this particular industry.

20. The general debate showed clearly that the financial problems were generally considered as important as the trade problems. The formula "trade not aid" seemed to be replaced by the formula "trade and aid". On the other hand, it was widely recognized that in the long run the larger part of the foreign exchange requirements of the developing countries would need to be met from increasing exports. It was also noted that exports derived their importance not only from their contribution to foreign exchange receipts, but also from the close relationship which existed between them and domestic savings which served to finance investment.

21. As shown below in more detail, there was a larger area of agreement on the desirability of improving and co-ordinating long-term aid for economic development with the development plans than on the conditions of compensatory financing. While several speakers called attention to the important role private investment could play in the process of economic development, many speakers expressed their preference for official loans and grants and favoured the channelling of official capital through improved or new multilateral schemes and institutions. Some representatives from developed countries pointed out, however, that when deciding upon a further expansion in their contributions their Governments would have to consult their parliaments and take into account domestic public opinion on the effectiveness of aid extended, as well as the position of their own balance of payments, the rate of growth of domestic output and the effects of any deterioration thereof on the world economy as a whole.

2. PROPOSALS AND SUGGESTIONS MADE DURING THE DEBATE

22. A substantial part of the statements made during the general debate was devoted to the presentation of proposals and suggestions on the desirable

measures in the field of financing and invisible trade which would contribute to the expansion of trade and to the acceleration of development. They served merely as a preliminary exchange of views which enabled members to gain a general picture of the opinion prevailing among delegations and to simplify the task of drafting formal proposals in the course of the discussion on the specific items of the agenda. These suggestions are briefly summarized below by agenda item and main topic.

International compensatory financing and measures for stabilization of primary export earnings at adequate level [agenda item 11 (c)]

23. There was widespread support chiefly from developing countries for the principle of compensatory financing. It stemmed from consideration of the heavy losses experienced by developing countries through price changes on world markets. Adverse price changes in world markets could also have a disruptive effect on the carefully worked-out development plans of developing countries. Many speakers emphasized that commodity agreements, however helpful they might be, constituted only one approach to the solution of the problem. Others considered that international agreements on commodity stabilization might be an effective alternative to compensatory financing. However, the views on implementing the principle of compensation varied considerably. The very wide range of approaches suggested can be reduced essentially to three types of approach:

- (i) Long-term versus short-term compensation schemes;
- (ii) Automatic versus non-automatic schemes;
- (iii) Creation of new machinery versus expansion of the existing International Monetary Fund (IMF) scheme.

24. In the first case, the need to compensate for long-term losses seemed to find support among several countries, although many countries did not take a stand on this particular aspect. Some speakers suggested that it would be desirable to extend the IMF facilities for compensatory financing through the International Bank for Reconstruction and Development (IBRD) which might in case of persistent shortfalls consolidate, in the form of long-term loans, credits originally scheduled on the usual IMF terms.

25. Secondly, both automatic and non-automatic methods of operation found firm support in the debate. A large number of delegates seemed to favour the automatic system: those opposing it argued that the compensatory institution should preserve the authority to supervise the operation of the scheme, as was the case in any credit operation. Instead of automatic action, it was suggested that the amount of compensation should be geared to the requirements of the development plans.

26. Finally, as to the institutional arrangements for short-term compensation, several delegations expressed their preference for the expansion of the

existing IMF scheme, although other speakers favoured the creation of a special agency for this purpose in view of the limitations of the existing arrangements. It was also suggested by some that the long-term compensatory machinery might be set up within the framework of the United Nations in order to ensure that all might participate therein on equal terms.

27. One member noted that the schemes under discussion considered, basically, the question of shortfalls in export proceeds. The Conference should, however, give attention to solution of the problem of shortfalls in the purchasing power of exports in terms of prices paid for imports.

Improvement of the invisible trade of developing countries (agenda item 13)

28. When reviewing the whole area of their invisible trade, it was pointed out that the deficit on the services account of developing countries (\$4,100 million in 1961) represented a heavy drain on the foreign exchange resources of those countries and was in fact the main factor in the over-all deficit on goods and services (\$5,400 million). This deficit on the services account was influenced in turn primarily by expenditures on account of investment income (net—\$2,900 million) and freights (net—\$1,900 million).

Shipping

29. The three main topics discussed were:

- (i) The level of freight rates and methods of shipping operations;
- (ii) The question of establishing national or regional merchant marines; and
- (iii) The improvement of port facilities in developing countries.

30. Many speakers from developing countries stressed the need for an active participation of the developing countries in the policies of the Shipping Conferences which fixed freight rates at levels harmful to the trade of developing countries. One speaker from a developed country also supported the idea of arranging for the developing countries being consulted at these Conferences. Representatives from socialist countries observed that merchant marines were not only a source of profits for developed private enterprise countries, but that their operations were also influenced by political considerations. Several speakers expressed the belief that the Conferences' freight rates policy discriminated against the developing countries, and called for the abolition of these practices. In addition, the compulsory publication of Conference tariffs was requested. The speakers from some of the principal shipping countries defended the Conference system, arguing that the criticisms had arisen from misconceptions as to the working of the system. Indeed, it was argued that, if the Conference system were to break down, an anarchic situation might ensue which would

probably involve greatly increased freight rates and thus injure, rather than assist, the developing countries.

31. Many members spoke in favour of the creation or expansion of merchant marines in developing countries on a national or regional basis, both to reduce the impact of freight costs on the balance of payments and to fill the gaps in those transport facilities between various developing countries. The members of some developed countries stressed that this problem should be examined from the point of view of the investment priorities of individual developing countries as well as from the point of view of the effect the implementation of this proposal might have on the shipping trade in general.

32. It was also suggested that the developing countries should be allowed to grant preferential treatment to their flags ("preference without reciprocity"). The proposal did not meet with approval of speakers from the developed countries with market economies. On the other hand, a suggestion for improvement of port facilities and related services in developing countries seemed to find wide and rather general support.

33. Two speakers supported the principle of the freedom of transit and concessionary transit rates for the land-locked countries.

34. One speaker proposed that a special working group should be established to consider the foregoing questions and a number of other speakers representing major shipping countries supported this proposal.

Insurance

35. The need for creating or expanding national—or more often—regional insurance (and reinsurance) institutions was pointed out by several speakers. As in the case of shipping lines, it was suggested that the right of preferential treatment (without reciprocity) of national companies should be granted to developing countries. As far as the operation of foreign insurance companies was concerned, it was thought indispensable that they should locate a part of the reserves derived from activities in developing countries in those countries.

36. The insufficiency of statistical information on foreign payments for insurance operations was noted.

Tourism

37. Several delegations expressed the need for promoting tourism in developing countries as a source of foreign exchange revenues. Two groups of complementary proposals were suggested. On the one hand, the need for financial and technical assistance in promoting and setting up tourist facilities was stressed (advertising, vocational training, hotels, transport, etc.). On the other hand, it was suggested that existing exchange, passport, customs and other regulations, which hampered foreign travel, should be simplified and eased.

38. There were also two specific proposals. One member suggested that the possibility of having some

international meetings in developing countries should be explored. Another suggestion concerned the establishment of regional tourist offices for developing countries.

Transfer of technology

39. The problem of patents was considered in relation to the broader issue of the flow of technical knowledge to developing countries. It was urged that that flow should be accelerated. At the same time, it was suggested that the heavy burden of royalties should be alleviated, and attention was also drawn by one representative to the fact that those royalties were sometimes collected even after the expiration of patent rights.

Financing for an expansion of international trade (agenda item 15)

Volume of capital flow to developing countries

40. In the course of the discussion, several delegates pointed out that the increase in the flow of capital to the developing countries during the last decade had had a favourable effect, but that its impact had been partly offset by the deterioration of the terms of trade and by raising interest and dividend payments. Indeed, the need for a further considerable increase in the flow of foreign capital to developing countries on favourable terms was regarded as one of the essential conditions for ensuring the economic development of these countries. Most of the members welcomed the increase of capital flow in any form, although the significance of that particular flow which fell under the term of foreign aid was generally acknowledged. The expression of one representative—"more aid on better terms"—seemed to reflect the thinking of all the speakers. Some speakers from recipient countries expressed their preference for multilateral capital, and a few voiced their reservations about the desirability of direct private investment. Representatives of socialist countries also drew attention to the negative effects of such investment.

41. Referring to the target of one per cent of the national income of developed countries to be utilized for assisting developing countries, one delegation, speaking on behalf of several, expressed the view that the calculation of the target should also be based on a reconciliation of the export earnings of developing countries with their over-all foreign exchange needs in the context of their national development plans. An alternative proposal, suggested by another delegation, was to implement this target but to take into account the investment income payments which were paid out by developing countries.

42. In this context, observations were made also that the target of a 5 per cent annual increase of gross national product for the Development Decade was inadequate as it was likely to result in widening the gap between under-developed and industrialized countries. The target should be raised so as to attain a

per capita growth rate of 5 per cent. It was suggested that the external gap of developing countries should be quantified on an annual basis, and ways and means for bridging it should be kept under constant review. Some delegations from socialist countries stated that in certain developing countries a higher rate of growth had been achieved following the implementation of a policy of nationalization of foreign enterprises and of limitation of the transfers abroad of foreign dividends.

43. Several delegations stressed the important role which disarmament might play in the intensification of aid to developing countries. Many speakers suggested that a proportion of savings derived from disarmament should be channelled into foreign assistance. The discussion of that aspect did not lead to concrete proposals but remained in general terms. It was pointed out in that connexion that the volume of assistance did not depend entirely on the ingenuity of specific methods of raising capital.

44. Two specific proposals were made on the subject of increasing the flow of funds to developing countries. One aimed at channelling funds from the capital market through a multilateral agency for loans to developing countries at subsidized interest rates, the subsidy to be provided from a multilateral interest equalization fund.

45. Another proposal which aimed at increasing the capital available to developing countries was that for the creation of a United Nations capital development fund. That proposal was widely supported by the delegates from developing countries, while speakers from developed countries with market economies opposed the idea. It was proposed that the Conference should take steps to that end and that it might consider decisions on its mode of financing and operation. Some delegations pointed out that one of the most important sources of funds might become available as a result of an agreement on general and complete disarmament. One representative proposed that consideration should be given to the possibility of using a percentage of national military budgets for that purpose.

Co-ordination of trade and aid policies, including technical assistance, for accelerated economic development [agenda item 15 (b)]

46. The proposals under this item covered a rather broad field concerning organizational, technical and financial aspects. As a general principle, it was suggested that foreign aid flows should be closely related to, and fitted in with, national or regional development plans in order to supplement domestic resources and thus ensure fulfilment of the growth rates anticipated in the development plans.

47. One speaker, on behalf of several developing countries, supported the creation of a special international trade and development organization to improve the co-ordination of trade with aid and to prevent in future such situations as had developed in recent years when the impact of aid had been largely

offset by adverse price movements or increasing service payments. Another speaker suggested the establishment of national and regional training centres in the framework of technical assistance activities. A third speaker suggested the establishment of international consortia linking aid and trade with development plans.

48. It was suggested that developed countries might give assistance in the preparation of development plans as well as of projects, especially in the field of industry. The need for an increase of funds for regional integration purposes and for multilateral technical assistance was also stressed.

External indebtedness and debt servicing

49. The debate yielded a wide range of suggestions concerning concrete measures aimed at alleviating the heavy and continually growing burden of debt servicing. It was noted that the need for measures directed towards lowering interest rates and extending repayment periods appeared to be accepted by a large majority of the Committee.

50. A number of suggestions were submitted to achieve those two goals. These suggestions are briefly summarized below

- (i) Consolidation of existing external debt (one representative suggested, in the context of this measure, limiting the service burden to 12-15 per cent of the foreign exchange earnings of the country concerned);
- (ii) Longer grace periods for amortization and interest payments;
- (iii) Establishment of a ceiling on interest rates (some representatives from countries with centrally planned economies and the developing countries proposed a ceiling of 3 per cent per annum);
- (iv) Repayments of loans through additional deliveries of goods, either of traditionally-exported primary commodities or manufactures produced by new plants built with foreign aid (one speaker thought that the latter idea should include the matching of tied repayments to tied loans);
- (v) Repayments of loans in national currencies;
- (vi) Revision of debt service schedules in periods when the export proceeds of developing countries were declining;
- (vii) Co-operation of international agencies in alleviating problems of debt servicing.

51. Specific proposals were also made in respect of medium or short-term credit insurance schemes. In view of the high costs of commercial (suppliers') credits obtained by developing countries when importing commodities from developed countries, it was suggested that regional systems of insurance credits be created which at a later stage could be integrated in an international system. The participation of the developed countries in the system would help to reduce the cost of the credits for developing countries and at the

same time promote the export of their own products. Another proposal aimed at increasing trade among developing countries by the establishment of international credit insurance machinery designed to assist exporters in those countries.

Non-financial terms of loans

52. The non-financial terms of loans were also a subject on which there was extensive discussion. Representatives of several countries, including some developed countries, stressed that no political or similar conditions should be attached to foreign assistance for the developing countries. A number of speakers from the developing countries indicated the inconveniences and difficulties which often arose when financing was tied to specific projects. They therefore suggested that aid should be directed towards financing comprehensive programmes and some representatives spoke in favour of ensuring the availability of loans for the whole period of the development plans of the recipient countries. It was also suggested that consideration should be given to the possibility of concluding an international agreement on certain general conditions which developed countries should observe with regard to the setting up of plants in developing countries.

53. Several speakers from developing countries raised the question of the limitations which were often put on the ways in which aid could be used, and they suggested that aid should not be tied to supplies from donor countries. A few speakers gave special support to a suggestion that purchases be permitted in other developing countries. It was also thought desirable that foreign aid should be applicable, where necessary, to the domestic costs of certain investments, to "maintenance" imports and to working capital. The special significance of allocating sufficient funds for infrastructure purposes was likewise emphasized.

Source of funds

54. The suggestions and proposals referred to so far were largely applicable to all sources of capital, whether multilateral or bilateral, public or private. There were also many suggestions addressed to specific sources of funds. There was a widespread consensus that multilateral credit arrangements had proved to be desirable and should therefore be expanded. Several speakers stressed the need of increasing the resources of the IBRD and the International Development Association (IDA) and some of them went on to propose modifications and improvements in the policies of those institutions and in that of the International Monetary Fund.

55. While attaching great significance to multilateral channels of aid, some speakers from developing countries saw several flaws in existing institutional arrangements, among which were: excessive emphasis placed on the "bankability" of financial projects, long and intricate procedures before obtaining loans,

and the relatively hard terms on which these loans were eventually made.

56. Although there was a clear preference among speakers from developing countries for multilateral sources of funds, the role of bilateral capital flows was also mentioned by speakers from all groups of countries who spoke in favour of continuing and expanding bilateral aid.

57. There was also a rather wide support for increasing private capital flows. Its role in bringing technical knowledge was noted. In order to increase the flow of capital, one speaker suggested that creditor countries (or the IBRD) should provide for investment guarantees for this capital, while another speaker thought that the introduction of appropriate national legislation in developing countries for promoting capital imports was desirable.

58. At the same time, doubts were expressed as to the usefulness of the foreign private capital. First, the high costs of this capital were emphasized. In order to reduce them, several speakers suggested—particularly in the areas of medium and short-term credits—various export credit insurance or guarantee schemes or the standardization of terms of export credits in the developed countries.

59. There was a further suggestion to substitute, where possible, loans by official agencies for private suppliers' credits.

60. The danger connected with capital flight from developing countries and the need for measures to prevent such flight was mentioned by some speakers.

61. One speaker proposed to substitute production sharing schemes for traditional direct private investment in view of his country's unsatisfactory experience with the latter form of co-operation.

Problems of regional co-operation

62. In several of the statements made the need for regional co-operation among developing countries in the financial field was mentioned. A number of suggestions involving regional co-operation have been referred to above. In addition, a few speakers referred to foreign payments arrangements, and one speaker recommended a study of the problem of multilateral compensation in clearing balances among developing countries. Another representative recalled the experience of the European Payments Union, and it was suggested that, in similar arrangements, developing countries might expect help from developed countries, perhaps in the same way as the United States had helped the European Payments Union.

63. One speaker raised the question of the credit balances of developing countries in countries with centrally planned economies and expressed the hope that recent steps undertaken in the latter countries towards multilateralization of their payments would contribute to solving the problem of convertibility of clearing balances of developing countries.

Chapter III

CONSIDERATION OF PROPOSALS

64. This chapter of the report incorporates the various points of view which emerged from the discussion of the issues before the Committee, as reflected in the specific proposals submitted. It also sets forth the principal considerations underlying these proposals as given in the introductory statements of their sponsors. Finally, the final text of each proposal has been included in appendix I below.

1. PROPOSALS RELATED TO FINANCING FOR AN EXPANSION OF INTERNATIONAL TRADE

65. In order to facilitate the task of the reader in reviewing the large number of proposals submitted on item 15, an effort has been made to group them under the following four major headings:

- A. Economic growth and foreign exchange resources;
- B. Principles for the external financing of economic development;
- C. Measures to increase the flow of external finance and measures regarding multilateral assistance;
- D. Measures to ease the burden of servicing external debt.

It is recognized, of course, that any such grouping is bound to be more or less arbitrary and that some proposals fall partly under one heading and partly under another. However, the advantages of presenting an organized picture of this phase of the Committee's work would seem to outweigh this disadvantage.

A. *Economic growth and foreign exchange resources*

(i) *Targets for economic growth and volume of capital imports in developing countries*⁵

66. The delegation of the United Arab Republic presented a draft Recommendation (E/CONF.46/C.3/L.6 and Rev.1), which proposed that annual *per capita* growth rates in developing countries should reach 5 per cent towards the end of the Development Decade. The text also recommended that the volume of trade and external resources required to attain the foregoing target should be quantified in global terms.

67. The delegations of Burma, Cameroon, Ceylon, Chile, Guatemala, Indonesia, Nigeria, Panama, Paraguay, Syria, Uganda and the United Arab Republic presented another draft Recommendation (E/CONF.46/C.3/L.9) in which it was noted that the current rates of growth of foreign exchange receipts were inadequate to meet the import requirements for the existing target for economic growth set for the Development Decade and that furthermore, any increase in that target

would also necessitate a more rapid expansion of foreign exchange receipts. It would, therefore, be necessary to take measures in the field of trade and capital flows, which would increase the rate of growth of these receipts to at least 6 per cent per annum. To this end, the draft Recommendation proposed:

(a) That in so far as measures for the expansion of export earnings of developing countries as a whole fail to bring about the requisite over-all rate of growth of foreign exchange resources, complementary measures should be taken to provide additional external capital resources accordingly—over and above any compensatory finance necessitated by a deterioration in the terms of trade.

(b) That the industrialized countries share in this effort in equitable proportions in accordance with their respective national incomes.

(c) That the contribution of the industrialized countries must be progressively increased so as to reach, after deducting amortization and reverse capital flows, at least 1 per cent annually of the aggregate national income of all industrialized countries within the Development Decade.

68. Introducing his proposal (E/CONF.46/C.3/L.6 and Rev.1), the representative of the United Arab Republic stressed the primary importance of this question for the Conference and explained that the establishment of the target should be followed by an estimate of the volume of trade and of external capital required to reach that target as well as by determination of ways and means to satisfy these needs. He further pointed out that the proposed new target of 5 per cent *per capita* rate of growth would both permit an earlier attainment of the stage of self-sustained growth in the developing countries and would help in reducing the present sharp disparity in *per capita* income between developing and developed countries.

69. The sponsors of the Twelve-Power draft Recommendation, introducing their text, drew attention to the fact that the present growth rates of imports in developing countries were much lower than the 6 per cent indicated as the acceptable minimum in the draft, and this might be considered as one of the reasons why the growth target of the developing countries could not yet be reached by many of them. They considered that the developed countries should feel it an obligation to provide the resources needed to meet the existing and growing trade gap of developing countries. The need for resources would increase if the terms of trade continued to deteriorate, and it was for this reason that the draft recommended additional resources over and above any complementary finance necessitated by deterioration in terms of trade. They further stressed the relationship between domestic savings and ability to export.

70. During the discussion, the belief was widely expressed that the present target of the Development Decade to achieve a minimum 5 per cent over-all growth rate by 1970 did not offer a solution to the

⁵ For the debates on this subject, see E/CONF.46/C.3/SR.11, 13, 16-19, 41, 43, 57, 58.

pressing needs of developing countries and that this growth rate, even if attained, would postpone for too long any significant improvement in the living standards of the peoples of developing countries. Moreover, the existing gap between living standards in developed and developing countries would tend to widen, especially when the high rates of population increase in developing countries were taken into account.

71. There was a large measure of agreement on the necessity of ensuring a continuing increase in the flow of external capital to the developing countries. However, the discussion also revealed differing views on the scope of the objectives which could be realistically implemented.

72. The suggestion that the target for the annual *per capita* growth rate be set at 5 per cent found a wide support among speakers from developing countries.

73. Although a few speakers questioned the competence of the Committee to deal with growth rates (which they thought should be considered more properly by the Fifth Committee), other speakers maintained that the problem was essential for quantification of the need for external capital and therefore could not be ignored in the Third Committee. It was difficult to consider measures on development financing without determining the basic objectives of development.

74. The need was stressed for linking financing with the whole complex of long-term development plans, compensatory financing measures and debt-servicing problems. It was also pointed out that the rapid population increase of developing countries made the revision of the target more urgent. Representatives from some developing countries recognized that, along with an increasing flow of external capital, further efforts to increase domestic savings were essential.

75. Representatives from developed countries, while agreeing that higher rates of growth were desirable, questioned whether the determination of global targets was entirely suitable in view of the differing economic characteristics and stages of development of the countries concerned, and also whether the target established only a few years ago should be changed so soon. It was recalled that resolution 1710 (XVI) para. 1 of the General Assembly indicated that each country should set its own target. In this connexion, it was pointed out that national planning had to be flexible and could not be strictly tied to a global target. Some of these representatives stated that the relationship between growth rates and the availability of external resources could not be clearly identified, for there were other important variables, especially in the domestic sphere. One speaker suggested that the determination of a higher target, perhaps corresponding to the United Arab Republic proposal, for a new period of ten years starting from 1965 might be worth consideration by the Committee. Another speaker,

observing that the existing target was not rigidly binding, noted that the measures being devised by the Conference in the field of trade might permit an increase in the growth target without a corresponding increase in the need for external financial assistance and that new trends and tendencies might, after examination, indicate the possibility of higher growth rates for individual countries.

76. Recognizing the validity of the aims of draft recommendation E/CONF.46/C.3/L.9, one representative expressed the opinion that foreign aid would be more effective if the developing countries had sound development plans, co-ordinated in so far as possible on a regional basis, and if the trade and aid programmes were co-ordinated at the international level, and if the markets for their commodity exports were properly organized.

*Target for financial and technical assistance to developing countries*⁶

77. The delegation of France submitted a draft recommendation (E/CONF.46/C.3/L.62)⁷ proposing that each economically advanced country should endeavour to apply to financial and technical assistance for developing countries a minimum amount approaching as nearly as possible one per cent of its national income.

78. The representative of India submitted an amendment (E/CONF.46/C.3/L.65) to that recommendation which specified that the target for assistance to be given should be "net of repayments".

79. In introducing his draft recommendation, the representative of France referred to General Assembly resolutions 1522 (XV) and 1711 (XVI) and explained that his draft recommendation differed from them in that it set a target to be aimed at by each economically advanced country individually. He observed that many draft recommendations which had been submitted entailed additional expenditures, but none attempted to deal with the financial implications of what was proposed. He felt that the assumption of at least a moral obligation was essential to counter the growing reluctance in developed countries to furnish the increasing amounts of aid needed by developing countries. He added that the wording of the proposed recommendation was sufficiently flexible to permit individual donor countries to take account of their specific situations in determining their aid contributions.

80. This draft recommendation was welcomed by a large number of speakers from developing countries. They noted with satisfaction that that initiative had come from a representative of a developed country. Several representatives observed, however, that the

⁶ For the debates on this subject, see E/CONF.46/C.3/SR.38, 40 and 42.

⁷ See paragraph 113 below. This recommendation was originally submitted as part of an amendment (E/CONF.46/C.3/L.54) to the draft recommendation contained in document E/CONF.46/C.3/L.32.

1 per cent target for assistance, even if attained, might not be adequate to meet their requirements for economic development.

81. The amendment submitted by India also received wide support from the representatives of developing countries and socialist countries who referred to the heavy burden of debt amortization. Several delegates mentioned the large outflow of interest and dividend payments and stated that such payments should likewise be deducted from the flow of assistance in measuring the contribution to be made by developed countries; otherwise, in a few years amortization would absorb the flow of assistance, and no transfer of physical resources would in fact take place.

82. Representatives of some developed countries welcomed the French proposal and indicated their support for it. Representatives of some other developed countries expressed their sympathy with the general aim of the draft recommendation inasmuch as it reflected a willingness on the part of developed countries to increase the flow of capital to developing countries. However, they opposed the establishment of a rather arbitrary and rigid target which, for example, took into account neither the differences in the capacity of individual donor countries to provide public or private financial resources nor differences in the terms on which financial resources were provided. Moreover, they observed that the proposed target was purely quantitative, ignoring qualitative differences in the assistance provided by the various donor countries.

83. One representative from a socialist country, pointing out that several Governments of developed countries with market economies claimed to have already attained or exceeded the target of 1 per cent, observed that the draft recommendation could be interpreted as enabling those countries to reduce their contributions. Furthermore, it appeared to him that the proposal was designed to shift to other countries a responsibility which really stemmed mainly from previous colonial activities. He also objected to the inclusion of private investment in the target and observed that the quantity of aid should be determined after deduction not only of amortization, but also of profits transferred from developing countries.

84. In reply to several questions on the precise meaning of the term "repayments", the representative of India explained that it referred only to the amortization of debts, both private and public. He added that his amendment was consistent with the French proposal and indeed was designed to bring out more clearly what was already implicit in that proposal.

Action by the Committee

85. At the final stage, the Chairman submitted to the Committee a new draft recommendation (E/CONF.46/C.3/L.91), which was based mainly on the proposals made by the United Arab Republic, France and other delegations in the draft recommendations

in documents E/CONF.46/C.3/L.6/Rev.3, E/CONF.46/C.3/L.9, E/CONF.46/C.3/L.62 and E/CONF.46/C.3/L.65 as well as on a draft recommendation by the delegations of the Netherlands, the United Kingdom and the United States of America (E/CONF.46/C.3/L.78), which had been submitted to the Committee but had not yet been considered.

86. Recognizing the unsatisfactory character of actual growth rates in developing countries as well as the wide concern about the inadequacy of the growth rate target of 5 per cent per annum for the United Nations Development Decade and the urgent need of accelerating growth in the developing countries, the new text contained four recommendations: (i) the joint responsibility of developing and developed countries to provide resources for the development of the former should be recognized; (ii) the competent international bodies should examine the economies and development plans of individual countries in order to determine the feasibility of higher growth rates and to suggest the measures necessary to achieve them; (iii) the import capacity resulting from the combined total of export proceeds, invisible earnings and capital inflow available to the developing countries, taking into account the evolution of prices, should rise sufficiently and the measures taken by the developing countries themselves should be adequate to enable these higher rates of growth to be achieved; and (iv) each economically advanced country should endeavour to supply financial resources to the developing countries of a minimum net amount approaching as nearly as possible to 1 per cent of its national income, taking into account, however, the special position of net capital-importing countries and the difficulties of comparing the assistance efforts of the various economically advanced countries.

87. A speaker from a socialist country noted that the socialist countries had not participated in the preparation of the draft recommendation (E/CONF.46/C.3/L.91). Referring to the importance of the document, he recalled that his country had always supported developing countries in their efforts to promote growth and to overcome the difficulties created by colonialist and imperialistic policies. Agreeing with the first paragraph (see item (i) above), he indicated that the need for social change and for social conditions which would be conducive to growth should have been mentioned. The studies by certain international bodies of the economies and development plans of each individual country could lead to an undesirable interference in the internal affairs of the country concerned; the text should therefore state that they would be undertaken only upon request of the country involved. He went on to add that the moral and material responsibilities for the existing situation in developing countries should be borne by those countries that had exploited them and still did so, either as colonial powers or as recipients of excessive profits, dividends, etc. The socialist countries had never exploited those countries and therefore could not be

put on an equal footing with other developed countries as far as obligations towards them were concerned; a distinction should be drawn between reimbursement of losses and aid. Only in the first instance should specific, fixed quotas be applied, while aid had to be voluntary. In this connexion, the speaker expressed support for the amendment submitted by the delegation of Cuba (E/CONF.46/C.3/L.50) to the twelve Power draft recommendation (E/CONF.46/C.3/L.9), and regretted that it had not been taken into account in the consolidated draft. Finally, he considered it to be a serious omission that the savings from general and complete disarmament—which might, and should be, the most effective means of promoting growth in developing countries—were not mentioned in the text before the Committee.

88. Before putting the draft recommendation to the vote, the Chairman explained, in connexion with the statements made, that it was the general understanding that any examination of the economic situations, policies and development plans would be carried out only with the full consent of the developing countries concerned.

89. The Committee then approved the draft recommendation (E/CONF.46/C.3/L.91) by a vote of 72 to none, with 10 abstentions.⁸

90. The Chairman stated that since the sponsors of other texts on this question which were still before the Committee, i.e., the proposals in documents E/CONF.46/C.3/L.6/Rev.3, L.9, L.62, L.65 and L.78, had not asked that they be put to the vote, he would assume that the foregoing draft recommendation had covered them.

91. The Committee, therefore, submitted to the Conference draft recommendation A in appendix I.

(ii) *Study on the international monetary and financial system*⁹

92. The delegation of Ceylon submitted a draft recommendation (E/CONF.46/C.3/L.23), formulated in broad terms, requesting the Secretary-General of the Conference to convene a meeting of experts to study the international monetary implications of the decisions of the present Conference, having particular regard to the trade needs of developing countries and specifying that Recommendations for action be submitted to the first meeting of the proposed standing committee or its equivalent.

93. The delegations of Argentina, Brazil, Colombia, Ecuador, Mexico and Uruguay submitted an alternative draft recommendation (E/CONF.46/C.3/L.42) calling for a similar group of experts to investigate the field covered in the draft recommendation by Ceylon, but specifying in more detail the composition of that group and defining more precisely its relation-

ship to existing studies of the international monetary system and to international financial institutions and the United Nations. In introducing this proposal the sponsors expressed the hope that it might be considered jointly with the Ceylonese proposal.

Clarification of the issues which the proposed study group might consider

94. The issues to engage the attention of the study group were elaborated principally in the introductory statement made to the Committee by the representative of Ceylon. He identified three major areas for investigation:

- (i) The general problem of liquidity as it affected developing countries;
- (ii) The relationship between international monetary arrangements and the provision of external financial resources for developing countries;
- (iii) Payments arrangements for the increase of trade among developing countries.

95. As the representative of Ceylon explained, the general problem of liquidity stemmed from the possibility that liquid reserves might fail to keep pace with the expansion of world trade. In his opinion, gold production had lagged behind trade and the key currency system evolved as a supplement had an inherent fragility in that it contributed to liquidity only when the key currency country was in balance of payments deficit. In these circumstances, a number of schemes formulated in recent years for the improvement of international liquidity all had the aim of economizing in the use of gold for meeting international payments. The representative of Ceylon, having outlined these schemes, emphasized that in further considering them, the needs of developing countries should be kept prominently in view. He underlined two considerations in particular: the developing countries had a liquidity problem to the extent that they were chronically short of reserves to finance development plans and accommodate export price fluctuations; and they feared that studies currently under way might not result in a sufficient expansion of liquidity and hence might compel excessively deflationary domestic policies in developed countries to the detriment of their demand for the products of developing countries.

96. The second aspect, he continued, was the extent to which the structure of the international monetary system could be reformed so as to overcome payments difficulties which limited the scale of external financial assistance from developed countries, as well as the various parliamentary and political difficulties hindering the provision of budgetary allocations for aid to developing countries. Given appropriate measures of reform, as outlined in the Stamp plan in particular, it should be possible to adapt the international monetary system not only to provide international liquidity, but also to supply developing countries with additional external resources for de-

⁸ Explanations of vote were made by the representatives of Cuba, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Japan, Kenya, Norway, Romania and the United Arab Republic (E/CONF.46/C.3/SR.58).

⁹ For the debates on this subject, see E/CONF.46/C.3/SR.29, 41 and 43.

velopment. He thought that the implications of the proposal for a commodity reserve currency put forward by Professors Kaldor, Hart and Tinbergen (see Vol. IV) also deserved further study in this context.

97. The third aspect was the limitation, for purely payments reasons, i.e., shortage of convertible currencies, of trade among developing countries; to the extent that regional payments arrangements might increase this trade, the trade gap with developed countries might be narrowed. The representative of Ceylon proposed that those payments arrangements might embrace the entire area of developing countries rather than be restricted to particular geographical regions and might incorporate the following elements: the creation of a central multilateral clearing institution; the accumulation of credits and debits, subject to some defined limits, in a common unit of account; and the settlement in convertible currencies of amounts in excess of those limits. In the discussion it was pointed out that though the idea had been presented in the regional economic commissions, it had not been possible to work out a detailed scheme and that a study group would therefore be most suitable.

The mode of constitution of the study group

98. The representative of Ceylon emphasized that, in requesting that the expert group should be appointed by the Secretary-General of the present Conference, he had had in mind that the enquiry should proceed on the broadest possible basis and with full regard to the implications of decisions taken by the Conference; it was, however, to work in consultation with the competent international institutions and particularly with the International Monetary Fund. Most developing countries expressed broad agreement with these ideas.

99. The representatives of many developed countries with market economies, while recognizing the importance of the problem, drew the attention of the Committee to the studies of international liquidity already under way, and doubted whether there was need for a new study group. They suggested that the special problems of developing countries should be brought within the scope of the International Monetary Fund's study and that the study of payments arrangements should likewise be entrusted to the Fund. On these issues, most developing countries held that the current studies were focused primarily on the needs of developed countries and key currencies, and that it would be a mistake to merge the proposed study with any of those now in progress.

100. In the light of this discussion, the respective sponsors of the two proposals E/CONF.46/C.3/L.23 and E/CONF.46/C.3/L.42 merged their texts in a new draft recommendation sponsored by Argentina, Brazil, Ceylon, Colombia, Ecuador, Mexico, the United Arab Republic and Uruguay (E/CONF.46/C.3/L.56) which would (i) request the Secretary-General of the Conference to take steps to convene a

group of experts with a knowledge of the problems of developed and developing countries to consider the same range of issues covered in the previous proposals, (ii) invite Governments participating in the Conference to submit reports or observations that might be of relevance to the group, (iii) require the group to consult the International Monetary Fund and other international and regional financial and monetary institutions and to present its findings to those organizations as well as to the standing committee of the Conference or its equivalent, and to the General Assembly.

101. When this draft recommendation was considered, representatives from developed countries reiterated their general sympathy with the intention behind the proposal but thought it would create confusion by overlapping with other current studies and was therefore undesirable at that time. The sponsors reworded the recommendation so that the group would be appointed in the light of the studies in progress and in consultation with the appropriate international financial and monetary institutions.

102. The draft recommendation (E/CONF.46/C.3/L.56), with this change, was approved by a vote of 63 to none, with 25 abstentions, amongst whom there were some developed countries.¹⁰ The Committee, therefore, submitted to the Conference draft recommendation B in appendix I.

B. Principles for the external financing of economic development

*(i) Guidelines for international financial co-operation*¹¹

I

103. The delegations of Argentina, Ceylon, Chile, Colombia, Ecuador, India, Indonesia, Mexico, Nigeria, Syria, the United Arab Republic, the United States of America and Yugoslavia submitted a draft recommendation (E/CONF.46/C.3/L.32) which dealt with the establishment of a general framework for financial co-operation between developed and developing countries.

104. The draft outlined the objectives and modalities of this co-operation, indicating *inter alia*, that bilateral and multilateral assistance should be related to development programmes, that it should be on a continuing basis and that it should promote growth through industrialization, increases in agricultural productivity and output and the diversification of economies. That co-operation should take into account the importance of workable and well formulated development plans and programmes and of adequate measures by developing countries for their implementation. It contained provisions aimed at

¹⁰ Explanations of vote were made by the representatives of the Union of Soviet Socialist Republics and the United Kingdom of Great Britain and Northern Ireland (E/CONF.46/C.3/SR.43).

¹¹ For the debates on this subject, see E/CONF.46/C.3/SR.30, 35, 38, 55.

ensuring that assistance should be, to the greatest possible extent, flexible, untied, long-term and on favourable terms; that it should, whenever possible and appropriate, be channelled through multilateral institutions and that procedures should be simplified in order to facilitate its use in the shortest period of time. The draft also contained measures for encouraging capital flows to developing countries and for the creation or expansion of domestic credit facilities in those countries. Furthermore, the undertaking of appraisals which might lead, when appropriate, to the re-scheduling or consolidating of debts was recommended.

105. The sponsors, in introducing the draft recommendation, pointed to the close relationship between external financing and economic development and stressed the need for adequate rules and machinery for transferring financial resources to developing countries. The draft recommendation would place responsibilities on developed and developing countries.

* * *

106. The proposal was favourably commented upon by many representatives from both developing and developed countries as a comprehensive and well-balanced basis for international financial co-operation. It was suggested by some speakers that once agreement was reached on that recommendation, more concrete measures for the benefit of the developing countries might be adopted. Some speakers observed that although the ideas presented in the text were essentially not new, it was desirable to consolidate them and to have them endorsed by the Conference. Participation of a major developed country as a sponsor of the draft was welcomed by several speakers from developing countries as a sign of political will on the part of developed countries to continue and expand their effort. The hope was expressed that other developed countries would find it possible to give their support to the proposal.

107. Several speakers, accepting the general aims of the draft, considered that certain specific issues should be treated differently. A few speakers, however, questioned whether the general approach of the draft was concrete enough and suggested that the Committee should pay greater attention to more specific proposals. They expressed the fear that the proposal, which would have been most welcome had it been presented at the beginning of the Committee's work, might now have an adverse effect on the settling of the more concrete issues before the Committee. Other representatives urged the Committee to take a position on this draft recommendation as soon as possible and to proceed to the consideration of the other proposals which were under discussion.

108. Several representatives from developed countries with market economies felt that a number of issues raised in the draft recommendation required clarifica-

tion or further elaboration. They suggested, for instance, that the role of regional development institutions in channelling external resources be clarified; and that provisions regarding domestic measures to be taken by developing countries be added to the recommendation. Furthermore, one representative interpreted the provision regarding the flexibility of financial assistance to developing countries as referring to a scheme similar to the one set forth in draft recommendation E/CONF.46/C.3/L.37.

109. Delegates from developing countries also proposed certain modifications, notably the following: the inclusion of a specific reference to the need for increasing the volume of aid and for extending the duration of credits; the deletion of the "balance of payments escape clause" from the passage of the text dealing with the provision of untied aid; the addition of a specific reference to the need for investment in education, public health and community development; and the inclusion of a statement to the effect that technical assistance be geared to the needs of individual developing countries rather than to their stage of development.

110. Representatives from socialist countries proposed the following changes in the text:

(a) The broadening of the entire Recommendation to cover technical as well as financial co-operation;

(b) Emphasis on the strengthening of economic and political independence and on economic growth and diversification as objectives of economic assistance to developing countries and the inclusion of a statement specifying that no political, economic, military or other conditions should be attached to aid;

(c) The inclusion of additional provisions to limit interest rates to a maximum of 3 per cent; to allocate to aid part of all private profits and interest payments by developing countries to the extent that they exceeded 3 per cent; and to require that proceeds from loan repayments be utilized for purchases from developing countries.

111. It was also suggested that the repayment of loans by developing countries be linked to the granting of access to markets at remunerative prices. Finally, a provision to increase the participation of developing countries in the administration of international financial institutions was advocated.

112. The proposals listed above under (a), (b) and (c) were set out in formal amendments presented by the representative of the Union of Soviet Socialist Republics (E/CONF.46/C.3/L.52 and E/CONF.46/C.3/L.76). These amendments were subsequently withdrawn, and a separate draft recommendation (E/CONF.46/C.3/L.86) was submitted in their stead by the Union of Soviet Socialist Republics and other delegations.

113. The representative of France submitted an amendment (E/CONF.46/C.3/L.54) which provided for the following changes in the text: (a) insertion of a statement to the effect that each developed country

should endeavour to set aside for technical and financial assistance an amount approaching as nearly as possible 1 per cent of its national income; (b) the rewording of the text referring to measures to encourage the flow of capital to developing countries in such a way as to specify that such measures should be consistent with the requirements of the various development programmes.

After a first round of discussion on this amendment, the representative of France agreed to resubmit the first part of his text as a separate recommendation (E/CONF.46/C.3/L.62) while maintaining his second amendment (E/CONF.46/C.3/L.54/Rev.1) (see paras. 77 to 84 above).

114. The sponsors subsequently submitted a revised draft recommendation (E/CONF.46/C.3/L.32/Rev.1) in which they had taken into account several of the suggestions made during the debate. Accordingly, *inter alia*, they had amplified the section dealing with the mobilization of domestic resources by taking action in certain specific areas; they had specified that technical assistance should conform to the requirements of each country and not only to its stage of development; and they had incorporated the substance of the second amendment submitted by France.

115. The representatives of France and the Union of Soviet Socialist Republics confirmed that their amendments were no longer before the Committee.

116. The Committee approved the revised draft Recommendation (E/CONF.46/C.3/L.32/Rev.1) by a vote of 75 to none, with 2 abstentions.¹² The Committee, therefore, submitted to the Conference draft Recommendation C in appendix I.

II

117. The delegations of Algeria, Bulgaria, Ceylon, Cuba, Czechoslovakia, Hungary, Indonesia, Mongolia, Nigeria, Poland, Romania, the United Arab Republic, the Union of Soviet Socialist Republics and Yugoslavia submitted a draft recommendation (E/CONF.46/C.3/L.86) which indicated that financial and technical co-operation should aim at strengthening the economic and political independence of developing countries and at ensuring the uninterrupted growth of their economies. Stressing that assistance should be free of any political, economic, military or any other conditions unacceptable to developing countries, it was recommended that interest rates on State loans to these countries should not normally exceed 3 per cent. It was also recommended that developed creditor countries should, to the fullest extent possible, use funds received in repayment of such loans for the purchase of goods produced by production units financed by means of credits to the developing countries.

¹² Explanations of vote were made by the representatives of Japan, the Federal Republic of Germany and the Union of Soviet Socialist Republics (E/CONF.46/C.3/SR.55).

118. The sponsors emphasized the importance of the general objectives of the draft recommendation for developing countries and noted that they were now widely recognized. Concerning the two specific recommendations, they pointed out that the flexibility of the wording should make it acceptable to countries with developed market economies.

119. Several speakers from developing and socialist countries gave full support to the draft recommendation, and the delegates from the Byelorussian Soviet Socialist Republic, Kenya and the Ukrainian Soviet Socialist Republic joined the sponsors of the draft recommendation.

120. Speakers from developed countries, while sympathizing with the general lines of the proposal, found difficulty in agreeing to certain specific provisions. It was pointed out that the 3 per cent ceiling on interest rates did not conform with the principles of financial policy of their countries and that it might lead to a reduction in the volume of loans granted; thus, they could not accept a general ceiling on interest rates. Their policy was to consider the needs of individual countries, and in one case this was being achieved by providing a "mix" of grants and long-term loans. Several speakers pointed out that countries with market economies were not able to implement the provision concerning the use of repayments for purchases of goods in developing countries. The provision requiring that loans should be free of political or other unacceptable conditions did not seem to be properly formulated.

121. The Committee then voted on the draft recommendation (E/CONF.46/C.3/L.86) as follows:

(a) Paragraph 1, on which a separate vote had been requested by the Netherlands, was retained by a vote of 60 to 7, with 18 abstentions;

(b) The draft Recommendation as a whole was approved by a vote of 62 to 2, with 22 abstentions.

122. The Committee submitted, therefore, to the Conference draft Recommendation D in appendix I.

(ii) *Terms of financing*¹³

123. The delegation of Pakistan submitted a draft recommendation (E/CONF.46/C.3/L.20/Rev.1) under which the Conference would take note of the difficult financial position of developing countries and propose a set of specific measures or policy changes to be undertaken by developed countries in the area of their financial assistance to developing countries, in particular with respect to the conditions and terms of loans. It was suggested that: loans should, as far as possible, not be tied to specific projects; loans should cover local costs of investment where needed; loans should not be tied to purchases in the lending country; interest rates should not normally exceed 3 per cent; repayment should be spread over not less than twenty

¹³ For the debates on this subject, see E/CONF.46/C.3/SR.30, 32, 34, 37, 54, 55.

years; outstanding debts should be re-examined and consolidated, where necessary; repayment should be permitted, at least partly, in domestic currencies or in mutually agreed commodities; procedures for assessing loan applications should be simplified; recipient countries should not be compelled to use the shipping and insurance facilities of the lending countries in connexion with the transportation of goods purchased with loans.

124. Introducing his draft recommendation, the representative of Pakistan stated that his proposal dealt with one particular area of financing economic development, leaving aside questions of multilateral assistance, which were dealt with in other draft recommendations before the Committee. He indicated that his proposal was designed to present certain problems and to suggest some measures to meet these problems without, however, excluding alternative solutions.

125. Some representatives from developed countries, while sympathizing with the aims of the proposal, approved some of its provisions, but expressed serious reservations about others. They also considered that the wording of the preamble was too peremptory whereas that of the operative part was too general and often subject to possible misinterpretation.

126. The following specific comments were also made by representatives of developed countries with market economies: repayment in local currencies raised a number of problems; the tying of loans to projects should not be rejected in general; it had its merits, especially when projects conformed strictly to the requirements of development plans, a uniform low rate of interest was neither feasible nor desirable and could lead to a reduction in total aid given; rates of interest should be related to the recipient's capacity to repay rather than to the nature of the projects; many creditor countries would not be able to subscribe to the stringent terms proposed and the implementation of the recommendation might result in a reduction of the volume of capital available to developing countries; the provision concerning government intervention in regulating prices charged to developing countries and the untying of funds to permit purchases in other markets did not seem realistic.

127. Many representatives from developing countries spoke in support of the draft recommendation. They welcomed its comprehensive approach, which embraced such broad problems as the alleviation of the burden of external debt, the co-ordination of trade and aid, the expansion of credit and insurance facilities in developing countries and the liberalization of funds. The provision that foreign loans should also cover part of the domestic component of investment was especially commended. One speaker, however, opposed the provision concerning purchases in countries with convertible currencies as too restrictive, and also suggested the inclusion of a provision prohibiting the re-export of commodities received on account of loan repayments.

128. A representative from a socialist country pointed out that the draft essentially dealt with trade and financial practices of market economies and did not apply to socialist countries. The interests and needs of developing countries were the only criteria for assistance given by his Government. He suggested that the Conference should work out methods of co-operation between developing countries and developed market economies in the light of the experience of the socialist countries.

129. The representative of Sweden submitted an amendment (E/CONF.46/C.3/L.53) to the introductory operative paragraph of the recommendation. It proposed that the text should be modified to read: "The Conference recommends that donor countries should, in formulating their aid policies, endeavour to meet the following objectives". In introducing his amendment, the sponsor explained that it was designed to meet the objections both to the wording of the recommendation and to some of its specific recommendations which some speakers had voiced. He observed that the amended wording might enable some countries to support the recommendation as a guideline for aid policy without committing them to an acceptance of every one of its provisions.

130. Following the discussion, the representative of Pakistan observed that the text contained many qualifying phrases which conferred upon it considerable flexibility. He was, however, prepared to modify some provisions which might still be considered too rigid, notably the provision relating to the duration of loans and interest rates.

131. To this end he submitted a revision of his draft recommendation (E/CONF.46/C.3/L.20/Rev.3 and Corr.1) which took into account, *inter alia*, the amendment of Sweden and the suggestion that the specific nature of the goods should be considered in determining the grace period and the period of repayment.

132. Speakers from developed countries, while appreciating the efforts made by the sponsor in trying to meet their suggestions, maintained many of their reservations. They stated that the draft recommendation tended to place the responsibility for the development of the developing countries entirely on developed countries when it should clearly be a joint responsibility. In addition, the subject was very complex and needed further study. Finally, certain provisions had already been covered by another draft recommendation recently adopted and they wondered, therefore, if it were necessary to put the proposal by Pakistan to the vote.

133. Speakers from developing countries expressed their support for the revised draft recommendation.

134. The representative of Pakistan stated that his draft recommendation was based on the experience of developing countries and was more specific than other draft recommendations covering the same range of problems.

135. The Committee then voted on the revised draft recommendation submitted by Pakistan as follows:

(a) Paragraph 2, on which a separate vote had been requested by Hungary, was retained by a vote of 47 to 14, with 24 abstentions;

(b) The draft Recommendation as a whole was approved by a vote of 58 to 9, with 23 abstentions.¹⁴

136. The Committee submitted, therefore, to the Conference draft recommendation E in appendix I.

(iii) *The needs of the public sector in the transfer of external resources to developing countries*¹⁵

137. The Second Committee transmitted for the consideration of the Third Committee a draft recommendation submitted by the delegations of Afghanistan, Indonesia, Syria, the United Arab Republic, and Yugoslavia (E/CONF.46/C.3/L.58, Annex, p. 2), which stressed the role of the public sector in development planning and laid down certain principles to be followed by developed countries and international financial agencies in their financial and technical co-operation with developing countries. Specifically, it required developed countries and international agencies not to discriminate between private and public enterprise in developing countries and to promote industrial co-operation between enterprises in developed countries and the public sector in developing countries.

138. The sponsors emphasized the dynamic and expanding role of the public sector in developing countries. The recommendation had been drafted in the broadest terms in accordance with suggestions made in the Second Committee, where it had been previously discussed.

139. The discussion focused principally on the importance of the public sector to developing countries. Several speakers, in supporting the recommendation, recognized the need to strengthen the public sector and from their varying points of view emphasized that this sector helped to mobilize national resources, contributed to, and was indeed synonymous with, economic growth and that without it economic planning would be impossible. At the same time, some speakers also stressed that in endorsing the recommendation they were not departing from their pragmatic policy of seeking an appropriate blend between the private and public sectors.

140. Some speakers from developed countries emphasized that they did not differentiate between the private and public sectors as recipients of their aid.

141. In the course of the discussion, a number of amendments on points of substance and drafting were suggested and were subsequently incorporated in a

revised draft recommendation (E/CONF.46/C.3/L.83), and Romania joined the sponsors.

142. It had also been proposed that agricultural co-operation should be placed on the same footing as industrial co-operation in the regulation of relationships between enterprises in developed and in developing countries. The sponsors also accepted this suggestion, and the draft recommendation with this change was then approved by a vote of 77 to none, with 4 abstentions.

143. The Committee, therefore, submitted to the Conference draft recommendation F in appendix I.

(iv) *Conditions of economic and technical co-operation*¹⁶

144. The delegation of Mongolia submitted a draft recommendation (E/CONF.46/C.3/L.40) proposing that international agreements should be concluded which would lay down general conditions for economic and technical co-operation between developed and developing countries; the agreements might include such obligations by developed countries as ensuring the rapid achievement of full capacity production, training of local personnel, making information on technical progress available, and provision of technical documentation on the most favourable terms.

145. The sponsor explained that his proposal was divided into two parts: one of which contained measures for technical assistance to undertakings to be set up in developing countries, and the other, measures for technical assistance to undertakings already in operation in those countries. He added that his intention was to focus on certain important non-financial aspects of technical co-operation, without however trying to be exhaustive.

146. The draft recommendation received wide and favourable attention on the part of developing countries as well as the full support of socialist countries. It was viewed as a constructive and useful approach to the problems regarding the transfer of technology to the developing countries. It was also considered as complementary to the other recommendations dealing mainly with the financial aspects of foreign assistance.

147. Various suggestions were made, such as:

(a) To make the suppliers of equipment responsible for repairs and replacements during the initial stage of operation of new projects;

(b) To encourage the suppliers to adopt internationally standardized components;

(c) To provide that labour-intensive equipment should be given preference in deliveries to developing countries;

(d) To provide for measures which would reduce the cost of foreign technical experts;

(e) To reconsider the need for embodying the principles of technical co-operation in international agreements.

¹⁴ Explanations of vote were made by the representatives of Australia, Canada, Malaysia, the Netherlands and the Union of Soviet Socialist Republics (E/CONF.46/C.3/SR.55).

¹⁵ For the debates on this subject, see E/CONF.46/C.3/SR.46 and 53.

¹⁶ For the debates on this subject, see E/CONF.46/C.3/SR.34, 37, 38, 44, 45.

148. While certain of these suggestions were taken into account in the revised draft recommendation (E/CONF.46/C.3/L.40/Rev.1), others were introduced in the text at a subsequent stage of the discussion on the revised draft.

149. There was considerable discussion on the question whether the elaboration of international agreements on technical co-operation principles was advisable. Some representatives from developed countries with market economies, as well as those from some developing countries, opposed that and pointed out several difficulties such as the complexity of the problems which were more suitable for case-by-case consultation, the inability of many Governments to undertake commitments for private firms, and the danger of excessive rigidity which might adversely affect—or postpone the actual implementation of—the essential aims of technical co-operation in general. In order to take these observations into account, the sponsor agreed to replace the stipulation that those principles should be embodied in specific international agreements with a new provision that Governments and international organizations should abide by them in rendering technical assistance. Some representatives thought that some of the principles were not acceptable in their present form, and they were, therefore, unable to accept this formula. They also pointed out that the draft recommendation appeared only to cover technical assistance in the industrial field and not technical assistance in the fields of education, health and agriculture.

150. The Committee approved the revised draft Recommendation, with certain additional oral changes, by a vote of 66 to none, with 22 abstentions.¹⁷ The Committee, therefore, submitted to the Conference draft Recommendation G in appendix I.

C. MEASURES TO INCREASE THE FLOW OF EXTERNAL FINANCE AND MEASURES REGARDING MULTILATERAL ASSISTANCE

(i) *Scheme for increasing capital flows to developing countries through an interest equalization fund*¹⁸

151. The delegation of Israel submitted a draft recommendation (E/CONF.46/C.3/L.5/Rev.1) for increasing the flow of aid to developing countries on easy financial terms, together with an explanatory memorandum (E/CONF.46/C.3/2). It was proposed that an international institution be empowered to raise capital in world financial markets, at commercial rates of interest, under a collateral system to be provided by a guarantee of all industrialized nations. The capital raised would be re-lent to developing countries at a nominal rate of interest of around 1 per cent, the difference between this and the commercial rate being

charged to an Interest Equalization Fund made up of budgetary contributions from the guarantor nations.

152. In the course of the debate on the scheme, the sponsor provided some indication of its probable scale of operations. The capital sum to be raised might be of the order of 2,000 million dollars annually over a ten-year period, with a corresponding annual interest subsidy paid out by the interest equalization fund amounting to about 80 million dollars. In this way, a relatively small immediate budgetary allocation to the interest equalization fund would suffice to secure a command over relatively substantial capital resources. At the same time, the scheme would confer substantial benefits on the economies of developed nations by expanding the market for their capital goods.

The financial burden for donor countries

153. A number of delegates from developed countries voiced some apprehension about the magnitude and duration of the interest and guarantee burden they might be called upon to bear. In particular, it was contended that the burden would be a long-term one extending over the life of the loan, of around thirty years; and that it would be a *rising* burden to the extent that additional loans were floated each year. The sponsor replied that in the form in which the proposal was made, the cumulative interest burden, even in the tenth year, would represent only a minute fraction—about 0.05 per cent—of the expected gross national product of developed countries.

The utilization of public funds for the purpose of this scheme

154. A number of delegations questioned the general desirability, or even the propriety, of diverting public funds to a scheme of this kind. It was feared that the budgetary allocations involved might compete with funds that would otherwise be made directly available in future to the developing countries. While some representatives insisted that the scheme should be financed by public funds, which would be additional to those being supplied for other purposes, doubts were expressed that it would be possible for developed countries to give assurances to that effect. Some delegations felt that before considering new ideas the Committee should explore existing institutional arrangements further. There was a considerable body of opinion that the adoption of the new plan must not adversely affect existing aid commitments or prejudice the acceptance of other proposals before the Conference, such as that of the United Nations Capital Development Fund. The sponsor emphasized that the main defect of existing machinery was the difficulty of getting budgetary capital contributions from developed countries on a scale commensurate with the size of the development problem to be tackled; the 2,000 million dollars it was hoped to raise in the first year of the scheme would amount to a 50 per cent increase over the figure of 4,000 million dollars, which represented the current inflow of capital to developing

¹⁷ Explanations of vote were made by the representatives of Iraq, Japan and Sierra Leone (E/CONF.46/C.3/SR.45).

¹⁸ For the debates on this subject, see E/CONF.46/C.3/SR.13, 14, 15, 20, 21, 23, 24.

countries, net of amortization, reverse flows and interest payments.

The availability of private capital and the impact on world capital markets

155. It was feared that international capital markets could not adequately meet the demands for funds placed on them as a result of this proposal, both in the short and in the long run. It was stressed that not all advanced countries possessed capital markets. In particular, it was suggested that the fund-raising activities of the authority administering the proposed scheme might divert government bonds and equity investment that would otherwise have gone to developing countries without ensuring that each of the countries concerned would qualify for assistance under the new scheme, and that, given the sensitive nature of capital markets, the present market operations of international organizations might be disturbed. The sponsor replied that as in a single recent year, 1962, the total loans floated in private capital markets amounted to 35,000 million dollars, the additional 2,000 million dollars involved annually in his plan could be readily accommodated and that, in the main, the plan would activate dormant capital and would utilize new flows of savings coming into the capital market. He emphasized that the IBRD had experienced no difficulty whatsoever in raising funds and that its loans had in the past been substantially oversubscribed. As regards the diversion of equity investment, it was contended that such investment would normally tend to remain in developed countries and that developing countries, in any case, often preferred other forms of investment.

The implications for the balance of payments

156. The issue primarily discussed was the extent to which the balance of payments problem among developed donor countries might be adversely, rather than favourably, affected by the large-scale capital transfers involved in the plan. Some representatives from developed countries expressed apprehension regarding the repercussions on the balance of payments of countries which had been experiencing payments problems in recent years. Other representatives, however, emphasized that developed countries, as a group, would not stand to lose significantly, as their capital disbursements would eventually return to them in the form of expenditure by developing countries.

The institutional aspects of the scheme

157. The principal question at issue was whether the scheme would be implemented by the IBRD or by some special machinery created for the purpose. The sponsor indicated that this question had been left open in order to facilitate a discussion of the essential mechanics of the plan. Without rejecting the possibility that special machinery might eventually prove desirable, many delegations tended to support the idea of exploring first the possibility of having the scheme established under the aegis of the IBRD.

158. Generally speaking, the scheme aroused considerable interest. There was a widespread feeling, however, that the scheme had first to be subjected to technical study by an institution such as the IBRD. It was suggested by one representative that the study should take the following points into account:

- (1) The effects of the interest subsidy and guarantee elements of the Israeli scheme on the flow of other forms of capital aid;
- (2) Whether, and how far, there could be a net increase of private capital flows to developing countries as a result of the Israeli plan;
- (3) Problems arising from the amounts and the long-term nature of the budgetary commitments in the scheme;
- (4) Balance of payments consequences arising from the scheme;
- (5) The structure and nature of capital markets and their effect on the scheme in the light of (4) above.

159. To facilitate the work of the Committee, the Chairman submitted a draft recommendation (E/CONF.46/C.3/L.11) whereby the Conference would recommend that a further study of the scheme be made by the IBRD covering the points and observations made during the discussion, and submitted to the United Nations by September 1964. The representative of the IBRD stated that the Bank would make the study and that it would endeavour to observe the time-limit but that circumstances might necessitate a slight delay. Some representatives suggested that the regional financial institutions should be associated with the preparation of the study; on the assurance of the representative of the IBRD that this would be done in any case, they did not press for the inclusion of this suggestion in the text of the draft recommendation.

160. The Committee approved the draft recommendation submitted by the Chairman (E/CONF.46/C.3/L.11) by a vote of 59 to 1, with 17 abstentions.¹⁹

161. The Committee, therefore, submitted to the Conference draft recommendation H in appendix I.

(ii) *The creation of a regional development fund*²⁰

162. The delegation of Ghana submitted a draft recommendation E/CONF.46/C.3/L.81) urging the creation of a regional development fund to channel through regional bodies, such as the African Development Bank, a substantial proportion of aid to developing countries and requesting the Secretary-General of the Conference, in consultation with the International Bank for Reconstruction and Development, the regional economic commission and the regional development banks, to establish a study group to work out the details of a scheme along these lines for submission to the General Assembly.

¹⁹ An explanation of vote was made by the representative of the Union of Soviet Socialist Republics (E/CONF.46/C.3/SR.24).

²⁰ For the debates on this subject, see E/CONF.46/C.3/SR.51, 53, 56.

163. The representative of Ghana indicated that the aim of his proposal was to realize economies of scale by the organization of development financing on a regional footing through the establishment of a regional fund to which both developed and developing countries would contribute on a co-operative basis.

164. Speakers from developed countries with market economies expressed their support for the idea of development on a regional basis and for assistance to or through several regional organizations, such as the African Development Bank and the Inter-American Development Bank, in appropriate circumstances. While sympathizing with the spirit of the proposal by Ghana, they were unable to accept it in its present formulation. Specifically, the suggestion of establishing a regional development fund was opposed on the same grounds that there was opposition to the United Nations Capital Development Fund. The delegation of the United Kingdom submitted an amendment (E/CONF.46/C.3/L.87), which was subsequently withdrawn and reintroduced as a separate proposal (see paras. 171 to 173 below).

165. During the discussion, it was also pointed out that the recommendation overlapped a provision in the 13-Power draft recommendation (E/CONF.46/C.3/L.32/Rev.1), according to which financial co-operation provided by industrialized countries should, where possible, be channelled through multilateral institutions including regional development institutions. These speakers suggested that the Ghanaian proposal should therefore be taken up with that recommendation. While agreeing to this, the sponsor, supported by other representatives from developing countries, maintained that the present draft sought to introduce a specific measure to implement the principle enunciated in the above-mentioned provision, and that those representatives who had endorsed that recommendation should have no difficulty in supporting his proposal. At the same time, he agreed to revise his draft in such a way as to accommodate a suggestion to make it clear that regional financing was not the only suitable way of furnishing external assistance to developing countries.

166. In the light of further consultations, a revised draft recommendation sponsored by Ghana, now joined by Sierra Leone (E/CONF.46/C.3/L.81/Rev.1 and 2), was submitted, which referred to sub-regional, as well as regional, projects and made it quite clear that those projects would be without prejudice to bilateral arrangements; it requested the Secretary-General of the Conference to convene an expert group to study the feasibility of establishing a fund for long-term aid to developing countries with particular emphasis on regional development projects and the possibility of utilizing regional agencies such as the regional economic commissions to operate such a fund; to work out a suitable scheme on the lines of the proposed study; and to report to the General Assembly at the latest by its twentieth session.

167. Representatives from several developing countries either gave their full support to the proposal or suggested certain slight improvements to the text, while the delegations of Algeria and Kenya asked to join the sponsors of the draft recommendation. However, some representatives from developing countries said that they could not support the draft recommendation as conditions in their regions were not conducive to this type of regional co-operation, either because of conflicts within the region or because some countries were not allowed to participate in the regional groupings of the regions where they were located.

168. The representative of Ghana subsequently accepted two additional changes: (1) that the scheme should be worked out only if it were found necessary to do so; and (2) that the study should consider the possibility of utilizing the regional agencies concerned "in the operation of" the fund instead of the "possibility of utilizing" them "to operate" the fund.

169. The Committee then approved the draft recommendation by a vote of 49 to 10, with 28 abstentions.²¹

170. The Committee, therefore, submitted, to the Conference draft recommendation I in appendix I.

(iii) *Regional development*²²

171. The delegations of Chile, El Salvador, the Netherlands, Pakistan, Sierra Leone and the United Kingdom of Great Britain and Northern Ireland submitted a draft recommendation (E/CONF.46/C.3/L.90) which, noting the benefits attainable through development on a regional basis, urged that, where possible and appropriate, a proportion of assistance to developing countries should be channelled through, or in association with, regional financial institutions. It was also recommended that the Secretary-General of the United Nations, in consultation with the various international institutions concerned, should be asked to study the problems of regional development and report to the General Assembly at its twentieth session.

172. The Committee approved the draft recommendation by a vote of 74 to none, with 4 abstentions²³

173. The Committee, therefore, submitted to the Conference draft recommendation J in appendix I.

(iv) *Proposals for the promotion of private foreign investment in developing countries*²⁴

174. The delegations of Pakistan and Turkey submitted a draft recommendation (E/CONF.46/C.3/L.36/Rev.1) specifying, in the light of General Assembly resolution 1710 (XVI), measures to encourage the flow of private capital to developing countries. It comprised measures to provide a direct stimulus, measures for the provision of information on invest-

²¹ An explanation of vote was made by the representative of Cuba (E/CONF.46/C.3/SR.56).

²² For the debate on this subject, see E/CONF.46/C.3/SR.57.

²³ Explanations of vote were made by the delegations of Cuba and the Union of Soviet Socialist Republics (E/CONF.46/C.3/SR.57).

²⁴ For the debates on this subject, see E/CONF.46/C.3/SR.34, 42, 43, 47, 52, 55.

ment opportunities in developing countries, and measures concerning assurances to be given to private investors.

175. The delegation of the Federal Republic of Germany submitted a draft recommendation (E/CONF.46/C.3/L.57) defining the general principles that should guide the flow of private foreign investment to developing countries. The developed countries were to encourage this flow by furnishing incentives and information and by facilitating the training of staff and to promote direct investment to create technically advanced industries in developing countries, in particular those industries supplying the domestic market and exporting manufactures. Developing countries were to avoid any discrimination in relation to national or other foreign investment, to refrain from transfer restrictions unless temporarily warranted by balance of payments difficulties and to protect foreign property. All countries were to agree to settle within the framework of bilateral agreements problems relating to direct private investment and to support efforts to reach a multilateral agreement on problems related to such investment.

176. The representative of Turkey, in introducing the first of these draft recommendations (E/CONF.46/C.3/L.36/Rev.1), amplified its provisions. Capital exporting countries were to encourage the flow of capital to developing countries through investment guarantees and tax concessions, having regard at the same time to co-operation with local enterprises and the requirements of development plans. The Governments of developing countries were to provide favourable conditions for private investors, through policy statements and legislation and by setting up institutions such as investment advisory services and development banks. The appropriate bodies of the United Nations were to take any action within their power to promote the investment of private capital in developing countries. The International Finance Corporation (IFC) was to examine the possibility of expanding its investment activities. The International Bank for Reconstruction and Development was to expedite and submit to the United Nations its studies of a multilateral investment insurance fund; its study of machinery for the settlement of investment disputes was welcomed and any resulting investment code was to regulate the entire relationship between the interested parties. An appropriate international agency was to study the question of guaranteeing securities floated by developing countries in foreign capital markets. In general, all concerned—the appropriate international bodies, Governments and suitable national organizations—were to co-operate in the provision of information on investment opportunities in developing countries; specifically, developing countries were to be assisted in the setting up of information agencies to function as a liaison between foreign investors and domestic entrepreneurs.

177. The introductory statement of the representative of the Federal Republic of Germany like-

wise dealt with the detailed aspects of his delegation's recommendation. The conformity of foreign investment with the policy of the host country and with development plans in particular was emphasized. He stated that private capital was as necessary to development as public international aid. It was further stressed that this draft recommendation differed from that of Pakistan and Turkey in being a statement of general principles which could help stimulate the inflow of private capital rather than a set of specific measures.

178. The discussion focused on the role of private foreign capital in developing countries and a wide variety of views were expressed. Representatives from developed countries, in general, assigned an important role to such investment, on the ground that it usefully supplemented public resource transfers and automatically brought with it managerial skill and technical knowledge, while noting at the same time that it was for each developing country to decide on its policy with regard to foreign capital; they supported the general sense of the draft recommendations in the light of certain reservations and clarifications. However, they sought to modify the provision, in the draft recommendation of the Federal Republic of Germany, which allowed for restrictions on dividend transfers from developing countries for balance of payments reasons and also the provision in the two-Power text, which envisaged the regulation of the whole relationship between capital exporting and capital importing countries on the ground that retention of these provisions would tend to deter private investment.

179. A number of representatives from developing countries also felt that private foreign investment was a useful tool for economic development, so long as it was subject to certain safeguards and qualifications: in particular, joint ventures with domestic capital should be encouraged; the sovereignty of the host country should be safeguarded and its domestic resources should not be unduly depleted. Finally, foreign investment should be always in line with the requirements of planned development. They welcomed those provisions of the draft recommendations which incorporated these safeguards. Specifically, they wanted to retain those provisions which developed countries wished to delete and further to eliminate a provision requiring the protection of foreign property on the ground that it was either redundant or discriminated in favour of foreign capital.

180. Some other speakers from developing countries preferred public to private foreign investment on the ground that the former meant a lighter debt service burden which was of fixed duration. They were prepared to encourage private capital only to the extent that it sought a reasonable rate of return, and public investment was not available in sufficient quantity. Some of these speakers were opposed to private foreign investment on the ground that it involved the creation of a foreign enclave in the eco-

nomy; the required reform in the basic structure of private investment was not envisaged in the recommendation before the Committee and therefore it could not be supported.

181. Representatives from socialist countries were against the policies of encouragement of private foreign investment under present conditions on the grounds that it had not contributed satisfactorily to economic development, that it was directed more towards the extraction of raw materials than to industrialization, and that it involved a continuing outflow of interest and dividends and a risk of interference with domestic policies in developing countries; they could not, therefore, support either recommendation. They saw the specific provisions of the draft recommendation by Pakistan and Turkey as strengthening the hand of the foreign investor to the detriment of the national interest of the developing countries. In their view, it considered public aid merely as a means of making private investment profitable, enlisted the United Nations in the service of the private investor and, in seeking to regulate the whole relationship between the parties affected, involved a restriction of the sovereign rights of developing countries.

182. At a subsequent stage in the discussion, the representative of the Federal Republic of Germany explained that following consultations between his delegation and the delegations of Pakistan and Turkey, many of the provisions of his text had been incorporated in a revised text of the two-Power draft recommendation (E/CONF.46/C.3/L.36/Rev.3), and that in order to accelerate the work of the Committee, his delegation had decided to refrain from pursuing its draft recommendation.

183. In introducing the revised text of the two-Power draft recommendation, the representative of Pakistan announced further verbal changes intended to meet additional suggestions put forward by various delegations. One of these suggestions—the deletion of a provision that foreign investors respect the sovereignty of the host country—was objected to by a number of representatives on the ground that it was tantamount to an invitation to foreign investors to violate that sovereignty. The sponsor and other representatives from developing countries explained that this was far from being the intention behind the change; foreign investors were already by their act of investment subject to the sovereignty of the host country and to require expressly that that sovereignty be respected would not only be redundant, but might even be offensive to the host country. It was suggested that the formulation relating to sovereignty contained in General Assembly resolution 1803 (XVII) might provide an appropriate basis for a compromise solution, and this was subsequently incorporated along with several other changes in a further revision of the draft recommendation (E/CONF.46/C.3/L.36/Rev.4).

184. The French delegation submitted an amendment (E/CONF.46/C.3/L.85) to the revised draft recommendation by Pakistan and Turkey, empha-

sizing the efforts being made to improve the conditions of investment abroad by means of international agreements and the examination by the IBRD of the possibility of establishing a machinery for a settlement of investment disputes. However, in order to facilitate the work of the Committee, the French delegation did not insist upon maintaining its amendment, while not changing its position.

185. The Committee then voted on the draft recommendation as follows:

(a) Sections A, B, and C, on which a separate vote had been requested by Argentina, were adopted by 71 votes to 1, with 12 abstentions;

(b) Paragraph 6, on which a separate vote had been requested by Pakistan, was adopted by 64 votes to none, with 21 abstentions;

(c) Paragraph 7, on which a separate vote had been requested by Argentina, was adopted by 57 votes to none, with 28 abstentions;

(d) Paragraph 8, on which a separate vote had been requested by Argentina, was adopted by 52 votes to 7, with 27 abstentions;

(e) Paragraph 9, on which a separate vote had been requested by Argentina, was adopted by 57 votes to 6, with 20 abstentions;

(f) Paragraph 10, on which a separate vote had been requested by Argentina, was adopted by 64 votes to none, with 20 abstentions;

(g) The draft recommendation as a whole was adopted by a vote of 68 to 1, with 19 abstentions.²⁵

186. The Committee, therefore, submitted to the Conference draft Recommendation K in appendix I.

(v) *Financing of the marketing of primary products from developing countries*²⁶

187. The delegations of Ecuador, Mexico, Peru and Venezuela submitted a draft recommendation (E/CONF.46/C.3/L.70) requesting the Secretary-General of the Conference to authorize a study of the practices and systems of financing and marketing involved in the export of primary products so as to determine the factors which diminish the share of producers in the prices realized for their products.

188. The representatives of Peru and Ecuador, in introducing the Recommendation, drew attention to the small part of the international prices received by primary producers as a possible result of inadequate practices and systems of financing and marketing both at home and abroad and to the disproportionate margins accruing to middlemen, thus revealing the need for the problem to be studied.

189. The first part of the discussion turned on the procedural question of whether the substance of the draft recommendation came within the terms of reference of the Third Committee or whether it should more

²⁵ Explanations of vote were made by the representatives of Argentina, Iraq, Italy, the Federal Republic of Germany, Mexico, New Zealand and the United Arab Republic (E/CONF.46/C.3/SR.55).

²⁶ For the debates on this subject, see E/CONF.46/C.3/SR.44, 46, 51.

properly be considered by the First Committee. In the light of suggestions accepted by the sponsors—in particular, one that the draft recommendation should deal with the “financing of marketing” rather than with “financing and marketing”—it was decided to retain the Recommendation for consideration within the Committee. At the same time, it was explained by the sponsors that the word “producers” referred to “exporting countries”.

190. The Committee then considered in greater detail a revised text of the draft recommendation (E/CONF.46/C.3/L.70/Rev.1). It was urged that the study requested in the proposal should be carried out in consultation with the appropriate international organizations and should be limited to the most important primary products.

191. Representatives of socialist countries, while supporting the original proposals of the authors of the draft recommendation, objected that the revised text referred to final prices paid by consumers rather than to international market prices. They pointed out that domestic prices in their countries were fixed under the plan and did not depend on economic and other fluctuations on the world capitalist market and that the new wording was not relevant to the countries with centrally planned economies.

192. Some oral changes having been made by the sponsors to meet the points expressed during the debate, the Committee approved the revised draft recommendation by a vote of 72 to 1, with 14 abstentions.²⁷

193. The Committee, therefore, submitted to the Conference draft Recommendation L in appendix I.

(vi) *Establishment of a United Nations capital development fund and transformation of the United Nations Special Fund*

(a) *Establishment of a United Nations capital development fund*²⁸

194. In resolution 1521 (XV) of 15 December 1960, the General Assembly “decides in principle that a United Nations capital development fund shall be established” and set up a committee of twenty-five to consider concrete preparatory measures including draft legislation. However, owing to the lack of prospective financial resources for the fund, it has not yet entered into operation.

195. The delegations of Burma, Ethiopia, Nigeria, Pakistan, the United Arab Republic and Yugoslavia²⁹ submitted a draft recommendation (E/CONF.46/C.3/L.7), whereby the Conference would decide that (1) the United Nations capital development fund should start as soon as possible the financing of national and

regional development plans, programmes and projects on concessional terms in all developing countries, but particularly in those at an earlier stage of development; and (2) the resources of the fund should come from voluntary annual contributions proportionate (a) to a specific part of national income and (b) to specific parts of the savings from disarmament.

196. The sponsors of the draft recommendation pointed out that all developing countries had for the past twelve years been advocating the creation of a United Nations capital development fund. However, the principal developed countries with market economies, i.e., the main potential contributors, had been opposed to it. The sponsors considered that the need for such a fund was obvious and expressed the hope that the improvement in the international situation might make it possible to reopen the question with greater chances of success. In this connexion, it was urged that a fraction of the sums being spent on armaments be set aside to finance the fund, or alternatively that a part of the savings which might be realized from even partial disarmament should be utilized for this purpose. It was also pointed out that if substantial funds could be found for exploring outer space and for extending the frontiers of knowledge, they could likewise be found for financing, on a continuing basis, this essential supplement to the capital being furnished to the developing countries. Indeed, it was urged that the capital development fund was indispensable if the United Nations was to play its proper role in the field of assistance to developing countries and act as an international consortium, linking aid and trade with development plans on a regular and continuing basis, in which each country would have one vote.

197. The representatives of other developing countries stated that the capital development fund—which would be an additional source of non-commercial funds in the development field—must be regarded as the motive force of a new international policy of credit and economic co-operation. The increasing trend towards multilateral aid also suggested that the time might be ripe for a reconsideration by the developed countries of their position towards the fund.

198. Speakers from socialist countries supported, with certain preconditions, the activation of the capital development fund. One representative suggested that the possibility of employing a percentage of the military budgets of States as one source for the fund’s resources should be studied, and that a part of these funds should be utilized by the United Nations in the country concerned for the manufacture of industrial equipment and other goods needed by the developing countries; the need for the fund’s resources to be additional to those already being provided through other channels was also stressed.

199. Representatives from a number of developed countries with market economies maintained their opposition to the creation of a United Nations capital development fund. It was contended that the pre-investment work of the Special Fund and the present

²⁷ Explanations of vote were made by the representatives of Hungary, Senegal and the Union of Soviet Socialist Republics (E/CONF.46/C.3/SR.51).

²⁸ For the debates on this subject, see E/CONF.46/C.3/SR.15, 16, 22, 26, 35, 37.

²⁹ Subsequently joined by the delegations of Afghanistan and Sierra Leone.

complementary relationship between the Special Fund and IBRD/IDA might be jeopardized if the former became a capital development fund, and that no new machinery was necessary. Furthermore, the statement of the President of the IBRD to the Conference had proved that the activities of the Bank and IDA were being widened in response to changing needs, which emphasized that a new fund would lead to duplication. It was also stressed that that opposition did not signify that the countries concerned were against increases in the flow of funds to multilateral financial organizations; indeed it was urged that the resources of the Special Fund should be increased. On the other hand, the creation of a new fund would not, in all probability, result in an increase in total financial resources. Moreover, it would dissipate scarce expertise.

200. Other representatives from developed countries, while in principle in favour of a United Nations capital development fund, considered it more practical for the time being to concentrate on the proposal to transform the Special Fund gradually into a capital development fund (see paras. 206 to 220 below).

201. Several speakers from socialist countries supported the idea of the creation of the United Nations capital development fund on the basis of the existing Special Fund.

202. One representative from a developed country said that the fund obviously could not be established until the principal prospective contributors accepted it, and until the difficulties over the organizational arrangements for setting up the fund were resolved. Nevertheless, an effort might be made to deal with these organizational difficulties, in order to lay the groundwork for future progress.

203. The sponsors of the draft recommendation subsequently submitted a revised text which dropped the criteria on which the voluntary annual contributions would be based and the special provision favouring countries at an earlier stage of development. During the discussion, they were urged by a number of delegations to reintroduce in their text both the latter provision and the provision that contributions should be proportionate to specific parts of savings from disarmament. The sponsors agreed to reintroduce only the provision about the developing countries at an earlier stage of development, and they expressed the view that it would be sufficient to include a reference to the question of savings from disarmament in the Committee's report, simultaneously affirming their belief that it should constitute an important source of development financing and be channelled through United Nations machinery as far as possible.

204. The Committee then voted on the revised eight-Power draft recommendation (E/CONF.46/C.3/L.7/Rev.1) as follows:

(a) The words "especially in countries at an earlier stage of development" in operative paragraph 1, on which a separate vote had been requested

by Trinidad and Tobago, were retained by a vote of 47 to 3, with 29 abstentions;

(b) The words "particularly in the field of industrialization" at the end of operative paragraph 1, on which a separate vote had been requested by Turkey, were retained by a vote of 52 to 2, with 24 abstentions;

(c) Operative paragraph 2, on which a separate vote had been requested by Sierra Leone, was retained by a vote of 57 to none, with 23 abstentions;

(d) The draft Recommendation as a whole, on which a roll-call vote had been requested by the United Arab Republic, was approved by a vote of 64 to 9, with 17 abstentions.³⁰

205. The Committee, having thus approved the draft Recommendation by a vote of 64 to 9, with 17 abstentions, therefore submitted to the Conference draft Recommendation M in appendix I.

(b) *Transformation of the Special Fund*³¹

206. By resolution 1936 (XVIII) of 11 December 1963, the General Assembly asked the Secretary-General to study the practical steps which would be needed "to transform the Special Fund into a capital development fund which would encompass both investment and pre-investment activities." This study was prepared by the Secretariat and was one of the papers before the Conference under item 15 (see Vol. V).

207. Two draft recommendations were submitted on this matter: one by Denmark, Finland, Iceland, the Netherlands and Norway (E/CONF.46/C.3/13) and the other by Syria (E/CONF.46/C.3/L.15).

208. The five-Power draft recommendation proposed, *inter alia*, that Governments should be asked to take "a constructive attitude to a possible gradual transformation" of the Special Fund without unfavourably affecting its financing of pre-investment projects and that the Governing Council of the Special Fund should consider an increased financing of demonstration projects, "thereby playing an effective role as a bridge between pre-investment and capital investment".

209. The draft recommendation by Syria (E/CONF.46/C.3/L.15) proposed that the Special Fund should be transformed gradually into a capital development fund financing both pre-investment projects and investment activities—the latter to cover national and regional development projects selected on the basis of economic soundness and need. It provided that the Special Fund's organizational structure should be adjusted to its additional activities to start in January 1966. This draft also specified that the Special Fund's financing of pre-investment activities should not be adversely affected and that the

³⁰ Explanations of vote were made by the representatives of Brazil, Nepal, the Netherlands, Norway, Sierra Leone, Syria, Trinidad and Tobago, the Union of Soviet Socialist Republics and the United States of America (E/CONF.46/C.3/SR.37).

³¹ For the debates on this subject, see E/CONF.46/C.3/SR.23-27, 34, 35, 37.

resources for the Fund's investment activities should come from annual voluntary contributions and from specific proportions of disarmament savings.

210. The sponsors of the five-Power draft recommendation (E/CONF.46/C.3/L.13), in introducing their text, explained that in their view the Special Fund was the best organization to bring the aid policies of the capital-exporting countries and the development policies of the developing countries into harmony and to help the developing countries increase their capacity to absorb aid efficiently. The assumptions underlying the proposal were that the transformation of the Special Fund should be carried out gradually—possibly in stages—and that the existing close co-operation between the Managing Director of the Special Fund and the President of the International Bank for Reconstruction and Development would prevent competition and overlapping and that even if the total commitments of developed countries could not be increased, the necessary funds could be obtained by a reallocation of bilateral assistance.

211. Speakers from developing countries appreciated the initiative of the sponsors, but felt that it did not go far enough and needed clarification on specific points. It was suggested that the Conference should make a clear commitment to transform the Special Fund into a United Nations capital development fund and that the total annual contributions to the Fund should be increased from the present level of \$130 million to \$250 million. It was also urged that, from the very beginning, two separate accounts should be created so that contributors might indicate the sums which they wished to make available for investment and pre-investment purposes respectively. Furthermore, the transition should not be too slow, and demonstration projects would not by themselves be considered an adequate interim measure.

212. Representatives from some developed countries with market economies stated that their countries continued to oppose the creation of a United Nations capital development fund, whether by a transformation of the Special Fund or by any other device, because it would not result in a material increase in the total amount of aid and would duplicate activities of the existing institutions.

213. The view was expressed by representatives from socialist countries that the five-Power recommendation evaded the fundamental issue of the establishment of a capital development fund and did not therefore coincide with the interests of developing countries.

* * *

214. The representative of Syria, in presenting his draft recommendation (E/CONF.46/C.3/L.15), said that it was based on the belief that the existing machinery for assistance had serious defects, that aid was not being distributed equitably or always for development purposes, and that sometimes it was even politically tied. He asked whether it was really in the best

interests of developed countries to oppose the establishment of that financing institution, which the developing countries considered was best suited to their needs. His proposal aimed at bridging the gap between the six-Power proposal on the capital development fund and the five-Power proposal on the Special Fund and at safeguarding the Fund's pre-investment activities while extending its operations into the field of investment.

215. Many speakers from developing countries supported the proposal by Syria. One speaker stated that if the Special Fund were enabled to finance its own projects, duplication of pre-investment activities might be avoided.

216. A speaker from a socialist country considered the Syrian draft recommendation as an appropriate vehicle for implementing paragraph 2 (a) of General Assembly resolution 1936 (XVIII). He stressed the importance of adjusting the organizational structure of the Special Fund accordingly and of utilizing the savings from general and complete disarmament, as provided in paragraphs 2 and 5 respectively of this recommendation.

* * *

217. The Committee subsequently received a draft recommendation (E/CONF.46/C.3/L.44), submitted by the delegations of Chile, Denmark, Ethiopia, Finland, Iceland, India, the Netherlands, Nigeria, Norway, Pakistan and Syria, which replaced the two previous draft recommendations (E/CONF.46/C.3/L.13 and E/CONF.46/C.3/L.15). The new text provided that Governments should be asked to take "a constructive attitude to a gradual transformation" of the Special Fund and added that the Fund should be authorized to accept additional contributions for the purpose of following up its pre-investment activities, provided the Governing Council was satisfied that that expenditure would not unfavourably affect financing of pre-investment needs.

218. One representative from a socialist country stated that he would have preferred to see the draft recommendation by Syria (E/CONF.46/C.3/L.15) adopted by the Committee and warned that the eleven-Power proposal might entail the indefinite postponement of the establishment of a capital development fund.

219. The Committee then voted on the eleven-Power draft recommendation as follows:

(a) Operative paragraph 1, on which a separate vote had been requested by Canada, was retained by a vote of 63 to none, with 13 abstentions;

(b) The words "in the light of paragraph 1" in operative paragraph 2, on which a separate vote had been requested by the Byelorussian Soviet Socialist Republic, were retained by a vote of 62 to none, with 18 abstentions;

(c) Operative paragraph 2, on which a separate vote had been requested by the United States of

America, was retained by a vote of 66 to 7, with 11 abstentions;

(d) The words "provided that the Governing Council of the Special Fund is satisfied that such expenditure for this purpose will not unfavourably affect Special Fund financing of pre-investment needs" in operative paragraph 3, on which a separate vote had been requested by the United Arab Republic, were retained by a vote of 49 to 4, with 30 abstentions;

(e) Operative paragraph 3, on which a separate vote had been requested by the Union of Soviet Socialist Republics and the United States of America, was retained by a vote of 64 to 7, with 14 abstentions;

(f) Operative paragraph 4, on which a separate vote had been requested by the United States of America, was retained by a vote of 63 to 7, with 13 abstentions;

(g) The third paragraph of the preamble, on which a separate vote had been requested by the Union of Soviet Socialist Republics, was retained by a vote of 41 to 10, with 31 abstentions;

(h) The draft recommendation as a whole was approved by the Committee by a vote of 66 to 3, with 16 abstentions.³²

220. The Committee, therefore, submitted to the Conference draft recommendation N in appendix I.

(c) *Establishment of an expansion fund*³³

221. The delegation of Morocco submitted a draft recommendation (E/CONF.46/C.3/L.26) under which the Conference would propose the establishment of an expansion fund whose resources were to be provided, *inter alia*, from the monetary reserves of the International Bank and from grants or loans by developed countries. The fund was to finance economically viable production units, and loans were to be repaid on a graduated scale in proportion to the output of the unit, beginning five years after its completion.

222. The representative of Morocco, in introducing his delegation's draft recommendation, explained that an expansion fund was needed to supplement inadequate export receipts; he proposed that project surveys on the establishment of new production units should be begun in 1965 so that the fund itself might enter into operation in 1966. The repayment of loans was to be graduated, as well as proportional to output. This proposal sought to avoid all the troublesome consequences of "tied" loans.

223. The representative of Morocco subsequently suggested, and the Committee agreed, that this draft recommendation should be dealt with in the context of the seven-Power draft recommendation on the establishment of a United Nations capital development fund (E/CONF.46/C.3/L.7).

(vii) *Participation of developing countries in the activities of the international financial and monetary institutions*³⁴

224. The delegations of Argentina, Brazil, Cameroon, Colombia, Ecuador, Ethiopia, Ghana, Guatemala, Haiti, Indonesia, Iran, Pakistan, Senegal, Tunisia, the United Arab Republic, Uruguay and Yugoslavia submitted a draft recommendation (E/CONF.46/C.3/L.43) in which it was urged that the developing countries should participate more fully in the management of the international financial and monetary agencies and in their policies and decision-making.

225. The sponsors, when introducing the draft recommendation, stated that it was not their aim to advocate rigid geographical distribution criteria. Even recognizing the scarcity of qualified staff in developing countries, they considered that these agencies should employ experts with first-hand knowledge of the specific conditions in developing countries. They sought therefore a fruitful form of co-operation such as took place, for example, in the Inter-American Development Bank.

226. In the discussion, speakers from developed countries stated that the purport of the draft recommendation seemed to be that the institutions concerned had not been working efficiently and in the best interests of the developing countries, a point of view with which they could not agree. They also observed that these institutions often found it difficult to recruit competent staff from developing countries because the officials concerned were badly needed at home.

227. Speakers from developing countries explained that it was not their intention to criticize the work of international financial agencies, but only to facilitate and improve it. They considered that these countries were in the best position to judge where improvement was needed and also to decide whether the release of trained staff was desirable or could be afforded. Indeed, there were long-term advantages both to the institutions concerned and to developing countries to have, eventually, officials in the Governments of those countries who had been international civil servants.

228. Taking into account the views expressed by various speakers during the debate, the sponsors submitted a revised text of their draft recommendation (E/CONF.46/C.3/L.43/Rev.1). It was subsequently decided that only the operative part, or the last paragraph of the proposal should be put to the vote. This draft recommendation was approved unanimously.³⁵

229. The Committee submitted, therefore, to the Conference draft recommendation O in appendix I.

³² Explanations of vote were made by the representatives of Belgium, France, Pakistan and Turkey (E/CONF.46/C.3/SR.37).

³³ For the debates on this subject, see E/CONF.46/C.3/SR.29, 33.

³⁴ For the debates on this subject, see E/CONF.46/C.3/SR.34, 38, 45, 51.

³⁵ Explanations of vote were made by the representatives of Cuba and Sierra Leone (E/CONF.46/C.3/SR.51).

D. MEASURES TO EASE THE BURDEN OF SERVICING
EXTERNAL DEBT

(i) *Schemes for dealing with the problem of debt service in developing countries*³⁶

230. The delegations of Nigeria, the United Arab Republic and Yugoslavia jointly sponsored a draft recommendation (E/CONF.46/C.3/L.24) which had the general objective of lightening the burden of debt service in developing countries. It comprised measures designed both to ease the current problem of indebtedness and to ensure that the situation remained more satisfactory in the future. As regards the current situation, it proposed that a review should be made by an appropriate agency of the United Nations of the external indebtedness of developing countries, individually for each country, with a view to formulating recommendations concerning rescheduling and/or consolidating the debt so as to extend its maturity, to provide for a reasonably long moratorium period and to reduce the interest cost sufficiently. It would also require debtor countries to endeavour to bring their balance of payments under control and to meet their obligations as they fell due and would request the International Monetary Fund to widen the scope of its assistance to developing countries and to reduce its charges.

231. To prevent critical situations from developing in the future, the proposal urged the IBRD and the IFC to consider the possibility of providing loans with longer grace and amortization periods and at lower interest rates, and that the resources of the IDA should be enlarged in every possible way.

232. The sponsors, in introducing the draft recommendation, as well as subsequent speakers, stressed the seriousness of the debt-servicing problem facing developing countries, which, for a number of them, absorbed the largest part of capital inflow and represented a large part of the export proceeds. Some speakers emphasized the historical circumstances which had aggravated the problem of indebtedness of newly-independent nations.

233. In reply to a question whether the proposal implied that there should be an immediate review of indebtedness in all developing countries, one of the sponsors stated that this was not the intention and that reviews would be conducted only as they were requested by the country concerned. Some representatives specifically suggested that the IBRD be asked to undertake a study of the most urgent cases.

234. A number of representatives from developed countries, while in no way denying that a serious problem existed, felt that a more appropriate procedure would be to leave each case to be settled on the basis of mutual agreement between the individual debtor country and its creditors, observing that creditors had in the past displayed a readiness to accommodate

themselves as much as possible to the particular circumstance of the debtor. One of the sponsors replied that there was no intention of imposing any immediate commitment and that the problem obviously needed further study.

235. Several delegations felt that the proposals prescribed too general a formula, objecting in particular to the term "reasonably long moratorium period" on the ground that it might destroy the pattern of confidence on which the international credit structure rested, and that some sources of capital, particularly private sources, might dry up.

236. Other delegates from developing countries insisted that there was no intention of upsetting the international credit edifice, or of disturbing the confidence of private capital which they would need to attract, and that the concept of a long moratorium period was no more revolutionary than that of the United Nations Conference on Trade and Development itself. Yet other speakers pointed out that foreign private capital had, in any case, failed to respond adequately to the satisfactory economic environment created in some developing countries; and a representative from a socialist country contended that the problem of debt servicing would only be solved in the context of a radical change in past arrangements and when outflows of funds from developing to developed countries were stopped.

237. Some representatives suggested that the possibility of combining the draft recommendation with a general provision on debt service in the thirteen-Power draft recommendation (E/CONF.46/C.3/L.32) should be considered. This provision urged, in fact, industrialized countries, international institutions and individual developing countries to co-operate in appraisals of external indebtedness with the object of promoting, where appropriate, the consolidation or rescheduling of debt with suitable grace and amortization periods and reasonable rates of interest. One of the sponsors of the three-Power draft recommendation, in welcoming this suggestion, noted that the discussion had revealed a considerable area of common ground between the two proposals. There seemed to be a large measure of agreement on: (i) the serious nature of the problem; (ii) the need for some form of international action to mitigate it; (iii) that the problem should be approached by way of a review; and (iv) that the approach should be a selective one on a country-by-country basis. The major difference was that the review of external indebtedness would be made at the request of developing countries concerned by an international body alone, rather than by creditor and debtor countries as well as international bodies.

238. Subsequently the delegation of Iran introduced a draft amendment (E/CONF.46/C.3/L.68) to the three-Power text, calling for the transfer to the IDA of the highest possible proportion of the IBRD's net annual earnings; and for contributions to the IDA's resources to be made by member Governments

³⁶ For the debates on this subject, see E/CONF.46/C.3/SR.29, 30, 47, 56, 58.

on a continuing basis. The sponsors accepted that suggestion (E/CONF.46/C.3/L.24/Rev.1).

239. In a second revision of the text (E/CONF.46/C.3/L.24/Rev.2), in which they were joined by the delegations of Ghana and Iran, the sponsors took into account a further suggestion that the provision regarding the transfer of resources to the IDA should be modified to call for an exploration of the possibility of transferring a reasonable portion of the Bank's net earnings to the Association.

240. The representative of the Union of Soviet Socialist Republics submitted amendments (E/CONF.46/C.3/L.77) designed to enlarge the scope of the recommendation so as to take account of the addition to the debt burden of developing countries resulting from transfers of excessive profits and dividends on private capital investments. The delegation of the Union of Soviet Socialist Republics also proposed to include a provision calling for a review by an appropriate United Nations agency of the causes of the flow of capital from developing countries, in order to formulate recommendations both to stop reverse flows from developing to developed countries with market economies and to limit the profits and dividends on direct private investment.

241. When the revised draft recommendation (E/CONF.46/C.3/L.24/Rev.2) was introduced, the representative of Nigeria announced orally further changes so as to make it clear that the review of indebtedness was dependent on the request of the debtor country and to avoid prejudging the question of the adequacy of the IMF's assistance to developing countries.

242. A third revision of the draft recommendation (E/CONF.46/C.3/L.24/Rev.3), in addition to incorporating the substance of the foregoing changes, contained a number of new modifications. It now recommended that the competent international bodies should "stand ready at the request of any developing country to review, in co-operation with the creditor countries concerned, the external indebtedness of the developing country concerned, where appropriate, with a view to securing agreement, if necessary, on the rescheduling or consolidation of debt, with appropriate periods of grace and amortization and reasonable rates of interest". International financial agencies in general were asked to consider the possibility of adapting their organizations and procedures so as to improve the terms of their transactions, bearing in mind the particular problems of developing countries. The provision regarding the IDA was retained. The amendments by the Union of Soviet Socialist Republics (E/CONF.46/C.3/L.77) were thereupon withdrawn at the request of the sponsors of the draft recommendation.

243. The Committee then approved this draft recommendation (E/CONF.46/C.3/L.24/Rev.3) by a vote of 74 to none, with 12 abstentions.³⁷

³⁷ Explanations of vote were made by the representatives of Cuba, France, Romania and the Union of Soviet Socialist Republics (E/CONF.46/C.3/SR.58).

244. The Committee, therefore, submitted to the Conference draft recommendation P in appendix I.

(ii) *Non-financial credit arrangements for the delivery of capital goods*³⁸

245. The delegations of Indonesia and Romania submitted separate draft recommendations (E/CONF.46/C.3/L.16 and E/CONF.46/C.3/L.17), both of which dealt with the question of specific credit arrangements, under which the developing countries might repay investment loans in goods and specifically in goods produced by production units, constructed with the aid of the loans concerned and owned by the recipient countries from the outset. Thus they were both aimed at the same objectives, namely: increasing economic and technical assistance to developing countries, alleviation of their debt servicing problems and encouragement of their exports.

246. The essential difference between them was that, whereas the Indonesian proposal stipulated that repayments would be entirely in the form of deliveries of goods produced by units constructed with foreign aid, the Romanian proposal would also allow for repayments in other, mutually agreed, commodities of developing countries.

* * *

247. In general, both proposals met with particular interest and received the support of many representatives from the developing and the centrally planned countries. It was pointed out that those proposals provided a direct link between trade and aid and ensured markets for new industries of developing countries and that they might also increase the inflow of external capital; although the potential gains of this scheme, which departed from traditional lines, would be difficult to ascertain at present, they might be substantial. It was considered essential, however, that the scheme should ensure that the flows of external capital produced by it should be additional to the existing flows, and that it must not disrupt present trade passing through normal channels. It was stressed that the loans should be long-term ones and should be closely related to the objectives of national development plans. There were differing views concerning repayments in commodities other than those produced by units constructed by means of the loans. While some speakers thought this would be advantageous, other considered it undesirable because of its possible adverse effects on the terms of repayment and also because it might remove part of the incentive for making the constructed units as efficient as possible. At the same time, several speakers indicated that certain additional provisions, or clarifications, were needed in order to safeguard the interests of the developing countries, such as:

- (i) The prohibition of the re-export of goods received in repayment by creditor countries;

³⁸ For the debates on this subject, see E/CONF.46/C.3/SR.28, 29, 35, 46, 49.

- (ii) The determination of equitable pricing methods;
- (iii) The establishment of proper priorities for investment;
- (iv) The ensuring of suitable technological standards for new industries.

248. Some representatives from the developed countries with market economies expressed considerable doubts on the merits of the scheme for various reasons. One speaker thought it would be more advantageous for developing countries to keep their freedom to sell their products in the best market at current prices, and stated that the scheme did not conform to certain rules of the General Agreement on Tariffs and Trade. It was also considered that the scheme might be workable for countries with centrally planned economies or within the framework of bilateral contingent agreements, but could not be easily adapted to developed market economies. In addition, the opinion was expressed that the scheme ran contrary to such desirable objectives as the liberalization of trade and the multilateralization of payments. Another speaker stated, however, that his country had a favourable experience with similar schemes, pointing out at the same time difficulties involved in their implementation, particularly in connexion with the management of the new production units which had to be carefully co-ordinated. He also stressed the need for an adequate infrastructure in connexion with the implementation of such a scheme and for a suitable choice of the industry to be developed in this way.

249. In reply, the representative of Indonesia stated that the scheme would not affect the use of existing credit arrangements. In fact, multilateral aid would be preferable, provided that it could be granted on concessional terms.

250. The representative of Romania, also replying to points that had been raised, stressed that his scheme aimed at giving the recipient countries greater freedom of action. The agreements between the countries concerned might deal with the remaining points which had been mentioned. Moreover, Indonesia had worked out such arrangements with some developed countries having market economies, thus showing that the scheme was also adaptable to those economies.

* * *

251. The delegations of Indonesia and Romania subsequently presented a consolidated draft recommendation (E/CONF.46/C.3/L.41), which was also sponsored by the delegations of Tanganyika and the United Arab Republic. The Indonesian representative stated that his delegation had agreed to revise its original proposal in order to provide that the repayment of loans could also be effected by means of other products than those which were produced by the units which had been constructed. It was the feeling of his delegation that this change might serve the interests of developing countries.

252. In the discussion that followed, some representatives from developing countries indicated that they could not support the revised text because of the inclusion of other commodities as a means of repayment of loans and because re-exports had not been barred and pricing criteria had not been clarified.

253. It was decided that the voting would be limited to the passage headed "draft recommendation" thereby excluding the introductory paragraphs. The Committee then approved the revised four-Power draft recommendation by 43 votes to none, with 44 abstentions.³⁹

* * *

254. The Second Committee transmitted to the Third Committee, for consideration, a draft recommendation submitted by Guinea, Indonesia, Romania, the United Arab Republic and Zanzibar, which also dealt with the repayment of loans in the form of deliveries of commodities (E/CONF.46/C.3/L.58, annex).

255. The sponsors suggested that the previous draft recommendation (E/CONF.46/C.3/L.41) might be supplemented by the last two paragraphs of this draft recommendation, covering items on which several speakers had earlier expressed concern. Those paragraphs indicated that the prices of the goods involved should be the world market prices, that the delivered equipment should correspond in technical quality to that of similar equipment in international trade and that the goods used for reimbursement should not be re-exported, except with the consent of the parties to the agreement.

256. The Committee approved these two paragraphs with minor oral changes, by 58 votes to none, with 25 abstentions.⁴⁰

257. The Committee therefore, submitted, to the Conference draft recommendation Q, including both texts in paras. 253 and 256 above, in appendix I.

(iii) *Suppliers' credits and credit insurance in developed and developing countries*⁴¹

258. Three draft recommendations on these matters were submitted by the delegations of Tunisia, Belgium and Spain respectively. The principle of multilateralism constituted a common feature of their basic orientation, and to a large extent they were complementary in scope—that of Tunisia dealing with the exports of developed countries to developing countries and those of Belgium and Spain dealing with the exports of developing countries.

259. In its first version, the proposal by Tunisia (E/CONF.46/C.3/L.8/Rev.1, paras. 1 to 4) was concerned with the terms of suppliers' credits. It recommended that a regional system of inter-governmental

³⁹ An explanation of vote was made by the representative of Jamaica (E/CONF.46/C.3/SR.35).

⁴⁰ An explanation of vote was made by the representative of Jamaica (E/CONF.46/C.3/SR.49).

⁴¹ For the debates on this subject, see E/CONF.46/C.3/SR.18, 21, 23-25, 27, 34, 35, 45.

insurance should be set up, not only to reduce interest rates by covering part of the risks insured by lenders in developed countries, but also to meet the additional charges resulting from the consolidation of suppliers' credits and to pay the creditor, whenever possible, directly in convertible currency. The regional system would then receive repayment in the national currency of the debtor, the latter possibly undertaking to repurchase it in part or in full. In addition, the industrialized countries should enable the developing countries to disassociate, as far as possible, the sources of equipment from the sources of credit.

260. The representative of Tunisia, introducing his delegation's draft recommendation, said that its aim was to adapt the terms of suppliers' credits to the needs of developing countries. He added that in developed countries credit insurance funds were already operated at the national level, and there were no longer balance-of-payment difficulties to justify the fact that suppliers' credits were tied.

261. The proposal by Belgium (E/CONF.46/C.3/L.12) recommended that (i) the developing countries should set up national or regional credit insurance agencies and create or improve their own external trade banks, rediscounting agencies, etc.; (ii) the developed countries should set up among themselves an international credit insurance agency to conclude reinsurance agreements with the corresponding agencies of the developing countries and should give the developing countries technical assistance in the field of export insurance and export financing.

262. The representative of Belgium pointed out that this proposal had previously been discussed within the framework of the Brasseur Plan. It concentrated on the means to promote exports from developing countries to other developing countries, since the less advanced regions already enjoyed a considerable amount of import credit facilities from developed areas.

263. The third proposal, submitted by Spain (E/CONF.46/C.3/L.25), had basically the same purpose as that of Belgium, but provided for a wider range of means to achieve it, recommending (i) that developing countries should be assisted by existing international financial organizations to offer credit terms for their exports which would be comparable to those offered by industrialized countries; and (ii) that their commercial drafts, duly endorsed, should be capable of being rediscounted at a low interest rate.

264. The representative of Spain, introducing his delegation's draft recommendation, pointed out that the need for financing exports of manufactures from developing countries would probably continue to grow, a fact which should be taken into account by a conference of the size and scope of the present one. A way had to be found to proceed from internal to international financing, as shown by the disappointing experience of his country in this field.

The role of suppliers' credits

265. It was pointed out that suppliers' credits had been a major factor—and in some cases the most important one—in the expansion of exports from developed to developing regions. Some delegates felt, however, that that was unfortunate in view of the costly terms of such credits. The representative of the IBRD stated that suppliers' credits had often made it too easy to import non-essential goods and were mainly responsible for the current increase in the foreign debt burden of many developing countries.

266. The system of suppliers' credits might be a useful device for promoting exports from those developing countries where the output of particular capital goods exceeded domestic requirements. Nevertheless, some speakers said that even if the developing countries had at their disposal the multilateral assistance suggested in the proposal by Spain, they would not be able to lengthen the repayment period of these export credits as much as the developed countries could do. One representative added that an improved credit system was also needed for the financing of exports of raw materials to developed countries in so far as a substantial part of the latter was currently paid for within a certain interval after their delivery.

The basic features of suppliers' credits and the prospects for improving their terms

267. The need for improving in some way the terms of suppliers' credits and, in particular, the desirability of lowering by all available means the rates of interest charged for such credits were fairly widely recognized. A number of representatives, however, pointed out that suppliers' credits were basically conceived as an instrument of trade expansion by private firms in individual countries. Therefore, the fact that they were tied and their high cost were inherent in their very nature as well as in the conditions prevailing in the private capital markets of developed countries. To reduce the cost, the Tunisian proposal implied an element of subsidy by the Governments of developed countries, and the achievement of its target would thus depend on the possibility of having long-term budgetary appropriations for these purposes. Several speakers from developed countries considered that the prospects for the improvement of official financing were better than for carrying out fundamental changes of that kind in the suppliers' credit system. One speaker warned that such changes might have disruptive effects on private credits and trade.

268. The representative of Tunisia emphasized, in reply, that the introduction into the present system of suppliers' credit of an inter-governmental element to broaden the bilateral links between suppliers and importers would be feasible for two reasons: (i) there were, to some extent, common trade interests among certain developed countries, in particular within Western Europe; (ii) Governments in individual countries were already intervening in the rediscounting

and guaranteeing of suppliers' credits. This inter-governmental element would also have the advantage of facilitating official control over the use of suppliers' credits. In addition, most of the recommendations put forward could be expected to involve an increase in the volume of external financing, the need for which had been widely recognized during the general debate. Several speakers supported that view, pointing out that assistance from developed countries should not be limited to the technical field, but should also be of a financial nature.

The insurance aspects of the proposed schemes

269. The debate over the operational aspects of the recommendations turned first on the feasibility of having both insurance and financial activities performed by the same institution. While some speakers said that these activities should be carefully separated one from another, others felt that such a distinction had no more than a technical value. There were also differing views as to whether, and how, a reduction in insurance and reinsurance costs—particularly one as large as 2 or 3 per cent—could be achieved through a multilateral system. In this context, one representative from a developed country stated that a multilateral insurance system would encounter practical difficulties since firms from different member countries might well be competing for the same orders and would penalize low-risk operations in favour of high-risk operations in so far as it would involve an equalization of charges based on an average evaluation of the risks incurred. The representative of Tunisia agreed that it was difficult to evaluate precisely the reduction in interest rates which could be achieved thereby. However, he felt that the objection to the very principle of multilateral insurance might be largely met if the areas to be covered by the regional systems were homogeneous in respect of the currencies of the countries included in them.

270. It was widely recognized that the building up of multilateral schemes should start from national systems and be based on the experience and practices of individual developed countries in the insurance field. The types of risk to be covered by insurance and reinsurance were also discussed; certain speakers favoured covering both commercial and political risks, while others preferred a more restrictive approach.

271. Finally, under this heading, the representative of Tunisia indicated that the financial contributions of each developed country to the regional insurance fund provided for in his proposal might be determined on the basis of both its national income and the value of its exports to developing countries. The participation, on the same basis, of developing countries could also be envisaged.

* * *

272. At a later stage of the debate, the representative of Tunisia submitted to the Committee a revised

version of his draft recommendation (E/CONF.46/C.3/L.19). On the one hand, this version concentrated on the insurance and reinsurance activities of the inter-governmental credit insurance fund for the coverage of non-commercial risks, while the recommendations concerning the improvement in the other terms of suppliers' credits were couched in more general terms than in the original text, in order to take into account the specific comments previously made by several speakers. On the other hand, the representative of Belgium withdrew his proposal.

273. Subsequently, the proposals by Spain and Tunisia (E/CONF.46/C.3/L.25 and E/CONF.46/C.3/L.19) were combined in a single draft recommendation (E/CONF.46/C.3/L.34 and Rev.1). This recommendation retained the fundamental aims and provisions of both proposals and provided, in addition, for the study by international financial organizations of these measures and of ways of implementing them.

274. Some delegations objected that the revised draft recommendation by Spain and Tunisia prejudged the main findings and conclusions of the study for which it was asking. In this connexion, the delegations of Canada, the Federal Republic of Germany and the United Kingdom submitted a draft recommendation (E/CONF.46/C.3/L.60) providing for: (i) the study by the IBRD of the use of suppliers' credit and credit insurance together with the identification of the difficulties involved in these matters and the consideration of possible solutions; and (ii) the submission of this study to the United Nations. In addition, the representative of Pakistan put forward another draft recommendation (E/CONF.46/C.3/L.63) as a suggested consolidation of the two draft recommendations (E/CONF.46/C.3/L.34/Rev.1 and E/CONF.46/C.3/L.60), in order to reach as far as possible a wide agreement on these matters.

275. The draft recommendations in documents E/CONF.46/C.3/L.60 and E/CONF.46/C.3/L.63 were withdrawn before they could be considered by the Committee and replaced by a consolidated draft recommendation sponsored by the delegations of Canada, the Federal Republic of Germany, Pakistan, Spain, Tunisia and the United Kingdom (E/CONF.46/C.3/L.71). This text also replaced the draft recommendation by Spain and Tunisia (E/CONF.46/C.3/L.34/Rev.1) which was, however, included as an annex and the text of which the IBRD was asked to take into account in its study.

276. The sponsors, in introducing the new draft, said that an area of agreement had been found between delegations of both developing and developed countries concerning the need for a thorough analysis of the problems of suppliers' credits and credit insurance. They added that the study should not be confined to theoretical aspects but should pave the way towards concrete programmes of action.

277. Various suggestions were made for extending the scope of the study to be undertaken by the IBRD.

In particular, it was suggested that this study should refer to the effect of suppliers' credits and credit insurance on competition between individual developed countries and should take into account not only the relevant recommendations and suggestions submitted to the Conference but also all the observations put forward during the debate on these topics.

278. The representative of the IBRD said that his understanding was that the Bank would first examine the possibilities of reaching solutions regarding the matters under consideration and, in the case of an affirmative answer to this question, would then consider how such solutions could be implemented.

279. The suggestions referred to in paragraph 277 above were accepted by the sponsors, and the Committee then approved the draft recommendation (E/CONF./46/C.3/L.71) by 83 votes to none, with 10 abstentions.⁴²

280. The Committee, therefore, submitted to the Conference draft recommendation R in appendix I.

(iv) *Scheme for lowering the interest cost of loans to developing countries by means of an interest rebate fund*⁴³

281. The delegation of Senegal submitted a draft recommendation (E/CONF.46/C.3/L.14) proposing the establishment of an interest rebate fund (or equalization fund) with the aim of reducing, by means of compensatory payments, the rate of interest ordinarily attaching to development loans of whatever kind contracted by developing countries. The fund would be financed by compulsory contributions from all countries participating in it, on the basis of their national and *per capita* incomes, by voluntary contributions, and by payments of part of the reserves of the IBRD. The recommendation also contained a detailed outline of the form such a scheme might take.

282. The representative of Senegal, in introducing his draft recommendation, emphasized that the scheme for an interest rebate fund represented a modest step forward and one urgently required, pending the adoption of more radical measures. Alternative schemes under consideration such as the plan submitted by the delegation of Israel had far-reaching implications and might prove premature at the present stage. The scheme for an interest rebate fund, on the other hand, was simple both in conception and administration.

283. Much of the discussion was focused on the similarities and differences between the scheme under discussion and other schemes, particularly that proposed by the delegation of Israel (E/CONF.46/C.3/L.5/Rev.1). The principal common feature was seen to be the concept of an interest subsidy formulated in similar language. It was observed, however, that the present proposal did not imply the raising of addi-

tional capital. In this connexion, the representatives of some developed countries emphasized that the interest subsidy contributions might compete with long-term loans for the allocation of budgetary funds by Governments, without any compensating addition to the flow of capital.

284. Some delegations also pointed out that the Senegalese proposal, in that it confined itself to the reduction of effective interest burdens, had more in common with the Tunisian proposal (E/CONF.46/C.3/L.19) for reducing interest rates through a system of export credit insurance, although it covered a wider area. Other delegations, however, observed that the Senegalese scheme was, in some respects, wider in scope than the proposal by Israel; the subsidy could be applied to all loans no matter how contracted, whether bilateral or multilateral, and not merely to loans to be negotiated in the future, but also to those previously entered into and currently being serviced. It was noted in this connexion that the scheme by Senegal might be applicable to loans granted by socialist countries, whereas the proposal by Israel sought only to tap private capital markets, which did not exist in those countries.

285. As regards the magnitude and form of the interest subsidy, it was observed that borrowing in financial markets by the IBRD might be cheaper than commercial borrowing by individual developing countries, and to that extent the subsidy under the Senegalese scheme would have to be relatively large. So far as the form of payment was concerned, one representative expressed a preference for a scheme in which loans carried a subsidized rate of interest from the outset, whereas in the Senegalese scheme the loan was contracted at prevailing rates and the subsidy given in the form of a rebate.

286. The following additional questions were raised in the course of the discussions: (i) whether contributions were to be annual or on some other basis; (ii) whether developing countries would join with developed countries in making contributions; and (iii) whether decisions regarding rebates would be taken before or after the negotiation of loans.

287. The representative of Senegal sought the Committee's agreement in principle to his proposal, irrespective of what further action might be taken on the matter. Many representatives from developing countries expressed agreement with the philosophy underlying the proposal. Other representatives, from developed countries, were unwilling to commit themselves to an agreement in principle before the proposal had been thoroughly examined. One representative expressed doubts about the plan on the ground that the aid normally provided by his country was entirely in the form of outright grants, while under the scheme it would have to subsidize the loans granted by other developed countries. Others also criticized this principle. Some delegations saw the burden of amortization as being no less important than that of interest payments and wondered why

⁴² Explanations of vote were made by the representatives of Cuba and the Union of Soviet Socialist Republics (E/CONF.46/C.3/SR.45).

⁴³ For the debates on this subject, see E/CONF.46/C.3/SR.28, 53, 47, 50.

provision for this had not been included in the principle of the scheme.

288. Differing views were expressed with regard to the action to be taken on this proposal. In the light of these views, the representative of Senegal submitted a further draft recommendation (E/CONF.46/C.3/L.74/Rev.1) whereby the Conference would express interest in his original proposal (E/CONF.46/C.3/L.14) and would recommend that it should be studied by an international agency to be designated by the United Nations Secretariat, taking into account the comments and observations made on it in the Third Committee. This study was to be submitted to the United Nations as soon as possible.

289. This draft recommendation (E/CONF.46/C.3/L.74/Rev.1) was approved by a vote of 63 to 7, with 18 abstentions.⁴⁴

290. The Committee, therefore, submitted to the Conference draft recommendation S in appendix I.

* * *

291. In addition to the foregoing proposals, the Committee received a draft recommendation by Ethiopia, Ghana, Guinea, Kenya, Liberia, Nigeria, Sierra Leone, Tanganyika and Zanzibar (E/CONF.46/C.2/2-E/CONF.46/C.3/11), transmitted from the Second Committee, which covered a number of financial questions falling under item 15. In a draft communication (E/CONF.46/C.3/L.92), the sponsors requested the Committee to note with interest that the matters transmitted by the Second Committee, relevant to the Third Committee's work, had been covered in the Third Committee's recommendations. In addition, a draft communication passing this information to the Fourth Committee requested that Committee to consider keeping under constant and systematic review the subjects dealt with by the Third Committee. More specifically the text of the draft communication read as follows:

"At its sixtieth meeting, the Third Committee noted with interest the proposal in document E/CONF.46/C.2/2-E/CONF.46/C.3/11, transmitted from the Second Committee, and was satisfied that the specific matters thus transmitted have been covered in the recommendations of the Third Committee.

"The Third Committee, however, emphasized the need for the continuing machinery to be set up by this Conference, including appropriate subsidiary bodies, to keep under constant and systematic review the subjects dealt with by the Third Committee and decided to transmit these views to the Fourth Committee for consideration."

Representatives from a number of developed countries with market economies felt that the scope of the financial subjects to be dealt with by the continuing machinery to be set up by the Conference should

be left for the Fourth Committee to consider. Accordingly, the representative of the Netherlands orally proposed an amendment whereby the second paragraph of the draft communication would be replaced by the following:

"The Third Committee felt that the subjects with which it dealt should be kept under review. It transmitted for the consideration of the Fourth Committee the question to what extent those subjects should be kept under review by the continuing machinery recommended by this Conference."

The Committee rejected this oral amendment by a vote of 41 to 18, with 15 abstentions, and approved the draft communication by a vote of 46 to 13, with 3 abstentions.

2. PROPOSALS RELATED TO COMPENSATORY FINANCING AND SUPPLEMENTARY FINANCIAL MEASURES⁴⁵

292. In dealing with the subject of supplementary or compensatory financing, the Committee had before it a note of transmission from the First Committee (E/CONF.46/C.3/8) which summarized the deliberations of that body on the matter, to facilitate the Third Committee's consideration of the technical aspects of this important question.

293. The Committee received four proposals on supplementary or compensatory financing, one of which concerned the problem of short-term arrangements and three of which dealt with long-term schemes.

294. The delegations of Sweden and the United Kingdom of Great Britain and Northern Ireland submitted a draft recommendation (E/CONF.46/C.3/L.37) entitled "Supplementary financial measures". This invited the IBRD to endeavour to work out a scheme for dealing with problems arising from adverse movements in export proceeds which proved to be of a nature and duration which could not adequately be dealt with by short-term balance-of-payments support. Its purpose would be to provide longer-term assistance to help developing countries avoid disruption of their development programmes. Normally, the scheme was to be applicable after a developing country had had recourse to the IMF under its short-term compensatory financing facility and sufficient time had elapsed to make possible a full assessment of the nature, duration and implications of the adverse movement of its exports proceeds. A shortfall from some level of "reasonable expectations" was to constitute the *prima facie* case for assistance under the scheme. Once such a case had been established, an examination under the auspices of the International Development Association was to determine the scale of assistance required and justified in order to avoid the disruption of development programmes.

⁴⁴ Explanations of vote were made by the representatives of Cuba, Pakistan and the United Kingdom of Great Britain and Northern Ireland (E/CONF.46/C.3/SR.50).

⁴⁵ For the debates on this subject, see E/CONF.46/C.3/SR.31, 33, 36, 56.

295. The resources of the scheme were to be derived from contributions by all participating countries, including all the major contributing countries to the IDA, but the total size of the resources and the maximum contribution by each country was to be prescribed in advance.

296. The sponsors, in introducing their scheme, placed great emphasis on its feasibility—that is, on the likelihood of its moving forward without much delay from blueprint to action; at the same time, it was stressed that the proposal represented a considerable advance beyond what had been, only a year ago, thought possible.

297. The delegations of Brazil, Ethiopia, Guatemala, Malaysia, Mexico, Nigeria, the United Arab Republic and Venezuela submitted a draft recommendation (E/CONF.46/C.3/L.45/Rev. 1) proposing for study revisions in the IMF scheme of short-term compensatory financing. Specifically, it proposed that the study should cover the possibility of (a) increasing the allocation for compensatory financing from 25 per cent to 50 per cent of a member's quota; (b) ensuring that a compensatory drawing would in no way prejudice a member's ability to make an ordinary drawing; (c) lengthening the period of compensatory credit and of its re-financing so as to accommodate longer-term declines; and (d) giving greater weight to the actual experience of the three preceding years in determining the shortfall of export receipts.

298. The introductory statement of one of the sponsors dwelt largely on the practicability of the recommendation; in this connexion, he pointed out that its provisions could be adopted without requiring any change in the Articles of Agreement of the IMF.

299. The delegation of Ghana introduced a draft recommendation (E/CONF.46/C.3/L.48) with the object of setting up machinery for the compensatory financing of a long-term deterioration in the terms of trade of developing countries. A statistical measure of the loss of external purchasing power resulting from such a deterioration was to be determined first; the amount of the compensation payment was not to be automatically related to the loss but was to take into account its effect on planned development.

300. The sponsor, in introducing his proposal, emphasized that his draft was intended to meet a number of objections to particular aspects of the recommendation of Sweden and the United Kingdom; resources for the scheme were to be obtained solely from developed countries; compensation was to take the form of outright grants and the criteria for determining claims were to be as objective as possible.

301. The delegations of Argentina, Colombia, the Dominican Republic, Ecuador, Guatemala and Venezuela presented a draft recommendation (E/CONF.46/C.3/L.49) enumerating the general principles which should guide a scheme for long-term

compensatory financing and calling for the establishment of a fund under the auspices of the United Nations. These principles were that compensatory financing should be designed to offset the loss caused by the deterioration in terms of trade and decreases in export earnings, that it should permit the long-term programming of such earnings, and that it should involve outright grants from developed to developing countries. It should therefore not be considered a form of international financial assistance and should be as universal as possible.

302. The sponsors, in introducing their draft recommendation, explained that it complemented the measures set out in the eight-Power draft recommendation (E/CONF.46/C.3/L.45) and emphasized the need of compensation for a long-term deterioration in the terms of trade. They stressed in particular that compensation represented a restoration of the gains made collectively by developed countries through improvements in their terms of trade with developing countries; and that it must logically, therefore, be treated as separate from, and additional to, other financial aid to developing countries.

General approaches to supplementary or compensatory financing

303. During the discussion of these various proposals, many representatives of developing countries welcomed the initiative of Sweden and the United Kingdom as a practical expression of the good will of the developed countries but some contended that the proposal could be regarded only as a modest and pragmatic first step; there was a general preference among them for more far-reaching arrangements such as those outlined in some other schemes before the Committee.

304. Some representatives were of the opinion that long-term supplementary or compensatory financing arrangements were essentially palliative in nature and that priority should be given to more fundamental economic measures. One speaker stated that those included measures for improving and stabilizing the prices of primary products through the organization of markets. Once measures of that kind had been adopted, his Government might be prepared, if necessary, to re-examine the proposals on long-term supplementary or compensatory financing.

305. One representative from a socialist country stated that compensatory financing did not solve the basic problem in the productive sphere but aimed only at limiting the impact of the fluctuations in export earnings on the economies of the developing countries. He also observed that the price fluctuations which gave rise to the need for compensatory arrangements were incompatible with a socialist economy and that the socialist countries were exercising a stabilizing influence in world trade, particularly through long-term bilateral agreements.

Specific issues relating to supplementary or compensatory financing

(i) *The mode of calculating compensation*

306. Many speakers from developing countries preferred to base compensation on the deterioration in the terms of trade rather than on a shortfall in export proceeds. On the other hand, it was contended that terms of trade indices tended to be insufficiently reliable to serve as a basis for additional financing; and that so far as the two-Power proposal was concerned, the examination by the IDA of "all relevant economic circumstances" would necessarily take account of increases in import prices in determining the amount of financing required to help safeguard development plans. In reply to requests for the clarification of the concept of "reasonable expectations" of export proceeds in their proposal, the sponsors stated that the practical implications of the concept would have to be established empirically but that it was geared to the desirability of safeguarding the execution of sound development programmes.

(ii) *The degree of automaticity of compensation*

307. Some representatives opposed automatic compensation, either because they felt that arithmetical formulae were necessarily arbitrary or because compensation ought to be related to the requirements of development plans, or both. Other representatives supported automatic compensation and noted that compensation geared primarily to development plans might fall short of the full loss to developing countries. On the two-Power proposal, many delegates expressed concern lest the scheme as formulated would involve too long a review period and therefore urged the inclusion of some degree of automaticity so as to permit interim payments which might be adjusted in the light of a subsequent review.

(ii) *The form of assistance*

308. Representatives from developing countries expressed a preference for grants, or contingent loans to be written off in the event of a failure of export proceeds to recover sufficiently. It was noted that while the proposals put forward by the developing countries envisaged outright grants, the two-Power proposal favoured loans on concessional terms under the auspices of the IDA.

(iv) *The relationship of supplementary or compensatory financing to other forms of aid*

309. While developing countries preferred to place supplementary or compensatory financing in a separate category from other aid, developed countries maintained that it could not be isolated from, and must be viewed in the general context of, aid; the latter group of countries were unable to subscribe to an obligation to restore alleged gains from improvements in the terms of trade.

(v) *Institutional and administrative aspects*

310. The point at issue was whether the present compensatory financing arrangement of the IMF

should be extended or whether separate machinery was required for the purpose of long-term compensation. It was noted that the eight-Power draft recommendation (E/CONF.46/C.3/L.45/Rev.1) related to revision in the IMF's compensatory finance facility conceived of as providing purely short-term accommodation. The two-Power draft recommendation (E/CONF.46/C.3/L.37), which sought to supplement the IMF facility on a longer-term basis, was objected to by some representatives, on the ground that it would usually become applicable only after recourse to the IMF facility and that it did not deal with the question of assistance to be given non-members of the IMF. Several representatives from developing countries preferred the long-term scheme to be operated directly by the United Nations.

Action by the Committee

311. Many delegations urged the consolidation of the several proposals in a single text and in a unanimously acceptable form and various formulae were suggested to this end. One particular solution envisaged a general recommendation for a study of the problem of supplementary or compensatory financing to which the detailed proposals might be annexed in order to be taken account of in the study.

312. At a later stage, the draft recommendations in documents E/CONF.46/C.3/L.48 and E/CONF.46/C.3/L.49 were merged in a revised text (E/CONF.46/C.3/L.72), submitted by the delegations of Argentina, Ceylon, Chile, Colombia, the Dominican Republic, Ethiopia, Ghana, Guatemala, India, Nigeria, Pakistan, the United Arab Republic, Venezuela and Yugoslavia. The new draft recommendation requested the institution resulting from the present Conference to formulate an arrangement for compensatory financing (i) to be administered by an appropriate agency of the United Nations; (ii) to be financed by contributions from developed countries; (iii) to make disbursements exclusively to developing countries in the form of grants and/or contingent loans; and (iv) to be based on objective criteria which should include the effects of shortfalls in export earnings and of adverse movements in the terms of trade and their repercussions on development programmes.

313. At the same time, the delegations of Argentina, Chile, Colombia, the Dominican Republic, Guatemala and Venezuela submitted another draft recommendation (E/CONF.46/C.3/L.73), requiring the payment of compensation to developing countries whose export prices had suffered through stock disposals of basic commodities by developed countries.

314. The Committee also received a revised text of the draft recommendation by Sweden and the United Kingdom (E/CONF.46/C.3/L.37/Rev.1), in which certain changes had been introduced, i.e., to define the concept of "reasonable expectations"; to take import prices into account in determining the quantum of assistance; and to invite the IBRD first

to study the feasibility of the scheme and then, if appropriate, to work out a scheme.

315. A revised text was also submitted by the sponsors of the eight-Power draft recommendation (E/CONF.46/C.3/L.45/Rev.2), which took into account the objection that the previous wording prejudged the question whether changes in the existing short-term compensatory arrangements were necessary or not.

316. Subsequently, the Chairman submitted, a draft recommendation (E/CONF.46/L.88) which contained, as separate parts, the two-Power and fourteen-Power draft recommendations on long-term supplementary or compensatory financing (E/CONF.46/C.3/L.37/Rev. 1 and E/CONF.46/C.3/L.72). The latter proposal had been modified; the preambular statement of general endorsement was not now included and the Conference would now recommend that the continuing machinery resulting from it should be entrusted with the task of studying the concepts and proposals contained in that draft recommendation. The other draft recommendations (E/CONF.46/C.3/L.37/Rev.1, E/CONF.46/C.3/L.72 and E/CONF.46/C.3/L.73) were thereupon formally withdrawn by their respective sponsors.

317. The Chairman's draft recommendation (E/CONF.46/C.3/L.88) was approved by a vote of 78 to none, with 10 abstentions⁴⁶ and the eight-Power draft recommendation (E/CONF.46/C.3/L.45/Rev. 2) was approved by a vote of 71 to none, with 10 abstentions.⁴⁷

318. The Committee, therefore, submitted to the Conference draft Recommendations T and U in appendix I.

3. PROPOSALS RELATED TO THE INVISIBLE TRADE OF DEVELOPING COUNTRIES

319. The draft proposals in this section fall under four headings as follows:

- A. Shipping questions;
- B. Tourism and travel;
- C. Insurance and reinsurance;
- D. Transfer of technology.

A separate sub-section is devoted, below, to each of these topics.

A. *Shipping questions**

320. Taking into consideration the importance of sea transport for the trade and the balance of payments of developing countries and in order to make possible

⁴⁶ Explanations of vote were made by the representatives of Australia, Belgium, Brazil, Cuba, Ethiopia, France, Ghana, Sierra Leone, Sweden, Uganda, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.3/SR.56).

⁴⁷ Explanations of vote were made by the representatives of Cuba, the United Kingdom of Great Britain and Northern Ireland, and the United States of America (E/CONF.46/C.3/SR.56).

* For the debates on this subject, see E/CONF.46/C.3/SR.11, 12, 16, 50 and 53.

substantive discussion of the complex and technical problems involved, the Committee decided to set up a Working Party on Shipping. After a preliminary exchange of views, the Committee established the terms of reference of the Working Party and the Chairman named sixty-seven countries to take part in its work (E/CONF.46/C.3/L.10 and Add.1).

321. The Working Party subsequently submitted a report (see appendix II) which it had adopted unanimously. The Working Party had considered a number of draft recommendations, but in the course of the proceedings the debate concentrated on two texts, one of which represented essentially the position of developing countries (E/CONF.46/C.3/L.27 and Add.1) and the other, the position of developed maritime countries with market economies (E/CONF.46/C.3/L.29). Although the Working Party did not succeed in fully reconciling the differing points of view by drawing up recommendations acceptable to all participants on the problems under consideration, agreement was reached on several specific issues which were submitted to the Committee as a part of the report under the heading "Common measure of understanding on shipping questions". Furthermore, the sponsors and supporters of the two draft recommendations declared that they maintained their views as expressed in the respective texts, and reserved their rights (see appendix II, section E). As regards the draft recommendation in document E/CONF.46/C.3/L.27 and Add.1, the sponsors were: Argentina, Bolivia, Brazil, Burma, Ceylon, Chile, Colombia, Dominican Republic, Ecuador, Ethiopia, Ghana, Guatemala, Haiti, India, Indonesia, Iran, Ivory Coast, Jamaica, Liberia, Malaysia, Mexico, Morocco, Nigeria, Peru, Philippines, Sierra Leone, Trinidad and Tobago, Uganda, United Arab Republic, Uruguay, Venezuela and Yugoslavia; and the supporters were: Australia,⁴⁸ Bulgaria, Cuba, Czechoslovakia, Greece,⁴⁹ Hungary, Israel, Republic of Korea, Pakistan, Poland, Romania, Spain,⁵⁰ Thailand, Turkey and Union of Soviet Socialist Republics. As regards the draft recommendation in document E/CONF.46/C.3/L.29, sponsored by Sweden, the supporters were: Belgium, Denmark, Finland, France, Federal Republic of Germany, Greece,⁵¹ Iceland, Ireland, Italy, Japan, Netherlands, Norway, Spain,⁵² Switzerland, United Kingdom of Great Britain and Northern Ireland and United States of America.⁵³

(a) *Consideration of the report of the Working Party on Shipping*

322. The Chairman and the Rapporteur of the Working Party introduced the report, and a number of representatives expressed their satisfaction that the

⁴⁸ With the reservations indicated in appendix II, para. 53.

⁴⁹ With the reservations indicated in appendix II, para. 52.

⁵⁰ With the same reservations as Greece.

⁵¹ With the reservations indicated in appendix II, para. 54.

⁵² With the same reservations as Greece.

⁵³ With the understanding indicated in appendix II, para. 55.

Working Party had been able to carry out its difficult assignment so expeditiously and to adopt its report unanimously.⁵⁴

323. At the request of the representative of the Union of Soviet Socialist Republics, it was agreed that the phrase "speakers from the developed nations" in the first line of paragraph 9 of the report, and the phrase "representatives of the developed countries" in the first line of paragraph 11 should be understood to signify representatives of developed countries with market economies.

324. The report of the Working Party was approved unanimously by the Committee.⁵⁵

(b) *Further action on shipping matters by the Committee*

325. During the discussion of the report, the question of further action by the Committee arose. Several speakers from developed countries with market economies expressed the view that the report reflected the whole area of agreement, which had been achieved only after long and difficult discussions. Therefore it was not considered desirable to re-open a substantive discussion by introducing new proposals which might even jeopardize the results already obtained. Many speakers from the developing countries stated that the Committee was clearly free to consider any new proposal which might be submitted and referred to the provisions of the report in which each side declared that it maintained its views as expressed in the respective draft recommendations.

326. The delegations of Algeria, Argentina, Brazil, Burma, Cameroon, Chile, Ghana, India, Indonesia, Iran, Iraq, Liberia, Libya, Malaysia, Mexico, Nigeria, Pakistan, the Philippines, Senegal, Tanganyika, Trinidad and Tobago, the United Arab Republic, Uganda, Uruguay, Venezuela and Yugoslavia submitted, therefore, a draft recommendation (E/CONF.46/C.3/L.80) proposing, *inter alia*, that an inter-governmental consultative and advisory body on shipping and ocean freight rates be set up under the proposed United Nations Conference on Trade and Development system.

327. Similarly, the delegations of Israel, Jamaica and Sweden submitted a second draft recommendation (E/CONF.46/C.3/L.82), which proposed that procedures should be established under the United Nations to continue the discussions on maritime transport which had been initiated in the Working Party.

328. A speaker from a developing country which was also a major shipping country proposed that since both draft recommendations concerned the set-

ting up of a new institution, they should be referred to the Fourth Committee for consideration. Although some speakers supported this motion, the Committee rejected this suggestion.

329. After consultations directed towards a reconciliation of the differing points of view, the Chairman presented to the Committee a draft recommendation on which wide agreement had been reached. Because of the pressure of time, the Chairman asked the Committee whether it would not act on this oral proposal, even though he was aware that one or two delegations might not have received final instructions from their Governments with regard to it. This suggestion was accepted by the Committee, and the new text was approved by acclamation.

330. The Committee, therefore, submitted to the Conference draft Recommendation V in appendix I.

331. The Committee also transmitted to the Conference draft text W in appendix I.

B. *Tourism and Travel*⁵⁶

332. The following five recommendations were submitted on this subject:

(a) By the delegation of Nepal (E/CONF.46/C.3/L.35/Rev.1);

(b) By the delegations of Pakistan and Turkey (E/CONF.46/C.3/L.51/Rev.1);

(c) By the delegation of Austria (E/CONF.46/C.3/L.61);

(d) By the delegation of Israel (E/CONF.46/C.3/L.64);

(e) By the delegations of Brazil, the Dominican Republic, El Salvador, Liberia, Morocco, Nigeria, the Philippines, Peru, Uganda, the United Arab Republic, Uruguay, Venezuela and Yugoslavia (E/CONF.46/C.3/L.66).

333. These recommendations, which were considered jointly, received wide support in the Committee. To some extent, they were complementary in scope. All recommendations, however, asked for an increase in, and a better co-ordination of, technical assistance as well as for long-term financial aid to developing countries in the field of tourism. The proposal by Nepal recommended in addition the promotion of specific projects for the creation of comprehensive tourist centres in developing countries and that of Pakistan and Turkey asked developed countries to provide facilities in their main cities for the setting up of information centres. Likewise, the proposal by Austria put particular emphasis on the assistance to be granted by developed countries with special experience in tourism as well as by the International Union of Official Travel Organizations. Moreover, a specific feature of the proposal submitted by Israel was to recommend the study of the possibilities for further reduction of passenger tariffs with a view to promoting tourism in distant developing regions. On its part,

⁵⁴ The representative of New Zealand indicated that his delegation wished to join the sponsors of the draft recommendation in document E/CONF.46/C.3/L.27.

⁵⁵ Explanations of vote on the report as a whole were made by the representatives of Brazil, Ecuador, Ethiopia, the Federal Republic of Germany, France, Ghana, India, Indonesia, Norway, Pakistan, the Philippines, the United Arab Republic, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.3/SR.52).

⁵⁶ For the debates on this subject, see E/CONF.46/C.3/SR.39, 41, 49.

the thirteen-Power draft recommendation provided, *inter alia*, for the elimination of currency restrictions in developed countries and the modification of fiscal restrictions and customs regulations in both developing and developed countries, and recommended that developed countries and international organizations should consider convening many of their meetings in developing countries.

334. After preliminary consideration of the five proposals, it was suggested by several speakers that an effort should be made to combine them in a single draft recommendation. This consolidated draft should also take into account some of the additional matters which had been brought out in the debate. In this connexion, one representative from a developing country stressed the need to cover the following points: (i) comprehensive research into new developments in tourism; (ii) educational efforts in developed countries in order to give their nationals a truer image of the developing countries; (iii) the encouragement of tourism by citizens of developing countries in other developing countries and the reduction of international transport costs; (iv) the vacation season in developed countries should be extended so as to facilitate travel to developing countries during suitable periods of the year.

335. On the other hand, doubts were voiced regarding the feasibility, on legal grounds, of encouraging, through fiscal and other incentives, nationals of developed countries to visit developing countries, as suggested in one of the draft recommendations.

336. The cultural and political importance of tourism and its potential role both in alleviating foreign exchange difficulties and accelerating economic growth were widely emphasized in the Committee. In particular, it was pointed out that the expansion of tourist activities would help to absorb unemployed manpower and would stimulate an improvement in the national transport system as well as in the quality of locally produced goods.

337. It was noted that the share of developing countries in total world receipts from this industry did not exceed 25 per cent. Thus there was an urgent need for—and positive prospects of—a real and substantial progress in tourism in the developing countries during the Development Decade. Several speakers pointed out, however, that tourism in developing countries could hardly grow spontaneously. It should, therefore, benefit from government and external aid and be integrated into development plans. However, the importance of external aid from both public and private sources was also referred to.

338. A consolidated draft recommendation (E/CONF.46/C.3/L.75), prepared on the basis of the observations made and of the five proposals, was submitted by the Chairman to facilitate the work of the Committee. The delegation of Poland submitted amendments (E/CONF.46/C.3/L.79) to that draft recommendation, and other oral amendments were put forward by several delegations.

339. The Committee voted as follows on this recommendation and its amendments:

(a) The first amendment by Poland (E/CONF.46/C.3/L.79) was rejected by a vote of 50 to 11, with 16 abstentions;

(b) The second amendment by Poland (E/CONF.46/C.3/L.79) was rejected by a vote of 62 to 9, with 10 abstentions;

(c) The oral amendment by the United Kingdom to replace in operative paragraph 4 of E/CONF.46/C.3/L.75 the words "Facilitate and provide incentives for . . ." by "Encourage and facilitate in appropriate cases . . ." was rejected by a vote of 53 to 15, with 14 abstentions;

(d) The oral amendment by Italy to replace in operative paragraph 5 of E/CONF.46/C.3/L.75 the words "to remove, as far as possible, obstacles such as . . . which might hinder" by "to complete the work already undertaken in order to eliminate obstacles such as currency restrictions, custom regulations, taxes or charges, which might still hinder" was rejected by a vote of 54 to 4, with 23 abstentions;

(e) The third amendment by Poland (E/CONF.46/C.3/L.79) was rejected by a vote of 61 to 9, with 14 abstentions;

(f) The oral amendment by Nigeria to add the words "within their fields of competence" at the end of operative paragraph C of E/CONF.46/C.3/L.75 was adopted without a vote;

(g) The fourth amendment by Poland (E/CONF.46/C.3/L.79) was rejected by a vote of 57 to 8, with 16 abstentions;

(h) The fifth amendment by Poland (E/CONF.46/C.3/L.79) was withdrawn without a vote;

(i) Draft recommendation E/CONF.46/C.3/L.75 as a whole was adopted by a vote of 82 to none, with 8 abstentions.⁵⁷

340. The Committee, therefore, submitted to the Conference draft Recommendation X in appendix I.

C. Insurance and reinsurance⁵⁸

341. The delegations of Argentina, Brazil, Chile, Costa Rica, Ethiopia, Iran, Libya, Morocco, Nigeria, Pakistan, Peru and Yugoslavia submitted a draft recommendation (E/CONF.46/C.3/L.67) providing for the strengthening of the national insurance and reinsurance markets and for the expansion of the capacity of developing countries to retain insurance funds, under which it would be recognized that measures taken for this purpose should not be regarded as discriminatory. It was explained that the purposes of the draft recommendation were: (a) the granting

⁵⁷ Explanations of vote were made by the representatives of Australia, Bulgaria, Federal Republic of Germany, France, Italy, Romania, Union of Soviet Socialist Republics, United Arab Republic and United Kingdom of Great Britain and Northern Ireland (E/CONF.46/C.3/SR.49).

⁵⁸ For the debates on this subject, see E/CONF.46/C.3/SR.41, 43, 49, 51.

by developed countries of technical assistance and training facilities, free of any conditions which would prevent the developing countries from protecting their own activities in this field; (b) the investment in developing countries of technical reserves and guarantee deposits; (c) the setting up of regional institutions; (d) the exercise of restraint by developed countries in adopting any measures which might cancel or limit the aforementioned objectives; (e) the consideration by international organizations of uniform criteria for transport insurance and for insurance and reinsurance statistics.

342. The representative of Peru, when introducing the draft recommendation, pointed out that the creation or expansion of national insurance markets in developing countries would not only have a favourable impact on their balance of payments but would also contribute to the mobilization of domestic savings and their channelling into productive investments.

343. There was a wide measure of agreement in the Committee that insurance and reinsurance created balance-of-payments difficulties for developing countries and that, while the expansion of this industry required operations on an international or regional scale, such operations should be compatible with the economic and financial interests of developing countries.

344. However, one representative from a developed country with a market economy made the following observations. Purely national insurance policies could meet with certain technical and financial difficulties because the risks would not be spread widely enough in kind and location. A number of more directly productive and basic development projects might deserve higher priority. The form of insurance providing the largest amount of savings, i.e., life insurance, was still at an early stage of development in developing countries, thus limiting reinvestment possibilities. Moreover, the special risks incurred in developing countries had to be taken into account. Furthermore, measures of protection and discrimination would work against efficiency and would gradually become unnecessary as rising incomes and increasing technical assistance broadened national insurance markets. It was also pointed out that transport insurance clauses and the inadequacy of insurance statistics reflected varying economic conditions and government regulations throughout the world.

345. It was also mentioned that investment of technical reserves and guarantee deposits in the country where the premium income arose might be difficult in cases where the insurance company concerned had not a branch office or subsidiary in that country. It was suggested that developing countries might try to develop their insurance markets at home and that any regional insurance institution should enter the international reinsurance market on such commercial terms as would enable them to get the best deals available.

346. Most speakers from developing countries gave their support to the draft recommendation. They stressed, in particular, the advantages of a regional system of reinsurance, the need for training facilities organized with the help of developed countries as well as the fact that reinvestment by foreign insurance companies could stimulate foreign investment from other sources. Others thought that the words "technical reserves" were very limited and might perhaps be widened to include all reserves. In this connexion, it was suggested that such reinvestment might be channelled through development banks. It was also urged that the proposal should be supplemented by recommendations asking for the study of: (i) insurance costs in developing countries; (ii) standardization of insurance procedures in general; and (iii) the means of promoting better insurance organization and of improving the analysis of risks, in order to reduce the amount of capital required for the functioning of national and regional insurance institutions.

347. A revised draft recommendation (E/CONF.46/C.3/L.67/Rev.1) which took many of these points into account was submitted by the delegations of Argentina, Brazil, Chile, Costa Rica, Ethiopia, France, Iran, Libya, Morocco, Nigeria, Pakistan, Peru, the United Kingdom of Great Britain and Northern Ireland and Yugoslavia. The sponsors, when introducing this draft, said that it contained an area of agreement between developing and developed countries and was not intended to meet all the complex and detailed aspects of insurance problems. Various oral amendments submitted to the Committee were subsequently withdrawn.

348. The Committee then approved the fourteen-Power draft recommendation (E/CONF.46/C.3/L.67/Rev.1) by a vote of 80 to none, with 7 abstentions.⁵⁹

349. The Committee, therefore, submitted to the Conference draft recommendation Y in appendix I.

D. *Transfer of technology*⁶⁰

350. The delegations of Ethiopia, Indonesia, the United Arab Republic and Yugoslavia submitted a draft recommendation (E/CONF.46/C.3/L.69), which proposed a series of measures to foster the transfer of technology to developing countries, and in particular that (i) developed countries should encourage the holders of patented and non-patented technology to facilitate the transfer of know-how, licences, technical documentation, etc.; (ii) developing countries should undertake appropriate legislative and administrative measures in the field of industrial technology; (iii) competent international bodies should explore possibilities for adapting legislation concerning the transfer of technology; and (iv) facilities for information on, and for the transfer of, technical documenta-

⁵⁹ Explanations of vote were made by the representatives of the Federal Republic of Germany, Italy and the United States of America (E/CONF.46/C.3/SR.51).

⁶⁰ For the debates on this subject, see E/CONF.46/C.3/SR.44, 47, 49.

tion and know-how should be organized within the framework of the United Nations, in consultation with appropriate international organizations.

351. The sponsors referred to the comprehensive report by the Secretary-General of the United Nations on "The Role of Patents in the Transfer of Technology to Under-Developed Countries"⁶¹ which had been submitted to the Conference and stated that their proposal dealt with the problem of patents in the broad context of the transfer of technology. They indicated, too, the very serious difficulties which developing countries had been meeting in their efforts to achieve technological progress and explained that the basic purpose of the draft recommendation was to remove obstacles in that area and to facilitate the transfer of technology.

352. The draft recommendation was, in general, favourably received by several speakers, who indicated that the role of technology in economic development was a crucial one. Some speakers suggested certain changes in the wording of particular paragraphs or the inclusion of new provisions. For example, it was suggested that consideration should be given to the establishment of some measure of control over the transfer of technology to ensure a better international division of labour and prevent the setting-up of competitive industries in several countries of the same region. However, some representatives of developed countries drew attention to the fact that their Governments had only very limited power to exert influence on private holders of patents and other innovations.

353. Taking note of the discussion, the sponsors, now joined by Pakistan and Romania, submitted a revised draft recommendation (E/CONF.46/C.3/L.69/Rev.1). They stated that, in preparing the new text, they had been unable to accept certain suggestions which were too detailed and thus not in line with the intentionally general approach to the problem which had been followed throughout the draft.

354. The sponsors felt that a renegotiation of agreements on the protection of industrial property might be desirable in the future. Some representatives of developed countries with market economies could only accept the draft recommendation on the understanding that the "possibility of concluding appropriate international agreements in this field" did not imply that the existing patent agreements should be renegotiated.

355. The draft recommendation, with a minor change in the wording, was approved by a vote of 83 to none, with 4 abstentions.⁶²

356. The Committee submitted, therefore, to the Conference draft Recommendation Z in appendix I.

⁶¹ *Official Records of the Economic and Social Council, Thirty-Seventh Session, Annexes*, agenda item 13, document E/3861.

⁶² Explanations of vote were made by the representatives of the Federal Republic of Germany, Japan and Sierra Leone (E/CONF.46/C.3/SR.49).

Chapter IV

SUMMARY AND CONCLUSIONS

(a) *The essential issues posed*

357. The issues considered by the Third Committee related to problems of international co-operation in the field of financing economic development and expansion of trade of the developing countries, aspects of compensatory and supplementary financing, and ways and means for improving the invisible trade of developing countries.

The Committee identified these major questions as follows:

- (1) The need for higher growth rates for developing countries; measures to be taken by developed and developing countries, including measures to increase foreign exchange availabilities;
- (2) Guidelines for international financial and technical co-operation; terms and conditions of aid, and the relation of trade and aid to maintain the continuity of sound development plans or programmes;
- (3) External debt problems;
- (4) The need and means for increasing the flow of financial resources to the developing countries;
- (5) Compensatory finance, supplementary financial measures;
- (6) Aspects of shipping and all other invisible items;
- (7) The need for periodic reviews.

(b) *General account of the areas of agreement*

358. The Committee considered more than fifty draft recommendations, most of which were incorporated in twenty-six final texts approved by the Committee in a form which expressed the largest possible consensus on the main issues before it. It was a reflection of the common desire to achieve the greatest degree of agreement possible that comparatively few of the proposals had votes cast against them and that a few obtained unanimous approval.

359. Many of these draft recommendations represent steps towards the solution of the difficult and complex problems arising in the field of international development financing. In this respect, two positive elements have to be distinguished: the content of the recommendations themselves and the benefit derived from the thoroughgoing exchange of views.

360. It may be desirable to describe the Committee's contribution in terms of the types of action taken. First, the general targets on which the international community might focus in dealing with the problems of development through trade and international co-operation in general were appraised. Second, a number of principles and criteria aimed at providing constructive guidelines for policies in the various areas of international financial and technical co-operation were formulated; and third, several

specific measures bearing on the broad issue before the Committee were elaborated.

361. The Committee found a number of areas of agreement which may be summed up as follows:

(i) There was wide recognition of the importance and gravity of the problem posed by the financing of development, in all its many complex aspects, and this recognition, set forth in the recommendations of the Committee, would form the basis for continuing review and action in this field.

(ii) There was also recognition of the need for greater and more systematic efforts by all parties involved, with a fair division of responsibilities among developed and developing countries, in order to engender the necessary co-operative efforts at the national, regional and international levels.

(iii) More specifically, there was wide agreement in some key areas which, though necessarily limited in scope, constituted forward steps. These areas included measures for accelerated growth in developing countries and increase in foreign exchange availabilities, guidelines for international financial and technical co-operation, compensatory financing and supplementary financial measures, and for dealing with external debt problems, and some aspects of shipping in relation to the trade of developing countries.

(iv) Finally, in some other areas, the Committee agreed to recommend that the specific measures proposed should be given further consideration or should be studied by the appropriate international organizations.

Appendix I

TEXTS OF DRAFT RECOMMENDATIONS APPROVED BY THE COMMITTEE

DRAFT RECOMMENDATION A

GROWTH AND AID

Recognizing the wide concern expressed regarding the inadequacy of the growth target of 5 per cent per annum for the United Nations Development Decade, and recognizing that in recent years rates of growth of national income of developing countries in the aggregate and *per capita* have been generally unsatisfactory,

Recognizing the urgency of accelerated growth in the developing countries,

Considering that international and national attitudes and efforts, as well as new institutional arrangements conducive to growth, are emerging, and that certain basic conditions for accelerated growth in the developing countries are being created,

Expressing the conviction that favourable attitudes and efforts in the fields of international trade and finance, development assistance and the mobilization of domestic resources must continue, and that developed countries can increase their financial and technical assistance to developing countries, and that developing countries themselves must increase their efforts to mobilize domestic resources,

I

The Conference recommends that:

1. The main tasks to be undertaken and the means for raising the necessary resources be recognized by developing countries themselves, on the one hand, by mobilizing domestic resources for development, and by developed countries, on the other hand, by assisting the economic growth of less developed countries;

2. The competent international bodies, including, if appropriate,⁶³ the continuing machinery recommended by this Conference, examine the economic situations and policies and development plans of individual developing countries in order to determine the feasibility of rates of growth higher than those which have been experienced by most countries individually during the past decade, and even higher than that envisaged for the United Nations Development Decade, and to indicate measures for developing and developed countries to take to achieve them. It was recognized that there is a need for co-ordination of these studies by competent machinery within the United Nations.

II

The Conference further recommends that:

3. The import capacity resulting from the combined total of export proceeds, invisible earnings and capital inflow available to the developing countries, taking into account the evolution of prices, should rise sufficiently, and the measures taken by the developing countries themselves should be adequate to enable these higher rates of growth to be achieved. All countries, developed and developing, should undertake, individually and in co-operation, such measures as may be necessary to ensure this, and provision may be made for a periodic review of the measures so taken and the experience gained in the light of section I above.

III

Believing that each economically advanced country should make a sustained effort to assist the developing countries,

The Conference further recommends that:

4. Each economically advanced country should endeavour to supply, in the light of the principles of draft recommendation C below, financial resources to the developing countries of a minimum net amount⁶⁴ approaching as nearly as possible to 1 per cent of its national income, having regard, however, to the special position of certain countries which are net importers of capital;

5. This is not intended to represent either a ceiling or a suitable method for comparing the appropriate quantitative or qualitative development assistance efforts as between different economically advanced countries.⁶⁵

⁶³ It was felt that the question whether the machinery resulting from this Conference would be appropriate to undertake (a) any of the country examinations or (b) the co-ordination of such examinations should be taken up at a later stage in the light of decisions at this Conference.

⁶⁴ The definition of financial resources is, in summary, as follows: Official cash grants and grants in kind (including grants for technical assistance); sales of commodities against local currencies; government lending for periods exceeding one year (net of repayments of principal); grants and capital subscriptions to multi-lateral aid agencies, and net purchases of bonds, loans and participations from those agencies.

Private capital on the basis of net long-term movements, originating with residents of the capital-exporting countries. They are thus net of repatriation of principal, disinvestment, and retirement of long-term loans, portfolio assets and commercial debt. They are not net of reverse flows of capital originating with residents of the less-developed countries, nor of investment income.

⁶⁵ For final text, see Final Act, Annex A.IV.2.

DRAFT RECOMMENDATION B

INTERNATIONAL MONETARY ISSUES

It is necessary to make provision for adequate study of international monetary issues relating to problems of trade and development with special reference to the objectives and decisions of this Conference. Studies of the future of the international monetary system should not be carried out in isolation from the examination of new trade policies. It is necessary to ensure that any decisions reached on future organization of international monetary relationships should be made fully consistent with the purposes of the present Conference, and that any arrangements for the solution of the currency problems of the major trading countries should take fully into account the needs of developing nations.

At the same time, new problems are raised in connexion with programmes for liberalizing trade among developing countries. Further study is needed of the possibility of payments arrangements for developing countries on both a regional and an extra-regional basis that might facilitate such liberalization.

The Conference recommends that:

1. The Secretary-General of the Conference take, in the light of the studies under way and after consultation with the appropriate international institutions, steps to convene a group of experts, with a knowledge and experience of the problems of developing countries and industrialized countries, to consider the international monetary issues relating to problems of trade and development with special reference to the objectives and decisions of this Conference, and devoting particular attention to the needs of the developing countries in their trade with one another and the rest of the world;

2. Governments participating in the Conference should be invited to submit any reports or observations they would consider to be of relevance to the work of the group;

3. The group should consult with the International Monetary Fund and other international and regional financial and monetary institutions;

4. The findings of the group should be transmitted to the first meeting of the Standing Committee of the Conference, or its equivalent, as well as to the General Assembly of the United Nations and to the international and regional monetary organizations.⁶⁶

DRAFT RECOMMENDATION C

GUIDELINES FOR INTERNATIONAL FINANCIAL CO-OPERATION

The Conference recommends that:

1. Financial co-operation provided by industrialized countries, both through bilateral and multilateral programmes of assistance to developing countries, should have the following characteristics:

(a) It should be directed, as far as possible, to the formulation and realization of sectoral, regional, national and multi-national development programmes.

For that purpose, it should take into account:

(i) The need that it be provided with a view to continuity, so as to allow the most efficient planning of the economic growth of developing countries;

(ii) The importance of well-formulated and workable development plans and programmes and of adequate measures by the developing countries for their implementation. In this regard, the developing countries should seek to mobilize internal resources to the maximum extent possible: by pro-

moting educational and technical training; by diversifying production and encouraging improved techniques in industry; by promoting increased productivity and output of agriculture by measures including land reform where necessary; and by employing monetary, fiscal and other policies, including tax reform where necessary, designed to increase and mobilize domestic savings and foster investment;

(iii) The importance of fostering balanced and diversified growth. To that end it should promote the process of industrialization and the diversification of the economy, including an increasing degree of processing and manufacture of primary export products. At the same time it should take into account the close interdependence between industrial growth and the intensification of efforts to increase agricultural productivity and output;

(iv) The characteristics, requirements and present development levels of countries being assisted, with special attention to the important differences that exist among the developing countries. To that end, technical and financial international co-operation in the less advanced among the developing countries should emphasize the formulation and improvement of their development programmes and the implementation of corresponding specific projects;

(b) It should have enough flexibility to increase financial assistance to developing countries when, as a result of circumstances beyond their control, there is a decline in external resources available to them below the expected levels required to sustain their programmed rates of investment and growth of national income;

(c) It should permit, as far as possible, the free use of external resources in the acquisition of goods and services in those markets which offer the best conditions of price, quality and terms, including markets in the recipient and other developing countries, unless otherwise required on balance of payments grounds—although it is recognized that even such grounds do not always justify such a different course;

(d) It should encourage the channelling of external resources, whenever possible and appropriate, through multilateral institutions—including regional development institutions;

(e) It should take into account the role of national development institutions when requested by the recipient country;

(f) It should take into account, in establishing repayment terms and interest rates, the over-all repayment capacity of the borrowing country;

(g) It should take into account the possible need for financing local costs of projects or programmes.

(h) It should promote regional economic co-operation of developing countries and be co-ordinated with their integration efforts including where appropriate, the fields of regional industrial development and regional trade and payments arrangements relating to intra-regional and international trade;

(i) Long-term financing needed for economic growth should be augmented and be made available to developing countries so as to limit the use of medium and short-term credit to proportions compatible with the maintenance of their capacity to repay. Developing countries, in their turn, should endeavour to limit recourse to short and medium-term credits; in this effort industrialized countries and international institutions should co-operate;

(j) With respect to the use of medium-term suppliers' credits, studies should be undertaken of the problems that are frequently created by international disparities in the terms of such credits and of the burden imposed by such credits on developing countries;

2. Since external indebtedness has become and is likely to become burdensome for a number of developing countries, industrialized countries, international institutions and individual

⁶⁶ For final text, see Final Act, Annex A.IV.19.

developing countries themselves should co-operate to undertake appraisals of the external indebtedness of individual developing countries, with the objective of promoting, whenever warranted and in appropriate conditions, the rescheduling or consolidation of debts with appropriate periods of grace and amortization and reasonable rates of interest;

3. Industrialized countries and international financial institutions should undertake the necessary measures, without delay, to provide for the corresponding financial assistance in accordance with the criteria set forth in paragraph 1 above. Likewise the industrialized countries, international institutions and the developing countries themselves should reduce to a minimum the administrative requirements and formal procedures so as to facilitate the negotiations of external financial assistance and make possible the timely use of such assistance;

4. Industrialized countries and regional and international organizations should endeavour to increase the flow of the technical assistance needed to accelerate the growth of developing countries, and particularly of the least developed, to achieve the maximum efficiency in the use of external resources. Technical assistance should be tailored to the requirements of each country. This assistance should be extended on such terms as to allow the developing countries full utilization and enlargement of their own technical capacity as well as the engagement abroad of the additional technical assistance necessary for the timely study and execution of specific development projects and programmes;

5. Measures consistent with the requirements of the various development programmes should be adopted by both industrialized and developing countries to promote the flow of capital into developing countries. Such measures should include the opening of capital markets to the developing countries, either directly or through national or multilateral institutions, including regional development banks;

6. The industrialized countries should co-operate, wherever possible, in the efforts made by developing countries to organize and operate their own national or regional credit insurance and export financing systems, providing the necessary technical assistance and permitting the access of these systems to their financial markets.⁶⁷

DRAFT RECOMMENDATION D

AIMS OF INTERNATIONAL FINANCIAL AND TECHNICAL CO-OPERATION

The Conference considers that:

(a) Financial and technical co-operation by developed countries with developing countries through both bilateral and multilateral programmes, should be aimed at strengthening the economic and political independence of developing countries;

(b) Financial and technical assistance to developing countries by developed countries and international organizations should supplement and facilitate the efforts of the developing countries to ensure the steady and uninterrupted growth of their national economy through industrialization, the development of agriculture and the diversification of production and foreign trade;

(c) Such assistance should not be subject to any political, economic, military or other conditions unacceptable to the developing countries.

The Conference recommends that, in granting loans to developing countries, developed countries should aim at the following:

1. The interest rate on State loans should not normally exceed 3 per cent annually, and steps should be taken to ensure

that loans to developing countries by international organizations are granted on favourable terms;

2. Funds received in repayment of loans made to developing countries should be used to the extent possible for the purchase of goods produced in those countries, particularly in undertakings financed by such loans.⁶⁸

DRAFT RECOMMENDATION E

TERMS OF FINANCING

Considering the difficulties generally experienced in present arrangements and which may arise in aid programmes of government to government transfer of capital through loans, and in the availability of suppliers' credit to developing countries from industrialized countries, owing, *inter alia*, to short periods of repayment, high rates of interest, limitations on tying of credits to specific projects and to purchases from the countries providing the capital,

Agreeing that these stipulations and conditions can produce a serious strain on the balance of payments of developing countries and often cause delay and difficulty in the implementation of projects,

Aware that recent studies of the present and prospective external debt situation of the developing countries have drawn attention to the difficulties for a number of these countries in meeting debt service payments,

Hopeful that efforts will continue to be made to give greater continuity to bilateral aid programmes,

Mindful that, as a prerequisite, developing countries should have properly drawn development plans, with targets and time limits covering all aspects of their economy, and an adequate portfolio of projects, that they should develop adequate national credit and financing institutions and appropriate machineries for processing loans and financial assistance, and that they should ensure an implementation machinery.

The Conference recommends that donor countries, in framing their policies, should endeavour to meet the following objectives to secure more meaningful and progressive financial co-operation with developing countries and ensure greater efficiency in aid programmes:

I. *Repayment of loans*

1. Some part of repayment of loans may be accepted in national currencies of the debtor countries, either through bilateral or regional arrangements, through payments' unions, credit insurance arrangements or other appropriate measures;

2. Repayments should be spread over a considerably long period which should normally be not less than twenty years, and with a certain grace period, taking into account the specific nature of goods. Existing loans should, where necessary, be mutually re-studied and revised with a view to consolidation and re-negotiation, where the economic condition of a recipient country so justifies it;

3. As far as possible, aid should be a blend of grants and loans. Interest rates for development loans should take into account the repayment capacity of the borrowing country. Endeavour should be made that they should not normally exceed 3 per cent and, where this is not feasible, waivers of interest should be considered to meet this objective. In cases where necessary and justified, wherever they are in excess of this figure, they should be renegotiated to bring them down to a reasonable level;

4. Inasmuch as aid and trade should be co-ordinated and where loans are repayable in convertible currencies and are

⁶⁷ For final text, see Final Act, Annex A.IV.1.

⁶⁸ For final text, see Final Act, Annex A.IV.3.

ties to purchases in donor countries, ways and means should be devised both in centrally planned economies, where some such arrangements already exist, and in free market economies, for the repayment of such loans in mutually determined commodities and manufactures produced by the debtor country. For this purpose, it is suggested that an expert group of industrialized and developing countries should be constituted by the Secretary-General of the United Nations to work out the mechanism of such procedures, or devise means to mitigate the difficulties of developing countries in this regard. Arrangements for deliveries on credit of capital equipment on conditions of repayment from resultant production or through goods produced by recipient countries, could also be considered in appropriate cases and under suitable conditions;

II. Utilization of loans

5. As far as possible, development loans should not be tied to particular projects and, where this becomes unavoidable, for reasons of over-all managerial and technical assistance or bilateral association in some specific cases or due to special credit terms or acute balance-of-payment difficulties in donor countries, necessary care should be taken that loans for infrastructure and social schemes such as education, public health and community development, should nonetheless be of a particularly "soft" nature;

6. Loans for purchase of capital equipment or non-project assistance, should not ordinarily be tied to purchases in donor countries and, keeping in view the desirability of flexibility to developing countries in the procurement policies should be available for use in best markets and, particularly, in the markets of recipient and other developing countries. In any case, they should be available for purchases in countries with convertible currencies. Moreover, in all cases of tied loans where the recipient country can show that the required equipment and goods are available at cheaper rates or better terms elsewhere, either the Governments should intervene to bring down prices and regulate conditions of supply or, where this is not feasible, to transfer the funds for other purchases in donor countries at competitive rates or, failing that, to release them for free purchase in the best market from the point of view of the recipient country;

7. Where development loans are unavoidably tied to projects, regard should be had to the fact that some developing countries are not always able to provide the counterpart local currency requirements for implementation of a project and that a number of projects give rise to additional indirect foreign exchange requirements. In such cases, the loans should be devised directly or indirectly to cover substantially more than the foreign exchange component of the project;

III. Removal of restrictions

8. Recipient countries should not be compelled to use the shipping of a lending country for the transportation of goods purchased under loans and aid advanced by that country;

9. Recipient countries should not be compelled to insure goods purchased under loans and aid advanced by a donor country with the insurance companies of that country;

IV. Appraisal procedures

10. Appraisal procedures for assessing requests for loans, both for general plans or specific projects, should be simplified to the greatest possible extent and the present arrangements, which tend to be dilatory, should be studied by donor and recipient countries so that they should be improved with a view to simplification and expedition, while ensuring proper examination;

V. Co-ordination of aid and of aid and trade

11. The International Bank for Reconstruction and Development, in the light of their experience in relation to countries for which there are consortia and consultative groups, or other appropriate bodies under the aegis of the United Nations, should be encouraged, at the request of developing countries concerned, and where appropriate, to co-ordinate aid in respect of individual countries or groups of countries, through consortia or regional or other suitable institutions, where they exist. These bodies, should at suitable regular intervals, review the implementation of the above recommendations with a view to persuading all countries concerned to securing the full achievement of the above guidelines and objectives, in particular, the establishment of more consistent terms and conditions and joint action, with a view to liberalizing procurement procedures;

12. To ensure better co-ordination between trade and aid, it is recommended that governments of both aid-giving and aid-receiving countries should have at their disposal adequate co-ordination machinery for arriving at mutually consistent and constructive decisions and adequate information on which to base policy decisions concerning the issues. For this purpose, studies and surveys evaluating progress in adapting aid to trade needs should periodically be made;

13. Provision of technical assistance and training facilities, along with capital aid, should be tailored to promote co-ordination of aid and to combine public financing with the provision of the necessary skills so as to enable the recipients to obtain the best results from the goods purchased by them.⁶⁹

DRAFT RECOMMENDATION F

NEEDS OF THE PUBLIC SECTOR IN THE TRANSFER OF EXTERNAL RESOURCES TO DEVELOPING COUNTRIES

The United Nations Conference on Trade and Development

1. Recognizes that the public sector in developing countries plays a significant role in the economic structure of these countries;

2. Is aware that the public sector in developing countries can contribute to accelerating the diversification of their economy, through the industrialization and agricultural development, leading to the promotion of the exports of manufactures and semi-manufactures;

3. Expresses the view that the participation of the public sector should be envisaged within the framework of the economic development plans of developing countries;

4. Recommends the following principles:

I. Governments of developed countries should take appropriate account of the needs of the public sector in developing countries, in particular:

(a) By not discriminating between enterprises of the public sector and private enterprises, with regard to the financial and commercial treatment;

(b) By giving technical assistance to enterprises and institutions of the public sector of developing countries on an equal basis to that granted to the private sector;

(c) By creating for their enterprises favourable conditions for industrial and agricultural co-operation with enterprises of the public sector of developing countries, in matters relating to licences, purchase of spare parts, semi-manufactures, intermediate products, etc., from the developing countries and to other forms of joint efforts resulting in industrial and trade progress in developing countries.

⁶⁹ For final text, see Final Act, Annex A.IV.4.

II. International institutions, agencies, bodies, etc., and in particular financial institutions, should endeavour to assist without discrimination the public sector of developing countries in accordance with the development plans of these countries.⁷⁰

DRAFT RECOMMENDATION G

CONDITIONS OF ECONOMIC AND TECHNICAL CO-OPERATION

In order to promote the more effective use of the possibilities of economic and technical co-operation, developed countries and international organizations should abide by the following principles:

(a) In granting assistance in the construction of industrial undertakings, to bear in mind the achievement of optimum economic output of individual types of products, the need to increase future production as much as possible and the marketing of goods produced by those undertakings;

(b) To do everything necessary to ensure that undertakings built with their assistance reach their designed capacity as soon as possible, by assigning, at the request of developing countries, experts and skilled operators for the initial stage of operation, and making available appropriate technical information and technological know-how relating to production techniques and most favourable conditions;

(c) In planning and constructing undertakings, to make full use of local cadres and to assist in the training of skilled workers, engineers and technicians to satisfy the personnel requirements of the undertakings constructed;

(d) To make arrangements, in agreement with the developing country, for the supply, over a specific period, of spare parts, which as far as possible should submit to international standards, or for assistance in the production of such parts within that country in order to ensure the uninterrupted operation of equipment after it has been placed in service by the undertaking under construction;

(e) To promote the establishment of national designing, construction and assembly organizations and the training of designers, builders and fitters;

(f) To make available to developing countries, at their request, information on scientific and technical advances and production experience for use in existing undertakings, and to assist those countries in the establishment of special vocational training institutions and scientific research organizations (centres) for individual branches of science and technology;

(g) To receive specialists and skilled workers from developing countries to enable them to familiarize themselves with technical advances and acquire production experience in corresponding undertakings in developed countries;

(h) To make available to developing countries, on the most favourable terms possible, technical documentation, descriptions of new technological processes and production experience for use in undertakings in those countries;

(i) At the request of developing countries, to assign specialists for consultation on questions of organization, the adoption of new technological processes and the perfecting of techniques and production methods in existing undertakings in those countries.⁷¹

DRAFT RECOMMENDATION H

SCHEME FOR INCREASING CAPITAL FLOWS TO DEVELOPING COUNTRIES THROUGH AN INTEREST EQUALIZATION FUND

1. The Conference, after having considered and discussed the proposal by Israel (E/CONF.46/C.3/2 and E/CONF.46/C.

3/L.5/Rev.1) for financing economic development, expresses its strong interest in this proposal.

2. The Conference recommends that a further study be made by the International Bank for Reconstruction and Development covering all aspects of the proposal, taking into account the points and observations made during the discussion in the Third Committee.

3. The Conference requests the International Bank for Reconstruction and Development to submit the aforementioned study, if possible by September 1964, to the United Nations.⁷²

DRAFT RECOMMENDATION I

CREATION OF A REGIONAL DEVELOPMENT FUND

Realizing that sustained development in the developing countries is not possible from the indigenous resources alone of these countries,

Recognizing that present forms of aid to developing countries are inadequate in scale, scope and consistency to meet the long-term needs of the developing countries,

Taking note of the aid being given to developing countries by many of the developed countries,

The Conference requests the Secretary-General of the United Nations Conference on Trade and Development to convene a committee of experts:

1. To study in consultation with the appropriate agencies operating in the same field:

(a) The feasibility of establishing a fund, where appropriate, for aid to developing countries for the purpose of financing long-term capital projects with particular emphasis on regional and/or sub-regional development projects, without prejudice to bilateral arrangements;

(b) The possibility of utilizing suitable regional agencies engaged in development financing in the operating of such a fund;

2. To work out, if found necessary, a suitable scheme on the lines of the study proposed in paragraph 1 above;

3. To report to the General Assembly at its twentieth session or earlier.⁷³

DRAFT RECOMMENDATION J

REGIONAL DEVELOPMENT

Believing that development on a regional basis can be of material help in enabling developing countries to obtain the benefits of economies of scale for efficient production, marketing, research and trade generally,

1. The Conference urges that a proportion of assistance be provided to developing countries, where possible and appropriate, through, or in association with, regional bodies such as the Inter-American Development Bank and the African Development Bank.

2. The Conference recommends that the Secretary-General of the United Nations, in consultation with the President of the International Bank for Reconstruction and Development, regional economic commissions, regional development banks and other appropriate regional bodies, be asked to study the problems of regional development and report to the General Assembly of the United Nations at its twentieth session.⁷⁴

⁷⁰ For final text, see Final Act, Annex A.IV.13.

⁷¹ For final text, see Final Act, Annex A.IV.25.

⁷² For final text, see Final Act, Annex A.IV.11.

⁷³ For final text, see Final Act, Annex A.IV.9.

⁷⁴ For final text, see Final Act, Annex A.IV.10.

DRAFT RECOMMENDATION K

PROMOTION OF PRIVATE FOREIGN INVESTMENT
IN DEVELOPING COUNTRIES

Recalling that the United Nations General Assembly, by its resolution 1710 (XVI) designating the 1960s as the "United Nations Development Decade", called upon its Member States:

"To adopt measures which will stimulate the flow of private investment capital for the economic development of the developing countries, on terms that are satisfactory both to the capital-exporting countries and the capital-importing countries",

Aware that, since the beginning of the Decade, the flow of private capital to developing countries, instead of increasing, has substantially declined,

Recognizing the contribution of direct private foreign investment to the economic diversification and development of private-capital-importing developing countries,

Agreeing that the supply of sustained and substantial international public aid contributes to the opening up of opportunities of investment and the generation of a favourable climate for the flow of international private capital to these countries,

Aware that foreign private investment brings technical know-how and managerial skill,

The Conference recommends the following sets of measures and actions in accordance with General Assembly resolution 1710 (XVI):

A. *Action by Governments of developed countries and international institutions to promote the flow of private capital to developing countries*

1. The Governments of capital-exporting developed countries should avoid measures preventing or limiting the flow of capital from such countries to developing countries, and should take all appropriate steps to encourage the flow of private investments to developing countries, such as tax exemption or reductions giving investment guarantees to private investors investing in developing countries, and by facilitating the training of managerial and technical staff,

2. The International Finance Corporation should examine the possibility of expanding its investment activities, including the use of its borrowing power, under Article III, section 6 (i), of its Articles of Agreement.⁷⁵

B. *Action by developing countries*

3. The Conference recommends the private-capital-importing developing countries to take all appropriate steps to provide favourable conditions for direct private investment. The Conference further recommends developing countries to set up investment bureaux and investment advisory services and to establish and strengthen credit institutions and development banks and to determine and publicize the areas of investment, manner of investment and investment policy.

⁷⁵ "In addition to the operations specified elsewhere in this Agreement, the Corporation shall have the power to:

"(i) Borrow funds, and in that connection to furnish such collateral or other security therefor as it shall determine; provided, however, that before making a public sale of its obligations in the markets of a member, the Corporation shall have obtained the approval of that member and of the member in whose currency the obligations are to be denominated." (International Finance Corporation: *Articles of Agreement*, Washington, D.C., 20 July 1956, p. 8.)

C. *Provision of information on investment opportunities*

The Conference

4. Recommends to the developing countries, in co-operation with appropriate bodies of the United Nations and the Governments and suitable organizations such as federations and chambers of commerce and industries in the industrialized countries, to endeavour to establish information centres in capital markets and adopt other suitable means to supply all the necessary information about investment conditions, regulations and opportunities in the developing countries;

5. Requests appropriate bodies of the United Nations and Governments of developed countries to consider assisting the developing countries, on their request, through financial and technical assistance in establishing local agencies with a view to enabling these agencies:

(a) To provide to private investors, both domestic and foreign, information on foreign sources of finance;

(b) To furnish to private investors, both domestic and foreign, full information as regards the areas of industrial activity open to foreign enterprise and the fiscal and other facilities and incentives, and to give all the assistance necessary for the pre-investment and preliminary planning activities, and preparation and presentation of projects, reports and feasibility studies;

(c) To keep ready and make available feasibility reports and a portfolio of projects and fields of investment for consideration and use of private investors.

D. *Action by investors*

6. The Conference recommends that foreign private investment, based upon respect for the sovereignty of the host country, should co-operate with local initiative and capital, rely as far as possible on existing resources in developing countries and should work within the framework and objectives of the development plans with a view to supplying domestic markets and, in particular, expanding exports. The Conference expects that foreign private investment will recognize the desirability of re-investment of profits in the developing countries concerned, as far as possible, availability of know-how to nationals of developing countries and training and employment opportunities to nationals of host countries and other corresponding measures.

E. *Studies*

7. The Conference requests the International Bank for Reconstruction and Development (IBRD) to expedite its studies on investment insurance, in consultation with Governments, in both developing and developed countries, and submit, by September 1965 at the latest, the result of its studies and consultations to the United Nations.

8. The Conference understands that the IBRD is examining the question of the establishment of machinery for settlement of investment disputes. The Conference requests the IBRD to submit the result of its studies and consultations to the United Nations.

9. The Conference invites the IBRD to include in its studies the problem of guarantees to the securities that the private enterprise or public institutions of a developing country may wish to float in the capital markets of the developed countries.

10. The Conference requests the Secretary-General of the United Nations to arrange full further studies in consultation with all concerned, as may be required to cover all aspects of foreign private investment in order to enable the fulfilment of the objective embodied in the resolution of the General Assembly referred to in the preamble, keeping in view the measures and actions recommended above.⁷⁶

⁷⁶ For final text, see Final Act, Annex A.IV.12.

DRAFT RECOMMENDATION L

SCHEME FOR INVESTIGATING THE FINANCING OF MARKETING OF PRIMARY PRODUCTS FROM DEVELOPING COUNTRIES

Taking into account that it is advisable to study the improvement of existing trade practices and systems in the developing countries with particular reference to the financing of external marketing of main primary products and raw materials, with a view to ensuring that producing countries share equitably in the final prices paid for their main export products,

The Conference recommends the organ that may be set up as a result of this Conference, in consultation with the appropriate international organizations, to undertake a study of the systems of financing the export marketing of main primary commodities in order to reveal the factors determining the share of the producing countries in the final prices paid for those products in the developed countries.⁷⁷

DRAFT RECOMMENDATION M

UNITED NATIONS CAPITAL DEVELOPMENT FUND

While noting the hopeful initiatives that have been proposed for extending the scope of the United Nations activity in development finance,

1. The Conference recommends that the United Nations Capital Development Fund should start its operations at an early date to finance on favourable terms in all developing countries, especially in countries at an earlier stage of development, national and regional development plans, programmes and projects, particularly in the field of industrialization.

2. The resources of the United Nations Capital Development Fund should be derived from voluntary contributions.⁷⁸

DRAFT RECOMMENDATION N

GRADUAL TRANSFORMATION OF THE UNITED NATIONS SPECIAL FUND

Referring to the note by the Secretary-General of the United Nations entitled "Transformation of the Special Fund into a United Nations Capital Development Fund: a study of the practical steps involved" (see vol. V),

Considering the objective of channelling more development assistance through the framework of the United Nations,

Considering that, if and when a merger between the Expanded Programme of Technical Assistance and the Special Fund is decided, such a merger may result in: (a) Increased total resources being made available for development purposes; (b) Greater administrative efficiency and better utilization of resources,

Believing that it would be appropriate to consider an extension of the terms of reference of the Special Fund into the field of investment proper in accordance with General Assembly resolution 1936 (XVIII),

1. The Conference recommends to the Governing Council of the Special Fund that it continue to give consideration to:

(a) Enlarging its activities in assisting governments, who so request, to find the necessary financing to implement the recommendations of Special Fund pre-investment surveys, and

(b) Broadening its criteria so as to include increased financing of demonstration projects, thereby playing an effective role as a bridge between pre-investment and capital investment.

⁷⁷ For final text, see Final Act, Annex A.IV.16.

⁷⁸ For final text, see Final Act, Annex A.IV.7.

2. The Conference recommends to the Governments participating in the Conference to take, in the light of paragraph 1, a constructive attitude to a gradual transformation of the United Nations Special Fund, so as to include not only pre-investment but also investment proper, as referred to in General Assembly resolutions 1219 (XII), section III and 1936 (XVIII), as additional resources become available;

3. The Conference recommends that the Fund should be authorized to accept additional contributions for the purpose of following up its pre-investment activities, provided that the Governing Council of the Special Fund is satisfied that such expenditure for this purpose will not unfavourably effect Special Fund financing of pre-investment needs;

4. The Conference also recommends that particular emphasis be placed on: (a) the channelling of any investment resources, which the Special Fund may have at its disposal as a result of action taken in conformity with paragraphs 2 and 3 above, to areas not adequately covered by other capital supplying facilities, and (b) ensuring that action taken under these paragraphs would not unfavourably affect Special Fund financing of pre-investment needs.⁷⁹

DRAFT RECOMMENDATION O

PARTICIPATION OF DEVELOPING COUNTRIES IN THE ACTIVITIES OF THE INTERNATIONAL FINANCIAL AND MONETARY INSTITUTIONS

The Conference recommends that the international financial and monetary agencies, in pursuing the policy of aiming at the highest possible efficiency, further explore ways and means to increase the participation of nationals of the developing countries in the process of policy formulation through the employment of qualified experts on their senior staff.⁸⁰

DRAFT RECOMMENDATION P

PROBLEM OF DEBT SERVICE IN DEVELOPING COUNTRIES

Taking note of the problem of servicing of external debt for many developing countries and keeping in view their external capital requirements, in future, the Conference recommends that:

1. Competent United Nations bodies and/or other international financial institutions should stand ready, at the request of any developing country, to review, in co-operation with the creditor countries concerned, the external indebtedness of the developing country concerned, where appropriate, with a view to securing agreement, if necessary, on the re-scheduling or consolidation of debt, with appropriate periods of grace and amortization and reasonable rates of interest;

2. In this connexion, debtor countries should take all possible measures to bring their balance of payments under control and to meet their obligations as they fall due;

3. The international financial agencies should consider the possibilities of adapting their organizations and procedures with a view to improving the terms of their transactions, keeping in view the particular problems of developing countries;

4. The resources available to the International Development Association should be enlarged to provide assistance to developing countries on terms with a minimal burden of debt service. For this purpose, possibilities should be explored of:

(a) Transfer to the International Development Association of a reasonable portion of the net earnings of the International Bank for Reconstruction and Development at the end of each fiscal year;

⁷⁹ For final text, see Final Act, Annex A.IV.8.

⁸⁰ For final text, see Final Act, Annex A.IV.20.

(b) Contributions on a continuing basis on to the resources of the International Development Association by the member Governments to the maximum extent possible.⁸¹

DRAFT RECOMMENDATION Q

NON-FINANCIAL CREDIT ARRANGEMENTS FOR THE DELIVERY OF CAPITAL GOODS

The Conference recommends that, in establishing new production units in developing countries owned by them from the outset, credit arrangements for the financing of capital equipment and technical co-operation could be based on the concept of remuneration by means of goods produced by the unit concerned, or in other products of developing countries, as appropriate.

It is understood that the prices of the delivered capital equipment, as well as the prices of the products to be reimbursed, should be settled at world market prices for similar capital equipment and products. The products to be reimbursed should not be re-exported unless with the consent of the parties to the agreement.

The delivered capital equipment should correspond to the technical level of similar capital equipment in international trade.⁸²

DRAFT RECOMMENDATION R

SUPPLIERS' CREDITS AND CREDIT INSURANCE IN DEVELOPED AND DEVELOPING COUNTRIES

Having in mind the number and importance of the questions relating to credit and credit insurance which have been raised both by developing and developed countries and the variety of proposals put forward for action in this field,

The Conference recommends that the International Bank for Reconstruction and Development should be invited:

1. To make a study of the use (actual and potential) and terms of suppliers' credits and credit insurance, including re-discounting arrangements

(a) for financing exports from developed to developing countries, taking account of the capacity of the latter to repay and of other effects on their economies and balance of payments;

(b) as regards their effects on competition between the exports of developing and developed countries, as well as between the developed countries;

(c) as a means of financing trade between the developing countries;

2. To take account, in so doing, of the relevant observations, recommendations and suggestions submitted to the Conference, including those in the draft recommendation by Spain and Tunisia annexed hereto;

3. To identify the difficulties which arise or may arise, in particular as regards debt service, and to consider possible solutions;

4. To submit the study to the United Nations at the earliest possible date together with any appropriate recommendations.

⁸¹ For final text, see Final Act, Annex A.IV.5.

⁸² For final text, see Final Act, Annex A.IV.6.

* This recommendation was submitted to the Committee by Spain and Tunisia, but no vote was taken on it. Paragraph 4 (a) was slightly amended by the addition of the words "promote and expand".

*Text of draft recommendation submitted by Spain and Tunisia **

I

With a view to adapting suppliers' credits to the circumstances and requirements of the developing countries, the Conference recommends that:

1. The International Bank for Reconstruction and Development should study the establishment of a multilateral inter-governmental credit insurance institution, taking into account the practice and experience of the national credit insurance systems operating in certain developed countries;

2. The object of the institution should be to cover risks incurred in respect of suppliers' credits, by guaranteeing insurance and re-insurance for the supplier granting credit;

3. The institution should also, insofar as possible, be prepared to extend its financial assistance beyond the coverage of the risks referred to in paragraph 2 above, with a view to reducing the costs incurred by the developing countries for the use of suppliers' credits.

4. The developed countries should furnish the developing countries with the most extensive technical assistance possible in regard to exports, in order to help those countries:

(a) To establish, promote and expand, at the national or regional level, credit insurance organizations to promote external trade through guarantees designed to reduce risks, especially the credit risks which such trade involves;

(b) To set up or improve their machinery for financing exports (external trade banks, rediscounting institutions, etc.).

II

Considering that one of the most effective forms of assistance is the promotion of exports, especially of manufactures and semi-manufactures, from developing countries,

Considering that in order to export such goods, those countries not only have to meet competitive qualities and prices, but also have to offer terms of sale (deferred payment, credit to purchasers, etc.) similar to those offered by industrialized countries—which is often beyond their means,

The Conference recommends:

5. That existing international finance organizations undertake the study of the measures to be taken to enable developing countries to gain access to world markets on credit terms comparable to those of industrialized countries;

6. That, to that end, the possibility should be studied of enabling commercial drafts relating to export operations of developing countries, duly endorsed by the central bank or by any body offering adequate safeguards, to be rediscounted at a reasonable interest rate.⁸³

DRAFT RECOMMENDATION S

SCHEME FOR LOWERING THE INTEREST COST OF LOANS TO DEVELOPING COUNTRIES BY MEANS OF AN INTEREST REBATE FUND

The Conference expresses interest in the proposal of Senegal (E/CONF.46/C.3/L.14) on the establishment of an "interest rebate fund" for the purpose of reducing, by compensatory payments, the rate of interest on loans and credits which are of primary economic importance for the expansion of the developing countries.

The Conference recommends that the proposal be studied by an international agency to be designated by the United Nations Secretariat.

The Conference requests that the study: (a) should take into account the comments and observations to which the proposal

⁸³ For final text, see Final Act, Annex A.IV.14.

has given rise in the Third Committee; (b) should be submitted to the United Nations as soon as possible.⁸⁴

DRAFT RECOMMENDATION T

SUPPLEMENTARY FINANCIAL MEASURES

A

Recognizing that adverse movements in the export proceeds of developing countries can be disruptive of development, and noting that the International Monetary Fund (IMF) can make available balance-of-payments support to help meet the short-term effects of shortfalls in export proceeds, the Conference recommends that the International Bank for Reconstruction and Development be invited to study the feasibility of a scheme with the objective set forth in section I below and based on the principles set forth in section II below, and, if appropriate, to work out such a scheme.

I. Objective

1. The new scheme should aim to deal with problems arising from adverse movements in export proceeds which prove to be of a nature or duration which cannot adequately be dealt with by short-term balance of payments support. Its purpose should be to provide longer term assistance to developing countries which would help them to avoid disruption of their development programmes.

II. Principles

2. The scheme should be provided with resources by contributions from participating countries shared between them on an equitable basis.

3. Developing countries only should be eligible for assistance from the scheme; such assistance should be on concessional and flexible terms.

4. The scheme should normally be applicable after a developing country had had recourse to the IMF under its compensatory financing facility and, it had been possible to make a full assessment of the nature, duration and implications of any adverse movement in the export proceeds of the developing country concerned.

5. An adverse movement for the purposes of the scheme should be regarded as a shortfall from reasonable expectations (see Note 1) of the level of export proceeds (including, in appropriate cases, invisible exports).

6. A *prima facie* case for assistance from the scheme should be established by reference to shortfalls from reasonable expectations and to the nature and duration of such shortfalls (see Note 2).

7. Once a *prima facie* case had been established there should be an examination, under the International Development Association (IDA) of all relevant economic circumstances (see Note 3) in order to assess how far assistance from the scheme would be required and justified in order to help avoid disruption of development programmes. Subject to these points, assistance could cover a substantial proportion of a shortfall from reasonable expectations.

8. Resources for the scheme, which would be administered under IDA, should be in the form of additional commitments, prescribed in advance, for contributions to IDA; all the major Part I member countries listed in schedule A of the Articles of Agreement of IDA should contribute.

⁸⁴ For final text, see Final Act, Annex A.IV.15.

Notes

Note 1. To the extent that these could be prescribed in advance, they could be taken account of by developing countries for planning purposes.

Note 2. The following are offered as illustrative circumstances which might constitute a *prima facie* case for assistance from the scheme to a developing country:

(i) If, following an IMF drawing in one year under its special compensatory financing facility, exports fall significantly below reasonable expectations in the second or third year.

(ii) If, when the IMF drawings were due to be repaid, exports had not recovered sufficiently for this to be possible without disruption of development.

(iii) If there were a significant shortfall in exports which the IMF adjudged at the outset to be other than of a short-term nature and the IMF had decided that it would be inappropriate for it to provide temporary balance-of-payments support.

Note 3. Among other matters, these would include adverse effects from significant rises in import prices.

B

The Conference also recommends that the continuing machinery recommended by this Conference be invited to study and organize further discussion of the following concepts and proposals for financing put forward by the delegations of the developing countries at the Conference:

1. That a fund be set up, financed by contributions from developed countries, as required, and administered by an appropriate agency of the United Nations;

2. That only developing countries should be eligible to draw from the Fund;

3. That disbursements should be in the form of non-reimbursable transfers and/or contingent loans on concessional terms.

4. That the criteria used in deciding upon claims should be as objective as possible and should include the following:

(a) The effect of shortfalls in export earnings and the adverse movements in the terms of trade;

(b) The effect on the country's development programme;

5. That to complement this longer term approach, facilities be provided for interim financing, when warranted, to assist the developing countries concerned while the longer term problem is being assessed.⁸⁵

DRAFT RECOMMENDATION U

STUDY OF MEASURES RELATED TO THE COMPENSATORY CREDIT SYSTEM OF THE INTERNATIONAL MONETARY FUND

Considering that the compensatory credit system put into operation by the International Monetary Fund since February 1963 constitutes a definite step towards the solution of short-term financing problems,

Considering that, in view of the short-term needs of developing countries derived from fluctuations in their export receipts, this system should be reviewed,

1. The Conference recommends that Governments, members of the International Monetary Fund, study the following measures:

(1) To increase, as soon as possible, the amount allocated by the Fund to compensatory financing, over and above its current transactions, from 25 per cent to 50 per cent of a member country's quota;

⁸⁵ For final text, see Final Act, Annex A.IV.18.

(2) To place compensatory credits entirely outside the structure of the gold and successive credit tranches, so that the drawing of compensatory credits would not directly or indirectly prejudice a member's ability to make an ordinary drawing;

(3) To explore ways to secure possible refinancing of compensatory financing obligations of the developing countries in the event of a persistent shortfall in export receipts beyond the control of the country affected.

2. The Conference requests that the International Monetary Fund, in its determination of the shortfall in export receipts, consider giving greater weight to the actual experience of the three preceding years.⁸⁶

DRAFT RECOMMENDATION V

SHIPPING QUESTIONS

The Conference recommends that appropriate inter-governmental procedures, including any committee that might be deemed necessary, be established under the United Nations system, or as part of the institutional system that might be set up under the United Nations Conference on Trade and Development, to promote understanding and co-operation in the field of shipping, and to study and report on economic aspects of shipping that might be referred to it.⁸⁷

DRAFT TEXT W⁸⁸

COMMON MEASURE OF UNDERSTANDING ON SHIPPING QUESTIONS

1. It was agreed that the Liner Conference system is necessary in order to secure stable rates and regular services. However, in order that the system might function properly it is necessary that there should be close co-operation between shippers and the Conferences. As an initial step, a well organized consultation machinery should be established, with adequate procedures for hearing and remedying complaints, by the formation of shippers' councils or other suitable bodies on a national and regional basis. It was noted that action has already been taken in some countries on these lines and that the experience thus gained would offer a useful model for other countries to consider. The following matters which may need consideration could be raised within such machinery:

- (a) Publication by Conferences of their tariffs and regulations;
- (b) Increases in Conference freight rates, levy of surcharges, etc., giving of reasonable advance notice in this regard;
- (c) The terms of dual rate and deferred rebate agreements;
- (d) Effective representation of Conferences in major ports of developing countries where appropriate;
- (e) The adequacy of shipping services in the trades concerned;
- (f) Action to be undertaken in order to improve and promote exports of developing countries and, in particular, intra-regional trade;
- (g) Rationalization of routes and freights, established or to be established in accordance with the national characteristics of production, marketing and development requirements.

2. The costs of inland transport and cargo handling costs in ports (including the cost of ships' time spent in port) in many cases represent a substantial percentage of total transportation costs of international shipments. There are possibilities of reducing the total costs of transportation by improving port facilities and in the establishment of new facilities. All countries

⁸⁶ For final text, see Final Act, Annex A.IV.17.

⁸⁷ For final text, see Final Act, Annex A.IV.21.

⁸⁸ Submitted to the Third Committee in the report of the Working Party on Shipping (appendix II); for introductory sentences, see para. 56 of that report.

should therefore give priority to improvement of port operation and of connected inland transportation facilities. Greater efforts should be made in providing for the aforesaid purposes and to this end international financing and aid and technical assistance be made available on favourable terms and conditions.

3. It was considered that the development of merchant marines in developing countries as well as their participation in Liner Conferences as full members on equitable terms is to be welcomed. The question of development of merchant marines by developing countries should be decided by such countries on the basis of sound economic criteria.

* * *

4. While accepting the above Common Measure of Understanding, the sponsor and supporters of the draft recommendation by Sweden (E/CONF.46/C.3/L.29) declared that they maintained their views as expressed in the aforesaid document and reserved their rights. The supporters were: Belgium, Denmark, Finland, France, Federal Republic of Germany, Greece,⁸⁹ Iceland, Ireland, Italy, Japan, Netherlands, Norway, Spain,⁸⁹ Switzerland, United Kingdom of Great Britain and Northern Ireland and the United States of America.⁸⁹

5. Similarly, while accepting the above Common Measure of Understanding, the sponsors and supporters of the draft recommendation by Argentina, Bolivia, Brazil, Burma, Ceylon, Chile, Colombia, Dominican Republic, Ecuador, Ethiopia, Ghana, Guatemala, Haiti, India, Iran, Indonesia, Ivory Coast, Jamaica, Liberia, Malaysia, Mexico, Morocco, Nigeria, Peru, Philippines, Sierra Leone, Trinidad and Tobago, Uganda, United Arab Republic, Uruguay, Venezuela and Yugoslavia (E/CONF.46/C.3/L.27 and Add.1, as amended by E/CONF.46/C.3/L.31 and E/CONF.46/C.3/L.38) declared that they maintained their views as expressed in the aforesaid document and reserved their rights. The supporters were: Australia,⁸⁹ Bulgaria, Cuba, Czechoslovakia, Greece,⁸⁹ Hungary, Israel, Republic of Korea, Pakistan, Poland, Romania, Spain,⁸⁹ Thailand, Turkey and the Union of Soviet Socialist Republics.⁹⁰

DRAFT RECOMMENDATION X

MEASURES FOR INCREASING THE RECEIPTS OF DEVELOPING COUNTRIES FROM TOURISM

Convinced that tourism is an important factor in economic development and international trade,

Recognizing that international tourism, as an important invisible export, can and does make a vital contribution to the economic growth of developing countries,

Believing that special efforts must be made by Governments both in developed and in developing countries, and by international organizations, to help develop tourism in the developing countries,

Cognizant of the recommendations contained in the final report of the United Nations Conference on International Travel and Tourism,⁹¹

The Conference:

1. Endorses the considerations of the Economic and Social Council on this subject contained in resolution 995 (XXXVI);

⁸⁹ For reservations or explanations made by the representatives of Greece, Spain, the United States of America and Australia, respectively, see report of the Working Party on Shipping (appendix II, paras. 52, 53, 54 and 55).

⁹⁰ For final text, see Final Act, Annex A.IV.22.

⁹¹ *Official Records of the Economic and Social Council, Resumed Thirty-sixth Session, Annexes*, agenda item 40, document E/3839.

2. Urges the participating Governments in the United Nations Conference on Trade and Development and members of the specialized agencies to take all necessary measures for the earliest possible implementation of the recommendations of the United Nations Conference on International Travel and Tourism 1963, both as regards the facilitation of governmental formalities for international travel, as well as the development of tourism.

The Conference recommends in particular:

A. That developed countries:

3. Grant due and appropriate financial and technical assistance in the field of tourism in the developing countries;

4. Facilitate and provide incentives for public and/or private investments in the field of tourism in the developing countries;

5. Take all steps to remove, as far as possible, obstacles such as currency restrictions, customs regulations, taxes or charges, which might hinder the expansion of tourism in general, and encourage the expansion of tourist traffic towards developing countries in particular;

6. Explore the possibility of setting up facilities and information centres in their principal towns in suitable premises, with a view to providing space and administrative facilities on easy terms to developing countries wishing to make use of such services for setting up tourist offices abroad;

7. Promote group travel to the developing countries by encouraging the participation of all income groups in such travel;

8. Encourage the convening of international conferences and similar events with large attendance in the developing countries;

9. Promote a co-ordinated effort of all branches of their economy concerned directly or indirectly in tourism as, for instance, the hotel industry, travel agencies, transport enterprises, etc., in order to help in the development of tourism in the developing countries by investments in tourist projects, provision of services of experts, and training facilities for tourist personnel.

B. That developing countries:

10. Integrate tourism, as far as possible, in development plans or programmes;

11. Create favourable conditions for facilitating national and foreign investments in the field of tourism;

12. Participate as far as possible, on a regional or sub-regional basis, in the development of existing or potential tourist resources with the assistance of the United Nations regional economic commissions and other international organizations;

13. Promote the expansion of tourist traffic as far as possible inside the region, both as regards visitors coming from other regions as well as visitors belonging to countries of the region itself;

14. Explore the possibility of establishing research units with a view to making market research and other studies at a national level, in collaboration, where appropriate, with international organizations carrying out surveys of regional or of global interest;

15. Utilize, where appropriate, the services which the International Union of Official Travel Organizations can make available for co-ordinating requests and offers of services and the contribution it can make towards the formulation and implementation of technical assistance projects in the field of tourism;

C. That inter-governmental and non-governmental organizations concerned with granting financial and/or technical assistance, especially the United Nations, and in particular the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Special Fund, the Technical Assistance Board and other specialized agencies should, within their fields of competence:

16. Stimulate and undertake, in their respective field of competence, studies and research work (pre-investment surveys, market research, etc.) in the developing countries, aimed at the development and profitable utilization of the existing or potential tourist resources on a national, regional or sub-regional basis;

17. Consider favourably to finance, by means of grant and/or long-term loans on concessional terms, tourist industries, hotels and similar ventures, including infra-structure required for the development of tourism;

18. Grant due and appropriate priority to technical assistance projects, both national and regional, in the field of tourism;

19. Consider favourably the convening of the regular or extraordinary meetings of their organizations in the developing countries;

20. Give assistance, in appropriate manners, for the conservation, restoration, and profitable utilization, of the archaeological, historical, and natural sites.

D. That Governments and organizations concerned with international travel:

21. Explore the possibilities for further reductions of passenger fares which will result in the promotion of tourist travel to developing countries.⁹²

DRAFT RECOMMENDATION Y

INSURANCE AND REINSURANCE

Considering that the characteristics of insurance and reinsurance activities, in general, require operation on an international basis,

That it is necessary to make this international character compatible with the economic and financial interests of the developing countries,

That a sound national insurance and reinsurance market is an essential characteristic of economic growth,

That it is desirable to pool the technical surpluses retained nationally by developing countries and to redistribute them on a regional basis before they are returned to traditional reinsurance markets,

The Conference recommends that:

1. The developed countries should give their full co-operation to the developing countries to encourage and strengthen their national insurance and reinsurance markets and should give their support to all reasonable measures which are directed to this endeavour and to the increase of their retention capacity;

2. Developed countries should continue and increase the technical assistance and training facilities which they provide and which are required for the sound development of national insurance and reinsurance markets in developing countries;

3. (a) Technical reserves and guarantee deposits of insurance and reinsurance companies or institutions should be invested in the country where the premium income arises;

(b) Adequate conditions of security, liquidity and income must however be assured;

⁹² For final text, see Final Act, Annex A.IV.24.

(c) Developed countries should encourage such investment by removing all obstacles to the achievement of this aim;

4. Developing countries in which national insurance markets are sufficiently well established, after carrying out technical and financial studies, should establish regional reinsurance institutions;

5. Developed countries which provide aid to developing countries should not prescribe conditions limiting the rights of the developing countries to require insurance to be placed in the national market;

6. The competent international organizations should examine the question of the adoption of:

(a) Uniform clauses for marine, land and air transport insurance;

(b) Uniform criteria for the compilation of insurance and reinsurance statistics.⁹³

DRAFT RECOMMENDATION Z

TRANSFER OF TECHNOLOGY

The Conference recommends that:

1. Developed countries should encourage the holders of patented and non-patented technology to facilitate the transfer of licences, know-how, technical documentation and new technology in general to developing countries, including the financing of the procurement of licences and related technology on favourable terms;

2. Developing countries should undertake appropriate legislative and administrative measures in the field of industrial technology;

3. Competent international bodies, including United Nations bodies and the Bureau of the International Union for the Protection of Industrial Property, should explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, including the possibility of concluding appropriate international agreements in this field;

4. Additional facilities for information on, and for the transfer of, technical documentation and know-how should be organized within the framework of the United Nations in consultation with the appropriate international organizations.⁹⁴

Appendix II

REPORT OF THE WORKING PARTY ON SHIPPING

Rapporteur: Mr. Magne REED (Norway)

A. INTRODUCTION

1. At its twelfth meeting, the Third Committee set up a Working Party on Shipping, with the following terms of reference:

“To consider, and to report on, the conditions under which, and the form in which, shipping could best contribute towards expansion of the foreign trade of developing countries, with special reference to

“(a) Transport costs; the evolution of the structure of freight rates;

“(b) The functioning of the Liner Conference system;

“(c) Preferential and discriminatory arrangements in shipping;

“(d) National fleets in developing countries;

“(e) Port and terminal facilities.”

2. The Working Party held a total of thirteen meetings between Monday, 27 April and Saturday, 16 May 1964. At its first meeting, the Working Party elected the following officers:

Chairman: Mr. Gamani Corea (Ceylon)

Vice-Chairman: Mr. D. Castellanos (Venezuela)

Rapporteur: Mr. Magne Reed (Norway)

3. The following delegations were named by the Chairman as members of the Working Party: Argentina, Australia, Belgium, Bolivia, Brazil, Bulgaria, Burma, Canada, Ceylon, Chile, Colombia, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Ghana, Greece, Guatemala, Haiti, Hungary, Iceland, India, Indonesia, Iran, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Liberia, Malaysia, Mexico, Monaco, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Sierra Leone, Spain, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, Uganda, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela and Yugoslavia.

4. A general debate took place in which the representatives of twenty-two countries participated.⁹⁵ The representative of Tunisia, as an observer, and the representatives of the Intergovernmental Maritime Consultative Organization, the International Chamber of Commerce and the International Chamber of Shipping also participated in this debate. The debate covered the main aspects of the shipping industry, especially the Conference system and the problems relating to conditions under which shipping could best serve the needs of world trade, particularly the trade of developing countries.

5. The following recommendations were submitted to the Working Party:

(i) Draft recommendations on “Shipping and ocean freight rates”, submitted by the delegation of Indonesia (E/CONF.46/C.3/L.21). These draft recommendations were subsequently withdrawn in favour of the recommendations submitted by twenty-six delegations (E/CONF.46/C.3/L.27);

(ii) A draft recommendation on “Transportation costs on the foreign trade of developing countries and possible measures for improving the situation” (E/CONF.46/C.3/L.22), submitted by the delegation of the Netherlands;

(iii) A draft recommendation on “The conditions under which and the form in which shipping could best contribute towards expansion of the foreign trade of developing countries and add to their invisible export earnings” (E/CONF.46/C.3/L.27), submitted by the delegations of Argentina, Bolivia, Brazil, Burma, Chile, Colombia, the Dominican Republic, Ecuador, Ethiopia, Ghana, Guatemala, Haiti, India, Indonesia, the Ivory Coast, Malaysia, Mexico, Morocco, Nigeria, Peru, Sierra Leone, Uganda, the United Arab Republic, Uruguay, Venezuela and Yugoslavia. This draft recommendation was introduced by the Indian delegation, and a further six countries—Ceylon, Iran, Jamaica, Liberia, Philippines and Trinidad and Tobago—asked that their names should be added to the list of sponsors, making a total of thirty-two countries;

(iv) A draft recommendation on “Land-locked countries” (E/CONF.46/C.3/L.28), submitted by the delegations of

⁹⁵ Argentina, Bulgaria, Czechoslovakia, Denmark, Ghana, Greece, India, Indonesia, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, Nigeria, Norway, Philippines, Poland, Romania, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland and Uruguay.

⁹³ For final text, see Final Act, Annex A.IV.23.

⁹⁴ For final text, see Final Act, Annex A.IV.26.

Argentina, Bolivia, Brazil, Burma, Chile, Colombia, the Dominican Republic, Ecuador, Ethiopia, Ghana, Guatemala, Haiti, India, Indonesia, the Ivory Coast, Malaysia, Mexico, Morocco, Nigeria, Peru, Sierra Leone, Uganda, the United Arab Republic, Uruguay, Venezuela and Yugoslavia and introduced by the Bolivian delegation;

(v) Draft recommendations submitted by the delegation of Sweden on "Conditions under which, and the form in which, shipping could best contribute towards expansion of the foreign trade of developing countries" (E/CONF.46/C.3/L.29);

(vi) An amendment (E/CONF.46/C.3/L.31 and Rev.1) to draft recommendation (iii) above, dealing with "Immediate measures", was submitted by the Pakistani delegation;

(vii) An amendment (E/CONF.46/C.3/L.38) to draft recommendation (iii) above, dealing with "Land-locked countries", was submitted by the Hungarian delegation.

B. BRIEF SUMMARY OF THE GENERAL DEBATE

6. This part of the report briefly indicates the main lines of arguments used in the general debate. In order to avoid duplication, details given in the general statements referring to specific items on the agenda, will be dealt with more extensively under the various sub-items.

7. Broadly speaking, representatives from the developing countries underlined the importance of shipping to their economies, because of their heavy dependence on sea communications with the major trading centres of the world and the burden of shipping services in their balance of payments. These problems were of particular importance to all developing countries and those heavily dependent on the export of primary products and the import of industrial goods, especially those goods required for development purposes.

8. Developing countries insisted that the present imbalance in the distribution of tonnage between developed and developing nations had led to the latter not having any voice in decisions on shipping and freight rates, and that this left them in complete dependence on the ocean shipping of developed maritime countries. They emphasized that the present situation not only affected the developing countries through the lack of shipping services between them and potential markets, but also through certain practices prevailing in the Conferences which adversely affected their exports and the promotion of new exports from developing countries.

9. Speakers from the developed nations made it clear that in their view the function of the shipping industry was to serve trade. They emphasized the international character of shipping and its need to operate in an environment of competition unhampered by governmental restrictions. Shipping had expanded with world trade. Both had doubled in size since 1950 and in the same period shipowning had become far more widespread among the various nations, developed and developing. They thought that unless shipping costs were genuinely kept as low as possible, there was no hope of expanding trade to the full. They were willing to co-operate with the developing countries in improving the conditions under which shipping could most efficiently operate. They suggested that machinery for consultation between shippers and Liner Conferences should be established in developing countries. They considered that, if this were done, many of the problems which appeared to be causing developing countries the greatest concern could be amicably settled to the benefit of trade and in the interests of all the parties concerned. They suggested co-operation with developing countries to bring down the costs of transport by improving port facilities and pointed out the importance of port costs, including ships' time spent in port, was an important element in the operating costs of ships.

10. The developing countries maintained that the solution of their ocean transport problems lay in the reduction of ocean transport costs and in the establishment of merchant fleets in developing countries. They asserted that the developing countries had the right to create and develop their merchant fleets not only to rectify the imbalance in their balance of payments through dependence on foreign merchant fleets, but also to provide structural diversification in their economies and to create a new source of income. They contended that the fleets of the developed countries had already captured the trade due to an earlier start and for other reasons, and demanded that the emerging fleets of developing countries should be given employment and all reasonable assistance, as in the case of other infant industries, without being called upon to reciprocate these measures. They asked for effective Liner Conference representation in the major ports of the developing countries, where appropriate. They insisted that their shipping lines were entitled to full membership of Conferences on an equal footing and argued that, in view of the secretive and unilateral practices of Conference lines, machinery on national, regional and international levels should be provided for consultation and confrontation in order that their grievances might be ventilated at and advice provided by such forums. The developing countries mentioned that they fully realized the importance of improvement of inland transport and port facilities and were making large investments in these fields. They suggested that the developed countries should assist them towards achieving these aims by general co-operation as well as by financial arrangements in accordance with the objectives of the present Conference.

11. Representatives of the developed countries welcomed the establishment of fleets in developing countries, provided that they were based on sound economic criteria and provided that their establishment was decided upon by each country as a question of the allocation of capital resources between various investment projects. They also stressed that, when making these decisions, one should be aware of the high ratio of capital to labour in shipping. If trade expanded, they thought there would be room for all, but if trade did not expand, or if competition were interfered with, investment in shipping might be a substantial waste of resources and involve higher costs. They warned that preferential arrangements in shipping would undermine the effects of competition in keeping costs low and that the result would be an over-all increase in freight rates. Representatives of those developed countries that spoke in the general debate contended that flag discrimination was the enemy of competition. They thought that it increased the real costs of transport and, more serious, if these practices spread, other countries would be forced to adopt them too, and costs would rise generally.

12. The developing countries argued that as they had a right to establish their merchant fleets, it must inevitably be conceded that these emergent fleets had to be fed with cargo, especially since for historical reasons the entire cargo was monopolized by the merchant marines of developed countries. Representatives of developing countries also contended that such protective measures were no different from measures taken in relation to infant industries. Moreover, the measures that a developing country took did not interfere with the freedom of navigation. This aspect had been fully covered in paragraphs 8 (e), (f) and (g) and under section E of the thirty-two Power draft recommendation (E/CONF.46/C.3/L.27).

13. The representatives of the socialist countries supported in general the views of the developing countries and gave examples showing that outside the Conference system joint service lines of socialist and developing countries existed and were working successfully. These lines fully applied and

respected the principles of equality and mutual advantage and their freight rates were subject to consultations between the parties concerned. Discriminatory dual rates and deferred rebate practices were fully eliminated by these joint service lines. At the same time they guaranteed for the developing countries the possibility of increasing the volume of cargo carried by their own ships.

C. MAIN TOPICS

I. *Transport costs: the evolution of the structure of freight rates*

14. The discussion on freight rates mainly concerned those charged by Liner Conferences. It was pointed out by representatives of the developed countries that transport costs included several components, such as the costs of inland transport in the country of origin and destination, the costs of cargo-handling in ports and time spent in ports by ships for loading and discharging cargo. They stated that the actual costs of sea transport constituted only a fraction, and frequently only a small fraction, of the total cost of transport of goods from the place of origin to the place of marketing and consumption. Reference was made to the study of the Economist Intelligence Unit "Ocean shipping and freight rates and developing countries" (see Vol. V) which further pointed out that the levels of, and fluctuations in, commodity freight rates played a relatively minor part in influencing cost, insurance and freight (c.i.f.) prices and consumer prices. It was also stated that freight charges were only one part of normal costs of production and, as such, should not be singled out for special attention.

15. The developing countries pointed out that increases in freight rates were arbitrarily made and that they were often put into force unilaterally. They asserted that the present freight rates structures had the effect of promoting the export of manufactured products from developed countries, that they had in the past affected adversely, and still did, the promotion of exports of manufactures and semi-manufactures from developing countries and that even in the case of primary products the high incidence of freight rates had worked to the detriment of developing countries. Moreover, the secrecy under which the Conferences worked, and their failure to take the shippers and Governments of developing countries into their confidence, put the latter at a serious disadvantage and the practice was not conducive to the development of better relations between developing countries on the one hand and Governments of developed countries and Conferences on the other. Developing countries demanded that, in determination of freight rates, the principles of mutual consultation, open methods by publication of freight rates and registration with competent national authorities and discussions and working on an equal footing, should be followed. They suggested, *inter alia*, that:

(a) Freight rates on export cargoes should be fixed at fair and reasonable levels and the practice of dual rates and deferred rebates be regulated;

(b) Freight rates on new items of exports from developing countries should be fixed at levels lower or at least equal to the rates for those items from developed countries;

(c) All variations in freight rates should be made by the Conferences only after prior consultation with the trade interests concerned; and

(d) Freight rates of sensitive commodities should be fixed after taking due account of their special position.

16. Developing countries advocated that promotional rates be instituted so as to encourage their exports. They contended that the present rate structure often brought reverse effects which put their exports to developed countries, as well as to other developing countries, in a less favourable position than exports of developed countries. Several examples of apparently discriminative rates were quoted.

17. In commenting upon the level of freight rates, the developed countries emphasized that attention should be focused on establishing such conditions as would most effectively contribute to secure the lowest possible level of freight rates. They contended that the only possible system under which this could be achieved was the functioning of competition between all carriers. Governmental restrictions, particularly flag discrimination, interfering with the pattern of free competition would lead to a less efficient utilization of the world fleet and consequently to a higher level of freight rates than would otherwise be the case. They contended that that fact clearly brought out the importance of the effective utilization of ships, in particular the need for avoiding ballast voyaging and idle time in ports, and they maintained that there was a close relationship between rising transport costs and the lack of freedom, in one form or another, to pick up return cargoes and to compete for any cargo ready for shipment from any port. On the question of promotional rates, a speaker from a developed country cited differentials which appeared to be favourable to the promotion of exports of the developing countries. The developed countries also suggested that, although shipowners could not be expected to subsidize trade, the promotion of trade was obviously also in the interests of the shipping companies, and their freight policy should be in accordance with those interests. The representatives of a number of developed nations pointed out that statistics collected from European liner companies showed that liner freight income would, on average, have had to be 20 per cent higher than it was in 1963 if a reasonable return on capital was to have been earned. They further stated that competition was so intense that it would prevent rates higher than absolutely necessary from being quoted and that great scope for cost reductions lay in the increased utilization of larger ships—the introduction of which had clearly enabled sizeable reductions in ton-mile transportation costs to be made in recent years. Examples of decreases in the share of transport costs in the c.i.f. prices of certain traditional exports over a long period of time were quoted. On the question of variations in tramp and liner rates, the developed countries pointed out that the example quoted by the developing countries from the paper on "Problems of shipping and ocean freight rates in the ECAFE region" (see Vol. V), covered a particular period when tramp rates were moving into a period of depression but that subsequently tramp rates had increased substantially.

18. Representatives of a number of developing countries expressed the view that competition both within and without the Conferences such as at present existed was not sufficient to lead to a fair level of freight rates. This, to them, appeared to be borne out by the evidence indicated in the paper on "Problems of shipping and ocean freight rates in the ECAFE region" that voyage charter (tramp) rates showed a steady decline, whilst liner rates for the same period had throughout been maintaining an upward trend. They pointed out that competition from tramps and independents was being eliminated by the system of deferred rebates and dual rates, and also gave instances of cases where rates were reduced when the Conferences faced competition from independents, thus providing scope for reduction of freight rates. The developing countries quoted a number of cases where freight rates on traditional items were high, anomalous and discriminatory and constantly on the increase, and also cases where general cargo rates which were very high were being applied to new items, thus inhibiting their exports. Finally, the representatives of developing countries pointed out that they had no means of judging the justification claimed for the increases in freight rates.

19. As to the charge of government restriction and flag discrimination, representatives of developing countries contended that the measures that a developing country took did not

interfere with the freedom of navigation and according to the Inter-governmental Maritime Consultative Organization (IMCO) Convention, such measures were non-discriminatory in character. Government interference in allowing cargoes to national flags, if made on a competitive basis of freight rates, could not have the effect of increasing freight rates. In fact, experience had shown that, in many cases, the existence of merchant fleets in developing countries had led to a decrease in Conference freight rates and they had been instrumental in making the Conferences realize the need of adjusting their freight rates.

II. *The functioning of the Liner Conference system*

20. There was general agreement that the Conference system was necessary to meet the demand for regular scheduled services at stable freight rates from shippers of general cargo. The developing countries pointed out, at some length, that some of the Conference practices—such as those relating to high, discriminatory and anomalous freight rates as well as hampering the freedom of the shipper to choose his method on the matter of sea transport by the rigid introduction of deferred rebates and dual rates—considerably reduced the utility of the Conference system, particularly in the context of the sea-borne trade of developing countries. It was essential from the viewpoint of the developing countries that the shipping Conferences should do some rethinking on this subject and eliminate those practices which worked to the detriment of the developing countries whose trade the Conferences still continued to serve. As regards Liner Conferences, it was contended that a new pattern should emerge based on equality, consultation and discussion. There was, furthermore, agreement that steps should be taken to improve relations between shipowners and shippers in developing countries. Views differed, however, as to the concrete measures which would best promote the desired results.

21. Furthermore, several speakers from the developing countries considered that the present system had a number of defects—such as a monolithic structure, monopolistic tendencies, the limitation of external competition through deferred rebates and dual rates contracts and, in some cases, the practical elimination of internal competition through pooling agreements, practices involving unilateral decisions without consultation, failure of the Conferences to take into consideration the needs of developing countries on a recognized acknowledged basis, and disregard of shippers' interests by high, anomalous and discriminatory freight rates. They quoted the Economist Intelligence Unit report to this effect. Developing countries explained that Governments in their countries were not fixing freight rates.

22. To remedy the above situation, which particularly concerned countries largely dependent on the export of certain primary products, the developing countries underlined the need for machinery for consultation at the national as well as the international level. Furthermore, they maintained that Conferences should accept an open door and an equality principle along the following lines: equality of treatment, both in respect of members of the Conference and the shippers who represented developing countries; removal of restrictions on admission to Conferences; publication of freight tariffs; and reform of the rebate system in order to help the shippers without destroying the Conference system.

23. Representatives of the developed countries maintained that Conferences did allow internal competition and faced outside competition from tramps and independents, and that freight rates in the longer run would always depend, thanks to this competition, on what it actually cost to provide the transport. Thus, government fixing of rates, according to these speakers, would either mean higher rates in the long run,

or poorer services, because Governments could not reduce costs, while competition and its product, efficiency, could. The best way of sorting out differences of opinion about freight rates was discussion between commercial interests which understood the issues and had a direct stake in the outcome. It was agreed that there was every advantage in strengthening shippers' organizations, to tell shipowners what the customer wanted and in working towards better understanding on both sides.

III. *Preferential and discriminatory arrangements in shipping*

24. This part of the terms of reference was not discussed as a separate item but was considered by a number of speakers in the course of discussions relating to other items. Practices such as deferred rebates and dual rates regarded by developing countries as discriminatory, discussed in connexion with the working of the Conference system and the determination of freight rates have been covered in sections I and II above. The practice of flag discrimination was discussed in relation to the formation of national fleets in developing countries, which is dealt with under section IV below.

IV. *National fleets in developing countries*

25. It was agreed that the development of merchant marines in developing countries was to be welcomed. It was noted that a number of developing countries already had large fleets employed in international ocean transport and had the intention of further expanding these fleets.

26. A number of representatives from developing countries considered that the uneven geographical distribution of world tonnage, the fact that the ratio of national flag tonnage to foreign trade was considerably smaller in the developing than in the developed countries, as well as the role of freight expenditures in the balance of payments of developing countries, taken together, indicated a need for the expansion of national fleets in developing countries.

27. Several speakers stressed, however, that the question of whether or not a developing country should invest in shipping, should be considered and decided upon by each country in the context of the allocation of available capital resources between alternative investment projects in shipping as well as in other industries. In general, it was contended by developed countries that if investments in shipping were not economically sound and ships not competitive, such investments would directly or indirectly increase the transport costs of the countries making them.

28. As regards the effect on the balance of payments, it was pointed out by developed countries that only a limited part of the total freight payment made to a national flag company would in fact be a true gain to that country's balance of payments. When substituting national ships for foreign ships there would be a loss of foreign exchange income previously obtained from the disbursements of foreign flag vessels in the ports of the country concerned, and the national vessels would have foreign exchange expenditures when calling at ports abroad. Furthermore, the cost of the ship, if imported, would be a burden on the balance of payments. The same would apply to the down-payments of loans and the interest paid abroad if the ship were financed by foreign loans. Studies, which indicated that only 20 to 25 per cent of the gross freight payments made to a national flag shipping company would in fact be a net gain to the balance of payments of that country, were presented to the group.

29. Representatives of some developing countries challenged this contention and pointed out that they had made very detailed and meticulous calculations in this regard and had come to the conclusion that a vessel not only earned its original price, but

also added to the balance of payments by earning foreign exchange. Instances were given where the net gain in the balance of payments was as much as 40 to 50 per cent of the gross freight earnings. Details of computation of expenditure and earnings were given in some cases and the conclusion was that merchant fleets of developing countries would contribute to improving the balance-of-payments position and lead to a net increase in national income, apart from making it possible for developing States to earn more from increased exports. It was also argued that investment in standard cargo ships was probably the least risky form of economic diversification; they could if unprofitable, in any case always be disposed of at relatively little loss which was not possible in the case of other industrial investments.

30. The developed countries, however, doubted the contention that currency savings would amount to 40 to 50 per cent and suggested that there might be a difference in the method of calculation. In particular, account might not have been taken of the loss of currency income from foreign flagships in the ports of the country concerned. The limited net gain to the balance of payments of about 20 to 25 per cent of the gross freight payments made to a national flag ship was supported by an analysis made of European liner shipping as a whole. Reference was also made to an annual report of a liner company in India which revealed much the same distribution of the operating cost items as that in Europe. They questioned, therefore, whether the *geographical* distribution of the cost items could vary from that of European lines and asked for more information about the calculation which led to the apparent difference in currency savings.

31. On behalf of developing countries it was explained that before a vessel was purchased and the decision taken to establish a shipping line, detailed calculation was made of total expenditure and income. All the items listed in the submission by Norway (E/CONF.46/C.3/5) had been taken into account. It was after much careful calculation that it had been established, in several cases, that acquisition of ships by developing countries had brought 40 to 50 per cent net foreign exchange savings. One developing country gave details of how on liner trade the entire price of a new vessel could be cleared in five to six years. The following example was given in the case of India: the acquisition of a liner vessel of 10 to 12,000 DWT with a speed of 17 knots would cost about £1.1 million if built new. If it were employed in the Conference trade, depending upon the particular routes which were assigned to it, its earnings would be of the following order:

<i>Route</i>	<i>Net foreign exchange earnings per year in £ sterling</i>
1. India/UK-Continent	225,000
2. India/Australia	187,000
3. India/Far East-Japan	150,000
4. India/USSR-Poland	135,000
5. India/South America	135,000

Thus, a vessel employed on the India-UK/Continent trade, if acquired on ten years' deferred payment terms, would be paying about £125,000 annually towards its price (£100,000) and interest (£25,000), whereas it would be earning £225,000 with the result that about £100,000 would go towards the foreign exchange earned to improve the balance of payments position. The total interest in ten years at 5 per cent on £1 million would be approximately half of £500,000 or about £250,000 involving ten annual remittances of an average of £25,000 each, as one would have to take into account the continuous reduction in the principal amount resulting from the annual repayment of instalments of £100,000 towards the price of the ship which would continuously reduce the interest charges also. Thus, a

payment of £250,000 spread over ten years would be the approximate interest outgo on a ship of £1 million. Again, a vessel had a life of twenty years, and it would continue to earn valuable foreign exchange for another ten to fifteen years after it had paid off its price. The conclusion would, therefore, be warranted that the merchant fleets of developing countries would contribute towards improving the balance of payments position.

32. Although realizing that the question of priority of investments was a complex one, the representatives of the developing countries felt that the creation of a merchant marine was essential for the general independence of their countries. The representatives of developing countries acknowledged that the development of merchant marines in developing countries should be decided on the merits of each case, and individual considerations should be taken into account. They maintained that while as a general principle sound commercial criteria should be applied, the question of the establishment of merchant marines in developing countries should be considered as an enlargement of the economic base, as a diversification of production in the countries and regions concerned and as an instrument for the promotion of their exports.

33. The developing countries also suggested that developed countries should assist them in building up their merchant marines. The provision of loans on favourable terms through international financial institutions was suggested.

V. Ports and terminal facilities

34. The basic importance of improved port facilities as a means of reducing transport costs was generally recognized. The costs of inland transport and cargo-handling costs in ports (including the cost of ships' time spent in ports) represented a substantial percentage of transport costs from place of origin to place of destination. There were great possibilities for the reduction of the costs of transport by improving available port facilities and by the development of new facilities. All countries should, therefore, give high priority to port improvements. Greater effort should be made in providing them, and to this end international financing and technical assistance should be made available on favourable terms and conditions to developing countries. There was a general support for that part of the study of the Economist Intelligence Unit which pointed out that one of the most promising fields for cost reduction was the rationalization of port operations and the expansion of port facilities. Further material to substantiate this view was put forward in studies made by participating countries and presented to the Working Party.

D. DRAFT RECOMMENDATIONS SUBMITTED BY DELEGATIONS REPRESENTED ON THE WORKING PARTY

35. Two of the proposals submitted to the Working Party—the thirty-two-Power draft recommendation and the draft recommendation by Sweden—were thoroughly discussed in the Working Party.

36. The thirty-two-Power draft recommendation read as follows:

After careful consideration of the terms of reference of the Working Party on Shipping and taking into consideration the conditions under which and the form in which shipping could best contribute towards expansion of the foreign trade of developing countries and add to their invisible export earnings, it is recommended that:

A. Machinery for consultation

1. An appropriate international machinery on an inter-governmental level should be established under the United Nations to tackle matters of maritime transport and ocean freight rates on a global basis. The international machinery

to be set up should have the competence to investigate questions of shipping and freight rates and recommend suitable remedial measures. Its role should be to consult all parties concerned and co-ordinate the economic aspects of shipping as well as to advise on the question of freight rates and any economic issues concerning shipping which are referred to it.

2. In order to supplement, assist and co-operate with the international machinery mentioned above, national measures should be undertaken with a view to forming national shippers' and traders' associations (shippers' councils) as part of the consultative machinery at national level for negotiating with the shipping lines.

3. Regional machinery through co-operative action on the part of developing countries for joint consultations and negotiations with the Conference lines should be constituted.

4. The developing countries should be allowed:

(i) To take an active part in the decisions that affect the conditions and freight costs of sea transport with a view to reaching better rationalization of routes and freights, established or to be established, in accordance with the national characteristic of production and marketing and development requirements of those countries or regions; and

(ii) To conclude agreements with the Conferences with a view to fulfilling the aforesaid conditions both as regards the freight costs and against measures preventing the expansion of the fleets of developing countries.

B. *Conference practices and remedies*

5. Developing as well as developed countries should take measures relating to Shipping Conferences on the following lines:

(a) The Shipping Conferences should publish and be obliged to file and register with a competent national authority their tariffs and regulations.

(b) The Shipping Conferences should give reasonable advance notice both to the shippers and to the Governments of the developing countries concerned in respect of both general increases in freights and commodity-wise increases which are of vital importance to the national economy of the developing countries.

(c) The present system of deferred rebates should be so regulated and controlled as not to adversely affect exports.

(d) A shipping line of a developing country should be guaranteed the right of entry to Conferences as a full member on equal footing.

(e) The present form of agreement relating to dual rates should be revised in consultation with the shippers of developing countries, so that their interests are adequately protected.

(f) Adequate procedures for hearing and remedying shippers' complaints should be introduced.

(g) Adequate and effective representation of Conferences in major ports of developing countries should be provided, wherever appropriate, in order to promote understanding between Shipping Conferences and shippers of developing countries.

C. *Promotional rates for developing countries*

6. Urgent and systematic consideration should be given to:

(a) The introduction of promotional rates for the development of exports from developing countries;

(b) The adoption of satisfactory rates between ports of developing countries with a view to promoting regional trade;

(c) The establishment or improvement of shipping services including provision of adequate shipping space on various trade routes, regional and trans-oceanic, with a view, in particular, to the opening and expansion of new markets for developing countries, and especially for those in particular need.

D. *Port improvements*

7. (a) Developing countries have already taken or are in the process of taking effective measures for the improvement of their port facilities. In order to reduce the cost of operation of shipping services which cater to the requirements of developing countries, the latter should give high priority to the improvement of port facilities in their countries as well as improvement of inland transport, where necessary.

(b) Increased financial resources including international capital loans and aid, as well as technical assistance should be made available on favourable terms to developing countries for these purposes.

(c) Efforts should be made to introduce improvements in cargo handling and other aspects of port management with a view to speedy turnaround of ships, thereby keeping down the ships' costs.

E. *Development of merchant marines*

8. The desirability of development of merchant marines by developing countries is recognized, since merchant fleets not only assist export promotion, but also add to the invisible earnings of developing countries. The present concentration of shipping tonnage ownership in developed countries, the complete dependence of developing countries on ocean shipping of developed maritime countries and their consequent lack of any voice in the decisions of shipping and freight rates, all point to the need for developing countries establishing their own shipping and themselves participating in running shipping services to correct the present unbalanced and one-sided situation. The developed countries can substantially assist the developing countries in this respect in the following manner:

(a) Suitable measures should be devised to assist developing countries in establishing and expanding their merchant marines for which deferred payment terms may be arranged with low rates of interest and sufficiently long periods of repayment.

(b) Suitable financial arrangements from financiers including international financial institutions such as the Inter-American Development Bank (IDB), the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD) should be made for those developing countries that wish to expand their merchant fleets.

(c) The developed countries should extend their full co-operation furnishing financial and technical assistance as required by those developing countries which wish to establish shipbuilding and other ancillary maritime industries in their own countries.

(d) Regional companies and regional operating arrangements should be worked out jointly by groups of developing countries, where practicable.

(e) In accordance with article 1 (b) of the IMCO Convention, developing countries should be entitled to give necessary assistance and encouragement to their national shipping for its proper expansion and development.

(f) Protective measures adopted by developing countries concerning their national merchant marines on a preferential basis should be accepted as non-discriminatory in order that their merchant marines play an increasing part in the transport of their cargoes.

(g) The developed countries in their assistance programmes for developing countries should not include clauses or conditions that contradict the need of developing countries for protection of their merchant fleets.

F. *Immediate measures:*

Committee on shipping and ocean freight rates under the United Nations

9. There is at present no international institution or agency which is capable of satisfactorily and effectively performing the above tasks. The Inter-governmental Maritime Consultative Organization is obviously the agency concerned with this field, but for reasons well known, particularly relating to reservations to the Convention, IMCO is not in a position to carry out the new tasks in the essentially economic field of shipping and ocean freight rates emerging from the United Nations Conference on Trade and Development.

10. As proposed in para A (1) above, an inter-governmental committee on shipping transport and ocean freight rates should be set up under the United Nations with a view to carrying out the above functions which are all economic in character. The composition of this committee should ensure proper regional representation of member countries. The United Nations Conference on Trade and Development should nominate the first committee which could meet in due course and frame its rules and regulations regarding its future composition, elections and conduct of operations. The main function of the committee would be to promote understanding between countries on all matters relating to economic aspects of shipping as well as advising and making specific recommendations to resolve problems that are referred to it by any member country.

11. An appropriate secretariat should be set up to feed the aforesaid intergovernmental committee on shipping which should include a research and statistical cell to study ocean freight rates, problems relating to the provision of adequate shipping and port facilities as well as the provision of training facilities for personnel to man merchant ships and other allied shipping problems.

37. An amendment by Pakistan to this draft recommendation read as follows:

1. The title under "(F) *Immediate measures*" should be replaced by the following: "*Commission on shipping and ocean freight rates under the United Nations Conference on Trade and Development*".

Replace paragraphs 10 and 11 by the following:

"10. As proposed in paragraph A (1) above, an inter-governmental commission on shipping and ocean freight rates should be set up under the United Nations Conference on Trade and Development with a view to carrying out the above functions which are all economic in character. The composition of this commission should ensure proper regional representation of member countries. The Conference should at this session nominate the first commission, which could meet in due course and prepare its draft rules and regulations regarding its future composition, elections and conduct of operations, subject to approval of the standing committee of the United Nations Conference on Trade and Development. The main function of the commission would be to promote understanding and co-operation between countries on all matters relating to economic aspects of shipping as well as advising and making specific recommendations to resolve problems that are referred to it by any member country. The commission would report to the standing committee of the United Nations Conference on Trade and Development.

"11. An appropriate unit in the secretariat of the United Nations Conference on Trade and Development should be set up to service the aforesaid inter-governmental commission on shipping and ocean freight rates and should include a research and statistical section to study ocean freight rates, problems relating to provision of adequate shipping and port facilities, as well as provision of training facilities for personnel to man merchant ships and other allied shipping problems."

The amendment to paragraph 10 was subsequently changed to read as follows:

"10. As proposed in paragraph A (1) above, an inter-governmental commission on shipping and ocean freight rates should be set up under the United Nations Conference on Trade and Development or such organizations as may be set up on the recommendations of this Conference, with a view to carrying out the above functions which are all economic in character. The composition of this commission should ensure proper regional representation of member countries. The Conference should at this session nominate the first commission, which should meet in due course and prepare its draft rules and regulations regarding its future composition, elections and conduct of operations, subject to approval of the standing committee or such organizational structure as may emerge from the United Nations Conference on Trade and Development. The main function of the commission would be to promote understanding and co-operation between countries on all matters relating to the economic aspects of shipping as well as to advise and make specific recommendations to resolve problems that are referred to it by any member country. The commission would report to the standing committee of, or such organizational structure as may emerge from the United Nations Conference on Trade and Development."

38. An amendment by Hungary to the draft recommendation read as follows:

"G. *Land-locked countries*

"12. In view of the special position of the land-locked countries, it be resolved that:

"(a) Taking into consideration that land-locked countries which have no substantial merchant fleet of their own are faced—in the field of maritime transport—with the same difficulties as developing countries, the provisions contained in the present recommendation concerning developing countries should be applied also in respect of these land-locked countries;

"(b) Sea transport should be designed to ensure freer transit for the land-locked countries in order that they may have free access to regional and international trade under all circumstances and for all types of goods, in the light of the international agreements which regulate their free access to the sea."

This text was subsequently changed to read as follows:

"G. *Land-locked countries*

"12. In view of the special position of the land-locked countries, it be resolved that:

"Taking into consideration that land-locked countries which have no substantial merchant fleet of their own are faced—in the field of maritime transport—with the same difficulties as developing countries, the provisions contained in the present recommendation concerning developing countries, should in so far as they apply, be applied also in respect of these land-locked countries;"

39. The sponsors of the thirty-two-Power draft recommendation subsequently agreed to accept the amendments by

Pakistan and by Hungary in their modified form, and their text was revised accordingly.

40. The draft recommendation by Sweden read as follows:

Preamble

Recognizing that the expansion of the exports and imports of developing countries is a precondition for their economic development, the United Nations Conference on Trade and Development has studied the conditions under which, and the form in which, shipping could best contribute towards expansion of the foreign trade of developing countries, with special reference to:

- (a) Transport costs: the evolution of the structure of freight rates,
- (b) The functioning of the Liner Conference system,
- (c) Preferential and discriminatory arrangements in shipping,
- (d) National fleets in developing countries,
- (e) Ports and terminal facilities.

The recommendations set out below are made against the background of the very special character of shipping: it is a wholly international industry, it is highly integrated with other forms of transport and terminal operations and it is extremely demanding on capital.

Draft recommendations

1. Shipping can best help the trade of developing countries by providing efficient transport at lowest possible cost. Free competition between shipowners is the way to ensure this. Interference with this freedom means higher costs or poorer service. No measures should, therefore, be taken that impede this freedom.

Because of the large amount of capital invested in each ship, effective utilization of the ships' carrying capacity is of the utmost importance. This can only be brought about in a market guaranteeing free circulation of shipping services, giving the shippers the advantage of free choice of using those ships which they consider will best meet their commercial needs. At the same time it will be possible to maintain minimum ton-mile costs on the part of the shipowners, as they will be free to pick up cargo in any port, and to move from trade to trade with the seasons. Shipping being an international industry, unilateral action by Governments leads to conflicts of jurisdiction, and will hamper the efficiency of shipping services.

2. Liner Conferences, individual shipping companies on the one hand, and representative shippers' or traders' associations in developing countries on the other hand, should be urged to establish or strengthen consultation and negotiation machinery, on a national or regional basis, for discussing, and remedying the complaints and grievances which may arise in the field of conference rates and practices.

The maintenance of the Conference system in liner shipping is a necessary condition to ensure the stable rates and regular service which is demanded by shippers of general cargo. To ensure the proper functioning of the Conference system it is, however necessary that there should be close co-operation between shippers and the Conferences. To this end a well organized consultation machinery should be established. The first step in this direction should be the formation of shippers' councils.

3. The development of merchant marines in developing countries should be welcomed, provided they are based upon sound economic criteria. Participation in international

shipping should be the privilege of no single country or groups of countries. The priorities of investment are the responsibility of individual countries.

However, the building up of national fleets must be based on sound economic criteria. National competitive fleets of developing countries may benefit their foreign trade. But this Conference should not recommend creating fleets that must be supported by artificial means, because this will retard the expansion of foreign trade by increasing transport costs. There is no evidence or experience showing that uncompetitive fleets—based on governmental preference arrangements—have become competitive after the infant stage or later.

In this connexion statements have been made as to freight expenditure constituting a heavy burden on the balance of payments in the developing countries. The currency gain which is expected from substitution of national carriers for those of other flags is greatly exaggerated. If, taking into account the loss of foreign exchange income obtained from disbursements of foreign flag vessels in the ports of the country concerned, and the currency expenditures operating and capital cost of national vessels abroad, the true gain obtainable by such substitution is of the magnitude of 20 to 25 per cent of the gross freight income in the case of cargo liners.

4. All countries should give priority to improvement of port operation and of connected inland transport facilities. International capital loans and aid, and technical assistance should continue to be directed towards these purposes in the developing countries.

The costs of inland transport and cargo-handling costs in ports (including the cost of ships' time spent in ports) in many cases represent a very substantial percentage of total transport costs of international shipments. There are great possibilities of reducing the total costs of transport by improving port facilities, and in the establishment of new facilities."

41. In addition to these two draft recommendations, discussion also took place on the draft recommendation by the Netherlands and on the draft recommendation by twenty-six countries. The latter recommendation was withdrawn, in view of the fact that this matter was dealt with in another Committee.

42. The Netherlands draft recommendation read as follows: Considering that:

The costs of inland transport and cargo-handling charges in ports (including the cost of ships' time spent in ports) represent in many cases a very substantial percentage of total transport costs on international shipments,

There are great possibilities for reducing the total costs of transport by reducing the three cost-components mentioned above through the improvement of available facilities and the establishment of new facilities,

The Conference recommends that:

1. Developing countries should give high priority to the improvement of port operation and of inland transportation facilities in their countries. International capital, loans and aid, and technical assistance should continue to be directed towards these very important purposes.

2. Shipping Conferences and individual shipping companies, on the one hand, and representative shippers' or traders' associations in developing countries, on the other hand, should be urged to establish or strengthen consultation and negotiation machinery, on a national or regional basis, for discussing and possibly remedying the complaints and grievances which may arise in the field of conference rates and practices.

This draft recommendation was withdrawn after the submission of the draft recommendation by Sweden and after agreement had been reached on a common measure of understanding (see para. 56 below).

43. When introducing the Thirty-Two-Power draft recommendation, the representative of India stated that it was the sponsors' intention to take full advantage of the experience of the major maritime States, but the latter should also help in reforming the Conference system by elimination of objectionable Conference practices which were listed in para. B. 5 of the draft recommendation. He said on behalf of the developing countries that when the recommendation had been drafted account had been taken of some of the recommendations included in the proposal by the Netherlands and of the information included in the Norwegian submission entitled "Balance of payments aspects of cargo liner freights and expenditures" (E/CONF.46/C.3/5) [see Vol. V]. He stated, however, that Indian experience was not in accord with the results shown in the Norwegian submission, and continued to recommend strongly the establishment of merchant marines by developing countries. He said that, once it was accepted by the developed countries that the developing countries had a right to their own merchant fleets, it must inevitably be conceded that those nascent fleets had to be given employment, particularly when the fleets of developed countries had already captured the trade and had the advantage of a much earlier start. Thus, some adjustments were necessary and some measures had to be taken to give employment to nascent merchant fleets; those measures had to be accepted, so long as they did not interfere with the freedom of navigation. He also stated that, though free competition between shipowners was mentioned as an essential feature to maintain lowest possible costs, it was unfortunate that the Conference system eliminated competition both among shipowners within the Conference by the introduction of pooling and outside the Conference by dual rates and deferred rebates. If, therefore, the developed States wanted free competition among shipowners, it was necessary to eliminate some of the Conference practices which established their exclusivity and curtailed competition. Lastly, speaking as a sponsor of the draft recommendation, the Indian representative emphasized the need for international machinery on the inter-governmental level. He agreed that it should be consultative and advisory, but felt that its recommendations would have the necessary weight to be respected by all concerned. Such a machinery was essential from the viewpoint of the developing countries.

The representative of Pakistan, in introducing his amendment (E/CONF.46/C.3/L.31), stated that the solution of the problems of shipping and freight rates was directly in line with the objectives and scope of the present Conference and hence, the inter-governmental institution envisaged in the Thirty-Two-Power draft recommendation, as originally introduced, should be set up and should function under the aegis of the permanent body which was likely to emerge from the present Conference. The sponsors and supporters of the Thirty-Two-Power proposal, with the exception of Australia and Greece, accepted this view.

44. The representative of Sweden, when introducing his draft recommendation, referred to statements previously made as to the great responsibility which the international maritime transport system had to fulfil in securing the expansion of world trade. He underlined the importance of preventing maritime transport from becoming a bottleneck in international trade, and the importance of keeping transport costs at the lowest possible level. In order to achieve maximum efficiency in world shipping and to avoid unproductive tonnage or high-cost carriers, he submitted that the industry must operate in a climate of competition. Only this environment enabled the shipper to choose ships that would give him the most efficient

service. Turning to the problem of Liner Conferences, the representative of Sweden expressed the belief that the present system had played, and would continue to play, an important and useful role. Liner Conferences, he stated, were necessary to ensure regular services, stable freight rates and the prevention of freight wars which would have serious effects on trade. However, since it was difficult to avoid all complaints against the Conferences, the Swedish representative welcomed efforts to remedy grievances and contended that they could best be solved by a machinery for consultation between the Liner Conferences and their customers, the shippers. The representative of Sweden welcomed the creation of merchant fleets in the developing countries, based on economic criteria. Consequently, the Swedish Government firmly opposed preferential or discriminatory measures in shipping because of their adverse effects on transport costs. Shipping being an international industry, unilateral action by Governments, by which he meant action affecting the flow of cargo, led to conflicts of jurisdiction and hampered the efficiency of shipping services. In conclusion, the representative of Sweden stressed the importance of improving port operations and inland transport facilities in developing as well as in developed countries.

45. Discussion centred on these two draft recommendations. The main points of view expressed have been summed up in the following paragraphs.

46. The developed countries contended that the basic objective of shipping should be the expansion of trade and the keeping down of the costs of sea transport, thus helping the creation of healthy economies in developing countries, and that such objectives could best be promoted through reliance upon free competition between private shipowners as a means of reducing transport costs. They further contended that governmental regulation or interference with shipping would only hamper the working of the competitive system. They could not accept the view that governmental intervention in conditions and cost of freight in sea transport would benefit the trade of developing countries; intervention, they thought, could not reduce costs, but would damage the flexibility of world shipping and cause friction between Governments. One developed country considered that there was no basis for discussing institutional arrangements until further study of matters raised in the course of the Conference had been undertaken.

47. As regards the functioning of Liner Conferences, the developed countries noted that because shippers demanded regularly scheduled services and stable freight rates for their cargoes, there had to be some means of meeting these demands, and that over the years the Conferences had been proved an indispensable instrument for achieving stable freight rates and scheduled services. The developed countries considered that objections raised against the present functioning of the Liner Conference system could be removed, to the benefit of both parties, through the establishment and effective utilization of a machinery for private consultation between shippers and Conferences. The developed countries welcomed the establishment of national merchant fleets, provided they were based on sound economic criteria. They should be decided upon by individual countries as a question of priorities in the use of available capital resources. In particular, the developed countries could not accept the institution of protective measures intended to foster the expansion of merchant fleets in developing countries. They considered those measures to be detrimental to the interests of both developed and developing countries.

48. The developing countries were in favour of having measures recommended by the Working Party which involved inter-governmental co-operation, within the framework of the United Nations, between the interested parties. They emphasized that such inter-governmental co-operation was needed

where the private interests involved were not able to reach agreement on a regional or national level in disputes over matters of common interest. They pointed out that in their experience, consultation between shippers in developing countries and Conference lines seldom produced satisfactory results, that Governments had frequently to intervene and that confrontation in a form where shippers, Conferences and Governments were represented at the international level provided the only hope for an objective consideration of problems on an equal footing. They contended that inter-governmental co-operation would ensure equality for developing countries in decisions that affected the conditions and cost of freight in sea transport. Furthermore, developing countries strongly stressed the need for continued development of merchant marines by developing countries. They contended that this would add to their general economic strength, contribute to the diversification of their economies, increase their foreign exchange earnings and help to correct the uneven distribution of world tonnage. In their view, the development of merchant marines needed to be assisted and protected, so as to increase their share in world shipping in general and in the transport of their cargoes.

49. Representatives from the developing countries stated that some of the Conference practices, such as those relating to high, discriminatory and anomalous freight rates, as well as hampering the freedom of the shipper to choose his method of sea transport by the rigid introduction of deferred rebates and dual rates, considerably mitigated the utility of the Conference system, particularly in the context of the sea-borne trade of developing countries. It was essential, from the viewpoint of the developing countries, that the shipping Conference should do some rethinking on this subject and eliminate those practices which worked to the detriment of the developing countries the trade of which the Conference still continued to serve.

50. These views were supported by the representatives of socialist countries, one of whom suggested that it would be premature to elaborate concrete forms of inter-governmental machinery by the Working Party because these forms would depend on the decisions of the Conference itself as to the organization of the future work on problems of trade and development under the United Nations.

51. The representative of Greece, speaking as the representative of a developing but major shipping country, stressed the necessity of all countries, whether developing or developed, adhering fully, in shipping matters, to the principle of free and fair competition as the only way of keeping freight rates steady at their lowest possible level. In this context, he declared that his delegation was opposed to any form of flag discrimination even if it was intended as a measure of protection or encouragement to the setting up of national merchant fleets, which would otherwise be welcomed. As far as Liner Conferences were concerned, Greece, as a developing country, considered that these could only continue to be useful to world trade if they freely admitted any qualified independent carriers, if they helped to ensure full competition among carriers of various flags, companies or owners, and accepted full, objective and effective examination of all complaints or differences between members of Conferences, independent carriers and shippers.

52. During the debate on the Thirty-Two-Power draft recommendation, the Greek representative declared that his delegation could accept, subject to certain amendments, sections A.2 and 3, B and D, *in toto*, and E.8 of that recommendation. It could not accept section C *in toto* and sub-sections (a) to (g) of section E, as they went counter to the principles set out in the general debate by the Greek delegation. It also could not accept sections A.1 and F, *in toto*, nor the Pakistani amendment, as they appeared to provide prematurely for the setting up of an international organization to deal specifically

with freight rates. The Greek representative subsequently introduced to the Thirty-Two-Power draft recommendation three of the amendments he considered necessary, as follows:

(1) The following sentence should be added at the end of section A.2: "Similar machinery should be established to provide for consultations between independent carriers and Liner Conferences."

(2) Section B.5 (d) should be revised to read: "A qualified shipping line should have the right of entry to Conferences as a full member on an equal footing."

(3) The beginning of Section B.5 (g) should be changed to read: "Adequate and effective representation of Conferences in major ports of developed and developing countries..."

These amendments were not discussed.

53. The representative of Australia stated that his delegation generally supported the Thirty-Two-Power draft recommendation as drafted before the amendment by Pakistan. There were, however, points in the recommendations which his delegation would have liked to see redrafted.

54. With regard to the Swedish draft recommendation, the representative of Greece declared that his delegation could accept, subject to certain amendments, paragraphs 1, 3 and 4 of that proposal, but could not accept paragraph 2.

55. The representative of the United States of America indicated that his delegation was in agreement with the Swedish proposal, based on his understanding that the last sentence of operative paragraph 1 referred to actions affecting the flow of cargo, as stated by the Swedish representative.

E. ACTION BY THE WORKING PARTY

56. The Working Party was unable to reach complete agreement on the draft recommendation sponsored by Sweden in E/CONF.46/C.3/L.29 and the Thirty-Two-Power draft recommendation in E/CONF.46/C.3/L.27 and Add. 1. However, from the statements and discussions an area of general agreement could be discerned in the Working Party. This is described as a "common measure of understanding" and is reproduced below:

Common measure of understanding on shipping questions

1. It was agreed that the Liner Conference system was necessary in order to secure stable rates and regular services. However, in order that the system might function properly it was necessary that there should be close co-operation between shippers and the Conferences. As an initial step a well organized consultation machinery should be established with adequate procedures for hearing and remedying complaints by the formation of shippers' councils or other suitable bodies on a national and regional basis. It was noted that action had already been taken in some countries on these lines and that the experience thus gained would offer a useful model for other countries to consider. The following matters which might need consideration could be raised within such machinery:

(a) Publication by Conferences of their tariffs and regulations.

(b) Increases in Conference freight rates, levy of surcharges, etc., giving of reasonable advance notice in this regard.

(c) The terms of dual rate and deferred rebate agreements.

(d) Effective representation of Conferences in major ports of developing countries where appropriate.

(e) The adequacy of shipping services in the trades concerned.

(f) Action to be undertaken in order to improve and promote exports of developing countries and in particular intra-regional trade.

(g) Rationalization of routes and freights, established or to be established in accordance with the national characteristics of production, marketing and development requirements.

2. The costs of inland transport and the cargo handling costs in ports (including the cost of ships' time spent in port) in many cases represented a substantial percentage of total transport costs of international shipments. There were possibilities of reducing the total costs of transport by improving port facilities and in the establishment of new facilities. All countries should therefore give priority to improvement of port operation and of connected inland transport facilities. Greater efforts should be made in providing for the aforesaid purposes and to this end international financing and aid and technical assistance be made available on favourable terms and conditions.

3. It was considered that the development of merchant marines in developing countries as well as their participation in Liner Conferences as full members on equitable terms was to be welcomed. The question of development of merchant marines by developing countries should be decided by these countries on the basis of sound economic criteria.

57. While accepting the above common measure of understanding, the supporters of document E/CONF.46/C.3/L.29 listed below declared that they maintained their views as expressed in the aforesaid document and reserved their rights.

Sponsor of document E/CONF.46/C.3/L.29
Sweden

Supporters of document E/CONF.46/C.3/L.29

- | | |
|---|---|
| 1. Belgium | 10. Japan |
| 2. Denmark | 11. Netherlands |
| 3. Federal Republic of Germany | 12. Norway |
| 4. Finland | 13. Spain (with same reservations as Greece) |
| 5. France | 14. Switzerland |
| 6. Greece (with reservations indicated in paragraph 54 above) | 15. United Kingdom of Great Britain and Northern Ireland |
| 7. Iceland | 16. United States of America (with the understanding indicated in paragraph 55 above) |
| 8. Ireland | |
| 9. Italy | |

58. Similarly, while accepting the above common measure of understanding, the sponsors as well as the supporters of document E/CONF.46/C.3/L.27 and Add. 1, as amended by documents E/CONF.46/C.3/L.31 and Rev. 1 and E/CONF.46/C.3/L.38, and the names of which are listed below, declared that they maintained their views as expressed in the aforesaid document and reserved their rights.

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| 10. Ethiopia | 26. Sierra Leone |
| 11. Ghana | 27. Trinidad and Tobago |
| 12. Guatemala | 28. Uganda |
| 13. Haiti | 29. United Arab Republic |
| 14. India | 30. Uruguay |
| 15. Indonesia | 31. Venezuela |
| 16. Iran | 32. Yugoslavia |

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| 33. Australia (with reservations indicated in paragraph 53 above) | 40. Pakistan |
| 34. Bulgaria | 41. Poland |
| 35. Cuba | 42. Republic of Korea |
| 36. Czechoslovakia | 43. Romania |
| 37. Greece (with reservations indicated in paragraph 52 above) | 44. Spain (with same reservations as Greece) |
| 38. Hungary | 45. Thailand |
| 39. Israel | 46. Turkey |
| | 47. Union of Soviet Socialist Republics |

Annex G

REPORT OF THE FOURTH COMMITTEE

Rapporteur: Mr. J. LACARTE (Uruguay)

INSTITUTIONAL ARRANGEMENTS, METHODS AND MACHINERY TO IMPLEMENT MEASURES RELATING TO THE EXPANSION OF INTERNATIONAL TRADE

Organization of work

1. The Conference, at its second plenary meeting, decided that the subject matter of agenda item 16:

Institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade:

(a) A reappraisal of the effectiveness of the existing international bodies dealing with international trade in meeting trade problems of developing countries, including a consideration of the development of trade relations among countries with uneven levels of economic development and/or different systems of economic organization and trade;

(b) The advisability of eliminating overlapping and duplication by co-ordination or consolidation of the activities of such bodies, of creating conditions for expanded membership and of effecting such other organizational improvements and initiatives as may be needed, so as to maximize the beneficial results of trade for the promotion of economic development,

should be allocated to the Fourth Committee for consideration and report:

2. The Committee met from 23 March to 5 June 1964; it held forty-one meetings, the summary records of which are contained in documents E/CONF.46/C.4/SR.1 to 41.

3. At its first two meetings, the Committee elected by acclamation the following officers: Chairman, Mr. A. E. Howson-Wright (Nigeria); Vice-Chairman, Mr. Moshé Bartur (Israel); Rapporteur, Mr. Julio Lacarte (Uruguay).

4. The Committee had before it the report of the group of experts appointed under resolution 919 (XXXIV) of the Economic and Social Council, entitled "Commodity and trade problems of developing countries: institutional arrangements" (E/3756), as well as the following background documentation

dealing directly or indirectly with the subjects under consideration by the Committee:

Report of the Secretary-General of the Conference (see Vol. II)

Interim report of the Preparatory Committee of the United Nations Conference on Trade and Development (first session)¹

Report of the Preparatory Committee of the United Nations Conference on Trade and Development (second session)²

The developing countries in GATT [prepared by the secretariat of the Conference (see Vol. V)]

The role of GATT in relation to trade and development (prepared by the secretariat of GATT) (see Vol. V)

Latin America and the United Nations Conference on Trade and Development [prepared by the secretariat of the Economic Commission for Latin America (ECLA)] (see Vol. VII)

Bellagio Statement of Policy (see Vol. VI)

A framework for trade between developed and less-developed countries (paper contributed by Mr. I. Gal-Edd) (see Vol. V)

The significance of GATT for under-developed countries (paper contributed by Prof. S. B. Linder) (see Vol. V)

5. The Committee also had before it a draft resolution submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics on the creation of an international trade organization (see Vol. V) and a memorandum submitted by the Union of Soviet Socialist Republics on preliminary considerations regarding the "main provisions for an international trade organization" (see Vol. V).

¹ See the "Interim Report of the Preparatory Committee (first session)" in Vol. VIII of this series.

² See the "Report of the Preparatory Committee (second session)" in Vol. VIII of this series.

Preamble

6. A very large number of delegations took part in the general debate³ and expressed their opinions on the activities of the existing international institutions dealing with international trade, and put forward their suggestions and views about future institutional arrangements [i.e., sub-items (a) and (b) of item 16 of the agenda of the Conference].

7. In reappraising the effectiveness of existing institutions, there was a general consensus that the existing machinery did not cover all international trade and related problems, particularly those affecting developing countries. In this connexion, the majority of delegations was of the view that existing institutions, for a variety of reasons, had not been as effective as could have been wished in solving the problems of developing countries and in promoting wider trade co-operation among States, irrespective of their economic and social systems. They agreed that the existing institutions were inadequate and were not equipped with appropriate machinery to promote such co-operation. Many delegations were also variously concerned about the proliferation of institutions, dispersion of responsibilities and efforts, overlapping of activities, lack of co-ordination and the absence of a comprehensive and integrated framework around which an effective trade and economic development policy could be built. It was emphasized that the very convening of the Conference had demonstrated, *inter alia*, that the present institutional framework was not what it should be and that the existing machinery had proved unequal to that urgent task. Most delegations came to the conclusion that no single existing international institution was able or suited to handle all the relevant problems in the field of trade and development. It was, however, pointed out by some other delegations that the fact that the work and activities of the existing institutions had not always been successful should not be attributed entirely to juridical and structural deficiencies, but also to the lack of political will of the member Governments to carry out the decisions adopted within those international bodies. In this connexion, some delegations felt that the replacement of the existing machinery by new machinery would not itself be sufficient to create the necessary political will.

8. To a large extent, the appraisal of existing institutions centred on the role of GATT. Under rule 59 of the rules of procedure of the Conference (see p. 368), the Executive-Secretary of GATT made a statement and explained the work that had been carried out by the Contracting Parties. Some delegations stressed that GATT had contributed to the orderly conduct of international trade in the post-war period and that the Contracting Parties had shown flexibility in readjusting to new developments, particularly in recent

years. In this connexion, reference was made to the revision of the General Agreement carried out in 1955 and to the work undertaken by the Contracting Parties since the publication of the Haberler Report⁴ in 1958. Mention was also made of the activities of Committee III and of the Programme of Action, the implementation of which had been entrusted to a special committee upon a decision of the Ministerial Meeting of May 1963. It was further pointed out that a number of proposals were currently being discussed in order to introduce in the General Agreement certain amendments intended to meet the trade policy requirements of developing countries. Particular emphasis was placed on the activities of the Committee on the legal and institutional framework which had prepared a draft model chapter on trade and development for the consideration of the Contracting Parties. These delegations thus considered that GATT could be adapted in order to take into account the problems raised by the commercial and economic expansion of the developing countries. Emphasis was laid on the importance of the "Kennedy round" of trade negotiations of GATT.

9. The majority of delegations pointed out that GATT may have proved effective in promoting trade among the industrialized market economy countries, by means of reductions of customs tariffs and other trade barriers. There was, however, general accord among most delegations, both from developed and less-developed countries, that GATT and the other agencies now operating in the fields of international trade and economics were inadequate to meet the trade and development needs of the developing countries. In this connexion it was stressed that GATT had not fully realized the trade policy and economic growth requirements of the less-developed countries. The activities of the Contracting Parties in this field had not been satisfactory and practical measures in a number of important fields had failed to take shape. It was also stated that, owing to its contractual limitations, GATT had no adequate responsibilities in the commodity trade field, which was of crucial interest to developing countries. Many delegations emphasized that recent attempts to introduce modifications in the General Agreement had proved difficult to carry out because of the reluctance of some contracting parties to agree on important issues. The report of the Committee on the legal and institutional framework of GATT, in the opinion of certain delegations, indicated that agreement had not as yet been reached on a number of major issues and that certain points were hedged around with so many reservations that it was unlikely that the Contracting Parties would be able to achieve concrete results on the matter. Many delegations, most of them from developing countries, were of the opinion that an adaptation of GATT, because of the conceptual and structural inadequacies inherent in such a contractual agreement, would be neither

³ It is understood that in this part of the report are reflected only the views of those delegations which took part in the general debate. (See document E/CONF.46/C.4/L.4, Annex 1).

⁴ *Trends in International Trade—A report by a panel of experts* (GATT publication, Sales No.: GATT/1958-3).

basic nor effective. It was also pointed out that, so far, very little had been done to implement the Action Programme approved by the GATT Ministerial Meeting in May 1963. Moreover, the "Kennedy round" of tariff negotiations had got off to a slow start, and its outcome was uncertain as far as the developing countries were concerned.

10. In referring to GATT, some delegations placed particular emphasis on the conceptual limitations inherent in the General Agreement with respect to trade relations and problems between countries with different economic and social systems. It was stated that trade with centrally planned economies was becoming increasingly important for the developing countries. A number of delegations stressed that GATT, either as it stood or reformed, could not constitute the basis for a new trade and development institutional framework.

11. A number of delegations referred to international commodity trade problems and drew attention to institutional shortcomings in that field. Reference was made in this respect to the report of the Group of Experts appointed under resolution 919 (XXXIV) of the Economic and Social Council, which pointed out that a marked proliferation of international bodies dealing with commodity trade had taken place in recent years and that there was a serious lack of co-ordination and dispersal of responsibilities in their activities. Several delegations stressed the inadequacies of the existing institutions dealing with commodity problems and pointed out specific problems arising from the characteristics and regulations of certain commodity agreements. Some delegations emphasized the urgent need for a central organ which would provide unified policy guidance in the commodity trade field.

12. Several delegations also referred in their statements to the international financial institutions—especially the International Monetary Fund and the International Bank for Reconstruction and Development—and while recognizing the value of their activities in their respective fields, stated that the policies of these institutions had not always been oriented towards certain essential requirements of the developing countries in that field, and therefore had not been fully successful in promoting the long-term economic expansion of the less-developed countries. It was stressed that the existing financial institutions should play a more active role in international trade than in the past. Some delegations, mostly from socialist countries, criticized the basic concepts and the weighted voting system of those organizations and stated that their activities favoured mainly the developed market-economy countries.

13. Different views were expressed by delegations about future institutional arrangements. A number of delegations considered that existing institutions should continue to evolve along present lines and that appropriate modifications should be introduced in their terms of reference, practices and activities so as

to enable them to cope with the existing problems of international trade, especially trade as an instrument of economic development. Most delegations considered that in order to achieve a complete and effective solution to the urgent problems in the field of international trade and development, it was necessary to have not only a new policy approach and a firm intention of carrying it out, on the part of developed countries, but also a new international trade organization capable of implementing it and of promoting the expansion of international trade, with a particular view to growing needs of economic development of the developing countries. Most delegations, however, stated that while they considered that full use should be made of existing machinery through the introduction of structural and functional reforms, they were convinced that action aimed solely at the modification and reorganization of the existing machinery would be neither adequate nor practicable and that therefore the Conference should adopt concrete decisions for the establishment of a new institutional framework for trade co-operation. It was stressed that the future institutional structure should be based on the criteria laid down in the report of the second session of the Preparatory Committee: "... (a) They should have wide competence in the field of international trade, including especially trade as an instrument of economic development; (b) They should be capable of supervising the implementation of the decisions to be taken by the United Nations Conference on Trade and Development or by the United Nations; (c) They should be capable of co-ordinating the activities of existing institutions in international trade; (d) They should be under the general aegis of the United Nations; (e) They should provide for universality of membership, or as near to universality as possible; (f) They should be acceptable to the major trading countries and to the majority of developing countries..."⁵ In this respect the majority of delegations felt that existing institutions did not have sufficiently wide competence in the field of international trade, particularly of trade as an instrument of economic development; that they were not capable of implementing the decisions to be taken by the United Nations Conference on Trade and Development; that they were incapable of adequately co-ordinating their activities; that they did not provide for universality of membership, or as near to universality as possible. Consequently, there was a broad consensus that the existing machinery should be changed and that the United Nations Conference on Trade and Development should recommend a new and broader organizational basis for international trade. In this connexion, however, it was recognized that account should be taken of the sixth criterion laid down by the Preparatory Committee.

14. As regards the structural character and juridical status of the new institutional framework, the

⁵ See "Report of the Preparatory Committee (second session)", para. 180, in Vol. VIII of this series.

majority of delegations called for the establishment of a universal, comprehensive international trade organization—some suggested that it should be a specialized agency and most that it should be an autonomous body under the auspices of the United Nations. Some of these delegations asserted that the absence of such an organization was contrary to the provisions of the Charter of the United Nations (some of them invoked especially Articles 56 and 59) and to the needs and requirements of the contemporary world. It was pointed out in this connexion that there was no machinery which would systematically deal with problems of trade between market economies and centrally planned economies, not with the problems of developing countries. Most delegations, while supporting the need for a new international trade organization, expressed the view that the Conference should immediately set up some form of transitional arrangement, capable of formulating and implementing as required a universal, comprehensive trade and development policy which would promote trade relations among States, irrespective of their economic and social systems and giving due attention to the needs of the developing countries. Other delegations expressed the opinion that the establishment of a new organization was neither practicable nor desirable. Some of these latter delegations pointed out, in particular, that it was necessary to define the legal basis of such an organization before passing judgement on its establishment.

15. Most delegations, including those which did not support the creation of a new organization, favoured the establishment of a scheme broadly along the lines suggested by the Secretary-General of the Conference in Chapter V, Part II, of his report (Vol. II), i.e., periodic conferences on trade and development, a standing committee and a permanent secretariat. A majority of delegations considered this scheme as a transitory solution. Although most delegations said that they had no preconceived or hard and fast ideas on the subject, different opinions were expressed regarding specific issues such as the functions of the Conference and the standing committee, and their relationship to the General Assembly and the Economic and Social Council, the relationship of the existing international institutions concerned, and the status of the secretariat within the Secretariat of the United Nations. It was agreed that such questions should be considered in the light of the concrete proposals that would be submitted to the Committee.

16. All delegations expressed their readiness to examine concrete proposals with a view to recommending appropriate institutional machinery capable both of implementing the recommendations of the Conference and of dealing effectively with the urgent problems of trade and development. It was stressed that the debate had indicated the existence of sufficient agreement on various points which, given the political will, should lead to the achievement of adequate solutions.

Consideration of proposals

17. Four proposals on institutional arrangements were formally submitted for the consideration of the Committee. At the request of the Committee, a tabulated comparison of these four proposals was prepared by the Secretariat and is reproduced in appendix II to this report.

18. The texts of the four proposals indicated that the Committee had reached the conclusion that the establishment of a new institutional framework within the United Nations was required in order to promote international trade co-operation and to implement effectively the principles and policies of the Conference. Three of the proposals called for the establishment of an international trade organization. Two of them suggested the setting up of transitional arrangements—consisting of periodic conferences on trade and development, a standing committee and a specialized secretariat—which would be vested with appropriate powers and functions in the field of international trade and which would also be entrusted with the task of preparing the legal instruments required for the establishment of the trade organization. The fourth proposal provided for new institutional arrangements on a permanent basis—also in the form of periodic conferences, a standing committee and appropriate secretariat services—as an integral part of the United Nations economic machinery in accordance with Chapters IX and X of the United Nations Charter.

19. During the consideration of the four proposals, many delegations, including several which favoured the establishment of an international trade organization, pointed out that the Conference—not being a conference of plenipotentiaries—could not approve the legal instruments that were required for the creation of such an organization. Other delegations referred to the limited period of time available for the preparation of the legal instruments that would serve as a basis for the new organization. Some delegations reiterated their opposition to the establishment of an international trade organization. Thus, while the majority of delegations expressed their support for the establishment of such an organization, a broad measure of agreement emerged regarding the advisability of recommending to the General Assembly, at that stage, that the United Nations Conference on Trade and Development should be maintained as a continuing institution which would be convened periodically. There was also a general consensus that a standing committee should be set up as an organ of the Conference to give permanent attention to trade and development problems and in order to implement effectively the principles and policies of the Conference. It was further agreed that appropriate secretariat arrangements should be made in order to service the Conference and its subsidiary organs and to assist Governments in matters within the competence of the Conference.

20. In line with the aforesaid basis of agreement, the following were the most important questions considered by the Committee during the general discussion of the four proposals before it:

(a) *Status of the Conference on Trade and Development*

While most delegations stated that the Conference should become an organ of the General Assembly of the United Nations under the terms of Article 22 of the Charter of the United Nations, some delegations considered that the Conference should be convened in accordance with the terms of Article 62, paragraph 4, of the United Nations Charter. Different views were expressed with regard to the reports of the Conference. The majority of delegations stated that the Conference should report directly to the General Assembly, and some that it should report to the General Assembly through the Economic and Social Council. The organization of the Conference would be similar to that of the present Conference, subject to any changes that might be agreed upon in the future.

(b) *Periodicity of the sessions of the Conference*

There was general consensus that the Conference should be convened every two or three years and the matter was left for subsequent discussion.

(c) *Powers of recommendation of the Conference*

There was general consensus that the Conference should as appropriate make recommendations to the Governments entitled to participate in it, to the specialized agencies and to other inter-governmental organizations concerning the subject matters within the competence of the Conference.

(d) *Functions of the Conference*

The Committee agreed that the Conference should constitute a forum for the consideration of problems of trade and development and that it should exercise responsibility on subject matters within its competence. The majority of delegations also stressed, in that respect, that the Conference should have wide powers for the implementation of its policies and decisions. They further emphasized that the Conference should review and co-ordinate the activities of other international bodies dealing with subject matters within its competence.

(e) *Status of the standing committee*

While it was agreed that the standing committee should be the principal organ of the Conference, differing views were expressed as regards its legal status *vis-à-vis* the Conference and other principal organs of the United Nations. Some delegations considered that the standing committee should be linked only to the Conference as its standing executive organ. The majority of delegations stated that the standing committee should be established as a subsidiary organ of the Conference in conformity with Article 22 of the United Nations Charter. Other delegations considered that the standing committee of the Conference should be established in accordance

with Article 68 of the United Nations Charter which provides, *inter alia*, that the Economic and Social Council shall set up commissions in economic and social fields.

(f) *Periodicity of meetings of the standing committee*

There was general consensus that the committee should meet once or twice a year. The final decision on the matter was left for further discussion.

(g) *Membership of the standing committee*

Different views were expressed as to the composition of the standing committee and as regards the pattern of geographical distribution of its membership. Some delegations stated that the standing committee should consist of approximately one-half of the members of the Conference in accordance with the pattern of geographical distribution established for the General Committee of this Conference. Other delegations, while considering that the standing committee should consist of thirty-four members, stated that elections of members of the standing committee should take fully into account the principle of equitable geographical distribution, with the understanding that there be equal representation of developing and developed countries including the principal trading countries. While most delegations considered that members of the standing committee should be elected by the Conference, some delegations stated that the members of the standing committee should be elected by the Economic and Social Council on the recommendation of the Conference.

(h) *Power of recommendation of the standing committee*

There was general consensus that when the Conference was not in session, the standing committee should have the same powers of recommendation within the framework of the principles and policies established by the Conference. Some delegations, however, stated that recommendations should be addressed by the standing committee to the Governments entitled to participate in the Conference, to the specialized agencies and to other inter-governmental organizations through the Economic and Social Council.

(i) *Functions of the standing committee*

It was widely felt that the standing committee should have functions as wide as the Conference. Most delegations considered, that its main responsibility should be to implement the decisions of the Conference, to keep under review trade and development trends and to serve, on behalf of the Conference, as the main co-ordinating body on questions of trade and development.

(j) *Specialized subsidiary organs of the Conference*

There was general consensus that the Conference and/or the standing committee would establish such specialized subsidiary organs as may be required to carry out the work of the Conference and implement its recommendations.

(k) *Status of the secretariat*

Most delegations advocated the establishment of a specialized secretariat headed by the Secretary-General of the Conference for servicing both the Conference and its subsidiary bodies. Some delegations recommended that, in accordance with Article 101 of the United Nations Charter, the Secretary-General of the United Nations should make such additional secretariat arrangements as might be necessary.

(l) *Relations with specialized agencies of the United Nations and other inter-governmental organizations*

There was general consensus that in order to implement effectively the decisions of the Conference and to discharge its responsibilities effectively the Conference and its subsidiary organs should establish close working relationships with the specialized agencies of the United Nations and with other inter-governmental organizations which, in one way or another, have responsibilities in subject matters within the competence of the Conference. In this respect, some delegations noted that according to normal practice such relationships should be maintained through the Economic and Social Council.

(m) *Relations with the regional economic commissions*

There was a widespread view that the United Nations regional economic commissions and their secretariats should continue to assist the Conference and its subsidiary organs within their competence and respective regions.

(n) *Relations with the Contracting Parties to the General Agreement on Tariffs and Trade (GATT)*

Most delegations considered that the Contracting Parties to the General Agreement on Tariffs and Trade, being responsible for the administration of a contractual agreement, could not be brought into relationship with the Conference as a subsidiary organ. There was general consensus, however, that the Contracting Parties should be requested to report periodically to the Conference on its activities. Some delegations stated that the Contracting Parties should become, *mutatis mutandis*, a subsidiary body of the Conference on Trade and Development specializing in tariffs. These delegations also considered that the Executive Secretary of GATT should be appointed by the Secretary-General of the United Nations upon the recommendation of the Contracting Parties.

21. Following the general consideration of the proposals submitted to the Committee, and after several informal discussions among delegations, three revised proposals were submitted to the Committee:

(a) A draft resolution concerning the establishment of an international trade organization, submitted by the delegations of Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics (Vol. V).

(b) A draft recommendation submitted by the delegations of Afghanistan, Algeria, Argentina, Bolivia,

Brazil, Burma, Burundi, Cambodia, Cameroon, the Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, the Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kuwait, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Paraguay, Peru, the Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Tanganyika, Togo, Trinidad and Tobago, Tunisia, Uganda, the United Arab Republic, Upper Volta, Uruguay, Venezuela, Yemen and Yugoslavia (E/CONF.46/C.4/L.12 and Add. 1 and 2).

(c) A draft recommendation submitted by the delegations of Belgium, Canada, the Federal Republic of Germany, France, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States of America (E/CONF.46/C.4/L.9/Rev.1 and Add. 1.)

22. As previously requested by the Committee, the Secretariat prepared a tabulated comparison of these three proposals (see appendix III of this report). Since the comparison was made in accordance with the same classification used in the first tabulation (appendix II), the chart shows both the characteristics of the revised proposals and differences that exist between the original and revised texts. It should be noted in this connexion that the proposals contained in documents E/CONF.46/50 and E/CONF.46/C.4/L.9 were superseded by those contained in the document referred to in paragraph 21 (a) above and E/CONF.46/C.4/L.9/Rev.1, respectively. The proposals contained in documents E/CONF.46/C.4/L.3 and E/CONF.46/C.4/L.5/Rev.1 were formally withdrawn by the sponsors and replaced by the draft recommendation contained in document E/CONF.46/C.4/L.12.

23. In introducing the revised texts, delegations representing the sponsors of all three proposals stressed that, on the basis of the general discussion and exchanges of views that had taken place concerning the original texts, an effort geared to the harmonization and conciliation of the various positions had been made in order to reach a solution acceptable to all. It was emphasized that, to this end, serious consideration had been given to the opinions expressed, both during Committee meetings and at informal discussions, as regards certain provisions of the original texts which had not proved acceptable to all delegations. In this connexion, the delegations sponsoring the proposal referred to in paragraph 21 (a) above pointed out that, with a view to facilitating the position of those delegations which had had difficulty in accepting the previous text that provided for the immediate decision to establish an international trade organization (ITO), the revised version of the proposal included transitional arrangements which, pending

the establishment of the ITO, would perform the functions required for the implementation of the decisions of the Conference. Delegations speaking on behalf of the sponsors of the draft recommendation contained in document E/CONF.46/C.4/L.12 stressed that its provisions reflected the considered opinions of the developing countries, which had maintained close collaboration and co-ordination throughout the preparation of the document and had given particular attention to the views expressed by delegations in the Committee. The delegations sponsoring the draft recommendation contained in document E/CONF.46/C.4/L.9/Rev.1 stated that in revising the original text of the proposal they had given particular attention to the views expressed by the delegations of developing countries. There was general consensus in the Committee that the achievement of adequate and effective solutions on institutional matters had special importance both for the implementation of the decisions of the Conference and for the continued co-operation among States in the field of international trade and development.

24. However, during the general discussion of the three revised proposals, it was apparent that there were various issues on which delegations had not as yet reached agreement. These issues can be summarized as follows:

(a) *Provisions for the establishment of an international trade organization*

Most delegations considered that the new institutional framework should have a transitional character and that therefore provisions should be made for the establishment of an international trade organization in due course. To that end, the new machinery would study, on a priority basis, matters relating to the establishment of that organization. Some delegations from developed market economy countries, however, maintained that the new institutional arrangement should be set up on a permanent basis and that no reference should be made to the creation of a new international trade organization since a case had not been made out for its establishment. These delegations further stated that the standing body of the Conference⁶ would be entitled to recommend to the Economic and Social Council the establishment of special *ad hoc* machinery for the negotiation of legal instruments deemed necessary for the promotion of international trade in cases where machinery for such negotiations did not already exist.

(b) *Status of the Conference on Trade and Development*

Most delegations reiterated their position that the Conference should become an organ of the General Assembly of the United Nations under the terms of Article 22 of the Charter of the United Nations. The delegations which in the proposal contained in document E/CONF.46/C.4/L.9 had considered that the

Conference should be convened in accordance with the procedures of Article 62, paragraph 4 of the Charter expressed their opposition to any reference to Article 22. These delegations revised their position in the draft recommendation contained in document E/CONF.46/C.4/L.9/Rev.1 and stated that the new organizational arrangements should be established in accordance with Article 13 and Chapters IX and X of the United Nations Charter. The delegations sponsoring the proposals referred to in paragraph 21 (a) above and those sponsoring the proposals in E/CONF.46/C.4/L.12/Rev.1 considered that the Conference should report directly to the General Assembly.

(c) *Functions of the Conference*

While most delegations considered that the Conference should exercise over-all responsibility for the promotion of international trade and development, including the expansion of trade between countries at a similar level of development, at different stages of development, or having different systems of social and economic organization, some delegations from developed market economy countries stressed that the Conference should concentrate its efforts on international trade problems related to the economic growth requirements of the developing countries and to the promotion of trade between countries at different stages of development, or between countries having different economic and social systems.

(d) *Membership of the standing body*

Most delegations reiterated their view that the members of the standing body should be elected by the Conference. However, delegations from developed market economy countries, while accepting that the members of the standing body should be nominated by the Conference, felt that such nominations should be confirmed by the Economic and Social Council.

It was apparent that no agreement had as yet been reached on the composition of the standing body. In this connexion, the delegations which had previously considered that the composition of the standing organ should be based on the principle of equal representation of developed and developing countries, including the principal trading countries (E/CONF.46/C.4/L.9), revised their position on the matter by stating that the standing body should be composed of forty members, including the twelve principal trading States participating in the Conference (E/CONF.46/C.4/L.9/Rev.1). The delegations sponsoring the draft recommendation contained in document E/CONF.46/C.4/L.12 proposed that the standing body should be composed of fifty-two members and the delegations which sponsored the proposal referred to in paragraph 21 (a) above considered that such body should comprise thirty-four or forty-five member countries.

(e) *Voting*

To a considerable extent, members of the Committee participating in the discussion concerning the three proposals referred to the question of voting. Most

⁶ For the sake of convenience, the different titles used in the three draft proposals to designate the standing body of the Conference are not specified in this section of the report.

delegations maintained their position that decisions of the Conference and of the standing body should be adopted by a majority of the members present and voting, in accordance with the normal procedures of the United Nations. The delegations sponsoring the draft recommendation contained in E/CONF.46/C.4/L.9/Rev.1 introduced in their proposal provisions whereby the recommendations of the Conference should be considered adopted when approved by two-thirds of the members present and voting, including a majority of those of the twelve principal trading States participating in the Conference, who should be present and voting. Similarly, according to this proposal, the recommendations of the standing body of the Conference should be considered adopted when approved by a majority of the members present and voting, including a majority of those of the twelve principal trading States participating in the Conference who should be present and voting.

Most delegations stressed that they could not accept this system of voting, since it would *de jure* give a limited number of countries the means of preventing approval of the recommendations of the Conference and its standing organ. It was felt that the inclusion of this provision could impede the approval of substantive recommendations of the Conference bearing on policies which would be conducive to solving the trade and development problems of the developing countries. The delegations sponsoring the proposal contained in E/CONF.46/C.4/L.9/Rev.1 stressed that since the principal trading countries conducted approximately 70 per cent of world trade, their participation in the standing body of the Conference and the assent of a minimum number of them to any recommendation would ensure its effective implementation.

(f) *Appointment of the Secretary-General of the Conference*

Most delegations considered that the Secretary-General of the Conference should be appointed by the Secretary-General of the United Nations and confirmed by the General Assembly. Some delegations from developed market economy countries did not agree with the provision concerning confirmation by the General Assembly. Other delegations considered that the Secretary-General of the Conference should be appointed by the Conference and that the appointment should be approved by the General Assembly.

(g) *Secretariat*

As to the seat of the secretariat, some delegations considered that the Secretary-General should consult with member Governments as to a suitable location for the secretariat, preference being given to a developing country so that the secretariat should be aware of the on-the-spot realities of the trade and development problems of the developing countries.

25. After further informal discussion among members of the Committee, the delegations sponsoring the draft recommendation contained in document

E/CONF.46/C.4/L.12 submitted a revised proposal (E/CONF.46/C.4/L.12/Rev.1). When the revised text was introduced, it was stressed that the main changes consisted of a rearrangement of the recommendation, incorporation of some textual improvements and the addition of one or two provisions to bring the draft more in line with the views expressed by the developing countries in the Committee. It was noted that a number of compromise formulae had been discussed during informal negotiations among delegations, but that in the absence of agreement on the draft recommendation as a whole, no changes had been made in its basic provisions.

26. The statement made on behalf of the sponsors of the draft recommendation contained in E/CONF.46/C.4/L.12/Rev.1⁷ included a comparison between the main provisions of this recommendation and those of the other two recommendations before the Committee. The statement stressed that there was a considerable measure of agreement between the proposal referred to in paragraph 21 (a) above and E/CONF.46/C.4/L.12/Rev.1, the main difference between the two documents being the degree of emphasis placed on the establishment of a comprehensive trade organization. The statement indicated further the following main points of difference between resolutions E/CONF.46/C.4/L.12/Rev.1 and E/CONF.46/C.4/L.9/Rev.1:

“(i) The developing countries generally recommend the establishment of a comprehensive international trade organization, within the United Nations system, universal in character, and capable of dealing with all aspects of trade and development leaving details to be worked out at a later stage. The draft resolution put forward by B group countries is silent on this issue. Paragraph 6 (f), however, provides that the commission for international trade (which corresponds to the executive council in our resolution) would ‘keep under continuing review the effectiveness and further evaluation of organizational arrangements and to recommend such organizational improvements as may appear feasible so as to maximize the beneficial results on trade for the promotion of economic development’. It has been said that this keeps the door open for the study of a comprehensive international trade organization. The developing countries are not satisfied with this assurance, and wish to make a more specific reference to the need for setting up a comprehensive international trade organization after all aspects of the problem have been duly considered and the charter of the organization drawn up.

“(ii) The resolution of the developing countries provides for the establishment of a periodical

⁷ In accordance with a decision of the Committee, the full text of the statement was reproduced in document E/CONF.46/C.4/L.18.

In addition to the delegations which had previously sponsored the proposal contained in document E/CONF.46/C.4/L.12 and Add. 1 and 2 [see para. 21 (b)], the revised draft recommendation was sponsored by the delegations of the Ivory Coast, Kenya, and Panama.

conference as an organ of the General Assembly under Article 22 of the Charter. The resolution of B group recommends its establishment under Article 13 and chapters IX and X of the United Nations Charter. Our contention is that Article 13 of the United Nations Charter makes no provision for the creation of new organs or sub-organs of the General Assembly. The only relevant provision is Article 22 read with Article 7, paragraph 2.

“(iii) Our draft resolution provides for confirmation of the first election of the executive council by the General Assembly of the United Nations. The B group countries desire confirmation by the Economic and Social Council. This provision is not acceptable to the developing countries because it would result in subordinating the continuing machinery to the Economic and Social Council.

“(iv) There are several other provisions in the two resolutions with regard to relationship between the Economic and Social Council and the continuing trade institutions. We recognize that the Economic and Social Council has to perform certain co-ordinating functions in the economic field under Chapter X of the United Nations Charter but we feel that no provision should be made in the draft resolution which would restrict the autonomy of the continuing trade institutions or would subordinate them in any manner to the Economic and Social Council.

“(v) The developing countries are anxious that the continuing machinery should be competent to deal with all aspects of international trade and economic development for which an adequate machinery does not exist already in the United Nations and its specialized agencies. The B group countries agree in general with this view, but their draft resolution tends to restrict the competence of the continuing institutions to international trade.

“(vi) The developing countries wish to set up at least three specialized commissions to look after primary commodities, manufactures, finance and invisibles. The B group countries wish to make provision, at this stage, only for a commission dealing with primary commodities.

“(vii) The developing countries wish to provide machinery for negotiation of legal instruments, or multilateral agreements, while the B group countries would make such provision only ‘where machinery for such negotiations does not already exist’. The reference here seems to be to GATT, but this overlooks the fact that a substantial number of developing countries and most of the socialist States are not members of GATT.

“(viii) The most crucial difference between the two drafts relates to the composition of the executive council and the voting procedure in the Conference and the Council. The draft resolution of the developing countries provides for an executive council of fifty-two members elected on the basis of the formula approved with regard to the General Com-

mittee of this Conference. The draft resolution submitted by B group provides for a body of forty members, including twelve principal trading States having permanent seats. It is understood that the B group countries would expect fourteen seats (including ten permanent seats), as against their normal entitlement of eleven seats out of forty under the formula approved for the election of the General Committee and the Drafting Committee. The concept of permanent, non-elective seats is not acceptable to the developing countries; but probably there would be no objection to a gentleman’s agreement or convention which would ensure the election of some of the major trading States in the same way as four out of five permanent members of the Security Council are invariably elected to the Economic and Social Council. The developing countries also feel that the allocation of fourteen out of forty seats to B group countries would be contrary to the well accepted ‘principle of equitable geographic distribution’ and would give undue weightage to B group countries.

“The difference between the developing countries and B group countries with regard to the voting formula is still more crucial. The resolution of developing countries provides for adoption of decisions of the Conference on all matters of substance by a two-thirds majority of the representatives present and voting, and on matters of procedure by a simple majority. The voting procedure in the Executive Council and its subsidiary bodies will also be by a simple majority. The resolution of the B group countries, however, provides that the recommendations of the Conference shall be deemed to have been adopted when approved by two-thirds of the members present and voting, including a majority of those of the twelve principal trading States participating in the Conference. Similarly, the decisions of the Executive Council would be considered as adopted only when approved by a majority of the Council and the majority of the twelve principal trading States. This formula is utterly unacceptable to the developing countries because it gives a virtual veto to six out of the twelve principal trading States over all important decisions of the Conference and its Executive Council.

“(ix) Both the resolutions agree that the Secretary-General of the Conference should be nominated by the Secretary-General of the United Nations, but the B group countries have not accepted our proposal that the nomination should be confirmed by the General Assembly of the United Nations. We consider this provision necessary in order to give appropriate status to the Secretary-General of the Conference. This provision is in line with the procedure for the confirmation of the United Nations High Commissioner for Refugees and the Managing Directors of the Special Fund and the United Nations Children’s Fund (UNICEF).

“There are a number of other differences between the two draft resolutions with regard to matters

such as relations between the continuing institutions and GATT, regional economic commissions and other international bodies operating in the field of trade and development. It is not, however, necessary to dwell on these matters any further, and some of these differences are capable of being reconciled in consultation with the institutions concerned”.

27. In a statement made on behalf of the delegations of B group⁸ it was said that to be successful the Conference should establish institutional machinery which would make it possible to continue without interruption the consideration of the urgent question of the relationship between trade and development. It was also stressed that in order to be effective the new institutional framework should be based on certain basic principles acceptable to the different groups of countries represented in the Conference.

28. The statement made on behalf of the delegations of B group summarized the views of these delegations as regards the principles that should guide the new institutional machinery in the following terms:

The institutional machinery dealing with trade in relation to development must be based on a reconciliation of two basic considerations. On the one hand it must satisfy the legitimate interests of the developing countries to have a forum where they can highlight their problems and express their views with respect to the appropriate solution to those problems. We all understand that they do not wish to be prevented by special voting procedures from doing so. On the other hand, the developed countries which account for well over 80 per cent of world trade and which will be called upon to co-operate by accepting certain changes in their trade policies, have an equally legitimate interest to ensure that their views are being taken into account. In short, the two groups of countries—the developed and the developing ones—must be partners on an equal footing in the new institutional machinery. Indeed, recommendations passed by these new organs will only have the necessary weight to lead to concrete action if they are negotiated and not merely imposed by majority vote.

This is the reason why a voting procedure must be found which ensures this co-operation, and a representation must be obtained in the standing committee which corresponds at least to some extent to the magnitude of the respective interests.

A second major principle relates to the extent to which the future consideration of further institutional arrangements such as the creation of the world trade organization should be prejudged at this juncture. We feel that it would be premature to take a decision on such a momentous subject but are not opposed to leave the question open for further consideration.

A third major principle is that the relationship of the continuing machinery to existing organs of the United Nations must respect the rights and responsibilities of these organs under the United Nations Charter.

There are other points as well which need to be defined before a valid recommendation can be passed by this conference such as the proper relationship of the new machinery with respect to other organizations.

29. The statement further noted that in the opinion of the delegations of B group, the draft recommendation contained in document E/CONF.46/C.4/L.12/Rev.1, while being acceptable as regards many of its provisions, did not meet these considerations and therefore did not provide an adequate basis for an agreed solution. The delegations of B group expressed their regret concerning the need to take a vote on the draft recommendation contained in document E/CONF.46/C.4/L.12/Rev.1 for procedural reasons, which they did not consider overriding, and stated the hope that by voting on the recommendation the various positions maintained by delegations would not become inflexible. The statement also expressed the view—which it understood was shared by the sponsors of draft recommendation E/CONF.46/C.4/L.12/Rev.1—that with good will on all sides the question before the Committee would be solved before the closing of the Conference.

30. The draft recommendation contained in document E/CONF.46/C.4/L.12/Rev.1 was put to a roll-call vote and adopted by 83 votes to 20, with 3 abstentions.⁹

31. After the vote had been taken, a statement was made on behalf of the sponsors of the proposal referred to in paragraph 21 (a) above to the effect that they had voted in favour of the draft recommendation contained in E/CONF.46/C.4/L.12/Rev.1 because they were satisfied with the transitional arrangements it established. These delegations stressed, however, that they were convinced of the need for the setting up of a comprehensive international trade organization, since the present conditions of international trade were abnormal in many respects. It was further stated that they would continue to make efforts towards the early establishment of an international trade organization. They had hoped that the Committee would reach unanimous agreement, but since that had not been possible, they had decided to co-operate as fully as possible with the developing countries, although the draft recommendation just approved did not take account of all of their own ideas. It was added that they would not insist on their draft being put to the vote. However, should the situation deteriorate, they reserved the right to return to their draft resolution again and to ask for it to receive urgent attention.

⁸ In accordance with a decision of the Committee, the full text of the statement was circulated as document E/CONF.46/C.4/L.19.

⁹ At the next meeting of the Committee, the delegation of Mali stated that, as it was a sponsor of the draft recommendation contained in document E/CONF.46/C.4/L.12/Rev.1, its vote should be counted in favour of that recommendation.

32. One sponsor of the draft recommendation contained in document E/CONF.46/C.4/L.9/Rev.1 pointed out that the text constituted a contribution to the debate and should not be considered definitive. In the circumstances, it did not seem indispensable to vote on that text. He stated that that interpretation was similar to that which had just been made on behalf of the delegations supporting the proposal referred to in paragraph 21 (a) above. Therefore, the voting procedure could well be considered not to have come to a close since the proponents of the draft recommendations still before the Committee could ask it to reach a decision on them at a later stage.

33. Two delegations pointed out that the vote taken on the draft recommendation contained in document E/CONF.46/C.4/L.12/Rev.1, and the fact that the other two similar resolutions before the Committee were not voted upon at the same time, indicated that the issue was closed and that no further voting in the Committee could take place. One of these delegations requested a ruling from the Chairman. The Chairman ruled that the voting in the Committee on substantive matters covered by the three draft resolutions was closed.

Proposals on institutional questions transmitted by other Committees

34. The Committee had before it documents E/CONF.46/C.4/L.15 and Add.1, embodying all the proposals on institutional matters formally transmitted by other Committees to the Fourth Committee (appendix IV). In this connexion, a draft recommendation contained in document E/CONF.46/C.4/L.16 was submitted by the delegations of Argentina, Brazil, Burma, Ceylon, Dahomey, Nigeria, Pakistan, the United Arab Republic and Uruguay. After an introductory statement made for the sponsors of the draft proposal, a statement was made on behalf of the delegations of group B recalling the position of those delegations as regards the draft recommendation approved by the Committee (document E/CONF.46/C.4/L.12/Rev.1) and stressing that, although they were in favour of some of the proposals contained in E/CONF.46/C.4/L.15 and Add.1, those delegations could not pass judgement on any further action deriving from the approval of the draft recommendation contained in E/CONF.46/C.4/L.12/Rev.1. In the circumstances, those delegations would not be able to participate in the vote on the proposal contained in document E/CONF.46/C.4/L.16.

35. A vote was taken on the draft recommendation, and it was approved by 59 votes to none, with 1 abstention.

Arrangements during the interim period

36. A draft recommendation concerning arrangements during the interim period (E/CONF.46/C.4/L.17) was submitted by the delegations of Argentina, Brazil, Burma, Ceylon, Dahomey, Nigeria, Pakistan, the United Arab Republic and Uruguay. The proposal

was designed to ensure continuity in the activities of the United Nations with respect to inter-governmental consultation and action on all subjects considered by the Conference in the interim period between the conclusion of the Conference and action of the General Assembly regarding the recommendation contained in E/CONF.46/C.4/L.12/Rev.1. To this end, the Secretary-General of the United Nations would be requested to take appropriate measures, including the necessary financial provisions, in order to start without delay the work required for the implementation of the recommendations of the Conference during the interim period referred to above. The draft recommendation was put to a vote and adopted by 60 votes to 19, with 2 abstentions.¹⁰

Appendix I

RECOMMENDATIONS ADOPTED BY THE FOURTH COMMITTEE

A

The United Nations Conference on Trade and Development

Convened for the first time for a comprehensive and integrated review of the problems of trade and development, particularly those affecting the developing countries,

Convinced that sustained efforts are necessary to raise the standards of living in all countries and to accelerate the economic growth of developing countries,

Recognizing

(a) That international trade is an important instrument for economic development;

(b) That adequate and effectively functioning organizational arrangements are essential if the full contribution of international trade to the accelerated economic growth of the developing countries is to be successfully realized through the development and implementation of the necessary policies;

(c) That no single existing international institution is so constituted as to deal with all the relevant problems in the field of trade and development;

(d) That existing bodies require reforms and modifications in order to avoid overlapping and duplication;

(e) That new institutional arrangements are necessary in order to continue the work initiated by this Conference, and to implement its recommendations, conclusions and decisions; and

(f) That, at the same time, there should be a further review of both the present and the proposed institutional arrangements, in the light of the experience of their work and activities.

I

Recommends to the United Nations General Assembly the establishment within the United Nations system of a comprehensive organization:

(a) To be universal in character;

(b) To have sufficient authority to ensure compliance with its own decisions and with those of the United Nations which will relate to international trade and development; and

(c) To be capable of providing, on a continuing basis, the central stimulus for all work relating to international trade and development, bearing in mind the different rates of growth of developing countries.

¹⁰ For final text, see Final Act, Annex A.V.2.

II

Recommends also to the United Nations General Assembly that, without prejudice to any other measures that may be necessary in the light of the review contemplated above, it should take action at its nineteenth session in the following directions:

A. *United Nations Conference on Trade and Development*

1. The present United Nations Conference on Trade and Development, hereinafter referred to as the Conference, shall be established as an organ of the General Assembly under Article 22 of the Charter of the United Nations.

2. The Conference shall be convened at intervals of not less than two years and not more than three years, as the Conference or the Executive Council (to be created under paragraph 5) may recommend to the General Assembly of the United Nations.

3. The principal functions of the Conference shall be:

(a) To exercise over-all responsibility, under the authority of the United Nations General Assembly, for the promotion of international trade and development and, to this end, to develop policies for the expansion of trade between countries at similar levels of development, at different stages of development, or with different systems of economic and social organization;

(b) To establish principles and policies relating to international trade with special reference to the needs of development;

(c) To establish the means of action and propose the necessary instruments for putting the said principles and policies into effect, having regard to differences in economic systems and stages of development;

(d) To promote the co-ordination of international commercial and financial policies in keeping with development needs and inequalities of growth;

(e) To establish, as appropriate, negotiating machinery for the formulation and adoption of legal instruments in the field of trade;

(f) To review, evaluate and co-ordinate the activities of other institutions operating in the field of trade and development with a view to their progressive adaptation to, or integration with, the comprehensive organization described in part I;

(g) To be available as a centre for harmonizing the trade and development policies of Governments and regional economic groupings;

(h) To deal with any other matters within the scope of its competence.

Voting

4. Each State represented at the Conference shall have one vote.

Decisions of the Conference on all matters of substance shall be taken by a two-thirds majority of the representatives present and voting.

Decisions of the Conference on matters of procedure shall be taken by a majority of the representatives present and voting.

B. *Executive Council**Composition*

5. A standing executive organ of the Conference, to be known as the Executive Council of the United Nations Conference on Trade and Development, hereinafter referred to as the Council, shall be established.

6. The Council shall consist of fifty-two members elected by the Conference. In electing the members of the Council, the Conference shall take fully into account the principle of equitable geographical distribution and provision of adequate representation for the principal trading States, as reflected in the following distribution of seats:

(a) Eastern European countries, excluding Yugoslavia: 6 seats;

(b) Western European countries, United States of America and Commonwealth countries not included in other categories: 14 seats;

(c) African and Asian countries and Yugoslavia: 23 seats;

(d) Latin American countries and Jamaica and Trinidad and Tobago: 9 seats.

7. The members of the Council shall normally hold office from the date of their election until the convening of the next session of the Conference.

8. Retiring members shall be eligible for re-election.

9. Each member of the Council shall have one representative with such alternates and advisers as may be required.

Functions and powers

10. When the Conference is not in session, the Council shall function as an initiating, deliberating, executing and co-ordinating body on such subject matters as fall within the competence of the Conference.

11. It shall keep under review and take appropriate action for the implementation of the recommendations, declarations, resolutions and other decisions of the Conference.

12. It may make or initiate studies and reports with respect to trends in the field of trade and development as well as on the effect of such trends on the economic position of developing countries.

13. It shall study, on a priority basis, matters relating to the establishment of a comprehensive organization within the United Nations system to deal with trade and development described in part I.

14. It shall be entitled to request the Secretariat to prepare such reports, studies or other documents as it may deem appropriate.

15. It may request regular reports from all inter-governmental or international bodies whose activities are relevant to the advancement of trade and development in so far as matters dealt with by it are concerned. Such bodies shall include, in particular, the Food and Agriculture Organization of the United Nations, the Contracting Parties to the General Agreement on Tariffs and Trade, the International Bank for Reconstruction and Development, the International Monetary Fund, the International Labour Organisation and the Commodity Councils of various international commodity agreements.

16. It shall establish close and continuous links with the regional economic commissions and other relevant regional inter-governmental bodies.

17. Upon the consideration of the relevant activities of the bodies enumerated in the two preceding paragraphs, it may make such recommendations to them as it may deem appropriate.

18. It shall serve as a preparatory committee for future sessions of the Conference. To that end, it shall initiate the preparation of documents, including a provisional agenda, for consideration by the Conference as well as make recommendations as to the appropriate date and venue for its convening.

19. It shall report to the Conference and, in the years when the Conference is not in session, it shall report directly to the General Assembly. Copies of such reports shall also be forwarded to the Economic and Social Council which may transmit such comments on them as it may deem necessary to the General Assembly, in accordance with the functions allotted to it in the United Nations Charter.

Subsidiary bodies of the Council

20. The Council shall establish specialized commissions for the efficient discharge of its responsibilities in the fields of

commodities, manufactures, financing and invisibles; and in such other fields as may be considered necessary, especially with the aim of enhancing the development of trade between economies at different levels of development and those having different economic and social systems. A commission shall be set up to consider such reports as may be prepared relating to the establishment of a comprehensive organization within the United Nations system to deal with trade and development, as provided for in paragraph 13.

21. The Council may establish and convene such *ad hoc* subsidiary bodies or working groups as it may consider appropriate, including machinery for the negotiation of legal instruments.

22. The commissions, within their respective fields, shall assume, under the supervision and guidance of the Conference and the Council, such policy and co-ordinating functions, as well as other responsibilities, as may be deemed necessary to assist the Council in the performance of its functions.

23. Each commission shall be composed of twenty-seven members who shall be elected by the Council, in accordance with arrangements to be made by it, for a term of three years. One-third of the members shall retire each year, but retiring members may be eligible for re-election. One-third of the members of each commission shall invariably be chosen from among States serving on the Council at that time.

24. Each commission may adopt its own rules of procedure which shall be subject to the approval of the Council.

25. Annual reports shall be made to the Council by all the commissions, subsidiary bodies and working groups that may be established by it. Special reports may also be made as and when requested by the Council.

26. The commission on commodities, in accordance with the general functions envisaged in paragraph 22, shall take over the functions now performed by the Commission for International Commodity Trade and the Interim Co-ordinating Committee for International Commodity Arrangements and within the framework of over-all co-ordination by the Conference and the Council shall maintain liaison with the appropriate bodies of the Food and Agriculture Organization, including the Committee on Commodity Problems in regard to agricultural commodities, and with other bodies dealing with commodities.

27. The Council shall invite any member of the Conference to participate, without vote, in its deliberations as well as in the deliberations of any commissions or other bodies established by it, on any matter of particular concern to that member.

Voting and procedure

28. Each member of the Council shall have one vote.

29. Its decisions shall be made by a simple majority of the members present and voting.

30. The Council may make arrangements for representatives of the inter-governmental bodies referred to in paragraphs 15 and 16 to participate, without vote, in its deliberations and in those of the subsidiary bodies and working groups established by it. Such participation may also be open to non-governmental organizations concerned with matters of trade and development.

31. The Council shall adopt its own rules of procedure.

32. It shall meet as required in accordance with its rules. It shall normally meet twice in any particular year.

C. Secretariat

33. Arrangements shall be made for the immediate establishment of an adequate, permanent and full-time secretariat within the United Nations for the proper servicing of the Conference, the Council and its subsidiary bodies.

34. The secretariat shall be headed by the Secretary-General of the Conference.

35. The Secretary-General of the Conference shall be appointed by the Secretary-General of the United Nations and confirmed by the General Assembly.

36. Adequate arrangements shall be made for close co-operation and co-ordination between the Secretariat and the Department of Economic and Social Affairs, including the secretariats of the regional economic commissions and other appropriate units of the United Nations Secretariat as well as with the secretariats of the specialized agencies.

37. The principal functions of the Secretariat shall be:

(a) To carry out the decisions and undertake the studies referred to it by the Conference and the Council; and

(b) To service and to assist in the work of the Conference, the Council, the commissions and other bodies that may be established by the Council.

III

Financial implications

38. All the expenses of the Conference and of its subsidiary bodies shall be borne by the United Nations. For this purpose, a separate section shall be opened under the United Nations budget. This shall be supplemented by a special account into which shall be credited the contributions of States non-members of the United Nations which are entitled to participate in the Conference, and which shall be assessed according to the normal practice.

39. The Secretary-General of the United Nations may be requested to submit to the General Assembly at its nineteenth session a report on the financial implications of the above recommendations, as well as concrete suggestions as to the allocation of expenditure among all the States entitled to participate in the Conference.

IV

General

40. The Conference recommends to countries members of international bodies or parties to inter-governmental agreements dealing with trade and development problems that they should, within these bodies, promote institutional action or possible reforms designed to facilitate their progressive co-ordination or integration within the new structural pattern of international trade, consistent with the objectives, the principles and the policies formulated by the Conference.

V

Transitional provisions

41. The Conference further recommends that:

(a) The members of the Council (to be established under part B) recommended for election by the present Conference shall commence their terms after such recommendation has been duly approved by the next session of the General Assembly.

(b) The first meeting of the Council shall be convened immediately after the confirmation of its membership during the nineteenth session of the General Assembly. This shall be a procedural meeting for the purpose of establishing the Council's rules of procedure, electing its office-bearers for the following year, establishing a provisional calendar of meetings and a provisional agenda for the following meeting.

(c) The first meeting of the Conference shall be no later than early in 1966.¹¹

¹¹ For final text, see Final Act, Annex A.V.1.

B

The United Nations Conference on Trade and Development, Taking note of document E/CONF.46/C.4/L.15 and addenda;

Bearing in mind that it contains, inter alia, recommendations adopted by the Conference concerning the terms of reference of the subsidiary organs to be established by the Executive Council of the Conference;

Requests the Executive Council to give prompt and favourable consideration to these terms of reference in establishing its subsidiary organs.¹²

C

ARRANGEMENTS DURING INTERIM PERIOD

The United Nations Conference on Trade and Development,

Having adopted a recommendation to the General Assembly whereby the Conference on Trade and Development shall be established as an organ of the General Assembly, and for the setting up of an Executive Council of the Conference and of a secretariat to assist these organs in carrying out their work,

Bearing in mind the urgent need for further action in the field of trade and development and the consequent necessity for continuity in the activities of the United Nations with respect to inter-governmental consultation and action on all subject matter considered by the Conference,

¹² For final text, see Final Act, Annex A.V.3.

Recognizing the need to make adequate arrangements for such work in the interim period between the conclusion of the Conference and action of the General Assembly,

Requests the Secretary-General of the United Nations to take appropriate measures, including the necessary financial provisions, in order to start without delay the work required for the implementation of the recommendations of the Conference during the interim period referred to above.¹³

*Appendix II*FIRST COMPARISON OF THE DRAFT RECOMMENDATIONS
FORMALLY SUBMITTED TO THE FOURTH COMMITTEE*Note by the Secretariat*

1. At the request of the Committee (nineteenth meeting, 30 April 1964), the Secretariat presents in this document a comparison of the four proposals which have been formally submitted to the Committee. The titles and sponsors of the proposals are given in the headings of the comparative table.

2. The comparison was made in accordance with a classification adopted by the Secretariat taking into account the main topics found in the recommendations.

3. The text of the proposals which appear under each heading has been taken verbatim from the respective documents. On several documents it has been necessary to combine two or more provisions relating to the same subject.

¹³ For final text, see Final Act, Annex A.V.2.

(See Appendix II overleaf)

COMPARATIVE TEXT OF DRAFT RECOMMENDATIONS SUBMITTED TO THE FOURTH COMMITTEE

<p><i>Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50)</i></p>	<p><i>Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹⁴</i></p>	<p><i>Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1)</i></p>	<p><i>Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9)</i></p>
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I. INTERNATIONAL TRADE ORGANIZATION

1. *Establishment and status*

To create a universal International Trade Organization (ITO) ... founded on principles acceptable to all countries, regardless of differences in their social systems and levels of economic development ... [1]¹⁵.

ITO activities shall be founded on the principles of international trade relations adopted by the Conference [3].

Autonomous organization acting under United Nations auspices and in conformity with its Charter and collaborating closely with its specialized agencies [1].

... The Conference shall become a standing organ of the United Nations until the United Nations Organization for Trade and Development is established [6].¹⁵

Recommends the establishment of an International Trade Organization within the United Nations system to deal with the problems of international trade, with special reference to the needs of development [I].¹⁵

Have sufficient authority to ensure compliance with its own decisions and with those of the United Nations which relate to international trade and development [II.2].

... A committee shall undertake as a matter of urgency, and with the possible assistance of a group of experts, whatever work is necessary for the establishment of the international trade and development organization, ... including the preparation of the necessary legal instruments [V.5.d(i)].

Not specified.¹⁶

2. *Institutional framework*

The highest organ of ITO shall be a conference of all its members [6].

The practical activities of the organization between conferences shall be directed by its executive body [6].

Committees and working groups may be set up under ITO on specific problems of international trade [6].

ITO shall have a Secretariat, headed by a Secretary-General and deputy secretaries-general [6].

Not specified.

Not specified.

Not specified.

3. *Drafting of the charter*

To draw up a charter on the basis of the provisions and principles contained in paras. 1-6, entrusting the task of drafting the charter to an *ad hoc* group of ten or twelve government experts to be appointed by the Conference [7].

... The report of the Secretary-General of the Conference shall include, after the necessary consultations, concrete proposals, *inter alia* on: the advisability of appointing a consultative board composed of high-level governmental experts to advise the Director-General in the examination of specific problems and to prepare studies for the consideration of the Council and the commissions. Should such a consultative board be established, it could be entrusted by the Conference to prepare, with the assistance of the secretariat, a study on the principles, term of reference and juridical and administrative structure of the United Nations Organization for Trade and Development which would be established in due course. The study prepared by the consultative board would be considered by the Council which would subsequently submit for the approval of the Conference a draft charter on trade and development and a draft of the organizational agreement for the establishment of the United Nations organization on trade and development [36(iv)].

Not specified.

Not specified.

4. *Membership*

Open to full-fledged membership by any State, whether or not it is a Member of the United Nations [1]. There shall be equitable representation in all ITO organs of the three groups of States existing in the world [6].

Not specified.

Universal in character [II(1)].

Not specified.

5. *Voting power*

Each country shall have one vote in the ITO [6].

Not specified.

Not specified.

Not specified.

¹⁴ An explanatory memorandum is attached to this draft recommendation. This chart is based only upon the text of the draft recommendation itself.

¹⁵ For easy reference, the pertinent paragraph numbers are given in brackets at the end of the text.

¹⁶ "Not specified" indicates that a proposal does not contain any provision pertaining to the subject under a particular heading.

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E|CONF.46|50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E|CONF.46|C.4|L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E|CONF.46|C.4|L.5|Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E|CONF.46|C.4|L.9) (continued)

I. INTERNATIONAL TRADE ORGANIZATION (continued)

6. Purposes

To do everything possible to promote the development of international trade as an instrument of economic development in the interest of all countries and peoples of the world, and to ensure that all the countries of the world benefit from a rational international division of labour on the basis of equal rights [2].

... In order to accomplish its purposes ITO should draw up recommendations and measures to promote the expansion of international trade and the unhindered economic development of all the countries in the world, particularly the less-developed countries; assist interested countries in the organization and techniques of foreign trade [4].

Not specified.

Not specified.

Not specified.

7. Functions

This organization shall be ... empowered to deal with all questions of international trade ... [1] ... concern itself, *inter alia*, with the following problems: (a) the inter-relationship between world trade and economic development; (b) the elimination of artificially created restrictions and obstacles to trade in raw materials, semi-finished and finished products; (c) the elimination of price fluctuations having undesirable consequences for trade and the economic situation; (d) the elimination of the adverse effects of the activities of closed economic groupings on the trade of third countries, particularly on the trade and the economies of the developing countries; (e) the removal of obstacles of an economic and administra-

Not specified.

Be capable of providing, on a continuing basis, the central stimulus for all work relating to international trade and financing considered as instruments of economic development [II.3].

Not specified.

tive character and those connected with commercial policy hindering the development of international trade; (f) improvement of the terms of international trade, having regard to the requirements and needs of the different countries and regions of the world by means of: (i) the provision of opportunities for products from the developing countries to find a stable and expanding outlet, and the improvement of the structure of the developing countries' exports by an increase in the proportion of finished and semi-finished goods in the developed countries' imports from the developing countries; (ii) the conclusion of stabilizing international commodity agreements with the participation of all the main exporters and importers of the goods in question, with a view to establishing economically justified price levels and providing for the steady growth of trade in these goods; (iii) the conclusion of long-term trade agreements and contracts; (iv) the gradual elimination by the industrially developed countries of tariff, non-tariff and other obstacles in the field of trade, in particular quantitative restrictions having an adverse effect on the developing countries' exports and on the expansion of international trade in general; (g) improvement of the invisible trade of the developing countries, in particular improvement of the conditions governing the carriage of goods, transit and insurance; (h) an easing of the terms for the financing of international trade; the use of international credit to promote trade between countries; the granting of credit for the supply of equipment to the developing countries on terms favourable to those countries; (i) the commercial and economic aspects of general and complete disarmament; (j) the study of such aspects of international trade as transit, access to the sea and transit for land-locked States, trade fairs, exhibitions, etc. [5].

8. *Relations with existing organs and institutions*

Co-ordinate the activities of auxiliary bodies of the United Nations, and of other international organizations in the field of world trade, some of which bodies and organizations might be included in ITO if

Not specified.

Not specified.

Not specified.

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5) Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

I. INTERNATIONAL TRADE ORGANIZATION (continued)

8. Relations with existing organs and institutions (continued)

they so agreed, and issue recommendations concerning the improvement of the activities of these bodies and organizations [4].

9. Other provisions

The draft resolution includes the following preamble:

The United Nations Conference on Trade and Development,

Considering that international trade is a most important factor contributing to peaceful and good-neighbourly coexistence among all States regardless of differences in their social systems and levels of economic development, and a powerful instrument and means of economic and social progress,

Recognizing the existence in international trade of a number of important and far-reaching problems which call for a solution, *inter alia*, the problems of improving the terms of trade of the developing countries, eliminating artificial obstacles and discriminatory practices in world trade, and easing the terms for the financing of international trade,

Having regard to the fact that the solution of the above-mentioned problems and the practical implementation of the resolutions of the Conference, and of decisions by the United Nations on international trade questions, will depend to a considerable extent on the competence and effectiveness of the body which is to be set up under the auspices of the United Nations,

Not specified.

Not specified.

Not specified.

Recognizing further that the existing institutional machinery does not embrace all the problems of world trade and questions related thereto, in particular those having special importance for the developing countries,

Convinced that a single and universal international body should be created under the auspices of the United Nations to deal with the entire scope of world trade questions, ...

IIA. CONFERENCE ON TRADE AND DEVELOPMENT

10. *Legal basis*

Not specified.

... The United Nations Conference on Trade and Development, hereinafter referred to as the Conference, is established under Article 22 of the Charter of the United Nations as a continuing institution ... [1].

Under the terms of Article 22 of the Charter of the United Nations, the Conference on Trade and Development shall become a standing organ of the United Nations until the United Nations Organization for Trade and Development is established. It shall therefore be the highest specialized forum of the United Nations competent to promote international co-operation in the field of trade and development [6].

The Conference ... shall be (an) organ of the General Assembly of the United Nations, in conformity with Article 22 of the United Nations Charter ... [V (6)].

The United Nations Conference on Trade and Development (UNCTAD) shall be kept in being until such time as it is replaced by the new organization provided for in Part A [V (1)].

Recommends that the following new organizational arrangements be established as an integral part of the United Nations economic machinery in accordance with Chapters IX and X of the United Nations Charter in order to assist in achieving the objectives of the Conference [Preamble].

The Conference shall be convened in accordance with the procedures of Article 62(4) of the United Nations Charter [I.2].

11. *Organic relationship*

Not specified.

The Conference shall report to the General Assembly of the United Nations [7].

The Conference ... shall report to the General Assembly through the Economic and Social Council [V (6)].

Recommends that the following new organizational arrangements be established as an integral part of the United Nations economic machinery in accordance with Chapters IX and X of the United Nations Charter in order to assist in achieving the objectives of the Conference [Preamble].

The basic responsibility of the Conference shall be (a) the promotion, under the authority of the General Assembly and the Economic and Social Council, of international trade, ... [I.5].

... The Conference shall report to the General Assembly of the United Nations through the Economic and Social Council [I.6].

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5) Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

IIA. CONFERENCE ON TRADE AND DEVELOPMENT *(continued)*

12. *Periodicity of meetings*

Not specified.

The Conference shall meet periodically, every three years. Accordingly, the Conference shall meet automatically; namely, it shall not require a new decision of the General Assembly except for the financial appropriations as provided for standing bodies meeting under United Nations auspices [2].

Each Conference shall determine the place of meeting of the next Conference. If for any unforeseen reason the Conference cannot be held at the determined venue, it shall be the responsibility of the Trade and Development Council to designate a new venue in consultation with the Secretary-General of the Conference. [3].

In special circumstances and with the approval of two-thirds of the members of the Trade and Development Council the date of the next Conference could be changed in consultation with the Secretary-General of the Conference [4].

The Conference shall hold regular session every two years from 1964 onwards and special sessions when convened by the Executive Council [V (1)].

The Conference shall be convened every three years. Additional sessions of the Conference may be convened in exceptional circumstances, in the light of recommendations of the Commission on international trade [I.3].

13. *Organization of the Conference*

Not specified.

The organization of the periodic Conferences shall be similar to that of the present Conference subject to any changes that may be agreed at subsequent sessions or on the recommendation of the Council [9].

The draft provisional agenda of the Conference shall be prepared by the Secretary-General of the Conference for the consideration of the Trade and Development Council. The Council shall consider and approve the draft provisional agenda and shall submit the provisional agenda to the Conference for approval [5].

Not specified.

The Conference shall be convened in accordance with the procedures of Article 62(4) of the United Nations Charter [I.2].

The organization of the Conference shall be similar to that of the present Conference subject to any changes that may be agreed at subsequent sessions or on recommendations to the Conference of the Commission for international trade [I.9].

The location of the Conference shall be determined in accordance with the pattern of conferences established by the General Assembly [I.4].

Participation in the Conference shall be by States Members of the United Nations, the specialized agencies or the International Atomic Energy Agency (IAEA) ... [VI].

The provisional agenda of the Conference shall be prepared by the Commission for international trade and transmitted through the Economic and Social Council for approval of the General Assembly [I.7].

14. *Power of recommendation*

Not specified.

The Conference shall have power to make recommendations to Governments, specialized agencies and inter-governmental organizations concerning the subject matters within the competence of the Conference [6].

Not specified.

The Conference ... may make, in keeping with arrangements established at the present Conference, recommendations on any questions or matters ... (within the scope of its competence) [I.6].

15. *Functions*

Not specified.

To exercise overall responsibility, under the authority of the General Assembly of the United Nations, for the promotion of international trade and development and to this end, to develop policies for the expansion of trade between countries at a similar level of development, at different stages of development, or having different systems of social and economic organization [I(i)].

To initiate and supervise the execution of policies and active measures to ensure that the foreign exchange resources of developing countries expand in line with their development needs [I(ii)].

To take steps to ensure that policies and active measures in the field of trade, invisibles and finance undertaken by Governments and international institutions are adequate in total to realize the purposes set forth in (ii) above [I(iii)].

To be a centre for harmonizing the trade and development policies of Governments and regional economic groupings [I(iv)].

To co-ordinate and supervise the activities of other institutions operating in the field of trade and development [I(v)].

To establish principles and policies relating to international trade with special reference to the needs of development [V(2(a))].

To establish the means of action and propose the necessary instruments for putting the said principles and policies into effect, bearing in mind the different stages of development [V(2(b))].

To carry out a critical evaluation and promote the review and co-ordination of the activities of the international bodies and institutions concerned with international trade and development, with a view to their progressive integration or co-ordination with the new organization referred to in part A [V(2(c))].

To promote the co-ordination of international commercial and financial policies in keeping with development needs and inequalities of growth [V(2(d))].

To determine the functions and direct the activities of its Executive Council and Secretariat, and to determine the functions and structure of such Committees, commissions, expert groups or other subordinate organs as it deems necessary to establish [V(2(e))].

A forum for the regular consideration of the problems of international trade as part of the general problem of the economic development of developing countries ... shall be established in the form of a periodic conference [I.1].

The Conference may discuss any questions or any matters within the scope of its competence and may make, in keeping with arrangements established at the present Conference, recommendations on any such questions or matters [I.6].

The basic responsibility of the Conference shall be (a) the promotion, under the authority of the General Assembly and the Economic and Social Council of international trade, particularly in its relation to the economic development of the developing countries, through the formulation of principles and policies to this end, including policies for the expansion of trade between countries at a similar level of development, at different stages of development or having different systems of social and economic organization; (b) the formulation and recommendation of measures designed to give effect to such principles and policies [I.5].

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

IIA. CONFERENCE ON TRADE AND DEVELOPMENT (continued)

15. Functions (continued)

To adopt decisions and make recommendations on any other relevant matter [V(2(f))].

The Conference shall give such instructions and directives to the commission for international trade as may be necessary to assist and facilitate the work of the Conference [I.8].

16. Budget

Not specified.

The Conference shall have a separate budget [35].

The Conference requests the Secretary-General of the United Nations to submit to the nineteenth session of the General Assembly a report on the financial implications of the above recommendations [38].

All the expenses of the Conference and of the subsidiary bodies shall be borne by the United Nations but voluntary contributions to the budget intended in particular to defray those expenses shall be permitted. The United Nations Secretariat and the Conference Secretariat shall make such arrangements as are advisable to ensure that the Conference and its subsidiary bodies have an appropriate budget and complete autonomy in its use [V(9)].

Not specified.

IIB. STANDING COMMITTEE

17. Title

Not specified.

Trade and development council [10].

Executive Council [V(3)].

Commission for international trade [II.1].

18. Organic relationship

Not specified.

The Council . . . shall be the standing executive organ of the Conference [10].

The Council shall report to the Conference. During the years in which the Conference does not meet, the Council would report to the General Assembly of the United Nations [19].

. . . the Executive Council shall be . . . (an) organ of the General Assembly of the United Nations in conformity with Article 22 of the United Nations Charter and shall report to the General Assembly through the Economic and Social Council [V(6)].

The Conference shall have as a subordinate organ an Executive Council [V(3)].

A standing committee of the Conference shall be established in accordance with Article 68 of the United Nations Charter which provides *inter alia* that the Economic and Social Council shall set up commissions in economic and social fields [II.1].

19. *Periodicity of meetings*

Not specified.

Once a year. By a majority vote the Council could decide to have a second session during the same year [16]. The first meeting of the Council shall take place not later than Monday, 5 April 1965 [20].

At least twice a year [V(3)].

The Commission shall meet at least once a year at a place to be determined in accordance with the pattern of conference established by the General Assembly [II.10].

The draft agenda for the sessions of the commission shall be prepared by the Secretary-General of the United Nations in accordance with the normal procedures of the United Nations [II.11].

20. *Membership*

Not specified

Approximately one-half of that of the Conference in accordance with the pattern of geographical distribution established for the General Committee of this Conference [12].

To be composed of thirty-four member States and shall be similar in composition to the present General Committee [V(3)].

... The Commission shall be composed of thirty-four members. Elections shall take fully into account the principle of equitable geographic distribution on the understanding that there be equal representation of developing and of developed countries, including the principal trading countries [II.2].

Members of the Commission shall hold office between one Conference and the following Conference, it being understood that retiring members shall be eligible for re-election [II.4].

21. *Election of members*

Not specified.

Members of the Council shall be elected by the Conference for a term of three years. Retiring members shall be eligible for re-election [13].

Elected by the Conference at each regular session, with the exception of those for the first session, who shall be elected by the United Nations General Assembly at its nineteenth session and shall hold office until the next United Nations Conference on Trade and Development [V(3)].

The members of the Commission shall be elected by the Economic and Social Council on the recommendation of the Conference, with the exception of those to serve between the present Conference and the next Conference who shall be elected by the Economic and Social Council at its resumed thirty-seventh session following approval of these recommendations by the General Assembly at its nineteenth session [II.3].

22. *Voting*

Not specified.

Each member shall have one vote. Decisions shall be taken by a majority of the members present and voting [14].

Not specified.

Not specified.

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

IIB. STANDING COMMITTEE (continued)

23. Power of recommendation

Not specified

The Council shall be competent to make recommendations to Governments, to the Conference, to the specialized agencies and to other inter-governmental organizations within the framework of the principles and policies established by the Conference [11].

Not specified.

(The principal functions of the Commission shall be): ... To consider, on the basis of their periodic reports to the Economic and Social Council and particularly in relation to the economic development of the developing countries, the activities of inter-governmental organizations and bodies insofar as they bear upon trade, and to transmit through the Economic and Social Council such comments and recommendations upon the work of these organizations and bodies as the Commission may deem appropriate [II.5.e].

... (to) recommend that the Secretary-General of the United Nations take suitable action pursuant to his authority to convene commodity groups and conferences. ... [II.5.f].

To submit any policy statements, declarations and recommendations which the Commission may formulate to the Conference and, as appropriate, to the membership of the Conference and through the Economic and Social Council to the General Assembly and subsidiary bodies of the United Nations and to the specialized agencies and other international bodies concerned, without prejudices to the rights and obligations of these organizations and bodies and of their members under their own statutes and agreements and without prejudice to the independence of their negotiating machinery [II.5.g].

The Commission may recommend to the Economic and Social Council the establishment, in keeping with Article 62 of the United Nations Charter, of special *ad hoc* machinery for the negotiation of legal instruments deemed necessary for the promotion of international trade in cases where machinery for such negotiations does not already exist.

24. Functions

Not specified.

The Council ... shall be the standing executive organ of the Conference [10].

When the Conference is not in session, the Council shall function as an initiating, deliberating, executing and co-ordinating body on subject matters within the competence of the Conference [11].

The Council shall issue directives to the Secretariat and shall be entitled to request special reports and studies as it deems appropriate.

These shall include an annual review of the trends in world trade and a progress report on the implementation of the decisions of the Conference [18].

The principal functions ... shall be: to carry out the decisions of the Conference and ensure the continuity of its work [V(4)(a)].

To prepare the regular sessions of the Conference, to convene special sessions, and to approve provisionally the agenda of such sessions [V(4)(b)].

To entrust to the Secretariat the preparation of the reports and documentation required [V(4)(c)].

To supervise the implementation of the decisions taken by the Conference and of its own decisions [V(4)(d)].

To approve and submit to the Conference a report on work done since the previous session, and the work programme to be carried out by the Secretariat and the committees, commissions, expert groups, and other subsidiary bodies [V(4)(e)].

To set such subordinate committees or working groups as it deems necessary [V(4)(f)].

The principal functions of the Commission shall be:

(a) To keep under review the effectiveness of action taken pursuant to the findings and recommendations of the Conference and to ensure the continuity of its work.

(b) To serve as the preparatory committee for the Conference and in this connexion to submit to each Conference a comprehensive report on the Commission's activities since the previous Conference and the activities of any sub-groups that might be established, together with such other reports on developments and trends within the competence of the Commission as may facilitate the work of the Conference.

(c) To study, analyse and consider developments and trends in the field of trade, particularly as regards the effects of such developments on the economic positions of developing countries and to formulate such policy recommendations in this respect as it may consider desirable.

(d) To receive and consider annually reports on their activities of any sub-groups of the Commission that may be established, including any recommendations which sub-groups may wish to submit within their respective areas of competence.

(e) To consider, on the basis of their periodic reports to the Economic and Social Council, and particularly in relation to the economic development of the developing countries, the activities of inter-governmental organizations and bodies insofar as they bear upon trade, and to transmit through the Economic and Social Council such comments and recommendations upon the work of these organizations and bodies as the Commission may deem appropriate.

(f) To assume the responsibilities of the Commission for International Commodity Trade and of the Interim Co-ordinating Committee for International Commodity Arrangements and, in this connexion, to maintain appropriate relationship with the

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

IIB. STANDING COMMITTEE (continued)

24. Functions (continued)

Committee on Commodity Problems of the United Nations (FAO) to review developments with respect to individual primary products particularly those not falling within the competence of FAO and the specialized commodity organizations; to give preliminary consideration to particular commodity problems not receiving attention elsewhere and, where co-operative action by exporting and importing countries seems to be advisable, recommend that the Secretary-General of the United Nations take suitable action pursuant to his authority to convene commodity study groups and conferences; observe and periodically report on the procedures and techniques which are found useful in improving conditions in individual commodity markets, to promote the development of improved statistics and statistical projections; in general to review and co-ordinate as appropriate the work of individual commodity groups; and otherwise facilitate the development of improved techniques for averting or remedying commodity problems.

(g) To submit any policy statements, declarations, and recommendations which the Commission may formulate to the Conference and, as appropriate, to the membership of the Conference and through the Economic and Social Council to the General Assembly and subsidiary bodies of the United Nations and to the specialized agencies and other international bodies concerned, without prejudice to the rights and obligations of these organizations and bodies and of their members under their

own statutes and agreements and without prejudice to the independence of their negotiating machinery.

(h) To report annually on its activities to the Economic and Social Council and through it to the General Assembly.

(i) To initiate such studies and reports as may be relevant to the discharge of its other functions [II.5].

The Commission ... shall take full account of the work of other international bodies in order to avoid duplication [II.8].

25. Election of officers

Not specified.

The Council shall annually elect its Chairman and other officers as the Council may find appropriate. The officers should be eligible for re-election [15].

Not specified.

Not specified.

26. Rules of procedure

Not specified.

The Council ... shall adopt its rules of procedure which shall be subject to confirmation by the Conference [16].

Not specified.

The Commission shall adopt its own rules of procedure [II.12].

The rules of procedure of the Council shall provide as appropriate for the participation in its deliberations, without the right to vote, of the chairmen of the commissions [17].

IIC. SPECIALIZED SUBSIDIARY ORGANS

27. Title

Not specified.

Commissions [21].

Committees [V(5)].

Sub-committees [II(6)].

28. Number, purpose and functions

Not specified.

The Conference shall establish standing specialized commissions as may be required for the efficient discharge of its responsibilities in the fields of commodities, manufactures, financing and invisibles and such other commissions as may be considered necessary [21].

The commissions, in their respective fields, shall assume, under the supervision and guidance of the Conference and the

The committees enumerated in this paragraph and such other committees as UNCTAD may decide to establish shall function under the authority of the Executive Council:

(a) A committee to deal with relations between developed and developing countries which, in carrying out its work, shall bear in mind the functions set out [in paragraph V.2(b)]. Its duties shall include the assess-

The Commission may establish such sub-committees as may be necessary to the effective discharge of its functions, including their terms of reference, after consultation with the appropriate organs of the United Nations ... [II.6].

... any sub-group which (the Commission) may establish shall take full account of the work of other international bodies in order to avoid duplication [II.8].

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

IIC. SPECIALIZED SUBSIDIARY ORGANS (continued)

28. Number, purpose and functions (continued)

Council, policy and co-ordinating functions in order to prevent unnecessary duplication and dispersion [21].

ment of the effectiveness of measures adopted to benefit developing countries;

(b) A committee to deal with relations between State-trading and market economy countries;

(c) A committee which shall operate in close contact with the regional economic commissions of the United Nations, to deal with relations between developing countries as a whole, especially between the various continents; and

(d) A committee which shall:

(i) Undertake as a matter of urgency, and with the possible assistance of a group of experts, whatever work is necessary for the establishment of the international trade and development organization referred to in section A, including the preparation of the necessary legal instruments; and

(ii) Advise the Executive Council on aspects connected with the critical evaluation, review and co-ordination of the international trade activities of the other international bodies. In this advisory capacity the committee shall identify the areas in which duplication or discrepancies exist and in which there are gaps or inadequate coverage in the operations of these bodies, with a view to promoting their progressive integration or co-ordination with a new structure.

(The principal functions of the Commission shall be) ... to receive and consider annually reports on their activities of any sub-groups of the Commission that may be established, including any recommendations which such sub-groups may wish to submit within their respective areas of competence [II.5.d].

29. Organic relationship

Not specified.

The commissions shall report annually to the Council. On the basis of such reports, the Council shall include in its own reports to the Conference and to the

The committees shall ... submit annual reports to the Executive Council concerning the performance of their respective tasks [V.5].

The Commission may establish such sub-committees ... [II.6].

(The principal functions of the Commission shall be) ... to receive and

General Assembly a comprehensive account of the activities of the commissions ... [25].

consider annually reports on their activities of any sub-groups of the Commission that may be established, including any recommendations which such sub-groups may wish to submit within their respective areas of competence [II.5.d].

30. *Membership*

Not specified.

Each commission shall be composed of 27 members that shall be elected by the Conference for a term of three years, provided, however, that of the members elected at the first election, the terms of nine members shall expire at the end of two years. The Council shall elect nine members to fill the vacancies that occur in the years in which the Conference does not meet. Each commission shall always include at least nine members which shall simultaneously be members of the Council. Retiring members shall be eligible for re-election [22].

Not specified.

... Election to the sub-committees shall take fully into account the desirability of including in the membership of the sub-committees countries with special interest in the subject matter to be dealt with by the sub-committees, including countries not represented in the Commission [II.6].

31. *Election of officers and rules of procedure*

Not specified.

Each commission shall elect its own officers.

Not specified.

Not specified.

Each commission shall adopt its own rules of procedure which shall be subject to the approval of the Council [23].

IID. SECRETARIAT

32. *Organic relationship*

Not specified.

There shall be a permanent independent secretariat. The Secretary-General of the Conference shall be the chief administrative officer of the secretariat with the title of director-general. He shall be appointed by the Secretary-General of the United Nations and confirmed by the General Assembly [30].

The Secretary-General of the Conference shall report to the Conference and participate without vote in its deliberations [8].

The Secretary-General of the Conference shall report annually to the Council and participate without vote in its deliberations [15].

The Conference shall have a secretariat, headed by a Director-General, who shall be responsible to the Secretary-General of the United Nations; the latter shall appoint the Director-General and be subject to no restrictions in doing so, and the Director-General, in carrying out his duties, shall be directly responsible to the Conference and the Executive Committee [V.7].

In accordance with Article 101 of the United Nations Charter, the Secretary-General of the United Nations shall make such additional arrangements as may be necessary to assure that an adequate secretariat is available to service the Conference and the Commission for international trade. Care should be taken to utilize so far as possible existing resources and avoid duplication of services [III].

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E|CONF.46|50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E|CONF.46|C.4|L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E|CONF.46|C.4|L.5|Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E|CONF.46|C.4|L.9) (continued)

IID. SECRETARIAT (continued)

33. Functions and duties

Not specified.

The Director-General shall have over-all responsibility for the administration of the secretariat. Adequate arrangements shall be made for close co-operation and co-ordination with the Department of Economic and Social Affairs including the secretariats of the regional economic commissions and other appropriate units of the United Nations Secretariat as well as with the secretariats of the specialized agencies and other inter-governmental organizations [31].

The draft provisional agenda and the draft rules of procedure of the Council and other necessary documentation shall be prepared by the Secretary-General of the Conference [20].

The Director-General shall be authorized to establish within the secretariat such units as shall be necessary to carry out the decisions of the Conference [32].

The secretariat shall service the Conference, the Council, and the commissions [33].

A written agreement shall establish appropriate administrative arrangements between the secretariat and the secretariat of GATT. The agreement shall be considered and approved by the Conference at its next session and thereafter by the Contracting Parties [34].

To act as secretariat of the Conference and the Executive Council [V.8.a]. To carry out the decisions and undertake the studies referred to it by the Conference and the Executive Council [V.8.b]. To promote and guide the work of the Committees and working groups of the executive council [V.8.c]. To prepare the Executive Council's report to the Conference [V.8.d]. To draw up provisional agendas for the regular and special meetings of the Conference and Executive Council and solve the relevant administrative problems [V.8.e]. To act as the co-ordinating body between the Conference and the Executive Council on the one hand and the various international, including regional, organizations concerned with international trade and development, on the other hand [V.8.f].

... to service the Conference and the Commission for international trade ... [III].

The draft agenda for the sessions of the Commission shall be prepared by the Secretary-General of the United Nations in accordance with the normal procedures of the United Nations [II.11].

III. OTHER SUBSIDIARY BODIES

Not specified.

The Conference, the Council and the commissions shall establish such other subsidiary bodies (e.g., sub-commissions, working parties, expert groups) as may be required for the efficient performance of their functions [29].

The Conference ... shall determine the functions and structure of ... other subordinate organs as it deems necessary to establish [V.2.e].

The Commission may recommend to the Economic and Social Council the establishment, in keeping with Article 62 of the United Nations Charter, of special *ad hoc* machinery for the negotiation of legal instruments deemed necessary for the

promotion of international trade in cases where machinery for such negotiations does not already exist [II.7].

... any sub-groups which (the Commission) may establish shall take full account of the work of other international bodies in order to avoid duplication [II.8].

(The principal functions of the Commission shall be) ... to receive and consider annually reports on their activities of any sub-groups of the Commission that may be established, including any recommendation which such sub-groups may wish to submit within their respective areas of competence [II.5.d].

IIF. RELATIONS WITH:

(a) *Economic and Social Council*

Not specified

Not specified.

The Conference and the Executive Council ... shall report to the General Assembly through the Economic and Social Council [V.6].

Recommends that the following new organizational arrangements be established as an integral part of the United Nations economic machinery in accordance with Chapters ... and X of the United Nations Charter ... (Preamble).

The Conference shall be convened in accordance with the procedures of Article 62(4) of the United Nations Charter [I.2].

The basic responsibility of the Conference shall be (a) the promotion, under the authority of the General Assembly and the Economic and Social Council, of international trade ... [I.5].

The Conference shall report to the General Assembly of the United Nations through the Economic and Social Council [I.6].

The provisional agenda of the Conference shall be prepared by the Commission for international trade and transmitted through the Economic and Social Council for approval of the General Assembly [I.7].

A standing committee of the Conference shall be established in accordance with Article 68 of the United Nations Charter which provides *inter alia* that the Economic and Social Council shall set up commissions in economic and social fields [II.1].

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹³ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

IIF. RELATIONS WITH: *(continued)*

(a) *Economic and Social Council (continued)*

The members of the Commission shall be elected by the Economic and Social Council on the recommendation of the Conference, with the exception of those to serve between the present Conference and the next Conference who shall be elected by the Economic and Social Council at its resumed thirty-seventh session following approval of these recommendations by the General Assembly at its nineteenth session [II.3].

(The principal functions of the Commission shall be) ... To consider, on the basis of their periodic reports to the Economic and Social Council, and particularly in relation to the economic development of the developing countries, the activities of inter-governmental organizations and bodies in so far as they bear upon trade, and to transmit through the Economic and Social Council such comments and recommendations upon the work of these organizations and bodies as the Commission may deem appropriate [II.5.e].

(The principal functions of the Commission shall be) ... To submit any policy statements, declarations and recommendations which the Commission may formulate to the Conference and, as appropriate, to the membership of the Conference and through the Economic and Social Council to the General Assembly and subsidiary bodies of the United Nations and to the specialized agencies and other international bodies concerned, without prejudice to the rights and obligations of these organizations and bodies and of their members under their own statutes and agreements

and without prejudice to the independence of their negotiating machinery. [II.5.g].

(The principal functions of the commission shall be) ... To report annually on its activities to the Economic and Social Council and through it to the General Assembly [II.5.h].

The Commission may recommend to the Economic and Social Council the establishment, in keeping with Article 62 of the United Nations Charter, of special *ad hoc* machinery for the negotiation of legal instruments deemed necessary for the promotion of international trade in cases where machinery for such negotiations does not already exist [II.7].

In order to facilitate their work, the Conference and the Commission for international trade shall enlist the co-operation of the Regional Economic Commissions, particularly as regards their competence in the trade field, it being understood that the Regional Economic Commissions shall continue to be subject to the general policy direction and co-ordination of the Economic and Social Council [IV].

The Secretary-General of the United Nations shall undertake to make appropriate arrangements with the Executive Secretary of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade which would provide for the submission of annual reports on the activities of the CONTRACTING PARTIES to the Economic and Social Council and for the transmission to the CONTRACTING PARTIES by the Economic and Social Council of comments and recommendations, based on consideration of such report by the commission for international trade [V].

Not specified.

Not specified.

The Conference shall have power to make recommendations... (the) specialized agencies ... concerning the subject matter within the competence of the Conference [6].

The Council shall be competent to make recommendations to ... (the) specialized agencies ... within the framework

(b) *Specialized agencies*

(The principal functions of the Commission shall be) ... to maintain appropriate relationship with the Committee on Commodity Problems of FAO to review developments with respect to individual primary products particularly those not falling within the competence of the FAO and the specialized commodity organizations; ... [II.5.f].

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)¹⁴ (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

IIF. RELATIONS WITH: (continued)

(b) *Specialized agencies* (continued)

of the principles and policies established by the Conference [11].

Appropriate arrangements shall be made, by each Commission, for the participation in its activities of representatives of the specialized agencies ... which have special competence in the field of activities of the respective Commission [24].

Adequate arrangements shall be made for close co-operation and co-ordination (of the secretariat) ... with the secretariats ... of the specialized agencies ... [31].

... To submit any policy statements, declarations and recommendations which the Commission may formulate ... as appropriate ... through the Economic and Social Council ... to the specialized agencies ... without prejudice to the rights and obligations of these organizations and bodies and of their members under their own statutes and agreements and without prejudice to the independence of their negotiating machinery [II.5.g].

The Commission shall establish close working relationships with existing international bodies in fields related to its competence, in keeping with the agreements established between the United Nations and the specialized agencies and the IAEA, and any other similar arrangements which be made between the United Nations and international bodies active in these fields [II.9].

(c) *Regional economic commissions*

Not specified.

The regional economic commissions shall assume the functions, in particular through their respective trade committees, of regional bodies of the Conference and shall report to the Conference, and to the Council in the years in which the Conference does not meet, on trade and development problems and trends in their respective regions [28].

Adequate arrangements shall be made for close co-operation and co-ordination (of the secretariat) ... with the secretariats ... of the regional economic commissions [31].

A committee shall operate in close contact with the regional economic commissions of the United Nations, to deal with relations between developing countries as a whole, especially between the various continents [V.5.c].

In order to facilitate their work, the Conference and the Commission for international trade shall enlist the co-operation of the regional economic commissions, particularly as regards their competence in the trade field, it being understood that the regional economic commissions shall continue to be subject to the general policy direction and co-ordination of the Economic and Social Council [IV].

(d) *Inter-governmental organizations and other international bodies*

Not specified.

The Conference shall have power to make recommendations to... other inter-governmental organizations concerning the subject matter within the competence of the Conference [6].

The Council shall be competent to make recommendations to ... other inter-governmental organizations concerning the subject matter within the framework of the principles and policies established by the Conference [11].

Adequate arrangements shall be made for close co-operation and co-ordination (of the secretariat) ... with the secretariats ... of other inter-governmental organizations [31].

Not specified.

(The principal functions of the Commission shall be) ... To consider, on the basis of their periodic reports to the Economic and Social Council, and particularly in relation to the economic development of the developing countries, the activities of inter-governmental organizations and bodies in so far as they bear upon trade, and to transmit through the Economic and Social Council such comments and recommendations upon the work of these organizations and bodies as the commission may deem appropriate [II.5.e].

... To submit any policy statements, declarations, and Recommendations which the Commission may formulate ... as appropriate ... through the Economic and Social Council ... to the ... other international bodies concerned, without prejudice to the rights and obligations of these organizations and bodies and of their members under their own statutes and agreements and without prejudice to the independence of their negotiating machinery [II.5.g].

The Commission shall establish close working relationships with existing international bodies in fields related to its competence, in keeping with the agreements established between the United Nations and the specialized agencies and the IAEA, and any other similar arrangements which may be made between the United Nations and the international bodies active in these fields [II.9].

(e) *The CONTRACTING PARTIES to the General Agreement on Tariffs and Trade*

Not specified.

The Conference considers that the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (GATT) should continue to have responsibility for the application and administration of the General Agreement. The CONTRACTING PARTIES should, however, follow the principles and policies established by the Conference and the council by bringing about the necessary changes in the Agreement and its application. Accordingly,

Not specified.

The Secretary-General of the United Nations shall undertake to make appropriate arrangements with the Executive Secretary of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade which would provide for the submission of annual reports on the activities of the CONTRACTING PARTIES to the Economic and Social Council and for the transmission to the CONTRACTING PARTIES by the Economic and Social Council of

Draft resolution concerning the creation of an International Trade Organization submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics (E/CONF.46/50) (continued)

Draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)^{1A} (continued)

Draft recommendation submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1) (continued)

Draft recommendation submitted by Canada, Japan, Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9) (continued)

IIF. RELATIONS WITH: (continued)

(e) *The CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (continued)*

the CONTRACTING PARTIES would become, *mutatis mutandis*, a Commission on Tariffs and thus should accept the responsibility of reporting annually to the Council

... The Council shall include in its own reports to the Conference and to the General Assembly a comprehensive account of the activities of ... the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade.

The Executive Secretary of GATT should be appointed by the Secretary-General of the United Nations upon the recommendation of the CONTRACTING PARTIES [27].

A written agreement shall establish appropriate administrative arrangements between the Secretariat and the Secretariat of GATT. The agreement shall be considered and approved by the Conference at its next session and thereafter by the CONTRACTING PARTIES [34].

comments and recommendations, based on consideration of such reports by the Commission for international trade [V].

(f) *Non-governmental organizations*

Not specified.

The non-governmental organizations shall participate in the work of the Council and the commissions in accordance with Rule 60 of the rules of procedure of the Conference [37].

Not specified.

Not specified.

III. OTHER PROVISIONS

Not specified.

In view of the desirability of utilizing as fully as possible the existing machinery in order to attain maximum efficiency,

... Until instruments establishing the said permanent organization are in final form, it is essential that bodies which are

The draft recommendation contains the following preamble: *the United Nations Conference on Trade and Development,*

the Secretary-General of the Conference shall submit to the first session of the Council a detailed and comprehensive report which shall include concrete proposals for the consideration of the Council concerning the arrangements to be carried out for the effective organic relationship, integration and co-ordination of the existing bodies. The report of the Secretary-General of the Conference shall include, after the necessary consultations, concrete proposals *inter alia*, on:

(i) The arrangements that shall be made with the regional economic commissions for the efficient implementation of the provision set forth in paragraph V, 28;

(ii) The arrangements for the participation of and co-operation with the specialized agencies and other inter-governmental organizations;

(iii) The manner in which the Conference, the Council and the Commissions shall assume certain responsibilities of existing institutions and on ways and means of securing effective integration and co-ordination of activities;

(iv) The advisability of appointing a *consultative board* composed of high-level governmental experts to advise the director-general in the examination of specific problems and to prepare studies for the consideration of the Council and the commissions. Should such a consultative board be established, it could be entrusted by the Conference to prepare, with the assistance of the secretariat, a study on the principles, terms of reference and juridical and administrative structure of the United Nations Organization on Trade and Development which would be established in due course. The study prepared by the consultative board would be considered by the Council which would subsequently submit for the approval of the Conference a draft Charter on trade and development and a draft of the organizational agreement for the establishment of the United Nations Organization on Trade and Development [36].

capable of taking immediate action, and whose central organ in the Conference itself, should be available [IV].

Recommends to the Economic and Social Council that it pay all possible attention to the work of the Conference and its subsidiary bodies and request the regional economic commissions as well as its functional commissions in the economic field, to co-operate fully with the Conference and its subsidiary bodies [V.10].

Recommends to countries members of international bodies or parties to inter-governmental agreements dealing with trade and development problems that they should, within the said bodies, promote institutional action or possible reforms designed to facilitate their progressive integration or co-ordination within a new structural pattern of international trade consistent with the objectives of this resolution and with the principles and policies formulated by the Conference [VI].

Being agreed that adequate and effectively functioning organizational arrangements are essential if the potential contribution of international trade to the accelerated economic growth of the developing countries is to be fully realized through the development and implementation of the necessary policies,

Having examined the operation of existing international institutions and arrangements active in this field and being aware of both their contributions and limitations,

Considering the view expressed in the report of the Secretary-General of the Conference that "there already exists a valuable group of facilities which could be utilized in a regular and systematic manner by making whatever additions or modifications are necessary and giving unity and coherence to what is now fragmentary and scattered",

Urges the participating Governments to make the fullest possible use of such institutions and arrangements to which they are or may become a party,

Recommends that the following new organizational arrangements be established as an integral part of the United Nations economic machinery in accordance with Chapters IX and X of the United Nations Charter in order to assist in achieving the objectives of the Conference.

Appendix III

SECOND COMPARISON OF THE DRAFT RECOMMENDATIONS FORMALLY SUBMITTED TO THE FOURTH COMMITTEE

Note by the Secretariat

1. As requested by the Committee at its nineteenth meeting held on 30 April 1964, the Secretariat prepared in this document a tabulated comparison of the three proposals submitted following the issue of the comparison shown in appendix II.

2. This document contains proposals tabulated in columns in the order in which they were submitted, the titles and sponsors being indicated in the headings.

3. The comparison was made in accordance with the classification previously adopted by the Secretariat, taking into account the main topics found in the recommendations.

4. The text of the proposals which appear under each heading has been taken verbatim from the respective documents. On several documents it has been necessary to combine two or more provisions relating to the same subject.

Draft resolution concerning the establishment of an International Trade Organization submitted by Bulgaria, Byelorussian SSR, Czechoslovakia, Hungary, Poland, Ukrainian SSR and USSR (E/CONF.46/50/Rev.1 and Add. 1 and 2)

Draft recommendation submitted by the delegations of Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kuwait, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Tanganyika, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yemen and Yugoslavia (E/CONF.46/C.4/L.12 and Add. 1 and 2)

Draft recommendation by the delegations of Belgium, Canada, Federal Republic of Germany, France, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland and United States of America (E/CONF.46/C.4/L.9/Rev.1 and Add. 1)

I. INTERNATIONAL TRADE ORGANIZATION

1. *Establishment and Status*

Convinced that a single and universal international body should be established under the auspices of the United Nations to deal with the entire range of world trade questions ... [Preamble].¹⁷

Decides to establish an International Trade Organization (ITO) within the framework of the United Nations to deal with international trade problems with particular reference to the needs of development.

This organization shall:

Be universal in character;

Have sufficient authority to ensure compliance with its own recommendations and with those of the United Nations

Recommends to the United Nations General Assembly the establishment of a comprehensive organization;

(a) To be universal in character;

(b) To have sufficient authority to ensure compliance with its own decisions and with those of the United Nations which will relate to international trade and development; and

(c) To be capable of providing, on a continuing basis, the central stimulus for all work relating to international trade and development, bearing in mind the different rates of growth of developing countries [Preamble].

Not specified.¹⁸

¹⁷ For easy reference, the pertinent paragraph numbers of the proposals are given in brackets at the end of the text.

¹⁸ "Not specified" indicates that a proposal does not contain any provision pertaining to the subject under a special heading.

E/CONF.46/50/Rev.1 and Add. 1 and 2
(continued)

E/CONF.46/C.4/L.12 and Add. 1 and 2
(continued)

E/CONF.46/C.4/L.9/Rev.1 and Add. 1
(continued)

I. INTERNATIONAL TRADE ORGANIZATION (continued)

1. Establishment and Status (continued)

which relate to international trade and development;

Be founded on principles acceptable to all countries, regardless of differences in their social systems and levels of economic development;

Be open to participation by any country;

Be empowered to deal with all questions of international trade;

Be an autonomous organization acting under the auspices of the United Nations and in conformity with the provisions of its Charter and collaborating closely with its specialized agencies; ... [1].

The Executive Council shall take prompt measures, with the aid of *ad hoc* organs if required, to carry out the work necessary for the establishment of the International Trade Organization, including the preparation of the necessary legal acts, so that the Executive Council may complete the consideration of these documents not later than the end of 1965 [22].

The Council shall study, on an urgent basis, matters relating to the establishment of a comprehensive organization within the United Nations system to deal with trade and development, described in Part I [15].

... A commission shall be set up to consider such reports as may be prepared relating to the establishment of a comprehensive organization within the United Nations system to deal with trade and development, as provided for in paragraph 15 [24].

2. Institutional framework

Establishes the following basic organizational principles for the international trade organization:

The highest organ of ITO shall be a conference of all its members. The practical activities of ITO between conferences shall be directed by its executive body. ITO shall have a secretariat headed by a director-general and deputy directors-general;

There shall be equitable representation in all ITO organs of the three existing groups of States; ... [6].

After the international trade organization has been established, its highest organ shall be the conference of ITO [12].

Not specified.

Not specified.

3. Drafting of the Charter

The Executive Council shall take prompt measures, with the aid of *ad hoc* organs if required, to carry out the work necessary for the establishment of the international trade organization, including the preparation of the necessary legal acts, so that the Executive Council may complete the consideration of these documents not later than the end of 1965 [22].

Not specified.

Not specified.

E/CONF.46/50/Rev.1 and Add. 1 and 2
(continued)

E/CONF.46/C.4/L.12 and Add. 1 and 2
(continued)

E/CONF.46/C.4/L.9/Rev.1 and Add. 1
(continued)

I. INTERNATIONAL TRADE ORGANIZATION (continued)

4. Membership

... This organization shall:
Be universal in character; ... [1].

... to be universal in character; ...
[Preamble].

Not specified.

5. Voting power

... each country shall have one vote in
ITO [6].

Not specified.

Not specified.

6. Purposes

Affirms that the main purpose of ITO shall be to do everything possible to promote the development of international trade as an instrument of economic and social development in the interests of all countries and peoples of the world, to promote the creation of conditions for peaceful and friendly relations among nations based on respect for the principles of equal rights and self-determination of peoples, and to ensure that all the countries of the world benefit from a rational international division of labour on the basis of equal rights; ... [2].

Not specified.

Not specified.

7. Functions

Resolves that the activities of ITO shall be based on the principles of international trade relations and trade policy adopted by the Conference; [3].

Considers it necessary that in order to accomplish its purposes ITO should draw up Recommendations and measures to promote the expansion of international trade and the unhindered economic development of all the countries of the world, particularly the economically less-developed countries, assist interested countries in the organization and techniques of foreign trade, coordinate the activities of auxiliary bodies of the United Nations and of other international organizations in the field of world trade, some of which bodies and organizations might be included in ITO if they so agreed, and issue recommendations for improvements in the activities of these bodies and organizations; [4].

Envisages that ITO will be called upon to concern itself, *inter alia*, with the following problems;

(a) The interrelationship between world trade and economic development;

(b) The elimination of artificially created restrictions and obstacles to trade in raw materials, semi-manufactures and manufactures;

...

Not specified.

(b) To have sufficient authority to ensure compliance with its own decisions and with those of the United Nations which will relate to international trade and development; and

(c) To be capable of providing, on a continuing basis, the central stimulus for all work relating to international trade and development, bearing in mind the different rates of growth of developing countries [Preamble].

E/CONF.46/50/Rev.1 and Add. 1 and 2
(continued)

E/CONF.46/C.4/L.12 and Add. 1 and 2
(continued)

E/CONF.46/C.4/L.9/Rev.1 and Add. 1
(continued)

I. INTERNATIONAL TRADE ORGANIZATION (continued)

7. Functions (continued)

(c) The elimination of price fluctuations having undesirable consequences for trade and the economic situation;

(d) The elimination of the adverse effects of the activities of closed economic groupings on the trade and economy of the developing countries;

(e) The removal of economic and administrative obstacles, and of obstacles connected with commercial policy, to the development of international trade;

(f) Improvement of the terms of international trade, having regard to the requirements and needs of the various countries and regions of the world, by means of:

The provision of opportunities for the developing countries' goods to find a stable and expanding outlet, and the improvement of the structure of the developing countries' exports through an increase in the proportion of manufactures and semi-manufactures in the developed countries' imports from the developing countries;

The conclusion of stabilizing international commodity agreements with the participation of all the main exporters and importers of the goods in question, with a view to setting economically justified price levels and providing for the steady growth of trade in these goods;

The conclusion of long-term trade agreements and contracts;

The gradual elimination by the industrially developed countries of tariff, non-tariff and other obstacles in the field of trade, in particular quantitative restrictions having an adverse effect on the developing countries' exports and on the expansion of international trade in general;

(g) Improvement of the invisible trade of the developing countries, in particular improvement of the conditions governing the carriage of goods, transit and insurance;

(h) An easing of the terms for the financing of international trade; the use of international credit to develop trade between countries; the provision of credit for the supply of equipment to the developing countries on terms favourable to those countries;

(i) The commercial and economic aspects of general and complete disarmament;

(j) The study of such aspects of international trade as transit, access to the sea and transit for land-locked States, trade fairs, exhibitions, etc.; [5].

*E/CONF.46/50/Rev.1 and Add. 1 and 2
(continued)*

*E/CONF.46/C.4/L.12 and Add. 1 and 2
(continued)*

*E/CONF.46/C.4/L.9/Rev.1 and Add. 1
(continued)*

I. INTERNATIONAL TRADE ORGANIZATION (*continued*)

8. *Relations with existing organs and institutions*

Considers it necessary that in order to accomplish its purposes ITO should draw up recommendations and measures to ... co-ordinate the activities of auxiliary bodies of the United Nations and of other international organizations in the field of world trade, some of which bodies and organizations might be included in ITO if they so agreed, and issue recommendations for improvements in the activities of these bodies and organizations; [4].

Not specified.

Not specified.

9. *Other provisions*

...

...

...

II. CONFERENCE ON TRADE AND DEVELOPMENT

10. *Legal Basis*

Not specified.

The present United Nations Conference on Trade and Development, hereinafter referred to as the Conference, shall be continued as an organ of the General Assembly under Article 22 of the Charter of the United Nations [1].

Recommends that the following new organizational arrangements be established as an integral part of the United Nations economic machinery in accordance with Articles 13 and Chapters IX and X of the United Nations Charter in order to assist in achieving the objectives of the Conference [Preamble].

11. *Organic relationship*

The Conference shall report to the General Assembly of the United Nations [10].

The present United Nations Conference on Trade and Development, hereinafter referred to as the Conference, shall be continued as an organ of the General Assembly under Article 22 of the Charter of the United Nations [1].

Recommends that the following new organizational arrangements be established as an integral part of the United Nations economic machinery in accordance with Articles 13 and Chapters IX and X of the United Nations Charter in order to assist in achieving the objectives of the Conference [Preamble].

The Conference shall transmit its reports to the General Assembly of the United Nations through ECOSOC [I.5].

12. *Periodicity of meetings*

... until the international trade organization is established, the Conference on Trade and Development shall continue to be convened periodically ... [7].

The next session of the Conference shall meet immediately after the completion of the preparatory work on the establishment of ITO but not later than two years after the current session, ... [8].

(The principal functions of the Executive Council shall be:) (b) ... to convene special sessions (of the Conference) [16].

This Conference shall be reconvened, not later than early in 1966 and, thereafter, at such intervals not less than two years and not more than three years each, as the Conference or the Executive Council of the United Nations Conference on Trade and Development (to be created under paragraph 4) may decide [2].

The Conference shall meet every three years. Additional sessions of the Conference may be convened in exceptional circumstances, in the light of recommendations of the Commission on International Trade [I.2].

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(continued)*

*E/CONF.46/C.4/L.12 and Add. 1 and 2
(continued)*

*E/CONF.46/C.4/L.9/Rev.1 and Add. 1
(continued)*

II. CONFERENCE ON TRADE AND DEVELOPMENT *(continued)*

13. *Organization of the Conference*

The draft provisional agenda for the Conference shall be prepared by the Secretary-General of the Conference for examination by the specially established provisional executive organ (Council) of the Conference. The provisional executive organ shall examine and approve the draft provisional agenda and shall submit the provisional agenda to the Conference for approval [9].

... participation in (the Conference) shall hereafter be open to all countries of the world ... [7].

(The principal functions of the Executive Council shall be) ... (b) to prepare for the regular sessions of the Conference, to convene special sessions, and to give provisional approval to the agenda of such sessions [16].

(The principal functions of the Secretariat shall be) ... (e) to draw up the provisional agenda for the regular and special sessions of the Conference ... and to solve the administrative problems involved [35].

(The Council) shall serve as a preparatory committee for future sessions of the Conference. To that end, it shall initiate the preparation of documents, including a provisional agenda, for consideration by the Conference as well as make recommendations as to the appropriate date and venue for its convening [20].

A United Nations Conference ... based on the entire membership of the United Nations system of organizations shall meet periodically [I.1].

The General Assembly shall determine the date and location of each session of the Conference in accordance with the pattern of Conferences established by it [I.3].

(The principal functions of the Commission shall be) ... (b) to serve as the preparatory committee for the Conference and in this connexion, to prepare a provisional agenda, to submit to each Conference a comprehensive report on the Commission's activities since the previous Conference and the activities of any sub-groups that might be established, together with such other reports on developments and trends within the competence of the Commission as may facilitate the work of the Conference [II.6 (b)].

Participation of the Conference, the Commission and any subsidiary bodies shall be by States Members of the United Nations, the specialized agencies or International Atomic Energy Agency [VIII].

14. *Power of recommendation*

... until the international trade organization is established, the Conference on Trade and Development shall continue to be convened periodically and shall serve in the transitional period as the highest specialized forum of the United Nations, bearing responsibility for the promotion of international co-operation in the field of trade and development and drawing up appropriate recommendations to Governments, specialized agencies of the United Nations, inter-governmental organizations and the Executive Council of the Conference on questions within the scope of the Conference [7].

(The principal functions of the Conference shall be) ... (h) to adopt decisions and make recommendations on any other relevant matter [3].

The Conference ... may make, in keeping with arrangements established at the present Conference recommendations on any questions or matters ... (within the scope of its competence) [I.5].

Each member of the Conference shall have one vote. Recommendations of the Conference shall be considered adopted when approved by two-thirds of the members present and voting, including a majority of those of the 12 principal trading States participating in the Conference who shall be present and voting [I.7].

15. *Functions*

... until the international trade organization is established, the Conference on Trade and Development shall continue to be convened periodically and shall serve in the transitional period as the highest specialized forum of the United Nations, bearing responsibility for the promotion of international co-operation in the field of trade and development and drawing up appropriate recommendations to Governments,

The principal functions of the Conference shall be:

(a) To exercise over all responsibility, under the authority of the United Nations General Assembly, for the promotion of international trade and development, and, to this end, to develop policies for the expansion of trade between countries at a similar level of development, at different stages of development, or having different

A United Nations Conference for the regular consideration of the problems of international trade as part of the general problem of the economic development of developing countries ... shall meet periodically [I.1].

The basic responsibilities of the Conference shall be:

(a) The promotion of international trade, particularly in its relation to the

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(continued)

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(continued)

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(continued)

II. CONFERENCE ON TRADE AND DEVELOPMENT (continued)

15. Functions (continued)

specialized agencies of the United Nations, inter-governmental organizations and the Executive Council of the Conference on questions within the scope of the Conference. The Conference, participation in which shall hereafter be open to all countries of the world, shall perform the following functions in the transitional period:

(a) To exercise over-all responsibility for the promotion of international trade and development and, to that end, to apply measures designed to expand trade between countries at the same level of development at different stages of development or having different social and economic systems;

(b) To promote the execution of measures designed to ensure that the foreign exchange resources of the developing countries expand in accordance with their development needs;

(c) To promote the execution of measures to improve the position of the developing countries in the field of invisibles and financing;

(d) To co-ordinate and supervise the activities of other institutions operating in the field of trade and development [7].

systems of social and economic organization;

(b) To establish principles and policies relating to international trade with special reference to the needs of development;

(c) To establish the means of action and propose the necessary instruments for putting the said principles and policies into effect, bearing in mind differences in economic systems and stages of development;

(d) To promote the co-ordination of international commercial and financial policies in keeping with development needs and inequalities of growth;

(e) To establish, as appropriate, negotiating machinery for the formulation and adoption of multilateral agreements in the field of trade;

(f) To review, evaluate and co-ordinate the activities of other institutions operating in the field of trade and development with a view to their progressive adaptation to an integration in the comprehensive organization described in Part I;

(g) To be a centre for harmonizing the trade and development policies of Governments and regional economic groupings;

(h) To adopt decisions and make recommendations on any other relevant matter [3].

economic development of the developing countries, including the expansion of trade between countries at different stages of development or between countries having different systems of social and economic organization;

(b) The formulation of principles and policies to this end, and, with a view to the provisions of section II (8) below, the study of the legal bases for multilateral trade relations between countries at different stages of development or between countries having different systems of social and economic organization;

(c) The continuing review of organizational arrangements in the light of the experience of their work and activities [I.4].

The Conference may discuss any questions or any matters within the scope of its competence and may make in keeping with arrangements established at the present Conference, recommendations on any such questions or matters [I.5].

The Conference shall give such instructions and directives to the Commission for international trade as may be necessary to assist and facilitate the work of the Conference [I.6].

16. Budget

The next session of the Conference shall meet immediately after the completion of the preparatory work on the establishment of ITO but not later than two years after the current session, with funds appropriated in the same manner as for the permanent organs convened under the auspices of the United Nations [8].

Pending the establishment of the international trade organization with its own autonomous budget, all direct expenditures of the Conference, its executive organs and the Secretariat shall be charged to the United Nations budget [36].

All the expenses of the Conference and of its subsidiary bodies shall be borne by the United Nations. For this purpose, a separate section shall be opened under the United Nations budget. This shall be supplemented by a special account into which shall be credited the contributions of States non-members of the United Nations which are entitled to participate in the Conference, and which shall be assessed according to the normal practice [40].

The Secretary-General of the United Nations may be requested to submit to the General Assembly at its nineteenth session a report on the financial implications of the above recommendations, as well as concrete suggestions as to the allocation of expenditure among all the States entitled to participate in the Conference [41].

All the expenses of the Conference and of its subsidiary bodies shall be borne by the United Nations. In connexion with the annual budget submitted by the Secretary-General of the United Nations, financial estimates for the Conference and its subsidiary bodies shall be identified in a separate annex. These financial provisions shall be supplemented by a special account into which shall be credited the contributions of States non-members of the United Nations which are entitled to participate in the Conference, and which shall be assessed according to the normal practice [IV].

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(continued)*

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(continued)*

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(continued)*

B. STANDING COMMITTEE

17. Title

Executive Council of the Conference [13].

Executive Council of the United Nations Conference on Trade and Development [4].

Commission for international trade [II.1].

18. Organic relationship

Until ITO is established, the functions of implementing the decisions of the Conference shall be performed by the Executive Council of the Conference ... [13].

The Council shall submit a report to the Conference on Trade and Development. In the period between conferences the Council shall submit a report to the General Assembly of the United Nations for its consideration [23].

A standing executive organ of the Conference, to be known as the executive council of the United Nations Conference on Trade and Development, hereinafter referred to as the council, shall be established [4].

The Council shall report to the Conference and, in the years when the Conference is not in session, it shall report directly to the General Assembly. Copies of its reports shall also be forwarded to the Economic and Social Council which may transmit such comments on them as it may deem necessary to the General Assembly, in accordance with the functions allotted to it in the United Nations Charter [21].

A standing committee of the Conference shall be established and shall be designated the Commission for International Trade [II.1].

(The principal functions of the Commission shall be) ... (k) to report annually on its activities to the General Assembly through ECOSOC [II.6].

19. Periodicity of meetings

The Council shall meet once or twice a year ...

The Council may decide by majority vote to convene a second session during the same year [19].

The first meeting of the Council shall take place immediately after its election [24].

The first meeting of the Council shall be convened immediately after the confirmation of its membership during the nineteenth session of the General Assembly. This shall be a procedural meeting for the purpose of establishing the Council's rules of procedure, electing its office-bearers for the following years, establishing a provisional calendar of meetings and a provisional agenda for the following meeting [11].

(The Council) shall meet as required in accordance with its rules. It shall normally meet twice in any particular year [34].

The Commission shall meet at least once a year alternately in New York and Geneva [II.11].

The draft agenda for the sessions of the Commission shall be prepared by the Secretary-General of the United Nations in accordance with the normal procedures of the UN [II.12].

20. Membership

The Executive Council shall consist of thirty-four (forty-five) member countries (its membership shall be made up on the same principle as that of the General Committee of this Conference).

(a) All members of the Executive Council shall be elected at the first election.

(b) Each member of the Executive Council shall be represented on it by one representative and the necessary number of alternates and advisers [15].

The Council shall consist of fifty-two States entitled to participate in the Conference [5].

The distribution of seats on the Council shall be on the pattern adopted by this Conference for the composition of its general committee, with the proviso that each group of countries shall have, as far as feasible, one half as many more seats as it now has in the general committee. The composition will, therefore, be as follows:

The Commission shall be composed of forty members, including the twelve principal trading States participating in the Conference. Elections shall take fully into account the principle of equitable geographic distribution [II.2].

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(continued)*

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(continued)*

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(continued)*

B. STANDING COMMITTEE *(continued)*

20. Membership *(continued)*

(a) Eastern European countries, excluding Yugoslavia	6 seats
(b) Western European countries, United States of America and Commonwealth countries not included in other categories	14 seats
(c) African and Asian countries and Yugoslavia	23 seats
(d) Latin American countries and Jamaica and Trinidad and Tobago	9 seats [6].

21. Election of members

The members of the Executive Council shall be elected at the current Conference for a term extending until the next session of the Conference. It is envisaged that, at each election of the Council and the Committees, changes shall be made, on the proposal of the groups, in the member countries represented from each group so that all countries in a particular group may take part in the work of these organs [14].

The members of the Council shall be elected by the Conference. They shall normally hold office from the date of their election until the convening of the next session of the Conference [7].

However, the members of the Council recommended for election by the present Conference shall commence their terms after that recommendation has been duly approved by the next session of the General Assembly [8].

Retiring members shall be eligible for re-election [9].

Each member of the Council shall have one representative with such alternates and advisers as may be required [10].

The members of the Commission shall be nominated by the Conference taking into account the provisions of paragraph 2 above and shall be confirmed by the Economic and Social Council. Those members to serve until the first session of the Conference shall be confirmed by the Economic and Social Council at its thirty-seventh session in July 1964 on the nomination of the present Conference [II.4].

Members of the Commission shall hold office between one Conference and the following Conference, it being understood that retiring members shall be eligible for re-election [II.5].

22. Voting

Each member of the Council shall have one vote. Decisions of the Council shall be taken by a majority of the members present and voting [17].

Each member of the Council shall have one vote [22].

Its decisions shall be made by a simple majority of the members present and voting [23].

Each member of the Commission and of its subsidiary bodies shall have one vote. Recommendations of the Commission and of its subsidiary bodies shall be considered adopted when approved by a majority of the members present and voting, including a majority of those of the twelve principal trading States participating in the Commission who shall be present and voting [II.3].

23. Power of recommendation

Not specified.

Upon the consideration of the relevant activities of the bodies enumerated in the two preceding paragraphs¹ "(The Coun-

(e) (The principal functions of the Commission shall be) ... To consider, as soon as they become available, relevant sections of the reports made to the Economic and Social Council by inter-governmental organizations and to submit to the Economic and Social Council appropriate comments and recommendations.

(j) To initiate such other studies and reports as may be relevant to the discharge of its other functions.

¹ ... all inter-governmental or international bodies the activities of which are relevant to the advancement of trade and development in so far as matters dealt with by (the Council) are concerned. Such bodies shall include, in particular, the Food and Agriculture Organization of the United Nations (FAO) the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade, the International

Bank for Reconstruction and Development, the International Monetary Fund, the International Labour Organisation and the Commodity Councils of various international commodity agreements [17].

... the regional economic commissions and other relevant regional inter-governmental bodies [18].

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(continued)

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(continued)

B. STANDING COMMITTEE (continued)

23. Power of recommendation (continued)

cil)'' may make such recommendations to them as it may deem appropriate [19].

(h) To submit any policy statements, declarations and recommendations which the Commission may formulate to the Conference and, as appropriate, to the membership of the Conference and through the Economic and Social Council to the General Assembly and subsidiary bodies of the UN and to the specialized agencies, without prejudice to the rights and obligations of these organizations and bodies and of their members under their own statutes and agreements [II.6].

The Commission may recommend to the Economic and Social Council the establishment of special *ad hoc* machinery for the negotiation of legal instruments deemed necessary for the promotion of international trade in cases where machinery for such negotiations does not already exist [II.8].

24. Functions

The principal functions of the Executive Council shall be:

(a) To apply the decisions of the Conference and ensure the continuity of its work:

(b) To prepare for the regular sessions of the Conference, to convene special sessions, and to give provisional approval to the agenda for such sessions;

(c) To give the secretariat instructions on the preparation of the reports and documentation required;

(d) To supervise the implementation of the decisions taken by the Conference and of its own decisions;

(e) To approve and submit to the Conference a report on the work done since the previous session and the work programme to be carried out by the Secretariat and by the committees, commissions, expert groups and other subsidiary bodies;

(f) To set up such Committees and working groups as it deems necessary [16].

The Council shall issue directives to the Secretariat and shall be entitled to request such special reports and studies as it deems appropriate. These shall include an annual review of trends in world trade and a progress report on the implementation of the decisions of the Conference [21].

The Executive Council shall take prompt measures, with the aid of *ad hoc* organs if required, to carry out the work necessary for the establishment of the international

When the Conference is not in session, the Council shall function as an initiating, deliberative, executive and co-ordinating body on such subject matters as fall within the competence of the Conference [12].

It shall keep under review and take appropriate action for the implementation of the recommendations, declarations, resolutions and other decisions of the Conference [13].

It may make or initiate studies and reports with respect to trends in the field of trade and development as well as on the effect of such trends on the economic position of developing countries [14].

It shall study, urgently, matters relating to the establishment of a comprehensive organization within the United Nations system to deal with trade and development, described in Part I [15].

It shall be entitled to request the Secretariat to prepare such reports, studies or other documents as it may deem appropriate [16].

It may request regular reports from all inter-governmental or international bodies whose activities are relevant to the advancement of trade and development in so far as matters dealt with by it are concerned. These bodies shall include, in particular, the Food and Agriculture Organization of the United Nations, the CONTRACTING PARTIES to the General Agreement on

The principal functions of the Commission shall be:

(a) To keep under review and take appropriate action for the implementation of the recommendations, declarations, resolutions and other decisions of the Conference, and to ensure the continuity of its work.

(b) To serve as the preparatory committee for the Conference, and in this connexion, to prepare a provisional agenda, to submit to each Conference a comprehensive report on the Commission's activities since the previous Conference and the activities of any sub-groups that might be established, together with such other reports on developments and trends within the competence of the Commission as may facilitate the work of the Conference.

(c) To study, analyse and consider developments and trends in the field of trade, particularly as regards the effects of such developments on the economic positions of developing countries and to formulate such policy recommendations in this respect as it may consider desirable.

(d) To receive and consider annually reports on their activities of any sub-groups of the Commission that may be established, including any recommendations which the sub-groups may wish to submit within their respective areas of competence.

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(continued)*

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(continued)*

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(continued)*

B. STANDING COMMITTEE *(continued)*

24. Functions *(continued)*

trade organization, including the preparation of the necessary legal acts, so that the Executive Council may complete the consideration of these documents not later than the end of 1965 [22].

The provisional executive organ shall examine and approve the draft provisional agenda (of the Conference) and shall submit the provisional agenda to the Conference for approval [9].

Tariffs and Trade, the International Bank for Reconstruction and Development, the International Monetary Fund, the International Labour Organisation and the Commodity Councils of various international commodity agreements [17].

It shall establish close and continuous links with the regional economic commissions and other relevant regional inter-governmental bodies [18].

Upon the consideration of the relevant activities of the bodies enumerated in the two preceding paragraphs, it may make such recommendations to them as it may deem appropriate [19].

It shall serve as a preparatory committee for future sessions of the Conference. To that end, it shall initiate the preparation of documents, including a provisional agenda, for consideration by the Conference as well as make recommendations as to the appropriate date and venue for its convening [20].

It shall report to the Conference and, in the years when the Conference is not in session, it shall report directly to the General Assembly. Copies of these reports shall also be forwarded to the Economic and Social Council which may transmit such comments on them as it may deem necessary to the General Assembly in accordance with the functions allotted to it in the United Nations Charter [21].

The Council may establish and convene such *ad hoc* subsidiary bodies or working groups as it may consider appropriate, including machinery for the negotiation of multilateral agreements [25].

(*e*) To consider, as soon as they become available, relevant sections of the reports made to the Economic and Social Council by inter-governmental organizations and to submit to the Economic and Social Council appropriate comments and recommendations.

(*f*) To keep under continuing review the effectiveness and further evolution of organizational arrangements and to recommend such organizational improvements as may appear feasible so as to maximize the beneficial results of trade for the promotion of economic development.

(*g*) To study the problems relating to international commodity trade, to maintain liaison with a view to co-ordination with the work in this field of the Commission on Commodity Problems (CCP) of FAO, the CONTRACTING PARTIES to the GATT, the governing bodies of international commodity agreements and study groups on basic commodities.

(*h*) To submit any policy statements, declarations and recommendations which the Commission may formulate to the Conference and, as appropriate, to the membership of the Conference and through the Economic and Social Council to the General Assembly and subsidiary bodies of the UN and to the specialized agencies, without prejudice to the rights and obligations of these organizations and bodies and of their members under their own statutes and agreements.

(*i*) To assist the Conference in its formulation of principles and policies and its studies of the legal bases of multilateral trade relations stipulated in paragraph I(4) above.

(*j*) To initiate such other studies and reports as may be relevant to the discharge of its other functions.

(*k*) To report annually on its activities to the General Assembly through the Economic and Social Council [II.6].

The Commission may establish such sub-committees as may be necessary to the effective discharge of its functions, including their terms of reference, after consultation with the appropriate organs of the United Nations. The Commission will establish, in particular, a sub-committee on commodities which will carry out the functions which are now performed by the Commission on International Commodity Trade (CICT) and by the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA). In

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(continued)

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(continued)

B. STANDING COMMITTEE (continued)

24. *Functions* (continued)

this connexion ICCICA shall be maintained as an advisory arm of the Commission [II.7].

The Commission may recommend to the Economic and Social Council the establishment of special *ad hoc* machinery for the negotiation of legal instruments deemed necessary for the promotion of international trade in cases where machinery for such negotiations does not already exist [II.8].

The Commission ... shall take full account of the work of other international bodies in order to avoid duplication [II.9].

25. *Election of Officers*

The Council shall annually elect its Chairman and such other officers as it deems appropriate. The officers shall be eligible for re-election [18].

The first meeting of the Council shall be convened immediately after the confirmation of its membership during the nineteenth session of the General Assembly. This shall be a procedural meeting for the purpose of ... electing its office-bearers for the following years [11].

Not specified.

26. *Rules of Procedure*

The Council shall meet once or twice a year and shall draw up its rules of procedure, which shall be subject to the approval of the Conference [19].

The rules of procedure of the Council shall provide, as necessary, for participation in its deliberations, without vote, by the Chairmen of the Committees [20].

The draft rules of procedure of the Council ... shall be prepared by the Secretary-General of the Conference [24].

The Council shall adopt its own rules of procedure [33].

The Council shall invite any member of the Conference to participate, without vote, in its deliberations ... on any matter of particular concern to that member [31].

The Council may make arrangements for representatives of the inter-governmental bodies referred to in paragraphs 17 and 18 to participate, without vote, in its deliberations ... Participation may also be open to non-governmental organizations concerned with matters of trade and development [32].

The Commission shall adopt its own rules of procedure [II.13].

C. SPECIALIZED SUBSIDIARY ORGANS

27. *Title*

Committees [25]

Commissions [24]

Sub-committees [II.7]

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(continued)*

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(continued)*

*E/CONF.46/C.4/L.9/Rev.1 and Add. 1
(continued)*

C. SPECIALIZED SUBSIDIARY ORGANS *(continued)*

28. *Number, purpose and functions*

The Conference shall establish standing specialized committees to act within the framework of the Executive Council on:

- I. Commodity trade;
- II. Trade in manufactures and semi-manufactures;
- III. General problems of international trade;
- IV. Questions of trade financing, invisibles, transit and transport.

In establishing the above-mentioned committees it is envisaged that the corresponding committees shall take over the functions of a number of subsidiary organs existing within the United Nations, such as the CICT, the ICCICA, etc.

The above-mentioned committees shall submit annual reports to the Executive Council on the discharge of their respective tasks [25].

The Council shall establish specialized commissions for the efficient discharge of its responsibilities in the fields of commodities, manufactures, financing and invisibles; and in such other fields as may be considered necessary, especially with the aim of enhancing the development of trade between economies at different levels of development and those having different economic and social systems. A commission shall be set up to consider such reports as may be prepared relating to the establishment of a comprehensive organization within the United Nations system to deal with trade and development, as provided for in paragraph 15 [24].

The commissions, within their respective fields, shall assume, under the supervision and guidance of the Conference and the Council, such policy and co-ordinating functions, as well as other responsibilities, as may be deemed necessary to assist the Council in the performance of its functions [26].

The commission on commodities shall take over the functions now performed by the CICT and the ICCICA and maintain liaison and co-ordination with the work of the CCP of FAO in regard to agricultural commodities, and with any other bodies dealing with this subject [30].

The Commission may establish such sub-committees as may be necessary to the effective discharge of its functions including their terms of reference, after consultation with the appropriate organs of the United Nations. The Commission will establish, in particular, a sub-committee on commodities which will carry out the functions which are now performed by the CICT and by the ICCICA. In this connexion ICCICA shall be maintained as an advisory arm of the Commission [II.7].

29. *Organic relationship*

The Conference shall establish standing specialized committees to act within the framework of the Executive Council [25].

The ... committees shall submit annual reports to the Executive Council on the discharge of their respective tasks [25].

Annual reports shall be made to the Council by all the commissions ... that may be established by it. Special reports may also be made as and when requested by the Council [29].

The Commission may establish such sub-committees as may be necessary for the effective discharge of its functions, including their terms of reference, after consultation with the appropriate organs of the United Nations [II.7].

30. *Membership*

Each committee shall be composed of 34 (27) members, elected by the Conference for a term extending until the next session of the Conference [26].

Each commission shall be composed of 27 members who shall be elected by the Council, in accordance with arrangements to be made by it, for a term of three years. One-third of the members shall retire each year, but retiring members may be eligible for re-election. One third of the members of each commission shall invariably be chosen from among States serving on the Council at that time [27].

Election to the sub-committees shall take fully into account the desirability of including in the membership of the sub-committees countries with special interest in the subject matter to be dealt with by the sub-committees, including any member of the Conference not represented in the Commission [II.7].

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(continued)*

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(continued)*

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(continued)*

C. SPECIALIZED SUBSIDIARY ORGANS (*continued*)

31. *Election of officers and rules of procedure*

Each committee shall elect its officers and shall act on the basis of the rules of procedure approved for the purpose by the Council and drawn up taking into account the experience of the United Nations organs already in operation (for instance the Committee for Industrial Development) [27].

Each commission may adopt its own rules of procedure which shall be subject to the approval of the Council [28].

Not specified.

The Council shall invite any member of the Conference to participate, without vote, . . . in the deliberations of any commissions . . . on any matter of particular concern to that member [31].

The Council may make arrangements for representatives of the inter-governmental bodies referred to in paragraphs 17 and 18 to participate, without vote, in the deliberations . . . of the subsidiary bodies established by it. Participation may also be open to non-governmental organizations concerned with matters of trade and development [32].

D. SECRETARIAT

32. *Organic relationship*

To ensure the practical implementation of the decisions of the Conference and the Executive Council, a permanent secretariat shall be established, headed by a Director-General (who shall also be the Secretary-General of the Conference) and deputy Directors-General. The deputy Directors-General and secretariat staff shall be selected with a view to ensuring an equitable representation of the three existing groups of States. The Director-General shall be appointed by the Conference on Trade and Development and his appointment shall be approved by the General Assembly [31].

Arrangements shall be made for the immediate establishment of an adequate, permanent and full-time secretariat within the United Nations for the proper servicing of the Conference, the Council, and its subsidiary bodies [35].

In accordance with Article 101 of the United Nations Charter, arrangements shall be made for the immediate establishment of an adequate, permanent and full-time secretariat within the United Nations for the proper servicing of the Conference, the commission, and any subsidiary bodies [III.1].

The secretariat shall be headed by the Secretary-General of the Conference [36].

The Secretary-General of the Conference shall be appointed by the Secretary-General of the United Nations and confirmed by the General Assembly [37].

The secretariat shall be headed by the Secretary-General of the Conference who shall be an officer of appropriate rank appointed by the Secretary-General of the United Nations [III.2].

33. *Functions and duties*

The Director-General shall bear full responsibility for the administration of the Secretariat. Appropriate arrangements shall be made for close co-operation and co-ordination with the Department of Economic and Social Affairs, including the secretariats of the regional economic commissions and other appropriate units of the United Nations Secretariat, and with the secretariats of the specialized agencies and other inter-governmental organizations [32].

The principal functions of the secretariat shall be:

(a) To carry out the decisions and undertake the studies referred to it by the Conference and the Council; and

(b) To service and to assist in the work of the Conference, the Council, the Commissions and other bodies that may be established by the Council [39].

The principal functions of the secretariat shall be to undertake the studies referred to it by the Conference and the Commission, and to service and to assist in the work of the Conference, the Commission and other bodies that may be established. Care should be taken to utilize so far as possible existing resources and avoid duplication of services [III.3].

The Director-General shall be authorized to establish within the secretariat such units as may be necessary to carry out the decisions of the Conference [33].

Adequate arrangements shall be made for close co-operation and co-ordination between the secretariat and the Department of Economic and Social Affairs, including the secretariats of the regional economic commissions and other appropriate units of the United Nations Secretariat as well as with the secretariats of the specialized agencies [38].

The draft agenda for the sessions of the Commission shall be prepared by the Secretary-General of the United Nations in accordance with the normal procedures of the UN [II.12].

The secretariat shall serve the Conference, the Council and the committees [34].

*E/CONF.46/50/Rev.1 and Add. 1 and 2
(continued)*

*E/CONF.46/C.4/L.12 and Add. 1 and 2
(continued)*

*E/CONF.46/C.4/L.9/Rev.1 and Add. 1
(continued)*

D. SECRETARIAT *(continued)*

33. *Functions and duties (continued)*

The principal functions of the secretariat shall be:

(a) To act as the secretariat of the Conference and the Executive Council;

(b) To carry out the decisions and undertake the studies referred to it by the Conference and the Executive Council;

(c) To promote and guide the work of the committees and working groups of the Executive Council;

(d) To prepare the Executive Council's report to the Conference;

(e) To draw up the provisional agenda for the regular and special sessions of the Conference and Executive Council and to solve the administrative problems involved;

(f) To maintain contact with the various international organizations including regional organizations, active in the field of international trade and development [35].

The draft provisional agenda for the Conference shall be prepared by the Secretary-General of the Conference for examination by the specially established provisional executive organ (council) of the Conference. The provisional executive organ shall examine and approve the draft provisional agenda and shall submit the provisional agenda to the Conference for approval [9].

The Secretary-General of the Conference shall report to the Conference and participate without vote in its deliberations [11].

The Secretary-General of the Conference shall report annually to the Council and shall participate without vote in its deliberations [18].

The draft provisional agenda and the draft rules of procedure of the Council and other necessary documentation shall be prepared by the Secretary-General of the Conference [24].

E. OTHER SUBSIDIARY BODIES

The Conference, the Council and the committees shall establish such other subsidiary organs (e.g., commissions, working groups and expert groups) as may be required for the efficient performance of their functions [30].

The Council may establish and convene such *ad hoc* subsidiary bodies or working groups as it may consider appropriate, including machinery for the negotiation of multilateral agreements [25].

Annual reports shall be made to the Council by all the subsidiary bodies and working groups that may be established by it. Special reports may also be made as and when requested by the Council [29].

(The principal functions of the Commission shall be ...)

(d) To receive and consider annually reports on their activities of any sub-groups of the Commission that may be established, including any recommendations which such sub-groups may wish to submit within their respective areas of competence [II.6].

The Commission may recommend to the Economic and Social Council the estab-

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(continued)

E/CONF.46/C.4/L.12 and Add. 1 and 2
(continued)

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(continued)

E. OTHER SUBSIDIARY BODIES (continued)

The Council shall invite any member of the Conference to participate, without vote, ... in the deliberations of any ... bodies established by it, on any matter of particular concern to that member [31].

The Council may make arrangements for representatives of the inter-governmental bodies referred to in paragraphs 17 and 18 to participate, without vote, in the deliberations ... of the subsidiary bodies and working groups established by it. Participation may also be open to non-governmental organizations concerned with matters of trade and development [32].

lishment of special *ad hoc* machinery for the negotiation of legal instruments deemed necessary for the promotion of international trade in cases where machinery for negotiations does not already exist [II.8].

... any sub-group which the Commission may establish shall take full account of the work of other international bodies in order to avoid duplication. [II.9].

F. RELATIONS WITH:

(a) *The Economic and Social Council*

Not specified.

The Council shall report to the Conference and, in the years when the Conference is not in session, it shall report directly to the General Assembly. Copies of reports shall also be forwarded to the Economic and Social Council which may transmit such comments on them as it may deem necessary to the General Assembly, in accordance with the functions allotted to it in the United Nations Charter [21].

Recommends that the following new organizational arrangements be established as an integral part of the United Nations economic machinery in accordance with ... and Chapters ... X of the United Nations Charter ... [Preamble].

The Conference shall transmit its reports to the General Assembly of the United Nations through the Economic and Social Council [I.5].

The members of the Commission shall be nominated by the Conference taking into account the provisions of paragraph 2 above and shall be confirmed by the Economic and Social Council. Those members to serve until the first session of the Conference shall be confirmed by the Economic and Social Council at its thirty-seventh session in July 1964 on the nomination of the present Conference [II.4].

(The principal functions of the Commission shall be) ...

(e) To consider, as soon as they become available, relevant sections of the reports made to the Economic and Social Council by inter-governmental organizations and to submit to the Economic and Social Council appropriate comments and recommendations.

(h) To submit any policy statements, declarations and recommendations which the Commission may formulate to the Conference and, as appropriate, to the membership of the Conference and through the Economic and Social Council to the General Assembly and subsidiary bodies of the United Nations and to the specialized agencies, without prejudice to the rights and obligations of these organiza-

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(continued)

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(continued)

F. RELATIONS WITH: (continued)

(a) *The Economic and Social Council* (continued)

tions and bodies and of their members under their own statutes and agreements.

(k) To report annually on its activities to the General Assembly through the Economic and Social Council [II.6].

The Commission may recommend to the Economic and Social Council the establishment of special *ad hoc* machinery for the negotiation of legal instruments deemed necessary for the promotion of international trade in cases where machinery for such negotiations does not already exist [II.8].

In order to facilitate their work, the Conference and the Commission for international trade shall enlist the co-operation of the regional economic commissions, particularly as regards their competence in the trade field, it being understood that the regional economic commissions shall continue to be subject to the general policy direction and co-ordination of the Economic and Social Council [V].

The Secretary-General of the United Nations shall undertake to make appropriate arrangements, including agreements when necessary, with the Executive Secretary of the Contracting Parties to the General Agreement on Tariffs and Trade and the governing bodies of the international commodity agreements with a view to making available to the Commission through the Economic and Social Council of annual reports on the relevant activities of the above-mentioned bodies and the transmission to these bodies by the Economic and Social Council of comments based on consideration of such reports by the Commission for International Trade. The arrangements or agreements mentioned in the present paragraph will be submitted for approval to the General Assembly as soon as possible [VI].

(b) *Specialized agencies*

... until the international trade organization is established, the Conference on Trade and Development shall ... (draw up) appropriate recommendations to ... (the) specialized agencies of the United Nations ... on questions within the scope of the Conference [7].

... Appropriate arrangements shall be made for close co-operation and co-ordination of the secretariat with the Secretariats of the specialized agencies [32].

The Council may request regular reports from all inter-governmental or international bodies whose activities are relevant to the advancement of trade and development in so far as matters dealt with by it are concerned. These bodies shall include, in particular, the Food and Agriculture Organization, ... the International Bank for Reconstruction and Development, the International Monetary Fund, and the International Labour Organisation... [17].

(The principal functions of the Commission shall be) ...

(e) To consider, as soon as they become available, relevant sections of the reports made to the Economic and Social Council by inter-governmental organizations and to submit to the Economic and Social Council appropriate comments and recommendations.

(g) ... to maintain liaison with a view to co-ordination with the work in the

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(continued)*

*E/CONF.46/C.4/L.9/Rev.1 and Add. 1
(continued)*

F. RELATIONS WITH: (continued)

(b) Specialized agencies (continued)

Upon the consideration of the (above-mentioned) bodies ... (the Council) may make such recommendations to them as it may deem appropriate [19].

The commission on commodities shall ... maintain liaison and co-ordination with the work of the CCP of the FAO in regard to agricultural commodities ... [30].

The Council may make arrangements for representatives of the inter-governmental bodies referred to in paragraphs 17 and 18 to participate, without vote, in its deliberations and in those of the subsidiary bodies and working groups established by it [32].

Adequate arrangements shall be made for close co-operation and co-ordination between the secretariat and ... the secretariats of the specialized agencies [38].

(c) Regional economic commissions

The regional economic commissions shall be closely linked, through their foreign trade committees, with the activity of the executive council and the secretariat of the Conference and shall submit to the Conference and the Council reports on their activity in connexion with the trade and development of their respective regions [29].

... Appropriate arrangements shall be made for close co-operation and co-ordination of the secretariat with the Department of Economic and Social Affairs, including the secretariats of the regional economic commissions ... [32].

The Council shall establish close and continuous links with the regional economic commissions ... [18].

Upon the consideration of the relevant activities of the regional economic commissions, the Council may make such recommendations to them as it may deem appropriate [19].

Adequate arrangements shall be made for close co-operation between the secretariat and the Department of Economic and Social Affairs, including the secretariats of the regional economic commissions ... [38].

(d) Inter-governmental organizations and other international bodies

... until the international trade organization is established, the Conference on Trade and Development shall ... draw up appropriate recommendations to ... inter-governmental organizations on questions within the scope of the Conference [7].

The Conference recommends to member countries, international bodies and countries parties to inter-governmental agreements dealing with trade and development problems that they (i.e., the member countries) should, within the said bodies, promote institutional changes or possible reforms designed to facilitate their progressive integration or co-ordination within a new structural pattern of international trade consistent with the objectives of this resolution and with the

The Council may request regular reports from all inter-governmental or international bodies whose activities are relevant to the advancement of trade and development in so far as matters dealt with by it are concerned. These bodies shall include, in particular, ... the commodity councils of various international commodity agreements [17].

The Council shall establish close and continuous links with ... other relevant regional intergovernmental bodies [18].

Upon the consideration of the relevant activities of the bodies enumerated in the two preceding paragraphs, it may make such recommendations to them as it may deem appropriate [19].

commodity field of the Commission on Commodity Problems of the FAO, ...

(h) To submit any policy statements, declarations and recommendations which the Commission may formulate ... through the Economic and Social Council ... to the specialized agencies, without prejudice to the rights and obligations of these organizations and bodies and of their members under their own statutes and agreements [II.6].

The Commission shall establish close working relationships with existing international bodies in fields related to its competence, in keeping with the agreements established between the United Nations and the Specialized Agencies and the IAEA, and any other similar arrangements which may be made between the United Nations and international bodies active in these fields [II.10].

In order to facilitate their work, the Conference and the Commission for international trade shall enlist the co-operation of the regional economic commissions, particularly as regards their competence in the trade field, it being understood that the regional economic commissions shall continue to be subject to the general policy direction and co-ordination of the Economic and Social Council [V].

The principal functions of the Commission shall be:

(e) To consider, as soon as they become available, relevant sections of the reports made to the Economic and Social Council by inter-governmental organizations and to submit to the Economic and Social Council appropriate comments and recommendations.

(g) ... to maintain liaison with a view to co-ordination with the work in the commodity field ... governing bodies of international commodity agreements and study groups on basic commodities [II.6].

... The commission will establish, in particular, a sub-committee on com-

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E/CONF.46/C.4/L.12 and Add. 1 and 2
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(continued)

F. RELATIONS WITH: (continued)

(d) *Inter-governmental organizations and other international bodies* (continued)

principles and policies formulated by the Conference [28].

... Appropriate arrangements shall be made for close co-operation and co-ordination of the secretariat with the secretariats of ... other inter-governmental organizations [32].

The Commission on commodities shall take over the functions now performed by the CICT and the ICCICA and maintain liaison and co-ordination with the work of the CCP of the FAO in regard to agricultural commodities, and with any other bodies dealing with this subject [30].

The Council may make arrangements for representatives of the inter-governmental bodies referred to in paragraphs 17 and 18 to participate, without vote, in its deliberations and in those of the subsidiary bodies and working groups established by it [32].

modities which will carry out the functions which are now performed by the CICT and by the ICCICA. In this connexion ICCICA shall be maintained as an advisory arm of the Commission ... [II.7].

The Commission shall establish close working relationships with existing international bodies in fields related to its competence, in keeping with the agreements established between the United Nations and the specialized agencies and the IAEA, and any other similar arrangements which may be made between the United Nations and international bodies active in these fields [II.10].

(e) *The CONTRACTING PARTIES to the General Agreement on Tariffs and Trade*

Not specified.

The Council may request regular reports from all inter-governmental or international bodies the activities of which are relevant to the advancement of trade and development in so far as matters dealt with by it are concerned. These bodies shall include, in particular, the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade, ... [17].

Upon the consideration of the relevant activities of the (CONTRACTING PARTIES to the General Agreement on Tariffs and Trade) enumerated in the two preceding paragraphs, (the Council) may make such recommendations to them as it may deem appropriate [19].

The Secretary-General of the United Nations shall undertake to make appropriate arrangements, including agreements when necessary, with the Executive Secretary of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade and the governing bodies of the international commodity agreements with a view to making available to the Commission through the Economic and Social Council of annual reports on the relevant activities of the above-mentioned bodies and the transmission to these bodies by the Economic and Social Council of comments based on consideration of such reports by the Commission for international trade. The arrangements or agreements mentioned in the present paragraph will be submitted for approval to the General Assembly as soon as possible [VI].

(f) *Non-governmental organizations*

Not specified.

... Participation (without vote, in the deliberations of the Council, its subsidiary bodies and working groups) may also be open to non-governmental organizations concerned with matters of trade and development [32].

Not specified.

III. OTHER PROVISIONS

The draft resolution contains the following preamble:

The United Nations Conference on Trade and Development,

Considering that international trade is a most important factor contributing to peaceful and good-neighbourly coexistence among all States regardless of differences in their social systems and levels of economic development, and a powerful instrument and means of economic and social progress,

The Conference recommends to countries members of international bodies or parties to inter-governmental agreements dealing with trade and development problems, that they should, within the said bodies, promote institutional action or possible reforms designed to facilitate their progressive co-ordination and integration within the new structural pattern of international trade, consistent with the objectives, the principles and the policies formulated by the Conference [42].

The draft recommendation contains the following preamble:

The United Nations Conference on Trade and Development

Convinced that sustained efforts are necessary to raise the standards of living in all countries and to accelerate the economic growth of developing countries,

Being agreed that adequate and effectively functioning organizational arrangements are essential if the full contribution

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(continued)

E/CONF.46/C.4/L.12 and Add. 1 and 2
(continued)

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(continued)

III. OTHER PROVISIONS (continued)

Recognizing the existence in international trade of a number of far-reaching and important problems which call for a solution, *inter alia*, the problems of trade of the developing countries and of eliminating artificial obstacles and discriminatory practices in world trade,

Recognizing further that no existing international body embraces all the problems of world trade and questions related thereto, in particular those having special importance for the developing countries, or is capable of or suitable for dealing with all these problems,

Having regard to the fact that the solution of the above-mentioned problems and the practical implementation of the resolutions of the Conference, and of decisions by the United Nations on international trade questions, will depend to a considerable extent on the competence and effectiveness of the body which is to be set up under the auspices of the United Nations,

Recognizing that new institutional arrangements are essential for the continuation of the work begun by this Conference on Trade and Development, convened by the United Nations, and for the implementation of the recommendations, conclusions and decisions of this Conference,

Convinced that a single and universal international body should be established under the auspices of the United Nations to deal with the entire range of world trade questions,

The draft recommendation contains the following preamble:

The United Nations Conference on Trade and Development

I

Convened for the first time for a comprehensive and integrated review of all problems of trade and development, particularly those affecting the developing countries.

Convinced that sustained efforts are necessary to raise the standards of living in all countries and to accelerate the economic growth of developing countries,

Recognizing:

(a) That international trade is an important instrument for economic development;

(b) That no single existing international institution is able or suited to handle all the relevant problems in the field of trade and development;

(c) That structural, functional and other reforms are necessary in the existing bodies so as to eliminate overlapping and duplication;

(d) That new institutional arrangements are necessary in order to continue the work initiated by this Conference, and to implement its recommendations, conclusions and decisions; and

(e) That, at the same time, there should be a further review of both the present and the proposed institutional arrangements, in the light of the experience of their work and activities.

Recommends to the United Nations General Assembly the establishment of a comprehensive organization;

(a) To be universal in character;

(b) To have sufficient authority to ensure compliance with its own decisions and with those of the United Nations which will relate to international trade and development; and

(c) To be capable of providing, on a continuing basis, the central stimulus for all work relating to international trade and development, bearing in mind the different rates of growth of developing countries.

II

Recommends also to the United Nations General Assembly that, without prejudice to any other measures that may be necessary in the light of the review contemplated above, it should take action at its nineteenth session in the following directions:

of international trade to the accelerated economic growth of the developing countries is to be successfully realized through the development and implementation of the necessary policies,

Having examined the operation of existing international institutions and arrangements active in this field and being aware of both their contributions and limitations,

Considering the view expressed in the Report of the Secretary-General of the Conference that "there already exists a valuable group of facilities which could be utilized in a regular and systematic manner by making whatever additions or modifications are necessary and giving unity and coherence to what is now fragmentary and scattered",

Believing that organizational arrangements should be established where the adequacy of existing institutions, methods, and machinery to implement measures relating to the expansion of international trade as an instrument of economic development can be kept under continuing review and where means for improvement and further evolution may be explored and recommended,

Urges the participating Governments to this end, to make the fullest possible use of such institutions and arrangements to which they are or may become a party,

Recommends that the following new organizational arrangements be established as an integral part of the United Nations economic machinery in accordance with Articles 13 and Chapters IX and X of the United Nations Charter in order to assist in achieving the objectives of the Conference.

Appendix IV

PROPOSALS ON INSTITUTIONAL ARRANGEMENTS

Note by the Secretariat

The Secretariat draws the attention of representatives to the Fourth Committee to the proposals on institutional questions transmitted by other Committees as of Friday, 29 May 1964. It should be noted that some of these proposals have been transmitted to the Fourth Committee as submitted to the other Committees and other proposals have been already discussed and approved by the Committees and transmitted to the Fourth Committee for further action. Since this document embodies the texts of all these proposals, it supersedes the documents previously issued by the Secretariat concerning this matter.

First Committee

I. 1. *Document:* E/CONF.46/C.1/L.26/Add.1/Rev.2 and Corr.1 (E/CONF.46/C.4/7)

2. *Sponsor:* Ceylon

3. *Action taken:* At its fifth meeting, held on 27 May 1964, the Committee gave general approval to this proposal and transmitted it for action to the Fourth Committee.

4. *Text:*

COMMISSION ON COMMODITY ARRANGEMENTS AND POLICIES

A commission on commodity arrangements and policies should be set up by the proposed standing committee of the United Nations Conference on Trade and Development (or any other equivalent body that may be established) with the following terms of reference:

1. To exercise functions under the general guidance of the proposed standing committee (or any other equivalent body that may be established), to ensure general and integrated policies in the commodity field;

2. To co-ordinate the activities of all bodies involved in the commodity field including the appropriate organs of the Food and Agriculture Organization of the United Nations (FAO) as well as of the autonomous commodity councils, study groups and other commodity groups, and any commodity activities within the General Agreement on Tariffs and Trade (GATT);

3. To assume functions at present being undertaken by the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA) and specially to evaluate reports received annually, or at such other intervals as it may request, from all bodies referred to above, and to make such recommendations as it deems appropriate in the light of such evaluation;

4. To assume functions at present being undertaken by the Commission on International Commodity Trade, including:

(a) Preparation of reviews of the market situation of various primary commodities, including projections of supply and demand in the commodity concerned. These studies should be carried out in co-operation with the specialized commodity groups where appropriate.

(b) Preparing studies of trends in international trade in primary commodities and in particular of the relationship between the prices of primary commodities and the prices of manufactured goods entering international trade.

(c) Making recommendations regarding short-term and long-term stabilization measures, in particular with regard to the terms of trade.

(d) Any member entitled to participate in the United Nations Conference on Trade and Development, not represented on the Commission, may bring to the attention of the

commission, or to the operational committee, for immediate action, any development with respect to commodity markets or particular commodities affecting it and may take part in the commission's discussion of the problems.

5. To arrange for a drafting of a general agreement on commodity arrangements including the objectives and principles.

6. To bring to the attention of the standing committee or Governments participating in the Conference its views and recommendations as to the need for governmental or inter-governmental action to deal with problems or emergent problems which its studies may disclose.

7. To assist it in its work, the Commission may establish, with the approval of the standing committee, or equivalent body to be established under the United Nations Conference for Trade and Development, an operational committee, as well as such working parties and study groups as may be necessary from time to time.

8. The Conference recommends that FAO, the CONTRACTING PARTIES to GATT, commodity councils and other autonomous groups take such steps as would be required to ensure that the bodies operating in the commodity field for which they are responsible submit substantive reports annually, or at such other intervals as may be requested, to the Commission on commodity arrangements and policies and that they receive general policy recommendations aimed at the integration and co-ordination of commodity policy in accordance with the purposes of the Commission. The Conference further recommends that all Governments participating in the United Nations Conference on Trade and Development be made eligible to participate in all commodity groups.

II. 1. *Document:* E/CONF.46/C.1/L.28

2. *Sponsors:* Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

3. *Action taken:* At its fifty-third meeting, held on 23 May 1964, the Committee decided to transmit this document to the Fourth Committee for consideration.

4. *Text:* PROGRAMME FOR INTERNATIONAL COMMODITY AGREEMENTS AND OTHER ARRANGEMENTS.

I. Objectives

The principal objectives of the programme are:

(a) To achieve a gradual and sustained growth in the real export earnings of developing countries so as to provide them with greater resources for financing their economic and social development;

(b) To preserve, as a minimum, the real purchasing power of the primary commodity exports of developing countries and their possibilities of access to the markets of the developed countries, the characteristics of each product being taken into account; and

(c) To reduce the existing economic disparities between developing and developed countries.

II. General measures

With a view to achieving the objectives stated above, the programme must provide for the following general measures:

(1) The co-ordination of commodity production and marketing policies for the purpose of:

(a) Securing a redistribution of world production and sales of those products in regard to which the developed

countries are tending to displace the developing countries in world markets;

(b) Establishing a better and more economic balance between world production and consumption, and preventing the formation of production surpluses in either the developed or the developing countries;

(c) Mitigating the detrimental effect of the disposal of surpluses on the economies of the developing countries and the prices of their export products;

(2) Increasing the consumption of primary commodities;

(3) Promoting free access to the markets of the developed countries;

(4) Encouraging the processing of primary commodities exported by the developing countries in the country of origin.

III. Machinery

(1) *International agreements and other arrangements*

(a) The programme will be carried into effect by means of international agreements and other arrangements with respect to products or to groups of products which are closely related economically;

(b) Consultative committees or study groups will be set up for those products which do not lend themselves to regulation by such instruments;

(c) The agreements and arrangements shall facilitate:

(i) Confrontation with other agreements and arrangements both from a technical standpoint and from that of the policies adopted with a view to improving their co-ordination;

(ii) A better knowledge of the structural problems of trade and development;

(iii) The programming of the economic and social development of developing countries; and

(iv) Co-ordination of the policies of developing countries in order to facilitate the adjustment of their production to structural changes in international markets;

(d) The objectives and measures specified in this programme shall, where appropriate,

(i) Be incorporated in future international commodity agreements and arrangements, negotiations on which shall begin before 31 December 1965;

(ii) Govern the policies followed in applying the agreements and arrangements now in force;

(iii) Be incorporated in agreements and arrangements already in force when they are reviewed or re-negotiated;

(e) In the case of new agreements and arrangements, consideration might be given to the desirability of conducting simultaneous negotiations in respect of two or more products.

(2) *Prices and access to markets*

(a) The international agreements and arrangements will contain such provisions on prices and access to markets as will secure the objectives of this programme, the characteristics of each product being taken into account;

(b) The agreements and arrangements will establish procedures for consultation to consider the appropriate action to be taken whenever, in the opinion of any of the parties, access possibilities have been impaired;

(c) The agreements and arrangements will establish procedures for the periodic review of the provisions on prices and access in the light of the objectives of this programme.

(3) *Buffer stocks*

The buffer stocks provided for in international commodity agreements and arrangements shall be financed jointly by the

exporting and importing countries in accordance with equitable principles to be agreed upon.

(4) *Auxiliary measures*

In cases where, in the interests of fulfilment of the objectives of the programme and of the general measures for which it provides, it proves necessary to establish a fund to ensure the proper execution of programmes for control and diversification of production and the application of export quotas in developing producer countries the relevant international agreements and arrangements shall provide for co-operation between the consumer and producer countries for this purpose in accordance with equitable principles.

(5) The developing countries may use the instruments most appropriate to their system of external trade, whether this involves private, mixed or State institutions.

(6) *Supervision*

The United Nations Conference on Trade and Development recommends that a specific and permanent organ of the United Nations should:

(a) Ensure the necessary co-ordination between agreements, study groups and consultative committees;

(b) Promote the attainment of the objectives of this programme in the application of existing agreements and arrangements;

(c) Promote the negotiation of new international agreements and arrangements and the establishment of consultative committees and study groups.

IV. *Special measures for various categories of products*

(1) *Tropical products*

The basic means of attaining the objectives set out in part I above will be:

(a) *In the case of products not threatened in the short-term by industrial substitutes*, agreements including provisions on prices and export quotas and machinery to ensure that they are strictly observed;

(b) *In the case of products mainly exported from developing countries and competing with products of the developed countries*, agreements covering individual products or groups of products and providing for:

(i) *As regards price-fixing*, the establishment of prices which, in view of the risks of substitution, are at least equivalent to the domestic supported prices in the developed countries;

(ii) *As regards production policies*, increased production in the developing countries and reduced production in the developed countries;

(iii) *As regards facilities for access* to the international market, steadily increasing participation of the developing countries in the markets of the developed countries.

(2) *Temperate-zone products*

1. International agreements and arrangements on temperate-zone commodities must aim at achieving acceptable conditions of access to world markets, so as to bring about a significant expansion and development of world trade and the more efficient and economical use of resources.

2. Such international agreements and arrangements must recognize that the limits which are fixed to supply do not mean that the developing countries accept the present distorted structure of world agriculture, but rather that those countries consider that the volume of their exports should be guaranteed at a level adequate to meet their own development needs.

3. Similarly, international agreements and arrangements on temperate-zone primary commodities must,

(i) *As regards access to markets*, provide special guarantees of access to the markets of the developed countries on the basis of a minimum volume of trade and give producers, both overseas and domestic, equal opportunities of competing for any increased commodity demand;

(ii) *As regards prices*, promote stable prices which are remunerative to efficient producers and fair to consumers, and which do not stimulate uneconomic production;

(iii) *As regards surpluses*, contain provisions to ensure the effective implementation of the principles of surplus disposal,¹⁹ care being taken that such surpluses do not adversely affect the receiving countries.

(3) Raw materials

The basic means of attaining the objectives set out in part I above will be:

(a) *In the case of agricultural raw materials* for which there are industrial substitutes, agreements and arrangements intended to:

(i) reduce production costs in the developing countries and

(ii) ensure that the developed countries discourage the production of substitutes for natural products and promote, in collaboration with the developing countries, the investigation of new uses for natural products;

(b) *In case of non-agricultural raw materials*, international agreements and arrangements which provide for buffer stocks and control of exports, and:

(i) *As regards prices*, for achieving the aim of maintaining purchasing power, as specified in part I;

(ii) *As regards access to international markets*, for an increasing share of higher demand in the developed countries and better opportunities for competing with the domestic production of the developed countries, through the removal of obstacles preventing or restricting the access of minerals to the markets of those countries;

(iii) *As regards surpluses*, for the gradual disposal of stocks of minerals and metals held in developed countries, including those forming part of strategic stockpiles, and machinery to regulate future mineral production and the marketing of the stockpiles;

(iv) *As regards participation in agreements*, countries which are holding stocks of minerals and metals should participate in international marketing agreements and arrangements for the purpose of determining the marketing system applicable to such minerals and metals.

V. Trade among developing countries

In giving effect to the present provisions, consideration will be given to the need to promote the expansion of international commodity trade among the developing countries and especially within regional groupings. This should not lead to any deterioration in the purchasing power of the developing countries in their trade with one another. In this connexion, the decisions of the Conference on agenda item 11(c) will be taken into account.

III. 1. *Document*: E/CONF.46/C.1/L.34, para. (g)

2. *Sponsors*: Ceylon, India, Indonesia, Iraq and Iran

3. *Action taken*: The Committee transmitted this part of the proposal to the Fourth Committee for consideration.

¹⁹ Food and Agriculture Organization of the United Nations' *Disposal of Agricultural Surpluses: Principles recommended by FAO*.

4. Text:

(The organization that may be set up by the Conference should promote within the United Nations family further work along the following lines) . . .

(g) establishing a United Nations centre, with regional sub-centres, for trade information and market research.

Second Committee

IV. 1. *Document*: E/CONF.46/C.2/L.12/Corr.1 (E/CONF.46/C.2/2; C.3/11; C.4/3)

2. *Sponsors*: Ethiopia, Ghana, Guinea, Kenya, Liberia, Nigeria, Sierra Leone, Tanganyika and Zanzibar

3. *Action taken*: At its thirty-second meeting, the Committee decided that since the recommendations contained in section 3 of part B of the proposal appeared to concern more directly the Third and Fourth Committees, these should be transmitted to the said Committees for consideration of the aspects with which they are concerned.

4. Text:

MEASURES AND ACTION FOR DIVERSIFICATION AND EXPANSION OF THE EXPORTS OF THE MANUFACTURES AND SEMI-MANUFACTURES BY DEVELOPING COUNTRIES WITH A VIEW TO INCREASING THEIR SHARE IN WORLD TRADE

3. (i) There is a need for reviewing the adequacy of international monetary arrangements in relation to the new trade principles and policies that will be promulgated by the Conference. At the present time, national and international monetary policies tend to be viewed in abstraction from policies in the trade field, and the significance of the growing trade gap of developing countries for international monetary arrangements has scarcely been considered at all. It is important that this omission be rectified through the machinery to be established by the Conference. The commission proposed should also examine problems of payments arrangements among developing countries that would be consistent with the new policies for the encouragement of trade among these countries that will be set on foot by the Conference.

(ii) There has been a similar tendency in the past for policies affecting trade and aid to be considered separately in watertight compartments. There has been insufficient recognition of the need for public and private capital flow to the developing countries to be oriented in such a way as to lead to an expansion of the export capacity of these countries as well as of the ability to market a steadily growing volume of exports.

(iii) At the time, there is widespread recognition that the implementation of the growth target of the United Nations Development Decade implies corresponding objectives as regards the foreign exchange resources of developing countries. It is becoming more and more generally understood that trade and aid policies should in total be adequate to yield the external resources that developing countries need to meet minimum growth objectives. In resolution 1938 (XVIII) the General Assembly requested the Economic and Social Council to give serious consideration, at its thirty-seventh session; to the establishment of a standing committee or any other appropriate machinery, in accordance with Article 68 of the Charter of the United Nations, to keep under constant and systematic review, against the background of total capital resources, the inflow of international assistance and development capital to the developing countries, and to advise the Council on matters relating to the nature and volume of these flows with a view to accelerating the economic development of developing countries. It appears desirable that the commission now proposed should fulfil the functions envisaged in this resolution.

(iv) The proposed commission should also exercise over-all policy functions in relation to any scheme for compensatory financing that may be adopted. This is without prejudice to the question whether any fund established for compensatory financing should be created within an existing international financial institution, or whether some new agency would need to be created. In either case, the commission should elaborate basic policies and review their implementation.

(v) It is therefore proposed that under the auspices of the commission on financing the following functions should be undertaken, among others:

(a) Keep under continuing review the adequacy of international monetary arrangements in relation to the expansion of world trade and trade needs of developing countries;

(b) Study the consistency of trade and aid policies, and consider ways in which the flow of public and private capital might be oriented more effectively so as to lead to expansion of the export capacity of developing countries as well as of their ability to market a steadily growing volume of exports;

(c) Keep under constant and systematic review, against the background of total capital resources, the inflow of international assistance and development capital to the developing countries as well as the outflow of capital from those countries, and the over-all adequacy of capital inflow into the developing countries in the light of the objectives of the United Nations Development Decade and of the decision of this Conference;

(d) Examine national and international policies affecting public and private capital flow with a view to:

(i) Encouragement of the flow of public and private capital on terms and conditions, and in accordance with standards acceptable to all countries involved;

(ii) Adjustment of the burden of debt service and repayment in relation to the capacity of developing countries to meet this burden;

(iii) Encouragement of joint ventures between foreign and domestic capital in developing countries;

(iv) Promotion and export credit facilities for developing countries;

(v) Ensuring that while private foreign investors enjoy safeguards and other guarantees from developing countries, they also make a conscious effort to re-invest a reasonable proportion of their profits in such developing countries.

(e) Elaborate policies for the provision of compensatory financing to developing countries and to review the implementation of such policies.

V. 1. *Document:* E/CONF.46/C.2/L.12 and Add.1 and 2 (E/CONF.46/C.2/3:C.4/4)

2. *Sponsors:* Ethiopia, Ghana, Guinea, Kenya, Liberia, Nigeria, Sierra Leone, Tanganyika and Zanzibar

3. *Action taken:* At its thirty-fifth meeting, the Committee decided that since the recommendation contained in section 2 of part B of the proposal appeared to concern more directly the Fourth Committee, it should be transmitted to the said Committee for consideration of the aspects with which it is concerned.

4. *Text:*

2. That under the auspices of the commission on manufactures the following functions should be undertaken, among others:

(a) Study and recommend policies and measures for the expansion of international trade in manufactures, particularly manufactures exported by developing countries;

(b) Elaborate principles and policies for the granting by developed countries of preferential treatment to the export trade in manufactures of developing countries;

(c) Elaborate principles and policies for the granting by developing countries of preferential treatment to the export trade in manufactures of other developing countries and co-operate with the United Nations agency for industrial development in the promotion of larger regional markets for manufactures in developing countries;

(d) Provide guidance for and review the operations of national and international trade promotion centres; and

(e) Study and make recommendations concerning incentives for the production of manufactures for export in developing countries in particular countries that have not yet developed the industrial sectors of their economies.

VI. 1. *Document:* E/CONF.46/C.2/L.3/Rev.1 and E/CONF.46/C.2/L.3/Corr.1

2. *Sponsor:* Sweden

3. *Action taken:* At its thirty-fourth meeting, the Committee considered the functions of trade information and promotion centres on the basis of proposals tabled in documents E/CONF.46/C.2/L.3/Rev.1, E/CONF.46/C.2/L.3/Corr.1, E/CONF.46/C.2/L.14 and Corr.1 (see VII below) and E/CONF.46/C.2/L.16 (see VIII below). As regards the organizational framework of such centres, it was deemed desirable that their services be generally available to countries, particularly to all the developing countries, but it was considered that the question of the elaboration of that framework be left to the Fourth Committee. The texts of these documents were accordingly transmitted to the Fourth Committee, together with the Chairman's resumé, of the Committee's consensus regarding the functions which such centres should perform (see below).

4. *Text:*

CREATION OF INTERNATIONAL EXPORT ORGANIZATIONS

A prerequisite for a substantial enlargement of the exports from any country is a deep and detailed knowledge of the needs and demands of the buyer. To reach such a knowledge, great experience and great technical skill in trading matters is necessary. These things may not always exist to a sufficient degree in the countries that now plan to take up export of manufactures and semi-manufactures, as well as raw materials and agricultural products oriented for export. In this respect, however, they should be in a position to take advantage of the co-operation with specialists in the developed countries who could furnish them with necessary data on marketing conditions, regulations and standards in the various markets and ultimately also in some cases help to establish contacts between the seller and prospective buyers of the products in question.

To facilitate such co-operation, we would like to propose the creation of international trade institutions, working on global and regional basis and in the closest possible co-operation with national trade organizations that would also have to be created or already exist in both the exporting and importing countries.

An important step in this direction has already been taken through the Brazilian initiative towards an international trade information centre which has just been approved within the framework of GATT. We believe that the work thus started should gradually be brought further as experience is gained, aiming at the creation of an international trade promotion system for the developing countries of the character outlined here.

Various activities for an institution of this nature have been suggested in documents prepared for this Conference and will have to be carefully studied and considered by the experts who will advise on the development of the trade centre. These activities should not only cover the sectors directly concerning information and trade promotion but also such areas as standardization of products and qualities, sales contracts, rules for reclamation and arbitration, etc. In some cases these activities would be the main responsibility of the exporting countries themselves, as for instance in questions concerning the adjustment of the products to meet the particular demands of the buyers, in others, the burden would be on the importers. In all respects, however, the developing countries would have at their disposal the guidance and assistance offered by the specialists at different levels of the trade promotion system.

It should be pointed out, however, that a trade promotion system of this sort will only have an intermediary place in the trade relations between the developing and developed countries, aiming at the establishment of direct contacts between the seller and the importing firm in the industrialized country. That contact will, of course, be the most important and principal form of co-operation in trade relations, particularly to reach direct knowledge on matters essential to perform a successful promotion of the export market in the different industrialized countries.

VII. 1. *Document*: E/CONF.46/C.2/L.14 and Corr.1

2. *Sponsor*: Israel
3. *Action taken*: (see VI above)
4. *Text*:

TRADE INFORMATION CENTRES

In view of the importance of national trade information centres for the diversification and expansion of the export of manufactures and semi-manufactures, it should be an additional primary function of the international trade information centre to help establish and strengthen national trade information centres in the developing countries.

It should be the task of the international centre to provide financial help as well as guidance and technical assistance for the setting up and proper functioning of such centres.

Specifically, the international centre should:

- (a) Be entrusted with the planning, execution and financing of training programmes for the professional manpower needed to run such centres, as well as for the field workers of such institutions;
- (b) Collaborate with appropriate United Nations organizations in the financing of the national centres;
- (c) Provide experts as consultants for such centres;
- (d) Prepare manuals and special literature on subjects related to the organization and work of such centres.

VIII. 1. *Document*: E/CONF.46/C.2/L.16.

2. *Sponsors*: Canada, Finland, Jamaica, Netherlands and United States of America.
3. *Action taken*: (see VI above).
4. *Text*:

TRADE INFORMATION AND TRADE PROMOTION ADVICE

The United Nations Conference on Trade and Development, recognizing the importance for developing countries of obtaining

greater access to market information, commercial channels and other data necessary to supplement the efforts made by individual developing countries to promote exports of their manufactured and semi-manufactured products:

1. Welcomes the decision taken by the CONTRACTING PARTIES of the GATT at their twenty-first session to establish a trade information and trade promotion advisory service;

2. Notes that this service, which will operate from 1 May 1964, and which will be available to all developing countries regardless of whether they are contracting parties to the General Agreement, will, in its initial phase of operations, concentrate on the following work:

- (a) Establishment of a "documents centre", and operation of a "clearing house" for trade information;
- (b) Provision of a "correspondence-answering service";
- (c) Publication of a "register of sources of trade information";
- (d) Resumption of publication of the *International Trade News Bulletin*, in a form designed to meet the special needs of the developing countries;
- (e) Preparation of a manual on efficient means for establishing and operating export promotion services;
- (f) Arranging for, and as appropriate, provision of training facilities for courses in export promotion and export promotion techniques.

3. Notes the intention of the CONTRACTING PARTIES to keep the service under review and expresses the hope that it will be developed in the light of the use made of its facilities.

4. Urges the co-operation of all Governments participating in the Conference in providing the information concerning governmental laws and regulations and market opportunities necessary for the efficient functioning of the service.

IX. 1. *Document*: E/CONF.46/C.2/4/Corr.1, C.4/5/Corr.1.

2. *Text*:

CHAIRMAN'S RESUMÉ OF FUNCTIONS OF THE PROPOSED TRADE INFORMATION AND PROMOTION CENTRES

1. There was a general consensus that the proposed international and regional trade information and promotion centres should fulfil the following functions:

- (a) Collect trade information and other relevant information and operate "clearing houses" for such information;
 - (b) Provide "correspondence-answering service";
 - (c) Publish a "register of sources of trade and information" and other relevant material;
 - (d) Prepare a manual on efficient means for establishing and operating export promotion services;
 - (e) Assist in establishing and strengthening national trade information centres in the developing countries such as:
 - (i) Planning and execution of training programmes for the professional man-power needed to run such centres and fieldworkers of such institutions in trade information and trade promotion techniques and mechanism;
 - (ii) Provision of experts as consultants for such centres;
 - (iii) Preparation of manuals and special literature on subjects related to the organization and work of such centres.
- There was no unanimity on three other functions proposed by several delegations:

- (f) Assistance in standardization of products and measures for quality control accepted in the developed countries;
- (g) Preparation of sales contracts, rules and reclamation and arbitration, etc.;

(h) Assistance in financing of the national centres, especially financing of training programmes and the acquisition of documentation coming from abroad requiring foreign currency;

2. These centres should gather information from all developed countries and will render assistance to all developing countries, irrespective of the differences in their political and economic systems.

3. It was decided by the Committee to refer the issue of the organizational framework of the trade information and promotion centres to the Fourth Committee in the light of the considerations set out in the preceding paragraphs.

Third Committee

X. 1. *Document:* E/CONF.46/C.3/REC.14 (E/CONF. 46/C.4/6).

2. *Action taken:* At its fifty-third meeting, held on 23 May 1964, the Committee approved this draft recommendation. The text was transmitted to the Fourth Committee on the same date.

3. *Text:*

MEASURES FOR IMPROVING THE INVISIBLE TRADE OF DEVELOPING COUNTRIES THROUGH INCREASING RECEIPTS FOR SERVICES SUCH AS TOURISM AND REDUCING PAYMENTS FOR TRANSPORTATION, INSURANCE AND SIMILAR CHARGES

The Conference recommends that appropriate inter-governmental procedures, including any committee that might be

deemed necessary, be established under the United Nations system or as part of the institutional system that might be set up under the Under Nations Conference on Trade and Development, to promote understanding and co-operation in the field of shipping and to study and report on economic aspects of shipping that might be referred to it.

XI. 1. *Document:* E/CONF.46/C.2/2 - C.3/11 - C.4/3. (See under IV on page 290 above the text of the proposal, list of sponsors and action taken by the Second Committee).

2. *Action taken:* At its sixtieth meeting, the Third Committee decided to transmit its views on the proposal to the Fourth Committee for consideration.

3. *Text:*

COMMUNICATION FROM THE THIRD COMMITTEE TO THE FOURTH COMMITTEE

1. At its sixtieth meeting the Third Committee noted with interest the proposal on document E/CONF.46/3.2/2 - E/CONF.46/C.3/11, transmitted from the Second Committee, and was satisfied that the relevant specific matters thus transmitted have been covered in the recommendations of the Third Committee.

2. The Third Committee, however, emphasized the need for the continuing machinery to be set up by this Conference, including appropriate subsidiary bodies, to keep under constant and systematic review, the subjects dealt with by the Third Committee and decided to transmit these views to the Fourth Committee for consideration.

Annex H

REPORT OF THE FIFTH COMMITTEE

Rapporteur: Mr. A. H. TABIBI (Afghanistan)

1. The Committee held forty-seven meetings, from 23 March 1964 to 4 June 1964.

2. At its first meeting Sir Ronald Walker (Australia) was elected Chairman of the Committee.

3. At its second meeting the Committee elected Mr. Janos Nyerges (Hungary) Vice-Chairman and Mr. A. H. Tabibi (Afghanistan) Rapporteur.

4. The Committee established a Sub-Committee on Land-locked Countries which held nineteen meetings from 6 April to 15 May. This Sub-Committee, composed of representatives of forty Governments, under the Chairmanship of Mr. A. H. Tabibi (Afghanistan), prepared a report (annexed herewith as appendix I) which was acted upon by the Committee at its thirty-first and thirty-second meetings on 19 and 22 May. At those meetings, on the basis of the report of the Sub-Committee, the Committee adopted the following draft recommendation:

The Fifth Committee

Takes note of the report of the Sub-Committee on Land-locked Countries (appendix I), decides to incorporate it in the Committee's Report, for submission to the Conference and, in accordance with the Sub-Committee's recommendations,

Proposes:

Principles relating to transit trade of land-locked countries

(a) That the Conference adopt the declaration of principles of international economic co-operation set out in paragraph 12 of the Sub-Committee's report together with the interpretative note and recommends participating Governments to take these principles into account in their trade relations with one another:

Preparation of the convention for adoption

(b) That the Conference adopt the following recommendation:

The United Nations Conference on Trade and Development

Having regard to the various aspects of the problem of transit trade of land-locked States,

Noting resolution 1028 (XI) on the subject adopted by the United Nations General Assembly which recognized "... the need of land-locked countries

for adequate transit facilities in promoting international trade..." and invited the Governments of Member States "... to give full recognition to the needs of land-locked Member States in the matter of transit and trade and, therefore, to accord them adequate facilities in terms of international law and practice in this regard, bearing in mind the future requirements resulting from the economic development of the land-locked countries",

Noting the resolution of the Economic Commission for Asia and the Far East Ministerial Conference of 1963 on Asian Economic Co-operation, "Recognizing the right of free transit for land-locked countries and the special considerations which apply to their transport and transit problems and the importance of the relationship of these problems to questions of regional co-operation and the expansion of intra-regional trade",

Noting further resolution 51 (XX) of the Economic Commission for Asia and the Far East (ECAFE) on the transit trade of land-locked countries, which strongly recommended that the subject be given urgent and sympathetic consideration at the forthcoming United Nations Conference on Trade and Development with a view to formulating an adequate and effective international convention to ensure the freedom of transit trade of land-locked countries,

Considering that, for the promotion of the economic development of the land-locked States it is essential to provide facilities to enable them to overcome the effects of their land-locked position on their trade,

Taking into consideration that the existing multi-lateral conventions relating to the transit trade of the land-locked countries need to be brought up to date and that it is therefore essential to formulate an adequate and effective international convention to ensure the freedom of transit trade of land-locked countries,

Recommends that the United Nations:

1. *Requests* the Secretary-General of the United Nations to appoint a committee of twenty-four members, representing land-locked, transit, and other interested States as governmental experts and on the basis of equitable geographical distribution; and to convene the said committee during 1964;

2. *Request* this committee to prepare a new draft convention treating the proposal made by Afro-Asian land-locked countries (see Vol. V)¹ as a basic text and taking into account the principles of international law, conventions and agreements in force and submission by Governments in this regard, as well as the records of the Sub-Committee on Land-locked Countries established by this Conference, and to submit the new draft convention to the Secretary-General for presentation to the conference of plenipotentiaries to be convened in accordance with paragraph 4 below;

3. *Request* the Secretary-General to prepare, in consultation with the specialized agencies or any other competent body of the United Nations, full preparatory documentation for circulation to the members of the committee in sufficient time before the convening of that committee; and

4. *Decide* to convene a conference of plenipotentiaries in the middle of 1965, for consideration of the draft and adoption of the convention.²

5. The Committee also established a Working Group on agenda item 10 (e) to draft a set of principles governing international trade relations and trade policies conducive to development, for submission to the Committee. This Working Group, composed of delegates from thirty-four countries, under the Chairmanship of Mr. R. Lang (Yugoslavia) held twenty-one meetings from 8 May to 2 June. Its report (annexed herewith as appendix II) was considered by the Committee on 3 and 4 June 1964.

6. On 4 June 1964 at its forty-seventh meeting the Committee adopted the present report as a whole.

7. After considering the organization of its work, the Committee held a general debate covering the questions referred to it. Forty-three delegations presented views on the items under consideration in the Committee (see E/CONF.46/C.5/SR.4-13). The Committee then discussed separately each of the agenda items and sub-items assigned to it. Reports on these discussions including the conclusions and recommendations adopted on the proposals put forward are presented below.

A review of trends in world trade and its perspectives [agenda item 10 (a)]

Essential issues posed

8. In the course of the Committee's review of trends in world trade and its perspectives, particular emphasis was placed on the following points: the fact that, while world trade expanded considerably, be-

¹ This proposal was originally presented by Afghanistan, Laos and Nepal, and was later endorsed by the Afro-Asian land-locked countries.

² The Committee also had before it a draft recommendation presented by land-locked countries of Africa, Asia and Latin America (E/CONF.46/C.5/L.62), recommending that the land-locked States of the world should meet to prepare for the conference of plenipotentiaries, and for the meeting of the Committee of twenty-four, and that the Committee agree that the assistance of the United Nations Secretariat be made available for this purpose.

tween 1950 and 1962, the rate of expansion slowed down over that period; the marked deterioration in the trading position and terms of trade of the developing countries during this period; the negative effect of this deterioration on their balance of payments situation and on their economic development in the period under review, and the likelihood of a continuation of this unfavourable tendency in the future, in the absence of corrective action. The Committee's attention was also drawn to some of the principal reasons for these unsatisfactory trends in international trade as well as a number of broad policy issues posed by these trends and their underlying causal factors. It was pointed out in particular that one of the basic reasons for those unfavourable tendencies was the international division of labour established in the past, which did not correspond to the interests of the developing countries. (See the summary records of the fourteenth to the twenty-third, the thirty-first, forty-first and forty-second meeting for the discussion on this sub-item.)

*Proposals before the Committee*³

9. The Committee had before it "Draft conclusions" on this sub-item (E/CONF.46/C.5/L.12) proposed by Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Tanganyika, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zanzibar. A number of amendments to these draft conclusions were submitted by the Union of Soviet Socialist Republics (E/CONF.46/C.5/L.21).

10. In the light of the debate, and taking into account amendments and suggestions made by several delegations, the sponsors of the draft conclusions submitted a revised text (E/CONF.46/C.5/L.12/Rev.1 and Corr.1). Accordingly, the Union of Soviet Socialist Republics withdrew its amendments.

Decisions of the Committee

Conclusions of the Committee on a review of trends in world trade and its perspectives

11. At its thirty-first meeting on 19 May 1964, the Committee approved on first reading the text of revised draft conclusions. Several delegations made statements in this connexion.

³ A note by the Chairman on possible action on this sub-item was circulated as document E/CONF.46/C.5/L.6.

12. At its forty-second meeting on 2 June 1964, the Committee, after having taken into account written and oral amendments proposed by several delegations, adopted on a roll-call vote by 63 votes in favour to one against, with 18 abstentions, the conclusions which appear below:

The Conference on Trade and Development adopts the following conclusions regarding item 10 (a) of its agenda:

World trade has expanded substantially in recent years. Since 1950 the value of world exports has more than doubled. The over-all expansion of world economy, aided by national and international action as well as the enormous scientific and technical progress and the social and economic changes in the world, has provided the principal impulse for the growth of world trade.

The countries of the world did not share proportionately in this expansion of international trade. The expansion of exports from developing countries proceeded at an appreciably slower rate than that of developed countries with the result that their share in world exports declined steadily from nearly one-third in 1950 to just over a quarter in 1955, and to only slightly more than one-fifth in 1962. Concurrently between 1950 and 1962 the developed market economies increased their share from three-fifths to two-thirds, and the centrally planned economies from 8 per cent to 13 per cent.

The exports of developing countries between 1950 and 1962 rose from \$19,200 million to \$28,900 million that is by 50 per cent or 3.4 per cent at an average annual rate. Of this growth of \$89,700 million, \$7,400 million, or 77 per cent, was accounted for by exports to developed market economies which increased at an average annual rate of 3.8 per cent; \$1,000 million, or 11 per cent, was accounted for by exports to the centrally planned economies which increased at an average annual rate of 8.5 per cent, while \$1,200 million or 13 per cent represented the increase in the intra-trade of the developing countries themselves which grew at an average annual rate of 1.8 per cent.

As against an approximate doubling of world export volume between 1950 and 1962, the increase of developing countries' export volume was only 57 per cent. This has been aggravated by the fact that the unit value of developing countries' exports over the same period declined by 4 per cent whereas the unit value of goods exported by developed countries increased by a substantially greater percentage.

The deterioration in terms of trade of the developing countries was the result of the decline in unit value of their exports by 4 per cent, and the rise in the unit value of their imports by 8 per cent. If exports of fuels from developing countries are excluded, the deterioration in their terms of trade with the developed market economies, was 17 per

cent. There was, however, some improvement after 1962, although this cannot be taken, by itself, as evidence of a reversal of the long-term trend. The slower growth in quantity of exports of the developing countries and the adverse movement in their terms of trade were largely the reflection of the present commodity composition of their trade, consisting, as it does, predominantly of the exchange of primary product exports for manufactured imports the relative positions of which in world markets have undergone significant changes. World trade in manufactures has been increasing at an annual rate of more than twice that of the trade in primary products. Factors contributing to the sluggishness of primary product exports included the historical pattern of food consumption (which had grown less than proportionately with the rise in incomes), the widespread use of substitutes and synthetics, and the increasing output of primary products in advanced countries which has been the result both of domestic policies, in many cases reinforced by protective barriers, as well as a general increase in productivity stemming from technological progress.

The deterioration in the terms of trade and sluggish expansion of the export quantum of developing countries occurred at a time when their need for imported supplies, in order to speed up the pace of their economic development, increased sharply. In 1950, the developing countries enjoyed a surplus of exports over imports of \$1,800 million. This became a deficit in 1955 of \$600 million and in 1962 of \$2,300 million, while the net payments for investment income and other invisibles was about \$3,300 million around 1960.

This deficit was covered by the provision of aid and other capital flows. However, the gap between the import requirements of developing countries and their export earnings is widening. According to UN Secretariat estimates based on the trends of the fifties, this gap might be as much as \$20,000 million a year in 1970 on the basis of a 5 per cent per annum rate of growth set as the target for the United Nations Development Decade, assuming no change in the trends upon which the estimates were based.

The rate of expansion of world exports has somewhat slackened in recent years, having declined from 8.4 per cent per annum in the early fifties to 6.6 per cent in the late fifties, to rather less than 5 per cent in the early sixties. One of the reasons for this decline is the inability of the developing countries to attain a higher rate of export expansion. The expansion of exports of developing countries would be quickly matched by purchases by them from developed countries. The difficulties experienced by developing countries, in increasing the sale of their products at remunerative prices in the markets of most of the highly industrialized countries, has placed a limit on the extent to which they can

purchase capital goods and machinery from the developed countries, which, in turn, has contributed to a slower rate of expansion of world trade than what would have been the case if the developing countries had been enabled to increase their exports at a faster rate. Further, discriminatory and inward-looking measures applied by some developed countries in their relations with third countries have been factors which have hampered the development of world trade in general and the trade of developing countries in particular.

Barriers to imports from developing countries have contributed to a situation in which developed countries produce goods that developing countries can turn out more cheaply. As a result, opportunities for developing countries to export are diminished; and developed countries, in turn, forgo opportunities for increasing their exports to developing countries of goods, particularly capital equipment, in which they have a comparative advantage. The provision of enlarged markets at stable and remunerative prices for the exports of developing countries may thus be stated to be in the interest of both developed and developing countries.

Trade needs of developing countries for their accelerated economic growth [Agenda item 10 (b)]

Essential issues posed

13. In its examination of the trade needs of developing countries, the principal issues, on which the Committee concentrated attention were the inadequacy and instability of the foreign exchange receipts of developing countries; the implications of these tendencies for the trade needs and requirements of developing countries seeking to achieve the growth target of the Development Decade and the basic steps which need to be taken to help achieve an acceleration of economic growth in the developing countries. See summary records E/CONF.46/C.5/SR.14-23, 31, 34 and 42 for the discussion on this sub-item.

*Proposals before the Committee*⁴

14. The Committee had before it the following proposals:

(a) A proposal by Cuba concerning disposal of surpluses (E/CONF.46/C.5/L.8).

(b) Draft conclusions submitted by Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory

Coast, Jamaica, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Tanganyika, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zanzibar. (E/CONF.46/C.5/L.13). Amendments to these draft conclusions were introduced by the Union of Soviet Socialist Republics (E/CONF.46/C.5/L.27).

In the light of the debate and taking into account amendments and suggestions made by several delegations, the sponsors of the draft conclusions submitted a revised text (E/CONF.46/C.5/L.13/Rev.1). Accordingly, the Union of Soviet Socialist Republics withdrew its amendments.

(c) Proposals submitted by Bulgaria, Byelorussian, Soviet Socialist Republic, Cuba, Czechoslovakia, Hungary, Mongolia, Poland, Romania, the Ukrainian Soviet Socialist Republic, the Union of Soviet Socialist Republics, concerning "Measures for the elimination of manifestations of colonialism in the economy and foreign trade of developing countries with a view to their accelerated economic development" (E/CONF.46/C.5/L.23 and Corr. 2). Subsequently Yemen became a sponsor to this proposal (E/CONF.46/C.5/L.23/Add.1).

(d) A draft recommendation submitted by Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela, concerning non-renewable natural products (E/CONF.46/C.5/L.31), which was subsequently revised (E/CONF.46/C.5/L.31/Rev.1 and E/CONF.46/C.5/L.31/Rev.2), and to which the following countries became co-sponsors: Indonesia, Iran, Iraq, Kuwait, Libya and Saudi Arabia (E/CONF.46/C.5/L.31/Rev.2/Add.1).

Decisions of the Committee

Conclusions of the Committee on trade needs of developing countries for their accelerated economic growth.

15. At its thirty-first meeting on 19 May 1964, the Committee approved on first reading the text of revised draft conclusions (E/CONF.46/C.5/L.13/Rev.1). Several delegations made statements in this connexion (E/CONF.46/C.5/SR.31).

16. At its forty-second meeting on 2 June 1964, the Committee, after having taken into account written and oral amendments proposed by several delegations, adopted the conclusions which appear below:

The Conference on Trade and Development adopts the following conclusions regarding item 10 (b).

⁴ A note by the Chairman on possible action on this sub-item was circulated as document E/CONF.46/C.5/L.6.

The developing countries have to achieve a stage of self-sustaining growth through their own efforts and international economic co-operation. The United Nations Development Decade has set a minimum target of annual rates of growth of 5 per cent for the developing countries, which has been adopted by General Assembly resolution 1710 (XVI). Notwithstanding the modest contribution that the attainment of this target would make in raising the standards of living in developing countries, its implications in the terms of the trade needs of these countries should be examined.

There is a close link between the rate of economic growth and the available supply of investment goods. The developing countries require a specific increase in the supply of investment goods in order to achieve the Development Decade target. Since their domestic capacity to produce these goods is limited, a substantial amount of their goods has to be imported. Imports have to be financed through export receipts and inflows of capital from abroad. Both these are largely beyond the control of the developing countries.

In order to increase the gross domestic product, gross fixed investment would have to increase faster than the gross domestic product. This would require larger imports of machinery and industrial materials than in the past. Assuming past relationships, United Nations Secretariat estimates are that imports of developing countries will rise from \$22,500 million in 1960 to \$42,000 million in 1970 and the ratio of imports to gross domestic product will increase from 13 per cent to 15 per cent. The deficit in merchandise trade would then rise from \$1,500 million in 1960 to \$11,000 million in 1970, and the developing countries would have to make net payments for services totalling \$9,000 million as against \$3,300 million. On the basis of the same estimates, the projected deficit in the current balance of payments would increase from \$5,000 million in 1960 to \$20,000 million in 1970.

Resources to cover this deficit would obviously have to be sought in additional export earnings and a increase in the net inflow of long-term public and private funds from abroad. Developing countries need to achieve a better level of exports through national and international action. Measures need to be taken to orientate the process of economic development in a direction favourable to such increased exports, and accelerate the pace of economic activity in the developing countries.

Increased exports from developing countries are essential to achieve the rate of economic growth set as the target of the United Nations Development Decade and to modify the present international division of labour to make it more rational and equitable. Developing countries need to import capital goods and industrial materials from developed countries to achieve their targets of

economic growth. Thus increased exports from developing countries are directly interrelated with increased imports from developed countries, and one must be encouraged to achieve the other. To the extent that the exports of the developing countries fall short of their requirements for meeting the target of the Development Decade, multilateral and bilateral arrangements for financing these essential imports for development needs should be sought.

Proposal by Cuba concerning disposal of surpluses (E/CONF.46/C.5/L.8).

17. At the thirty-fourth meeting of the Committee, held on 27 May 1964, the representative of Cuba stated that his delegation's proposal would not be pressed to a vote at this time.

Eleven-Power draft proposal concerning "Measures for the elimination of manifestations of colonialism in the economy and foreign trade of developing countries with a view to their accelerated economic development" (E/CONF.46/C.5/L.23 and Corr. 2 and Add.1).

18. At the thirty-fourth meeting of the Committee, the representative of the Union of Soviet Socialist Republics stated, on behalf of all sponsors, that their proposal would not be pressed to a vote at this time for the reasons given at the meeting. (See E/CONF.46/C.5/SR.34.)

Nineteen-Power revised draft recommendation concerning non-renewable natural products (E/CONF.46/C.5/L.31/Rev.2).

19. At its thirty-fourth meeting held on 27 May 1964, the Committee decided to refer the first operative paragraph of this draft recommendation to the First Committee. The sponsors also revised the second operative paragraph to substitute the words "be recognized and encouraged" for the words "be supported and reinforced". At the same meeting the Committee adopted the draft recommendation as orally revised by a roll-call vote of 58 to 3 with 21 abstentions.

The results of the vote were as follows:

In favour: Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Chile, Colombia, Cuba, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Ethiopia, Ghana, Guinea, Honduras, Hungary, Indonesia, Iran, Iraq, Jamaica, Kuwait, Laos, Liberia, Libya, Malaysia, Mali, Mauritania, Mexico, Mongolia, Niger, Nigeria, New Zealand, Pakistan, Peru, Philippines, Poland, Romania, Saudi Arabia, Senegal, Spain, Sudan, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Belgium, Canada, China, Denmark, Federal Republic of Germany, France, Finland, Greece, Israel, Italy, Ivory Coast, Japan, Madagascar, Norway, Republic of Korea, South Africa, Sweden, Switzerland, Thailand.

The draft recommendation as adopted reads as follows:

The United Nations Conference on Trade and Development,

Recognizing the particularly urgent character of the trade needs of developing countries whose exports are mainly composed of non-renewable natural products,

Considering the need for those countries to reach speedily a certain stage of economic development for which investment capital can be raised, by increasing the per unit income from their exports,

Recommends

That international organizations set up by the developing countries which are the principal exporters of non-renewable natural products be recognized and encouraged to enable them to defend their interests.⁵

International trade and its relations with national development planning, policies and institutions
[agenda item 10 (c)]

Essential issues posed

20. A number of issues and problems were identified by the Committee during its consideration of the relations between international trade and national development planning, policies and institutions. These included the factors which make it essential for developing countries drawing up development plans to incorporate plans for the foreign trade sector; the problems posed for the implementation of development plans by the instability and inadequate growth of export earnings; and, the special need of developing countries formulating development plans to diversify the export sectors of their economies and to find export markets for their manufactures in order to achieve efficiency in industrial production. (For the discussion on this sub-item, see E/CONF. 46/C.5/SR.14, 17-23, 31-35 and 42.)

Proposals before the Committee

21. (a) A draft recommendation proposed by Iran (E/CONF. 46/C.5/L.7) calling, in part, for the fostering of trade in scientific and educational materials and for a survey of such trade by the United Nations Educational, Scientific and Cultural Organization (UNESCO). At the thirty-second meeting of the Committee on 22 May 1964,

Iran orally revised its proposals. At the same meeting, Australia introduced oral amendments which were accepted by the sponsor (see E/CONF. 46/C.5/SR32) and incorporated in the revised draft recommendation (E/CONF. 46/C.5/L.7/Rev. 1); France became a co-sponsor of the revised draft recommendation.

(b) Draft Conclusions on this sub-item submitted by Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauretania, Mexico, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Tanganyika, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zanzibar (E/CONF. 46/C.5/L.18). Following discussion of their proposals, the sponsors submitted a revised version of their draft conclusions (E/CONF.46/C.5/L.18/Rev.1).

(c) A draft recommendation submitted by Spain concerning the establishment of a development planning advice, information and publicity centre (E/CONF.46/C.5/L.22).

(d) A draft recommendation concerning further studies on trade trends submitted by Argentina, Australia, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, New Zealand, Nicaragua, Panama, Paraguay, Peru, Philippines, Spain, Trinidad and Tobago, Uruguay, Venezuela (E/CONF.46/C.5/L.30 and Corr.1).

(e) A draft recommendation concerning an economic and social survey of depressed areas of the underdeveloped world (E/CONF.46/C.5/L.32 and Corr. 1 and 2), submitted by Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela.

Amendments to this draft recommendation were submitted by Algeria, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Ivory Coast, Madagascar, Mali, Mauritania, Morocco, Niger, Rwanda, Senegal, Togo, Tunisia, Upper Volta (E/CONF.46/C.5/L.47).

(f) A draft proposal submitted by Cuba (E/CONF.46/C.5/L.9/Rev. 1) relating, in part, to the control by developing countries over the use of their foreign exchange reserves, was subsequently withdrawn.

⁵ For final text, see Final Act, Annex A.VI.2.

*Decisions of the Committee**Conclusions of the Committee on international trade and its relations with national development planning policies and institutions*

22. At its thirty-first meeting on 19 May 1964, the Committee approved on first reading the text of its revised draft conclusions (E/CONF.46/C.5/L.18/Rev.1). At its forty-second meeting held on 2 June 1964, the Committee, after having taken into account written and oral amendments proposed by several delegations, adopted the conclusions which appear below:

In recent years, the developing countries have been turning increasingly to economic and social planning as the most effective means for accelerating their growth. This experience has underlined the need for receipts from foreign trade to expand in step with the intensification of domestic efforts to stimulate and support economic growth. The importance of foreign trade is all the more crucial in the case of the smaller developing countries. It is for this reason that so many developing countries have expressed deep concern about trends in world demand and prices for their exports and have emphasized the need for more favourable commercial policies on the part of developed countries and for an expanding volume of foreign aid.

In the foreseeable future, trends in the foreign trade sector will continue to be of vital importance for the rate of economic growth which each developing country can hope to achieve. This does not mean that the rate of growth in these countries is solely determined by developments in the foreign trade sector. Each developing country seeks to ensure that it utilizes available resources to the best possible advantage. Their plans, policies and institutions are designed to achieve the transformation of their economic and social structures and to provide for maximum saving, investment and output, to a predetermined order of priorities for a targeted rate of growth.

However realistic are the plans drawn up by the developing countries, their fulfilment is hindered by the instability of international markets for primary products and by conditions restricting the access of primary commodities, and of semi-manufactures and manufactures, to the markets of the developed countries. The continued dependence on the export of a single product or a few commodities, the prices of which have been declining in the past, has made the fulfilment of development plans all the more difficult. Import control, import substitution and export promotion are measures taken in order to make the best use of foreign exchange earnings and to increase these earnings or implementing development plans. There are obvious limitations to control and import substitution as a means of reducing foreign exchange spending. When basic industries have to be established, the need for foreign exchange becomes more acute. This problem is aggravated by the lack of early

returns from the export of products, owing to the long gestation period and the great difficulty of competing in foreign markets. In the final analysis, export of semi-manufactures and manufactured goods is most essential in redressing the chronic tendency, inherent in the developing economies, towards foreign exchange imbalance.

The realization of economic and social development plans of the developing countries, therefore, necessitates an appropriate change in the present structure of international trade in such a way as to afford them the opportunity of earning adequate and stable supplies of foreign exchange. In the immediate future, this calls for a variety of measures of international co-operation, such as the stabilization at higher levels that are equitable and remunerative, of the prices of primary commodities and the improvement of the purchasing power of primary products; widening access to markets of primary products, semi-manufactures and manufactures from developing countries; intensification of financial aid on more favourable terms, and the devising of other arrangements designed to enable developing countries to obtain the foreign exchange required to fulfil their development plans.

*Decisions of the Committee**Revised draft recommendation concerning development needs of education and science*

23. At its thirty-fourth meeting on 27 May, the Committee adopted the revised draft recommendation submitted by France and Iran (E/CONF.46/C.5/L.7/Rev.1) which reads as follows:

The United Nations Conference on Trade and Development

Recommends that the participating Governments should give due consideration, in the context of their trade and assistance policies, to the development needs of education and science;

Recommends that UNESCO should continue, in collaboration with the international agencies concerned, its programme to promote the international circulation of educational, scientific and cultural material;

Invites UNESCO to continue, in consultation with the other international agencies concerned, its studies of the international trade in educational and scientific material as a factor in accelerating the development of the developing countries;

Invites UNESCO to continue to keep the United Nations informed concerning the above-mentioned studies, and submit recommendations to the Economic and Social Council and whatever other organ of the United Nations system seems appropriate in the light of the recommendations of the United Nations Conference on Trade and Development.⁶

⁶ For final text, see Annex A.VI.9.

Draft recommendation submitted by Spain concerning the establishment of a development planning advice information and publicity centre

24. At the thirty-fourth meeting of the Committee on 27 May 1964, the representative of Spain stated that his delegation withdrew its proposal (E/CONF.46/C.5/L.22).

Draft recommendation concerning further studies on trade trends

25. The Committee considered at its thirty-fourth meeting on 27 May 1964 a proposal originally submitted by twenty-four Powers, joined later by the Philippines (E/CONF.46/C.5/L.30 and Corr.1). During the discussion oral amendments were introduced by the Holy See, Canada and Nigeria and accepted by the sponsors. Thailand became a co-sponsor to the draft proposal which was adopted by the Committee after the oral amendments were incorporated in the text. The draft recommendation as adopted by the Committee reads as follows:

The United Nations Conference on Trade and Development

1. *Records its appreciation* of the statistical and analytical studies presented by the Secretariat relating to agenda item 10 (a), (b) and (c);

2. *Recommends* that continuing studies and reports be prepared within the United Nations and, in that eventuality, by the institutional machinery which will emerge from this Conference, and published at appropriate intervals recording and evaluating data on the volume distribution, composition, price patterns and perspectives of world trade, including invisible trade, with special reference to their bearing on development and to the major export commodities of the developing countries;

3. *Recommends also* that efficacious and comparable studies and reports should be made, and their scope extended as necessary, on the economic and social development plans of countries, with special reference to their bearing on international trade and commercial policies;

4. *Recommends further* that the information on trade and development included in such studies and reports should be collated and published in forms which would facilitate the understanding, comparison, mutual adjustment and co-ordination of national development plans and commercial policies;

5. *Invites* participating Governments to continue to co-operate in the preparation of the above studies*

Draft recommendation concerning international trade and its relations with national development planning, policies and institutions

26. The Committee considered at its thirty-fifth meeting on 28 May 1964 a draft recommendation submitted by nineteen Powers (E/CONF.46/C.5/L.32 and Corr. 1 and 2). During the discussion, amendments to the operative part were proposed orally

by Algeria and accepted by the sponsors. Drafting changes in the preambular paragraphs were also proposed by the Philippines and Nigeria and accepted by the sponsors. The operative part of the proposal, as amended, was adopted by 74 votes to none, with 3 abstentions.

The Committee then adopted the following draft recommendation as orally revised and amended:

The United Nations Conference on Trade and Development,

Considering:

That the different degrees of development do not coincide with the geographical division of the world, but occur over large regions with similar characteristics,

That there are depressed areas, in which living conditions are incompatible with human dignity and with the technological progress achieved in the world of today, and which include several countries or parts of countries,

That these areas, in view of the nature of the human, economic and political problems affecting them, require special attention,

Recommends:

That the United Nations and the machinery emerging from the United Nations Conference on Trade and Development, in consultation with other appropriate bodies, should make an over-all economic and social survey of the depressed areas of the developing world and that special measures should be proposed, in accordance with the principles and decisions that emerge from the Conference, to make possible immediate action to secure a substantial improvement in the living levels of the population of these areas.⁷

Trade problems between countries: (i) at similar level of development; (ii) at different stages of development; (iii) having different economic and social systems
[agenda item 10 (d)]

27. At its second meeting the General Committee decided to refer the question of long-term trade agreements to the Fifth Committee. The Fifth Committee decided to consider this question in connexion with agenda item 10 (d).

Essential issues posed

28. In its deliberation on trade problems between countries at similar levels of development the Committee focused its attention on the obstacles to trade expansion between developing countries and on methods of achieving closer and broader ties between these countries. The inadequacy of trade and transport contacts, the existence of customs and currency barriers, the problem of small domestic markets and

* For final text, see Final Act, Annex A.VI.6.

⁷ For final text, see Final Act, Annex A.VI.5.

the need for inter-governmental co-operation in investment planning were given particular emphasis.

29. In considering trade problems between countries at different stages of development, the discussions centred upon the problem of achieving an increase in export receipts for developing countries and changes in trading conditions which would promote accelerated economic growth in the developing countries. Views were exchanged on the terms of trade of developing countries, the removal of reciprocity requirements in trade relations between developed and developing countries, the introduction of preferential arrangements in favour of developing countries, the removal of tariff and non-tariff barriers, the broadening of the scope and reinforcement of the effectiveness of commodity agreements and arrangements, and the terms and conditions of economic financial and technical assistance.

30. As regards trade problems between countries having different economic and social systems, particular reference was made to the main issues of trade policy under inter-governmental discussion—particularly non-discrimination and application of the most-favoured-nation principle, the use of long-term agreements, and the possibility of expansion in multilateral payments facilities. (See E/CONF.46/C.5/SR.18-23, 32, 35-39, 43.)

Proposals before the Committee

31. (a) A draft recommendation submitted by Indonesia concerning direct participation by Governments of developing countries in foreign trade (E/CONF.46/C.5/L.46 and Add.1).

Agenda item 10 (d) (i)

(b) Draft conclusions concerning trade problems between countries at similar level of development proposed by Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Tanganyika, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zanzibar (E/CONF.46/C.5/L.42). These proposals were subsequently revised (E/CONF.46/C.5/L.42/Rev.1). Amendments to these draft conclusions were submitted by Cuba (E/CONF.46/C.5/L.52).

Agenda item 10 (d) (ii)

(c) Draft conclusions concerning trade problems between countries at different stages of development

proposed by Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Korea, Kuwait, Laos, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Saudi Arabia, Senegal, Sierra Leone, Sudan, Tanganyika, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zanzibar (E/CONF.46/C.5/L.43 and Corr.1) which was subsequently revised (E/CONF.46/C.5/L.43/Rev.1 and Corr.1). Amendments to these draft conclusions were submitted by the United Kingdom (E/CONF.46/C.5/L.56 and Corr.1) and Cuba (E/CONF.46/C.5/L.60).

Agenda item 10 (d) (iii)

(d) Draft conclusions concerning trade problems between countries having different economic and social systems proposed by Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Ivory Coast, Laos, Liberia, Libya, Madagascar, Mali, Mauritania, Mexico, Morocco, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Tanganyika, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yugoslavia and Zanzibar (E/CONF.46/C.5/L.44), which was subsequently revised (E/CONF.46/C.5/L.44/Rev.1) and to which Iraq and Kuwait became co-sponsors (E/CONF.46/C.5/L.44/Corr.2). Philippines and Ivory Coast were deleted from the list of sponsors (E/CONF.46/C.5/L.44/Corr.1 and 3). Amendments to these draft conclusions were submitted by Byelorussian Soviet Socialist Republic, Bulgaria, Czechoslovakia, Hungary, Poland, Mongolia, Romania, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics (E/CONF.46/C.5/L.63).

(e) Nineteen-Power draft recommendations concerning trade between developing countries and centrally planned economies proposed by Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.5/L.33). The Dominican Republic was deleted from the list of sponsors (E/CONF.46/C.5/L.33/Corr.1).

(f) A draft recommendation submitted by Czechoslovakia concerning "Question of trade among

countries having different economic systems” which was subsequently revised (E/CONF.46/C.5/L.17/Rev.1).

Long-term trade agreements

(g) Draft recommendations submitted by Congo (Leopoldville), Hungary, Mexico, and Romania concerning “the importance and effectiveness of long-term trade agreements for the stabilization and expansion of world trade” (E/CONF.46/C.5/L.19) which was subsequently revised (E/CONF.46/C.5/L.19/Rev.1 and Rev.2) and of which Indonesia and United Arab Republic became co-sponsors.

Decisions of the Committee

Direct participation by governmental trading organizations in foreign trade [agenda item 10 (d)]

32. The Committee considered this proposal at its thirty-seventh and thirty-eighth meetings on 29 and 30 May 1964. Romania (E/CONF.46/C.5/L.46/Add.2), Algeria, Burma, Mali and the United Arab Republic (E/CONF.46/C.5/L.46/Rev.1) also became co-sponsors. During the discussion an oral amendment proposed orally by Nigeria was accepted by the sponsors; amendments proposed orally by Argentina and Australia were largely accepted by the sponsors. The Committee adopted the revised draft recommendation by 56 votes in favour, 1 against and 18 abstentions (see E/CONF.46/C.5/SR.38). This draft recommendation reads as follows:

The Conference,

Recognizing that direct participation by governmental trading organizations in foreign trade, including those trading activities in which the Government or its agent holds title to exports before transactions and acquires title to imports, is being pursued by many developing countries with mixed economies for the purpose of expanding their foreign trade,

Noting that government participation in foreign trade is assuming increasing importance in a number of developing countries,

Further noting that these developing countries are achieving satisfactory results by trading through this method,

Realizing that participation by Governments of developing countries in foreign trade could be an effective instrument and consistent with the promotion of international trade and development,

Recommends:

(a) That direct participation by governmental trading organizations in foreign trade as above defined be recognized and accepted as one of the effective methods and instruments of promoting the foreign trade of a number of developing countries;

(b) That developed countries should not discriminate against trade with developing countries on

the ground that their governmental trading organizations directly participate in trade as a public policy.⁸

Conclusions of the Committee on trade problems between countries at similar level of development [agenda item 10 (d) (i)].

33. The Committee considered the revised seventy-five Power draft conclusions (E/CONF.46/C.5/L.42/Rev.1) at its thirty-sixth meeting on 27 May. The representative of Cuba stated that his delegation’s amendments (E/CONF.46/C.5/L.52) would not be pressed to a vote and requested that their text appear in the official records of the Conference (see E/CONF.46/C.5/SR.36). The Committee then adopted on first reading the text of revised draft conclusions after the sponsors had orally revised paragraph 5. At its thirty-eighth meeting on 28 May 1964 the Committee adopted the conclusions which appear below.

While trade between developed countries, both in volume and value, is increasing and while their share of total world trade is also rising, the level of trade between developing countries is very low and its importance in world trade has been decreasing.

In 1962, developing countries sold to one another only 22 per cent of their total exports, i.e., \$6,500 million worth of goods and services. The corresponding percentage for intra-regional trade is much lower, varying from 16.5 per cent for Asia (excluding Japan, Hong Kong and Singapore) to 10 per cent for Latin America and 7.5 per cent for Africa.

Although trade between developing countries has increased in absolute terms over recent years, its rate of growth has shown a tendency to lag behind the growth of the total external trade of these areas. Thus between 1950 and 1962 the proportion of trade among developing countries to their total external trade declined by four percentage points from 26 per cent to 22 per cent. Furthermore, the commodity composition of the intra-regional and inter-regional trade between developing countries is often less diversified than these countries’ exports as a whole.

The expansion and diversification of trade between developing countries have been hampered, *inter alia*, by the inadequacy of direct trade and other contacts among them, the similarity of their exports, the necessity to protect infant industries against competing imports from other countries and in some cases the maintenance of traditional trade ties and the difference in existing monetary systems.

The efforts of developing countries to achieve complementarity between their economies and to expand trade among them is further limited by the

⁸ For final text, see Final Act, Annex A.VI.4.

need to utilize most of their foreign exchange receipts to import, from industrialized countries, a large proportion of their requirements, in particular of capital goods.

The expansion of inter and intra-regional trade is important to developing countries in so far as it provides them with wider markets for their products and enables them to diversify their trade further and to save on scarce foreign exchange.

In addition to the establishment of closer and broader trade ties between developing countries other measures are also necessary to make it possible for them to industrialize rapidly.

These measures include the reinforcement of inter, intra, or sub-regional economic co-operation and contacts, the establishment of a more rational division of labour and, where appropriate, the setting up of complementary industries at the inter-regional, intra-regional, or sub-regional level, without prejudice to the right of the countries concerned to industrialize and diversify their economy. Action should also be directed towards the promotion and gradual liberalization of trade between developing countries on a mutually advantageous basis, taking into account differences in resources endowment and in the stages of development of their economy and of sectors within it; where necessary the reorientation of traditional trade channels through government action, and the elimination of existing monetary barriers to trade.

Conclusions of the Committee on trade problems between countries at different stages of development [agenda item 10 (d) (ii)].

34. The Committee considered the revised draft conclusions (E/CONF.46/C.5/L.43/Rev.1 and Corr. 1) and the amendments thereto submitted by the United Kingdom of Great Britain and Northern Ireland (E/CONF.46/C.5/L.56 and Corr. 1) and by Cuba (E/CONF.46/C.5/L.60 at its thirty-sixth and thirty-eighth meetings held on 28 and 29 May. The sponsors accepted the first amendment proposed by Cuba which was therefore incorporated in paragraph 5 of their proposal (E/CONF.46/C.5/L.43/Rev.1/Corr.1) and Cuba did not press its second amendment to a vote. The amendments submitted by the United Kingdom were partly taken into account by the sponsors and were not pressed to a vote. The representative of Madagascar expressed some reservations with regard to paragraph 6 of the draft conclusions and consequently withdrew his delegation's sponsorship from the list of sponsors. An oral amendment submitted by the United States to take, in paragraph 5, 1950 instead of 1955 was accepted by the sponsors who also brought several oral revisions to their text. The Committee then proceeded to vote on the draft conclusions as orally revised, as follows (see E/CONF.46/C.5/SR.38).

(a) separate vote requested by Canada on paragraph 5: 58 in favour, 6 against and 14 abstentions;

(b) separate vote requested by Canada on paragraph 6: 55 in favour, 12 against and 10 abstentions;

(c) draft conclusions as a whole as orally revised: 58 in favour, 7 against and 11 abstentions.

At its forty-third meeting on 3 June 1964, the Committee voted on the final reading of the draft conclusions and adopted paragraph 6 by 70 votes to 5 with 11 abstentions and the draft conclusions as a whole by 68 votes to 2 with 14 abstentions.

The conclusions adopted read as follows:

An overwhelming proportion of the trade of the developing countries is with the developed market economies. For example in 1962, total exports of the developing countries amounted to \$28,890 million out of which about 70 per cent went to the developed market economies. In the same year, total imports of developing countries amounted to \$29,490 million of which 71 per cent came from developed market economies.

The preponderance of the share of the developed market economies in the trade of developing countries is largely the result of the historical trade ties between many of the developing countries and the developed market economies. Trade between countries of the two groups, at present, takes the form of the exchange of mainly primary products by the developing countries for the manufactured and capital goods which the developed market economies, with their more advanced technology and relatively abundant capital, are in a position to supply.

Between 1950 and 1962, while the total exports of the developed market economies to the developing countries increased from \$10,650 million to \$21,060 million or by 98 per cent, the exports of the developing countries to the developed market countries increased from \$13,220 million to \$20,660 million or by only 56 per cent.

The failure of exports of the developing countries to the developed market economies to expand at a faster rate can be attributed to such general factors, to which reference has already been made in the draft conclusions on 10 (a) as the historical pattern of food consumption, the widespread use of substitutes and synthetics, the economy in the consumption of raw materials, and the increasing output of primary products in industrialized countries as a result both of domestic policies, in many cases reinforced by protective barriers, and a general increase in productivity stemming from technological progress. Specific policies include price-support programmes, customs duties and internal taxes and fiscal charges imposed on the consumption of tropical products, export subsidies on commodities of interest to developing countries, and higher levels of tariffs imposed on processed products relative to those applied to such products when exported in their unprocessed form.

These factors have contributed to the sluggishness of the demand for the products of developing countries and in the case of some commodities to the accumulation of surpluses which have tended to exercise a depressing effect on world prices. This depression in prices coupled with an increasing demand by developing countries for capital goods, with rising prices, from the more advanced countries, for their industrialization programmes, has led to a considerable deterioration in the terms of trade of the developing countries. This deterioration which amounted to about 12 per cent between 1950 and 1962, together with large transfers of earnings from the developing countries to developed market economies, has resulted in the persistence of deficits in the balance of payments of developing countries. As was noted in the conclusions on 10 (a) there was some improvement in the terms of trade after 1962 although this cannot be taken, by itself, as evidence of a reversal of the long-term trend.

National and international action and measures can be taken to increase the earnings of developing countries from their exports to the markets of developed market economies. These include for example, the reduction and/or removal of tariff and non-tariff barriers against, and internal fiscal charges on, products of special interest to developing countries, the stabilization of markets for primary commodities at prices remunerative in relation to those of goods imported by developing countries, increasing access to the markets of the developed market economies for the semi-manufactured and manufactured goods of developing countries and the adoption by regional economic groupings among developed market economies of policies designed to prevent injury to the trade interests of third countries, adaptation by the industries of developed countries to greater imports of manufactured goods from developing countries.

Conclusions of the Committee on trade problems between countries having different economic and social systems [agenda item 10 (d) (iii)].

35. The Committee considered the revised draft conclusions (E/CONF.46/C.5/L.44/Rev.1) and the nine-Power amendments thereto (E/CONF.46/C.5/L.63) at its thirty-second, thirty-seventh, thirty-eighth and thirty-ninth meetings. The sponsors agreed to incorporate in their proposal the nine-Power amendments as revised upon an oral suggestion of Canada, as well as amendments proposed orally by the United States and Jamaica. At the request of the United States a separate vote was taken on the retention of the words "in relation to those of goods imported by developing countries" in the first sentence of paragraph 7. Those words were retained by 47 in favour, 7 against and 13 abstentions. The vote on paragraph 7, as a whole, requested by France, was 50 in favour, 2 against and 21 abstentions. The Committee then adopted the conclusions as amended

and as orally revised by 55 in favour and 2 against with 20 abstentions (see E/CONF.46/C.5/SR.39).

36. The conclusions adopted read as follows:

Owing to its relatively recent origin, trade between the developing countries and the centrally planned economies is so far limited to a relatively small number of countries and constitutes a small part of the trade turnover of the developing countries as a whole. In 1962, \$1,630 million or 5.6 per cent of the total exports of the developing countries went to the centrally planned economies, while imports from the latter to the former totalled \$2,150 million and formed 7.3 per cent of total imports.

This trade has, however, shown a tendency to increase rapidly in recent years. Thus, in terms of value, the exports of the countries with centrally planned economies to developing countries increased from \$405 million to \$2,150 million or by 430 per cent between 1950 and 1962, while exports from the developing countries to the countries with centrally planned economies showed an expansion from \$610 million to \$1,630 million or by 167 per cent over the same period.

This expansion in trade between the two groups of countries has been secured mainly through medium- and long-term bilateral trade agreements which stipulate the quantity and/or the value of goods to be exchanged either annually or on the basis of a longer period.

Although the countries with centrally planned economies export to and import from developing countries a fair amount of consumer goods, by far the larger proportion of the trade consists of the exchange of manufactured and capital goods for primary products.

In spite of the rapidity of growth in trade between the two groups of countries, there is still considerable scope for expansion, which can be secured through the removal of those obstacles which prevent a faster rate of growth and by further positive measures taken by the countries concerned.

The major obstacles arise from the fact that trade relations have not yet been established between many developing countries and the countries with centrally planned economies, the need, due to the bilateral trade system, for individual developing countries to balance their trade with individual centrally planned economies, and the paucity of knowledge in some developing countries among public and private organizations involved in this trade, about the products and the trade policies and practices of the centrally planned economies.

These problems can be solved and trade between countries of the two groups expanded at a more rapid rate through the establishment of normal trade relations between the countries with centrally planned economies and a larger number of the developing countries, the granting by the countries

with centrally planned economies to developing countries, within the framework of the former's foreign trade system, of special advantages conducive to the promotion of this trade, the adoption by the countries with centrally planned economies, within the framework of their long-term plans, of appropriate measures to secure the diversification and a proportionately increasing growth of their imports of primary, semi-manufactured and manufactured products from the developing countries, the reduction and/or abolition by the countries with centrally planned economies of customs duties on goods originating from developing countries, the adoption by the countries with centrally planned economies, in addition to bilateral arrangements, of multi-lateral trading and payment methods, when these are considered to be of mutual advantage to all partners in the trade, the participation of the countries with centrally planned economies in international action and measures for the stabilization of markets for primary commodities at prices remunerative in relation to those of goods imported by developing countries, and the free exchange of trade and commercial information between countries of the two groups. Developing countries, for their part, should grant the countries with centrally planned economies trade conditions not inferior to those granted normally to the developed market economy countries.

Trade between the centrally planned countries and the developed market economies has grown rapidly in recent years. Exports of the centrally planned countries to the developed market economies have increased from \$1,300 million in 1950 to \$3,300 million in 1962. Imports during the same period increased from \$1,000 million to almost \$3,800 million.

The full potentiality of this trade, however, has not been realized, because of administrative, economic and trade policy obstacles. Efforts to discover means to solving these problems and to increase trade to the mutual benefit to all partners concerned, and thus achieve levels of trade commensurate with the apparent possibilities, have shown increasing progress in recent years. Continuation of these efforts in whatever available forums, including the framework of the future institutional arrangements that may be decided on by the Conference should result in progressively greater levels of trade between countries having different economic and social systems. It is recognized that such a development would be in the interest of world trade as a whole.

Draft recommendation concerning trade between developing countries and centrally planned economies

37. At the thirty-seventh meeting held on 29 May 1964, the sponsors of the nineteen-Power draft recommendation (E/CONF.46/C.5/L.33) withdrew their proposal.

Draft recommendation concerning the question of trade among countries having different economic systems

38. At the thirty-ninth meeting held on 30 May 1964, Czechoslovakia introduced orally a draft decision concerning the transmittal of its draft recommendation (E/CONF.46/C.5/L.17/Rev.1) to the continuing United Nations trade machinery that may be established. Following an amendment submitted orally by France and accepted by the sponsor, the Committee adopted the draft decision by 71 in favour, none against with 6 abstentions. The draft decision reads as follows:

The United Nations Conference on Trade and Development,

Recognizing the significance of problems referred to in the draft recommendation (E/CONF.46/C.5/L.17/Rev.1) submitted by Czechoslovakia,

Considering that time was lacking for the Conference to discuss this draft recommendation and to take a decision on it,

Decides to transmit it to the continuing United Nations trade machinery which it is proposed to establish, for further consideration and action.⁹

Long-term trade agreements

39. The Committee considered the revised six-Power recommendation (E/CONF.46/C.5/L.19/Rev.2) at its thirty-sixth meeting held on 27 May 1964. After oral amendments introduced by New Zealand were accepted by the sponsors, the Committee adopted the proposal as orally revised by 63 votes to 1 with 15 abstentions. The draft recommendation reads as follows:

The United Nations Conference on Trade and Development,

Concerned with finding the means to stimulate the economic progress of the developing countries and combat the negative trends felt in international trade,

Considering that the conclusion of long-term trade agreements is one of the methods that can contribute to the solution of commercial problems between different countries, especially between countries at different levels of development or with different economic and social systems,

Considering, consequently, the importance and effectiveness of long-term trade agreements for the stabilization and expansion of international trade,

Recommends that:

The utilization of long-term trade agreements, particularly among countries with different economic and social systems and among developing countries, should be expanded, without prejudice to the expansion of other methods of trade;

⁹ For final text, see Final Act, Annex A.VI.7.: the text of the draft recommendation submitted by Czechoslovakia is printed in Vol. VIII.

The parties concerned should adjust to their particular conditions and interests the different types of long-term trade agreements;

The international bodies and the parties concerned should examine the problem of improving the contents, technique and effectiveness of long-term trade agreements.¹⁰

Principles governing international trade relations and trade policies conducive to development [agenda item 10 (e)]

40. The Committee considered an extensive documentation concerning principles governing international trade relations and trade policies conducive to development. This documentation included the following submissions by Governments:¹¹

(a) Principles of international trade relations and trade policy—submitted by Czechoslovakia, Poland and the Union of Soviet Socialist Republics

(b) Conclusions approved at a meeting of Latin American Government experts on trade policy held in Brazil

(c) Memorandum concerning certain items on the agenda of the United Nations Conference on Trade and Development—submitted by France

(d) A United Nations action programme—submitted by the United Kingdom of Great Britain and Northern Ireland

(e) Expansion of international trade and its significance for economic development: report of the extraordinary session of the Central American Trade Sub-Committee

(f) Problems of land-locked countries—submitted by Afghanistan, Laos and Nepal

(g) Principles governing international trade relations and trade policies conducive to development—submitted by Yugoslavia

(h) Expansion of international trade and its significance for economic development: the Alta Gracia Charter

(i) Expansion of international trade and its significance for economic development: the Niamey Resolution on the United Nations Conference on Trade and Development: Note by the Secretary-General of the Conference

(j) Cairo Declaration of Developing Countries (see United Arab Republic: Request for the inclusion of a supplementary item in the agenda of the seventeenth session)¹²

(k) Suggestions by the delegation of Niger concerning agenda item 10 (E/CONF.46/C.5/L.4)

(l) Proposal by the delegation of Cuba concerning agenda item 10 (e) (E/CONF.46/C.5/L.10)

(m) Proposal (draft recommendation) by the delegation of Cuba concerning agenda item 10 (e) (E/CONF.46/C.5/L.11)

(n) Proposals submitted by Algeria, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Ethiopia, Gabon, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Libya, Madagascar, Mali, Mauritania, Morocco, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Sudan, Tanganyika, Togo, Tunisia, Uganda, the United Arab Republic, Upper Volta and Zanzibar concerning agenda item 10 (e) (E/CONF.46/C.5/L.14 and Add.1)

(o) Proposals by the delegation of New Zealand concerning agenda item 10 (e) (E/CONF.46/C.5/L.15)

(p) Proposals by the delegation of the United States of America concerning agenda item 10 (e) (E/CONF.46/C.5/L.20)

(q) Draft proposals submitted by the delegations of Afghanistan, Burma, Ceylon, China, India, Indonesia, Iran, Iraq, Laos, Lebanon, Malaysia, Nepal, Pakistan, the Philippines, Republic of Korea, Republic of Viet Nam, Saudi Arabia, Syria, Thailand concerning agenda item 10 (e) (E/CONF.46/C.5/L.29 and Corr.1 and 2)¹³

(r) Draft proposals submitted by a working party of seventy-five countries concerning agenda item 10 (e) (E/CONF.46/C.5/L.34, Add.1, 2, 3, 4 and Add.4/Corr.1)

(s) Draft proposal of the principles contained in the Alta Gracia Charter submitted by Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela concerning agenda item 10 (e) (E/CONF.46/C.5/L.36 and Corr.1)

(t) Draft amendment to document E/CONF.46/C.5/L.34/Add.2 submitted by the delegation of Cuba concerning agenda item 10 (e) (E/CONF.46/C.5/L.40)

(u) Addition to the draft principles submitted by a working party of seventy-five countries—Argentina, Brazil, Colombia, Ecuador and Honduras (E/CONF.46/C.5/L.45)

(v) Communication received from the Chairman of the Fifth Committee concerning agenda item 10 (e) (E/CONF.46/C.5/L.61)

41. The Committee considered, moreover, a number of other documents submitted to the Conference or to its Main Committees as well as documents to which reference was made by delegations in their statements under this item of the agenda. The Secretariat, on the request of the Chairman of the Committee, prepared working papers grouping this material according to main topics (E/CONF.46/C.5/L.16 and Add.1 and 2). A list of the documents considered is included in these working papers.

42. Statements on this sub-item were made by delegations in the general debate of the Committee on agenda items 10 and 14 at its fourth to thirteenth meetings from 2 to 17 April and in the discussion of agenda item 10 (e) at its twenty-fourth to twenty-sixth

¹⁰ For final text, see Final Act, Annex A.VI.3.

¹¹ The first nine documents listed appear in Vol.VI.

¹² *Official Records of the General Assembly, Seventeenth Session, Annexes*, agenda items 12, 34, 35, 36, 37, 39 and 84, document A/5162.

¹³ China, the Republic of Korea and the Republic of Viet-Nam subsequently withdrew from the sponsorship of this proposal.

meetings from 5 to 11 May, (for discussion on this sub-item see E/CONF.46/C.5/SR.4-13 and 24-26).

43. The Committee, at its twenty-first meeting on 29 April, decided to establish a working group of thirty-four members with the same geographical pattern as the General Committee with the following terms of reference:

“to prepare draft principles governing international trade relations and trade policies conducive to development for consideration by the Fifth Committee.”

44. The composition of the Working Group was decided by the Fifth Committee as follows: Algeria, Argentina, Australia, Belgium, Brazil, Burma, Cameroon, Canada, Ceylon, Colombia, Czechoslovakia, Denmark, Ecuador, Ethiopia, Federal Republic of Germany, France, Greece, Honduras, India, Indonesia, Mali, Nigeria, Pakistan, Philippines, Poland, Republic of Korea, Romania, Sudan, Trinidad and Tobago, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America and Yugoslavia (E/CONF.46/C.5/L.25/Rev.1).

45. As its officers, the Working Group elected Mr. R. Lang (Yugoslavia) Chairman; Mr. T. Lychowski (Poland) First Vice-Chairman; Mr. E. O. Obayan (Nigeria) Second Vice-Chairman; and Mr. A. R. Parsons (Australia) Rapporteur.

46. After a preliminary discussion of the documentation referred to above, the Working Group took as a basis for its work a draft set of principles submitted by a Working Party of seventy-five countries (E/CONF.46/C.5/L.34, Add. 1, 2, 3, 4 and 4/Corr.1).

47. At its tenth meeting the Working Group appointed a small drafting group composed of Algeria, Argentina, Brazil, Canada, Czechoslovakia, Ethiopia, France, India, Philippines, Poland, Romania, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, and Yugoslavia with Mr. Lang as its Chairman.

48. The drafting group held nine meetings at which it considered the draft set of principles submitted by the Working Party of the seventy-five countries as well as comments and alternative texts submitted by other groups or other countries.

49. The texts agreed upon in the drafting group as well as alternative formulations were given a further reading by the Working Group.

50. The report (E/CONF.46/C.5/L.77 and Corr.1 and Add.1, Add.2) of the Working Group which is annexed (appendix II) gives a summary of the proceedings as well as the relevant texts presented for the Committee's consideration.

51. At its forty-fourth and forty-seventh meetings on 3 and 4 June 1964, the Committee considered the report of the Working Group.

52. The Committee took the following decisions regarding the Principles presented by the Working

Group. (For discussions, see E/CONF.46/C.5/SR.44 to 47.) The delegation of Ceylon, speaking on behalf of the seventy-five developing countries, stated that their delegations were prepared to consider with other delegations, subsequently to the work of the Committee, some of the Principles adopted by the Committee with a view to reaching the greatest measure of agreement on the Principles to be adopted by the Conference.

General Principles

General Principle One

Economic relations between countries, including trade relations, shall be based on respect for the principle of sovereign equality of States, self-determination of peoples, and non-interference in the internal affairs of other countries.

The Committee adopted this General Principle at its forty-fourth meeting on 3 June 1964, by a roll-call vote of 84 to 1 with 2 abstentions. The result of the vote was as follows:

In favour: Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Canada, Ceylon, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guinea, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Japan, Kenya, Kuwait, Liberia, Libya, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Philippines, Poland, Republic of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Spain, Sudan, Sweden, Switzerland, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: United States of America.

Abstaining: South Africa, United Kingdom of Great Britain and Northern Ireland.

Previously, an amendment submitted by the United States, to insert the words “in accordance with the United Nations Charter and international law” at the beginning of the text of the principle, was rejected by 59 to 21 with no abstentions.

General Principle Two

There shall be no discrimination on the basis of differences in socio-economic systems. Adaptation of trading methods shall be consistent with this principle.

The Committee adopted this General Principle at its forty-fourth meeting held on 3 June 1964, by a roll-call vote of 71 to 4 with 11 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Ecuador, Ethiopia, France, Gabon, Ghana, Greece, Guinea, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Jamaica, Japan, Kenya, Kuwait, Liberia, Libya, Madagascar, Malaysia, Mexico, Mongolia, Morocco, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Philippines, Poland, Romania, Rwanda, Saudi Arabia, Senegal, Spain, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Uganda, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: Canada, Federal Republic of Germany, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, China, Denmark, Dominican Republic, Finland, Holy See, Norway, Republic of Korea, South Africa, Sweden, Switzerland.

Previously, an amendment submitted by Canada to redraft the first sentence of this Principle as follows: "The existence of differences in social and economic systems shall not, of itself, constitute an impediment to the free flow of trade between countries." was rejected by a roll-call vote of 63 to 20 with 3 abstentions.

In favour: Australia, Austria, Belgium, Canada, Denmark, Dominican Republic, Federal Republic of Germany, Finland, France, Greece, Italy, Japan, Netherlands, Norway, South Africa, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Against: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Ecuador, Ethiopia, Gabon, Ghana, Guinea, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Kenya, Kuwait, Liberia, Libya, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, Nicaragua, Niger, Nigeria, Pakistan, Philippines, Poland, Romania, Rwanda, Saudi Arabia, Senegal, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela and Yugoslavia.

Abstaining: China, Holy See, Republic of Korea.

General Principle Three

Every country has the sovereign right freely to trade with other countries, and freely to dispose of its natural resources in the interest of the economic development and well-being of its own people.

The Committee adopted this General Principle at its forty-fourth meeting on 3 June 1964, by a roll-call vote of 68 votes to 3 with 18 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Ecuador, Ethiopia, Gabon, Ghana, Guinea, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Kenya, Kuwait, Liberia, Libya, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Philippines, Poland, Portugal, Republic of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Spain, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: Canada, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Belgium, Denmark, Dominican Republic, Federal Republic of Germany, Finland, France, Greece, Holy See, Italy, Ivory Coast, Japan, Netherlands, Norway, South Africa, Sweden, Switzerland.

Previously an amendment submitted by the United States to redraft this principle as follows: "Every State has the sovereign right freely to dispose of its natural resources by trade or other means in the interests of the economic development and well-being of its own people in accordance with General Assembly resolution 1803 (XVII)." was rejected by 63 to 16 with 2 abstentions. An amendment submitted by France to add the words "in accordance with international law" was also rejected by a vote of 59 to 21 with 4 abstentions.

General Principle Four

Economic development and social progress should be the common concern of the whole international community and should, by increasing economic prosperity and well-being, help strengthen peaceful relations and co-operation among nations. Accordingly, all countries pledge themselves to pursue internal and external economic policies designed to accelerate economic growth throughout the world, and in particular to help promote, in developing countries, a rate of growth consistent with the need to bring about a substantial and steady increase in average income, in order to narrow the gap between the standard of living in developing countries and that in the developed countries.

The Committee adopted this General Principle at its forty-fourth meeting on 3 June 1964 by a roll-

call vote of 72 to 3 with 14 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Austria, Brazil, Bolivia, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Greece, Guinea, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Kenya, Kuwait, Liberia, Libya, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Philippines, Poland, Republic of Korea, Romania, Rwanda, Saudi Arabia, Spain, Senegal, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: Canada, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Belgium, Denmark, Federal Republic of Germany, Finland, France, Italy, Japan, Netherlands, Norway, Portugal, South Africa, Sweden, Switzerland.

Previously, an amendment submitted by France to replace the words "pledge themselves" by the words "share the responsibility" was rejected by a vote of 59 to 19 with 1 abstention.

General Principle Five

National and international economic policies should be directed towards the attainment of an international division of labour in harmony with the needs and interests of developing countries in particular, and of the world as a whole. Developed countries should assist the developing countries in their efforts to speed up their economic and social progress, should co-operate in measures taken by developing countries for diversifying their economies, and should encourage appropriate adjustments in their own economies to this end.

The Committee adopted this General Principle at its forty-fourth meeting on 3 June 1964, by a roll-call of 70 to none with 18 abstentions.

In favour: Afghanistan, Algeria, Argentina, Austria, Brazil, Bolivia, Burma, Bulgaria, Byelorussian Soviet Socialist Republic, Ceylon, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Guinea, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Kenya, Kuwait, Liberia, Libya, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, New Zealand, Niger, Nigeria, Pakistan, Philippines, Poland, Republic of

Korea, Romania, Rwanda, Saudi Arabia, Senegal, Spain, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: None.

Abstaining: Australia, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Italy, Japan, Netherlands, Norway, Portugal, South Africa, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Previously an amendment submitted by the United Kingdom to replace the words "directed towards" by the words "consistent with" was rejected by a vote of 64 to 18 with 3 abstentions; an amendment submitted by the United States to delete the words "in particular" was rejected by a vote of 65 to 15 with 5 abstentions and an amendment submitted by Australia to delete the words "in their own economies" was rejected by a vote of 56 to 24 with 3 abstentions.

General Principle Six

International trade is one of the most important factors in economic development. It should be governed by such rules as are consistent with the attainment of economic and social progress and should not be hampered by measures incompatible therewith. All countries should co-operate in creating conditions of international trade conducive, in particular, to the achievement of a rapid increase in the export earnings of developing countries and, in general, to the promotion of an expansion and diversification of trade between all countries, whether at similar levels of development, at different levels of development, or having different economic and social systems.

The Committee adopted this General Principle at its forty-fifth meeting on 4 June 1964 by a roll-call vote of 73 to 1 with 2 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Canada, Ceylon, Chad, Chile, Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Denmark, Ecuador, Federal Republic of Germany, France, Finland, Ghana, Guinea, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Jamaica, Japan, Kuwait, Liberia, Libya, Madagascar, Malaysia, Mauritania, Morocco, Netherlands, Nicaragua, Niger, Nigeria, Norway, Pakistan, Philippines, Poland, Portugal, Romania, Rwanda, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika

and Zanzibar, Uruguay, Venezuela, Yemen and Yugoslavia.

Against: United States of America.

Abstaining: China, Republic of Korea.

Previously, an amendment submitted by the United States to delete the words "all" and "whether" in the ninth line of the text was rejected by a vote of 50 to 14 with 3 abstentions.

General Principle Seven

The expansion and diversification of international trade depends upon increasing access to markets, and upon remunerative prices for the exports of primary products. Developed countries shall progressively reduce and, in appropriate cases, eliminate barriers and other restrictions that hinder trade and consumption of products of particular interest to developing countries and take positive measures such as will create and increase markets for the exports of developing countries. All countries should co-operate through suitable international arrangements, on an orderly basis, in implementing measures designed to increase and stabilize primary commodity export earnings, particularly of developing countries, at equitable and remunerative prices and to maintain a mutually acceptable relationship between the prices of manufactured goods and those of primary products.

The Committee adopted this General Principle at its forty-fifth meeting on 4 June 1964 by a roll-call vote of 67 to 4 with 14 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Australia, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Leopoldville), Costa Rica, Cuba, Czechoslovakia, Dahomey, Ecuador, Ethiopia, Ghana, Guinea, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Kenya, Kuwait, Laos, Liberia, Libya, Malaysia, Mauritania, Mexico, Mongolia, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Philippines, Poland, Republic of Korea, Romania, Rwanda, Saudi Arabia, Spain, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Uruguay, Yemen, Yugoslavia.

Against: Canada, Denmark, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Belgium, Federal Republic of Germany, Finland, France, Greece, Italy, Japan, Netherlands, Norway, Portugal, South Africa, Sweden, Switzerland.

General Principle Eight

At its forty-fifth meeting on 3 June 1964, the Committee decided to take no action pending submission of a proposal on this Principle.

General Principle Nine

Developed countries participating in regional economic groupings should do their utmost to ensure that their economic integration does not cause injury to, or otherwise adversely affect, the expansion of their imports from third countries, and, in particular, from developing countries, either individually or collectively.

The Committee adopted this General Principle at its forty-fifth meeting on 4 June 1964 by a roll-call vote of 82 to none with 9 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Australia, Austria, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Canada, Ceylon, Chile, China, Colombia, Congo (Brazzaville), Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Finland, Gabon, Ghana, Guatemala, Guinea, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Japan, Kenya, Kuwait, Laos, Liberia, Libya, Malaysia, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Nigeria, Norway, Pakistan, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Sweden, Switzerland, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Belgium, Federal Republic of Germany, France, Greece, Italy, Ivory Coast, Netherlands, Portugal, Rwanda.

Previously, an amendment submitted by Belgium to delete the words "either individually or collectively" at the end of the text was rejected by 63 to 15 with 6 abstentions.

General Principle Ten

Regional economic groupings, integration or other forms of economic co-operation should be promoted among developing countries as a means of expanding their intra-regional and extra-regional trade and encouraging their economic growth and their industrial and agricultural diversification, with due regard to the special features of development of the various countries concerned, as well as their economic and social systems. It will be necessary to ensure that such co-operation makes an effective contribution to the economic development of these countries, and does not inhibit the economic development of other developing countries outside such groupings.

The Committee adopted this General Principle at its forty-fifth meeting on 4 June 1964 by a roll-call vote of 97 to none with 6 abstentions.

The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cuba, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, France, Gabon, Ghana, Greece, Guatemala, Guinea, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, South Africa, Spain, Sudan, Switzerland, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanganyika and Zanzibar, United States of America, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia.

Against: None.

Abstaining: Canada, Denmark, Finland, Japan, Norway and Sweden.

Previously an amendment submitted by Canada to insert the words "in particular" after the words "economic development" in the last line was rejected by a vote of 61 to 27 with 1 abstention.

General Principle Eleven

International institutions and developed countries should provide an increasing net flow of international financial, technical and economic assistance to support and reinforce, by supplementing the export earnings of developing countries, the efforts made by them to accelerate their economic growth through diversification, industrialization and increase of productivity, on the basis of their national policies, plans and programmes of economic development. Such assistance should not be subject to any political or military conditions. This assistance, whatever its form and from whatever source, including foreign public and private loans and capital, should flow to developing countries on terms fully in keeping with their trade and development needs. International financial and monetary policies should be designed to take full account of the trade and development needs of developing countries.

The Committee adopted this General Principle at its forty-fifth meeting on 4 June 1964 by a roll-call vote of 82 to 5 with 14 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist

Republic, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cuba, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Spain, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Yemen, Yugoslavia.

Against: Belgium, Federal Republic of Germany, South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Canada, Denmark, Finland, France, Italy, Japan, Netherlands, Norway, Portugal, Republic of Korea, Sweden, Switzerland.

Previously, an amendment submitted by the United States to redraft the second sentence as follows "such assistance should therefore be provided under arrangements freely entered into and on terms and conditions acceptable to both", was rejected by a vote of 79 to 4 with 12 abstentions; an amendment submitted by the Federal Republic of Germany to insert before the last sentence, the following sentence "It is also recognized by developing and developed countries that such assistance should be provided under arrangements freely entered into and on terms and conditions acceptable to both", was rejected by a vote of 73 to 19 with 4 abstentions; an amendment submitted by Canada to insert the word "endeavour" after the word "should" on the first line was rejected by a vote of 75 to 14 with 1 abstention; an amendment submitted by the United Kingdom of Great Britain and Northern Ireland to substitute the word "thus" for the word "by" before the word "supplementing" in the third line, was rejected by a vote of 77 to 18 with 1 abstention.

General Principle Twelve

All countries recognize that a significant portion of resources released in successive stages as a result of the conclusion of an agreement on general and complete disarmament under effective international control should be allocated to the promotion of economic development in developing countries.

The Committee adopted this General Principle at its forty-sixth meeting on 4 June 1964 by a roll-call vote of 67 to 1 with 25 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cameroon, Ceylon, Chad, Chile, Colombia, Congo (Leopoldville), Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia,

with regard to the measures to be adopted with respect to commodity export trade, exports of manufactures and semi-manufactures, invisible trade and financing of trade for development. Such special advantages shall not constitute trade discrimination between developing countries and their purpose shall be to contribute to the solution of their special problems and to the removal of the obstacles and limitations affecting them.

The delegation of New Zealand presented the following General Principle:

International measures of co-operation in the field of trade and development should have regard to differences among countries in their economic and trade structures and the size and stage of the development of their economies.

The delegation of Cuba proposed the following text as an addition to General Principle Two:

No State shall apply or encourage coercive measures of an economic or political nature in order to constrain the sovereign will of another State and obtain any kind of advantage from it.

This proposal was not pressed to a vote.

With reference to the above proposals the Committee decided that in view of the lack of time to discuss them, reference to these proposals would be made in the Committee's report with the understanding that they might be further considered at an appropriate time.

Special Principles

Special Principle One

Developed countries should co-operate with developing countries in setting targets for the expansion of trade of the latter and in periodically reviewing measures taken for their achievement.

The Committee adopted this Special Principle at its forty-seventh meeting held on 4 June 1964 by a roll-call vote of 73 to 2 with 13 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cameroon, Ceylon, Chad, Chile, China, Congo (Leopoldville), Costa Rica, Cuba, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Ethiopia, France, Ghana, Greece, Guatemala, Guinea, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Korea, Kuwait, Libya, Mali, Mauritania, Mexico, Monaco, Mongolia, Morocco, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Romania, Rwanda, Saudi Arabia, Spain, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: Canada, United States of America.

Abstaining: Australia, Austria, Denmark, Federal Republic of Germany, Finland, Japan, Netherlands, Norway, Portugal, South Africa, Sweden, Switzerland, and United Kingdom of Great Britain and Northern Ireland.

Previously an amendment submitted by Switzerland, to insert the words "evaluating the possibilities" instead of "setting targets" and the words "favouring this expansion" instead of "taken for their achievement," was rejected by 62 to 17 with 3 abstentions.

Special Principle Two

Industrialization of developing countries and modernization of their agricultural production are essential for their economic and social development and for the expansion and diversification of their trade. Developing countries should, accordingly adopt and implement national plans and programmes, fully mobilize domestic resources and carry out the necessary reforms.

Developed countries should supplement the efforts of developing countries through the supply of know-how, technical and financial assistance and the provision of training facilities; they should also take the necessary measures with a view to expanding imports of processed and manufactured goods from developing countries.

The Committee adopted this Special Principle at its forty-seventh meeting on 4 June 1964 by a vote of 84 to none with no abstentions.

Special Principle Three

The Committee took no action on a Principle concerning preferences pending further submission of a proposal.

Special Principle Four

Developing countries have the right to protect their infant industries.

The Committee adopted this Special Principle at its forty-seventh meeting on 4 June 1964 by a vote of 86 to none with 1 abstention.

Special Principle Five

Domestic support policies for primary commodities, practised in developed countries, should be so formulated and applied as not to stimulate uneconomic production in such a way as to deprive developing countries of the opportunity, on a dependable basis and at remunerative prices, of supplying a fair and reasonable proportion of the domestic consumption and the growth of such consumption of these commodities in developed countries.

The Committee adopted this Special Principle at its forty-seventh meeting held on 4 June 1964 by a vote of 67 to none with 18 abstentions after it adopted by a vote of 65 to none with 19 abstentions an amendment submitted by Algeria to the text contained in paragraph 97 of the Report of the Working Group.

Special Principle Six

Developed countries should take steps to off-set the effects of substitution of commodities produced in developing countries. They should co-operate with the developing countries in the search for appropriate solutions and, in particular, provide financial and technical assistance for research aimed at discovering and promoting new uses for products, the markets for which have been reduced in consequence of technical innovations and the use of synthetics.

The first sentence was adopted by a vote of 53 to 9 with 23 abstentions.

The second sentence was adopted by a vote of 86 to none with no abstentions.

The Committee adopted this Special Principle as a whole at its forty-seventh meeting on 4 June 1964 by a vote of 59 to 1 with 23 abstentions.

Previously the amendment submitted by Belgium to replace the first sentence and the first word of the second sentence by the following text:

“in order to reduce the effects of substitution of commodities produced in developing countries should...”

was rejected by 42 to 29 with 9 abstentions.

Special Principle Seven

Whenever international measures to stabilize prices of primary products in relation to the prices of manufactured goods are inadequate, arrangements should be made on an equitable and universal basis, and without prejudice to the general level of financial aid to developing countries, to correct and compensate for the deterioration in terms of trade and short-term decline in the export earnings of countries exporting primary commodities, with a view to facilitating the implementation of economic development plans and programmes.

The Committee adopted this Special Principle at its forty-seventh meeting on 4 June 1964, by a roll-call vote of 59 to 12 with 16 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Cameroon, Ceylon, Chad, Chile, China, Congo (Leopoldville), Costa Rica, Cuba, Dahomey, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Kuwait, Libya, Mali, Mauritania, Mexico, Morocco, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Paraguay, Philippines, Republic of Korea, Romania, Rwanda, Saudi Arabia, Spain, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: Australia, Austria, Canada, Denmark, Federal Republic of Germany, Finland, Japan, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, France, Greece, Hungary, Italy, Monaco, Mongolia, Netherlands, Poland, Portugal, South Africa, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

Special Principle Eight

In the disposal of agricultural surpluses, developed countries should undertake to apply internationally agreed criteria of surplus disposal, so as not to affect adversely the export prospects of developing countries and other countries heavily dependent on the export of a narrow range of primary products, the inter-regional and intra-regional trade and agricultural development of developing countries, or of the development programmes of the countries receiving these surpluses as assistance. Internationally agreed criteria should also govern the disposal of all primary product surpluses and stockpiles. Such surpluses and stockpiles should be disposed of for the promotion of economic development of all developing countries, whether producers or recipients.

The Committee adopted this Special Principle at its forty-seventh meeting on 4 June 1964 by a vote of 76 to 2 with 6 abstentions. This text was adopted after the Committee adopted two amendments proposed by Algeria to the text as contained in paragraph 109 of the report of the Working Group. These amendments were adopted by votes, respectively, of 77 to none with 3 abstentions for the amendment to the first sentence and of 68 to 2 with 5 abstentions for the amendment to the last sentence. This last sentence as amended was also separately adopted by a vote of 67 to 2 with 5 abstentions.

Special Principle Nine

All countries shall refrain from all forms of dumping.

The Committee adopted this Special Principle at its forty-seventh meeting, on 4 June 1964 by a vote of 80 to none with 3 abstentions.

Special Principle Ten

Scientific achievements and technological developments should be made accessible, under favourable conditions, to all developing countries and their application to the trade and development needs of those countries should be encouraged by an expansion of bilateral and multilateral programmes of technical assistance.

The Committee adopted this Special Principle at its forty-seventh meeting on 4 June 1964 by a vote of 84 to none with no abstentions.

Special Principle Eleven

All countries should support an expansion of multilateral economic assistance to developing countries, especially within the framework of the United Nations, as well as bilateral assistance.

Economic assistance to developing countries on a multilateral basis should be offered as grants or as loans, at the lowest possible rates of interest with long periods of repayment and generous grace periods, taking into account their over-all repayment capacity, and should be equitably distributed on the basis of the urgency of their development needs.

Economic assistance to developing countries on a bilateral basis should also be offered as grants or as loans, at the lowest possible rates of interest with long periods of repayment and generous grace periods, and should, as the case may either be in the form of untied loans or in kind, in particular in the form of capital equipment and technical assistance.

Whenever possible the repayment of such loans and credits should be made in local currency or with the products of the recipient country and, where appropriate, with industrial products resulting from the employment of the capital equipment supplied.

The Committee adopted this Special Principle at its forty-seventh meeting on 4 June 1964 by a roll-call vote of 68 to none with 19 abstentions. The result of the vote was as follows:

In favour: Afghanistan, Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cameroon, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Leopoldville), Cuba, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Greece, Guatemala, Guinea, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Kuwait, Libya, Mali, Mauritania, Mexico, Mongolia, Morocco, New Zealand, Niger, Nigeria, Pakistan, Paraguay, Philippines, Poland, Republic of Korea, Romania, Rwanda, Saudi Arabia, Spain, Sudan, Thailand, Togo, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yugoslavia.

Against: None.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Italy, Japan, Monaco, Netherlands, Norway, Portugal, South Africa, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Special Principle Twelve

All countries should co-operate in devising measures to help developing countries to build up maritime and other means of transport for their economic development, to ensure the unhindered use of international transport facilities, the improvement of terms of freight and insurance for the developing countries, and to promote tourism in these countries in order to increase their earnings and reduce their expenditure on invisible trade.

The Committee adopted this Special Principle at its forty-seventh meeting on 4 June 1964, by a vote of 68 to 8 with 10 abstentions.

Special Principle Thirteen

Mutually beneficial bilateral and multilateral trade and payments arrangements between developing countries constitute an essential element in the expansion and diversification of international trade.

The Committee adopted this Special Principle, proposed by Nigeria, at its forty-seventh meeting held on 4 June 1964, by a vote of 74 to none with 4 abstentions.

Implications of regional economic groupings:

(a) *Implications for trade and development of developing countries, of economic groupings of developed countries and/or preferential trading arrangements;*

(b) *Implications for trade and development of developing areas and/or preferential trading arrangements (agenda item 14).*

Essential issues posed

53. The Committee, in its discussion on the implications for the trade and development of the developing countries, of economic groupings of developed countries and/or preferential arrangements, considered the past and prospective effects of such groupings on world trade and, in particular, the trade of the developing countries as well as its geographical and commodity composition. Reference was made to the protective effect of the common external tariff of the European Economic Community and of its common agricultural policy and the repercussions of the association agreements of the Community with developing countries or other countries. The impact of the economic co-operation in the Council for Mutual Economic Assistance on the trade of developing countries was also considered. The need was emphasized that groupings be conducted in such a way as to avoid injury to and promote trade with non-member countries (see E/CONF.46/C.5/SR.30, 40 and 42).

54. The Committee, in the course of its discussion on the implications for the trade and development of developing countries, of economic groupings of developing countries and/or preferential trading arrangements, identified a number of issues and problems. These included, the importance of regional association and regional co-operation among developing countries for their economic and social progress; the factors favouring or inhibiting this process; the acceleration in the pace of formation of the economic groupings of developing countries in recent years; the various forms of these groupings, and the methods employed in their formation. The Committee's attention was drawn to the differences in the economic situation, and in the level of economic development of the various developing countries, as a factor influencing the process of their economic co-operation. The Committee also considered the influence

of developing countries' economic groupings on the international division of labour in general and on the structure and the rate of growth of international trade in particular (see E/CONF.46/C.5/SR.30, 40 and 42).

Proposals before the Committee

55. The Committee had before it the following proposals:

(a) Draft recommendation submitted by Ceylon, Malaysia, the Philippines and Thailand, dealing with both sub-items 14 (a) and 14 (b) (E/CONF.46/C.5/L.35/Rev. 1). This proposal was subsequently revised (E/CONF.46/C.5/L.35/Rev.2);

14 (a)

(b) Nineteen-Power draft recommendation concerning the implications for trade and development of developing countries of regional groupings among developed countries submitted by: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.5/L.37);

14 (b)

(c) A nineteen-Power draft recommendation concerning the implications for trade and development of developing countries of economic groupings in developing areas submitted by: Argentina, Bolivia, Brazil, Costa Rica, Colombia, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.5/L.38/Rev. 1) and subsequently revised (E/CONF.46/C.5/L.38/Rev.2). Amendments to this proposal were submitted by Cuba (E/CONF.46/C.5/L.58).

(d) Draft recommendation concerning studies on the possibility of establishing regional economic groupings in the developing regions submitted by: Congo (Brazzaville), Congo (Leopoldville) and Guinea which was subsequently revised and to which Dahomey, Madagascar, Mauritania, Senegal and Upper Volta became co-sponsors (E/CONF.46/C.5/L.39/Rev.1).

(e) Suggestions on implications of regional economic groupings were also presented by Niger (E/CONF.46/C.5/L.5).

Decisions of the Committee

56. At the fortieth meeting of the Committee, on 30 May 1964, the sponsors of the draft recommendations contained in documents (E/CONF.46/C.5/L.35/Rev.1, E/CONF.46/C.5/L.39/Rev.1, E/CONF.46/C.5/L.37 and E/CONF.46/C.5/L.38/Rev.1) introduced a draft decision concerning the transmittal of their proposals to the continuing United Nations trade machinery which it is proposed to establish for further consideration and action, with the following changes: a new version of the four-Power draft recommendation was submitted to the Committee (E/CONF.46/C.5/L.35/Rev.2); the sponsors of the draft recommend-

ation contained in E/CONF.46/C.5/L.38/Rev.1 accepted the first amendment of Cuba (E/CONF.46/C.5/L.58) which was therefore incorporated in their proposal (E/CONF.46/C.5/L.38/Rev.2). At the same meeting Cuba withdrew its second amendment. The Committee adopted E/CONF.46/C.5/SR.40 the draft decision which reads as follows:

The United Nations Conference on Trade and Development,

Recognizing the significance of problems referred to in the draft recommendations submitted by Ceylon, Malaysia, the Philippines and Thailand (E/CONF.46/C.5/L.35/Rev.2); Congo (Brazzaville, Congo (Leopoldville), Dahomey, Guinea, Madagascar, Mauritania, Senegal and Upper Volta (E/CONF.46/C.5/L.39/Rev.1); Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.5/L.37 and E/CONF.46/C.5/L.38/Rev.2),

Considering that time was lacking for the Conference to discuss these draft recommendations and to take a decision on them,

Decides to transmit them to the continuing United Nations trade machinery, which it is proposed to establish, for further consideration and action.*

Particular observations submitted by delegations

57. Presented in appendix III are observations submitted by a number of delegations for inclusion in the Committee's report. These statements by delegations have not been circulated or discussed by the Committee.

Appendix I

REPORT OF THE SUB-COMMITTEE ON LAND-LOCKED COUNTRIES TO THE FIFTH COMMITTEE

I. Composition and terms of reference

1. The Sub-Committee on Land-locked Countries was established by the Fifth Committee with the following terms of reference:

"to consider the proposal for the formulation of an adequate and effective international convention, or other means, to ensure the freedom of transit trade of land-locked countries and to formulate recommendations on this matter for consideration by the Committee."

2. The Sub-Committee was composed of forty Members as follows: Afghanistan, Argentina, Bolivia, Burma, Byelorussian Soviet Socialist Republic, Cameroon, Ceylon, Chad, Chile, Czechoslovakia, Dahomey, Federal Republic of Germany, France, Hungary, India, Indonesia, Iran, Israel, Italy, Laos, Mali, Mongolia, Nepal, Niger, Nigeria, Pakistan, Paraguay, Peru, Poland, Portugal, Republic of Viet-Nam, Romania, Spain, Switzerland, Thailand, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, Upper Volta and Yugoslavia.

* For final text, see Final Act, Annex A.VI.8.

II. Election of officers

3. At its first meeting held on 6 April, 1964, the Sub-Committee elected by acclamation Mr. Abdul Hakim Tabibi (Afghanistan) as Chairman and Mr. Yaya Diakite (Mali) as Rapporteur; it elected by secret ballot Mr. Guido Brunner (Federal Republic of Germany) as Vice-Chairman.

III. Background documents

4. The Sub-Committee had before it two documents issued in connexion with item 10 of the agenda of the Conference (see Vol. I): a document entitled "Activities of the Economic Commission for Asia and the Far East related to the United Nations Conference on Trade and Development" (see Vol. VII), which dealt in part with the question of transit trade of land-locked countries, and a document entitled "Problems of Land-locked Countries" containing a letter addressed to the Secretary-General of the Conference by Afghanistan, Laos and Nepal, and five annexes with information required for the consideration of the question of transit rights of land-locked countries (see Vol. VI).

5. The following documents were issued at the request of the Sub-Committee:

List of land-locked countries which are members of the Conference (E/CONF.46/C.5/SC.1/L.1);

Memorandum submitted by the preliminary conference of land-locked countries in 1958 (E/CONF.46/C.5/SC.1/L.2);

List of transit countries submitted by land-locked countries in accordance with a decision taken by the Sub-Committee at its second meeting on 8 April 1964 (E/CONF.46/C.5/SC.1/L.3 and Add.1-3);

Signatures, Ratifications and Accessions to the 1921 Barcelona Convention and Statute on Freedom of Transit (E/CONF.46/C.5/SC.1/L.4).

IV. Procedure and organization of work

6. In accordance with rule 57 of the rules of procedure of the Conference, the meetings of the Sub-Committee were at first held in private. Representatives of countries which were not members of the Sub-Committee might, however, attend its meetings and be invited, if they so wished, to make statements on questions of interest to them. At its fifth meeting, on 22 April, the Sub-Committee decided that thenceforth its meetings should be public and summary records should be provided.

7. The representatives of certain countries having transit relations with the German Democratic Republic expressed the wish to have experts from that country participate in the work of the Sub-Committee on Land-locked Countries. The representatives of certain other countries opposed this request (see E/CONF.46/C.5/SC.1/SR.5, 6 and 8). The Chairman consulted the Secretary-General of the Conference, whose views appeared in E/CONF.46/C.5/SC.1/L.10.

8. At its tenth meeting, on 30 April, the Sub-Committee adopted the Iranian proposal for the establishment of a working group and decided that the working group should consist of the following members: Bolivia, Chile, Czechoslovakia, Italy, Mali, Nepal, Nigeria and Pakistan, under the Chairmanship of the representative of Mali. The Sub-Committee decided that the working group would follow the terms of reference of the Sub-Committee and examine the proposals already submitted with a view to drawing up for submission to the Sub-Committee a body of principles designed to promote the transit trade of land-locked States.

9. At its fifteenth meeting, on 8 May, the Sub-Committee established a second working group consisting of the following members: Bolivia, Chad, Czechoslovakia, India, Italy, Nepal and Pakistan, under the Chairmanship of the representative of India. This working group was requested to consider the proposals other than those concerning principles and prepare a recommendation for consideration by the Sub-Committee.

V. Proposals submitted to the Sub-Committee

10. The Sub-Committee had before it the following proposals:

A draft convention on transit trade, submitted by the representatives of Afghanistan, Laos and Nepal and later co-sponsored by Burundi, the Central African Republic, Chad, Mali, Niger, Rwanda, Uganda and Upper Volta (see Vol. VII);

A joint draft resolution submitted by Bolivia and Paraguay (E/CONF.46/C.5/SC.1/L.5), with which Hungary associated itself;

A draft recommendation submitted by the delegation of Italy (E/CONF.46/C.5/SC.1/L.6), to which amendments were submitted jointly by Chile, the Federal Republic of Germany, Pakistan, Switzerland, Thailand and the United Kingdom (E/CONF.46/C.5/SC.1/L.12/Rev.1);

A declaration submitted by the land-locked countries of Africa (Burundi, Central African Republic, Chad, Mali, Niger, Rwanda, Uganda and Upper Volta) (E/CONF.46/C.5/SC.1/L.7);

A resolution submitted by the land-locked countries of Africa (Burundi, Central African Republic, Chad, Mali, Niger, Rwanda, Uganda and Upper Volta) (E/CONF.46/C.5/SC.1/L.8);

A draft resolution submitted by Czechoslovakia (E/CONF.46/C.5/SC.1/L.9); and

A proposal submitted by the delegation of Switzerland (E/CONF.46/C.5/SC.1/L.11).

VI. General debate and consideration of reports of the working groups

11. The Sub-Committee held a total of nineteen meetings, from 6 April 1964 to 15 May 1964. The first eight meetings were reserved for the general debate in which the representatives of the following States participated: Afghanistan, Argentina, Bolivia, Byelorussian Soviet Socialist Republic, Chad, Chile, Czechoslovakia, Federal Republic of Germany, India, Iran, Italy, Laos, Mali, Mongolia, Nepal, Nigeria, Pakistan, Paraguay, Peru, Republic of Viet-Nam, Switzerland, Union of Soviet Socialist Republics and United States of America (observer).

Principles relating to transit trade of land-locked countries

12. The Sub-Committee considered the principles submitted by the first working group (E/CONF.46/C.5/SC.1/L.13 Add.1 and Corr.1), the amendments submitted to them by the Union of Soviet Socialist Republics (E/CONF.46/C.5/SC.1/L.14), by the United Kingdom (E/CONF.46/C.5/SC.1/L.15), and other amendments submitted orally by some delegations. It adopted those principles unanimously, with some modifications, together with a preamble and an interpretative note. The text, as adopted by the Sub-Committee and set forth in its interim report to the Fifth Committee (E/CONF.46/C.5/L.28 and Corr.1) reads as follows:

The United Nations Conference on Trade and Development, Having regard to the various aspects of the problem of transit trade of land-locked States,

Considering that, for the promotion of the economic development of the land-locked States, it is essential to provide facilities to enable them to overcome the effects of their land-locked position on their trade,

Adopts the following principles together with the Interpretative Note:

Principle I

The recognition of the right of each land-locked State of free access to the sea is an essential principle for the expansion of international trade and economic development.

Principle II

In territorial and on internal waters, vessels flying the flag of land-locked countries should have identical rights, and enjoy treatment identical to that enjoyed by vessels flying the flag of coastal States other than the territorial State.

Principle III

In order to enjoy the freedom of the seas on equal terms with coastal States, States having no sea coast should have free access to the sea. To this end States situated between the sea and a State having no sea coast shall, by common agreement with the latter, and in conformity with existing international conventions, accord to ships flying the flag of that State treatment equal to that accorded to their own ships or to the ships of any other State as regards access to sea ports and the use of such ports.

Principle IV

In order to promote fully the economic development of the land-locked countries, the said countries should be afforded by all States, on the basis of reciprocity, free and unrestricted transit, in such a manner that they have free access to regional and international trade in all circumstances and for every type of goods.

Goods in transit should not be subject to any customs duty.

Means of transport in transit should not be subject to special taxes or charges higher than those levied for the use of means of transport of the transit country.

Principle V

The State of transit, while maintaining full sovereignty over its territory, shall have the right to take all indispensable measures to ensure that the exercise of the right of free and unrestricted transit shall in no way infringe its legitimate interests of any kind.

Principle VI

In order to accelerate the evolution of a universal approach to the solution of the special and particular problems of trade and development of land-locked countries in the different geographical areas, the conclusion of regional and other international agreements in this regard should be encouraged by all States.

Principle VII

The facilities and special rights accorded to land-locked countries, in view of their special geographical position are excluded from the operation of the most-favoured-nation clause.

Principle VIII

The principles which govern the right of free access to the sea of the land-locked State shall in no way abrogate existing agreements between two or more contracting parties concerning the problems, nor shall they raise an obstacle as regards the conclusion of such agreements in the future, provided that the latter do not establish a régime which is less favourable than or opposed to the above-mentioned provisions.

Interpretative Note

These Principles are interrelated and each Principle should be construed in the context of the other Principles.

* * *

13. These principles of international economic co-operation were examined by the Sub-Committee and its working group in an atmosphere of co-operation, and the participants showed a mutual understanding of their various interests and points of view. It was this spirit of co-operation above all which made possible the unanimous adoption of the principles.

14. The Sub-Committee considered further that these principles constituted an integral text and for that reason added an interpretative note. (The views of the members concerning the interdependence of these principles are given in the summary records of the meetings of the Sub-Committee.)

Recommendation

15. At its seventeenth and eighteenth meetings, on 13 May, the Sub-Committee, after consideration of the draft submitted by its second working group and an amendment thereto submitted by Afghanistan, adopted the following recommendation:

The United Nations Conference on Trade and Development, Having regard to the various aspects of the problem of transit trade of land-locked States;

Noting resolution 1028 (XI) on the subject adopted by the United Nations General Assembly which recognized "...the need of land-locked countries for adequate transit facilities in promoting international trade..." and invited the Governments of Member States "...to give full recognition to the needs of land-locked Member States in the matter of transit and trade and, therefore, to accord them adequate facilities in terms of international law and practice in this regard, bearing in mind the future requirements resulting from the economic development of the land-locked countries";

Noting the resolution of the Economic Commission for Asia and the Far East (ECAFE) Ministerial Conference of 1963 on Asian economic co-operation, "Recognizing the right of free transit for land-locked countries and the special considerations which apply to their transport and transit problems and the importance of the relationship of these problems to questions of regional co-operation and the expansion of intra-regional trade";

Noting further the ECAFE resolution 51 (XX) on the transit trade of land-locked countries, which strongly recommended that the subject be given urgent and sympathetic consideration at the forthcoming United Nations Conference on Trade and Development with a view to formulating an adequate and effective international convention to ensure the freedom of transit trade of land-locked countries;

Considering that, for the promotion of the economic development of the land-locked States, it is essential to provide facilities to enable them to overcome the effects of their land-locked position on their trade;

Taking into consideration that the existing multilateral conventions relating to the transit trade of the land-locked countries need to be brought up to date and it is therefore essential to formulate an adequate and effective international convention to ensure the freedom of transit trade of land-locked countries

(1) *Requests* the Secretary-General of the United Nations to appoint a committee of twenty-four members representing land-locked, transit and other interested States as governmental experts and on the basis of equitable geographical distribution;

(2) *Requests* this committee to prepare a new draft convention treating the proposal made by Afro-Asian land-locked countries

(Vol. VI) as a basic text and taking into account the principles of international law, conventions and agreements in force and submissions by Governments in this regard, as well as the records of the Sub-Committee on land-locked countries established by this Conference, and to submit the new draft convention to a conference of plenipotentiaries for consideration and adoption;

(3) *Requests* the Secretary-General to prepare, in consultation with the specialized agencies or any other competent body of the United Nations, full preparatory documentation for circulation to the members of the said committee in sufficient time prior to the convening of that committee;

(4) *Recommends* that the said committee be convened during 1964 and the conference of plenipotentiaries be convened by the United Nations in the middle of 1965.¹⁵

16. Among other observations made during the debates of the Sub-Committee, the following should be mentioned:

The Sub-Committee noted the proposition made by the delegations of Bolivia and Paraguay, mentioned in document E/CONF.46/SC.1/L.5, for the creation of a commission to study the special problems of each land-locked country, and thought that it merited further study.

The representatives of some countries considered that, should the Conference create an international trade organization or other standing body, elaboration of the convention should be entrusted to the Secretary-General of that organization or body.

There was a general feeling that of the twenty-four members of the proposed committee, ten members should be from land-locked countries, ten from transit countries and four from other interested States.

The land-locked countries of Africa expressed their desire that the principles stated by the land-locked countries at Geneva on 14 February 1958 (see "Problems of Land-locked Countries", Vol. VI), should be reaffirmed at the Conference, and proclaimed their solemn adherence to those principles (E/CONF.46/C.5/SC.1/L.7).

The land-locked countries of Africa and Asia expressed their dissatisfaction because the Sub-Committee had not had time to discuss the draft convention submitted by them as a working document in accordance with the Sub-Committee's terms of reference. Their views were expressed in a note which will be brought to the attention of the Fifth Committee.

17. All the points of view expressed in the debates of the Sub-Committee appear in the records.

Appendix II

REPORT OF THE WORKING GROUP ESTABLISHED BY THE FIFTH COMMITTEE TO PREPARE DRAFT PRINCIPLES ON ITEM 10(e)

Rapporteur: Mr. A. R. PARSONS (Australia)

Appointment and terms of reference

1. At its twenty-first meeting on 29 April 1964, the Fifth Committee decided to establish a Working Group of thirty-four members to prepare draft "principles governing international trade relations and trade policies conducive to development for consideration by the Fifth Committee".

Membership

2. The Fifth Committee decided that the membership of the Working Group should be as follows: Algeria, Argentina, Australia, Belgium, Brazil, Burma, Cameroon, Canada, Ceylon, Colombia, Czechoslovakia, Denmark, Ecuador, Ethiopia, Federal Republic of Germany, France, Greece, Honduras, India, Indonesia, Mali, Nigeria, Pakistan, Philippines, Poland, Republic of Korea, Romania, Sudan, Trinidad and Tobago, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

3. As its officers, the Working Group elected Mr. R. Lang (Yugoslavia) as Chairman; Mr. T. Lychowski (Poland) as First Vice-Chairman; Mr. E. O. Obayan (Nigeria) as Second Vice-Chairman; and Mr. A. R. Parsons (Australia) as Rapporteur.

Documentation

4. By the time the Working Group began its deliberations, it had the benefit of a comprehensive range of texts setting forth a wide variety of draft principles which had been submitted both before and during the Conference and which various delegations proposed should be considered in formulating agreed principles for possible adoption by the Conference.

5. A list of some of the main documents is given in the sub-appendix.

6. Members of the Working Group were also aware of the general plenary debate in which many heads of delegations had mentioned issues relevant to the drafting of a set of principles. In addition, the Group took into account the general discussion which the Fifth Committee had held before appointing the Working Group, so as to allow members of that Committee to express their general views on this matter and provide further guidance for the Working Group (E/CONF.46/C.5/SR.4 to 13 and 24 to 26 inclusive).

7. Furthermore, the Working Group had available a "concordance" or working paper (E/CONF.46/C.5/L.16 and Add.1 and 2) prepared by the Secretariat which set forth under appropriate subject headings, the relevant paragraphs from each of the draft sets of principles submitted in the main documents listed in the sub-appendix.

Organization of work

8. Using the above material as background and referring to it as necessary, the Working Group focused its main attention on documents E/CONF.46/C.5/L.34 and Adds. 1, 2, 3, 4 and Add.4/Corr.1, which incorporated a draft set of principles submitted by a working party of seventy-five countries.

9. The Working Group agreed to begin its discussions with a first and preliminary reading of these documents. During this phase of its work, members of the Group were invited to make general comments on the principles and proposals but not necessarily to suggest any detailed drafting amendments. However, delegations were encouraged, where appropriate, to submit in writing alternative formulations on questions of substance.

10. Following this preliminary phase, the Working Group appointed a small drafting group to start with the documents of a working party of the Seventy-five countries and to attempt to draft an agreed set of principles, taking into account various alternative formulations suggested in the Working Group as well as other texts and suggestions subsequently raised in the drafting group.

11. The members of this drafting group were Algeria, Argentina, Brazil, Canada, Czechoslovakia, Ethiopia, France, India, Philippines, Poland, Romania, Union of Soviet Socialist

¹⁵ For final text, see Final Act, Annex A.VI.1.

Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

12. They held nine meetings with Mr. Lang, Chairman of the Working Group, also serving as Chairman of the drafting group. The drafting group decided that it was unnecessary to appoint any other officers.

13. The drafting group did not issue any official documents nor did it keep any official records. However, its deliberations facilitated a frank and ready exchange of views and contributed substantially to the drafting of agreed texts and certain other paragraphs which follow.

Proceedings

14. The following review of the Working Group's formulations of its texts follows the order suggested in the draft submitted by a working party of seventy-five countries. The Group, however, made no final decision about the order in which individual paragraphs should appear in the final presentation of principles. The understanding was that this was a decision which could appropriately be taken at a more advanced stage of discussion.

15. In arriving at the texts reproduced below, the Group also realized that, in certain cases, the final wording of several of the principles would be influenced by, and might need to be altered in the light of, decisions subsequently made in one or other of the main committees.

16. In reproducing the various texts drafted, agreed or discussed in the Working Group, the first text under each "Principle" heading is a formulation proposed by the representatives of a working party of seventy-five countries. Where this text differs from the original proposals in document E/CONF.46/C.5/L.34 and Add.1-4 and Corr.1, this means changes have been made as the result of the Working Group's deliberations. In some cases this resulted in unanimous acceptance within the Group of formulations on selected principles; in those cases, although other texts on the same principles were sometimes discussed in the Group, it has not been thought necessary to reproduce these.

17. In cases where the proposed text was not acceptable to all delegations, alternative texts suggested by other delegations are also reproduced.

18. In addition to the principles appearing on the texts under numbered "Principle" headings (paras. 21 to 78), the Working Group has also reproduced (paras. 79 to 84) the texts of principles proposed by various delegations other than representatives of a working party of seventy-five countries.

19. The description of the attitudes of various countries, or groups of countries, to the individual texts reproduced below is not intended to be exhaustive. The Working Group found that the lack of time prevented its members from discussing all questions as thoroughly as they might have wished and in many cases, in the interest of saving time, countries deliberately refrained from describing their positions in detail. The Group did not keep summary records of its proceedings nor were formal votes taken on any questions.

The stage reached

20. Although it was able to reach unanimity on a number of proposals, the Working Group found that, in the time available, it was not possible to study thoroughly all the texts mentioned in the body of this report. Moreover, it was not able to examine in any detail many other ideas and proposals which were put forward in the various documents listed in the sub-Annex to this report. In addition, at a late stage in the meeting

one delegation made suggestions about specific texts which they would like to see considered and decided on at a suitable time.

THE TEXTS

General Principle One

21. "Economic relations between countries, including trade relations, shall be based on respect for the principle of sovereign equality of States, self-determination of peoples, and non-interference in the internal affairs of other countries".

22. This text was accepted by members of the Working Group, except the United States of America and the United Kingdom of Great Britain and Northern Ireland.

23. The United States and the United Kingdom indicated that the necessary condition for their acceptance of this text would be the addition at the beginning of the paragraph of the words "in accordance with the United Nations Charter and international law".

24. The United States also said that it would prefer to use the word "nations" instead of the word "countries" in the first and last lines of the text in paragraph 21.

25. Some Group B countries, including Australia, Belgium and the Federal Republic of Germany, expressed their preference for the above addition suggested by the United States in paragraph 23 to be added to this text, but did not make this a condition for their acceptance.

General Principle Two

26. "There shall be no discrimination on the basis of differences in socio-economic systems. Adaptation of trading methods shall be consistent with this principle."

27. This text was accepted by members of the Working Group, except Canada, the United States and the United Kingdom.

28. The representatives of these three countries made their acceptance of this principle conditional on the first sentence being redrafted to read:

"The existence of differences in social and economic systems shall not, of itself, constitute an impediment to the free flow of trade between countries."

29. Several countries in Group B, while accepting the text in paragraph 26, said they were also prepared to support this suggested redraft.

30. Without making it a condition for their acceptance of this general principle as now drafted, Group A countries suggested the addition of a new second sentence to read:

"The use of economic pressures to gain economic and political advantage shall be inadmissible in international economic relations."

31. Group A countries, without making it a condition for their acceptance of the principle, said they would prefer to see the second sentence replaced by the following text:

"Trade policy and trading methods shall be consistent with this principle."

32. This formulation was unacceptable to the representatives of France and the Federal Republic of Germany.

General Principle Three

33. "Every country has the sovereign right freely to trade with other countries, and freely to dispose of its natural resources in the interest of the economic development and well-being of its own people."

34. This text was acceptable to other members of the Working Group, but not to the Group B representatives.

35. The United States proposed that this principle be re-drafted to read:

“Every State has the sovereign right freely to dispose of its natural resources by trade or other means in the interests of the economic development and well-being of its own people in accordance with General Assembly resolution 1803 (XVII).”

36. Various Group B countries, including Australia, Canada, the United Kingdom and the United States, made their acceptance of this principle conditional on its being reworded in this manner.

37. Belgium, the Federal Republic of Germany and France accepted the formulation proposed by the United States, but also expressed their willingness to accept the text in paragraph 33, provided the words “in accordance with international law” were added at the end of the paragraph.

General Principle Four

38. “Economic development and social progress should be the common concern of the whole international community and should, by increasing economic prosperity and well-being, help strengthen peaceful relations and co-operation among nations. Accordingly, all countries pledge themselves to pursue internal and external economic policies designed to accelerate economic growth throughout the world, and in particular to help promote, in developing countries, a rate of growth consistent with the need to bring about a substantial and steady increase in average income, in order to narrow the gap between the standard of living in developing countries and that in the developed countries.”

39. This text was acceptable to the Working Group, except to Group B countries.

40. The representatives of Group B countries made their acceptance conditional on the replacement of the words “pledge themselves” in the fourth line by the words “share the responsibility”, a phrase which had earlier been acceptable to the representatives of a working party of seventy-five countries, but not to the Group A countries.

41. Without making it a condition for the acceptance of the proposed text, representatives of Group B countries also expressed their preference for the insertion after the words “Accordingly, all countries pledge themselves to pursue” at the beginning of the second sentence, of the words “in ways appropriate to their stage of development and economic structure.”

General Principle Five

42. “National and international economic policies should be directed towards the attainment of an international division of labour in harmony with the needs and interests of developing countries in particular, and of the world as a whole. Developed countries should assist the developing countries in their efforts to speed up their economic and social progress, should co-operate in measures taken by developing countries for diversifying their economies, and should encourage appropriate adjustments in their own economies to this end.”

43. Representatives of both Group A and Group B countries indicated that they would require certain amendments to be made to this text before they could accept it.

44. A number of Group B countries, including Australia, Belgium, Canada, the Federal Republic of Germany and the United Kingdom, requested that the words “directed towards” at the beginning of the second line be replaced by the words

“consistent with”. This replacement was a pre-condition for their acceptance of the above text. However, the representative of Australia indicated that his final position would probably depend upon the fate of other proposals for alterations in the text, particularly at the amendment at the end of the paragraph suggested by the Union of Soviet Socialist Republics (see para. 48 below).

45. The representative of the Union of Soviet Socialist Republics said he would prefer to see the words “new and rational” a little later in the same sentence inserted before the words “international division of labour”, but did not make this change a condition for acceptance of the principle.

46. The representative of the United States said that the deletion of the words “in particular”, also in the first sentence, was a condition for his country’s acceptance of this principle.

47. The representatives of Belgium and the Federal Republic of Germany requested the replacement of the words “should co-operate in measures taken in the developing countries for diversifying” in the second sentence, by the words “and to diversify”. They made this change a condition for their acceptance of this principle. However, they added that their position might be modified if the change suggested by Group B countries in paragraph 44 were accepted.

48. Group A countries made the deletion of the words “in their own economies” in the last line of the text a condition for their acceptance of this principle. Group B countries said that they would prefer to see this change made in the text, but it was not a condition for their acceptance of the principle.

49. Japan, speaking as an observer, recorded its reservation on that part of the sentence after the words “their economies” towards the end of the principle.

General Principle Six

50. “International trade is one of the most important factors in economic development. It should be governed by such rules as are consistent with the attainment of economic and social progress and should not be hampered by measures incompatible therewith. All countries should co-operate in creating conditions of international trade conducive, in particular, to the achievement of a rapid increase in the export earnings of developing countries and, in general, to the promotion of an expansion and diversification of trade between all countries, whether at similar levels of development, at different levels of development, or having different economic and social systems.”

51. As a prerequisite for the acceptance of this principle, the United States proposed the deletion of the word “all” in the eighth line of the text, with the deletion in consequence of the word “whether” one word later.

52. Except for this proposal, all countries accepted the above text of this principle.

General Principle Seven

53. “The expansion and diversification of international trade depends upon increasing access to markets, and upon remunerative prices for the exports of primary products. Developed countries shall progressively reduce and, in appropriate cases, eliminate barriers and other restrictions that hinder trade and consumption of products of particular interest to developing countries and take positive measures such as will create and increase markets for the exports of developing countries. All countries should co-operate through suitable international arrangements, on an orderly basis, in implementing measures designed to increase and stabilize

primary commodity export earnings, particularly of developing countries, at equitable and remunerative prices and to maintain a mutually acceptable relationship between the prices of manufactured goods and those of primary products.”

54. This text was accepted by the Working Group, except for a number of reservations of Group B countries.

55. The United States reserved its position on the whole of the proposed text. The representatives of Canada, the Federal Republic of Germany and the United Kingdom expressed various reservations about details of this text and maintained the right to propose specific changes at a later stage when full details of decisions in the First and Third Committees were available.

56. The representative of France said that their acceptance of this principle would be conditional on the first two sentences being redrafted to read:

“The expansion and diversification of the trade of developing countries depends upon remunerative prices for the maximum possible quantities of their exports. Developed countries should create increased markets for the exports of developing countries by taking positive measures, including, in appropriate cases, progressive reduction and elimination of barriers, and other restrictions that hinder trade and consumption of products of particular interest for developing countries.”

57. The representative of Denmark said that the part of the text after the words “equitable and remunerative prices” at the end of the principle were unacceptable to his delegation.

58. Without making it a condition for their acceptance of this principle, the Union of Soviet Socialist Republics said they would like to see the words “trade and consumption” in the second sentence replaced by the words “the export”.

General Principle Eight

59. A revised text is to be submitted by the Working Group of the seventy-five countries.

60. The sponsors of the text in paragraph 6 of document E/CONF.46/C.5/L.34/Add.1 withdrew that text, but indicated that at an appropriate time they would submit another text on the same topic.

61. The Union of Soviet Socialist Republics proposed that in drafting a text the following paragraph should be included:

“Measures should be taken to abolish as soon as possible preferences which are enjoyed by some developed countries in developing countries”.

62. As a possible text on the same general topic, Group B countries proposed the following:

“International trade should be conducted to the mutual advantage of trading partners, with due regard for the trading interests of other countries. It should be conducted, in accordance with international obligations, on the basis of the most-favoured-nation treatment. When granting concessions to developing countries in tariff negotiations, developed countries should not require equivalent concessions from them.”

General Principle Nine

63. “Developed countries, participating in regional economic groupings, should do their utmost to ensure that their economic integration does not cause injury to, or otherwise adversely affect, the expansion of their imports from third countries, and, in particular, from developing countries, either individually or collectively.”

64. This text was accepted by the Working Group, except for a reservation by Belgium.

65. Speaking on behalf of the European Economic Community, Belgium said that their acceptance of this principle would be conditional on the deletion of the words “either individually or collectively” at the end of the text.

General Principle Ten

66. “Regional economic groupings, integration or other forms of economic co-operation, should be promoted among developing countries as a means of expanding their intra-regional and extra-regional trade and encouraging their economic growth and their industrial and features of development of the various countries concerned, as well as their economic and social systems. agricultural diversification, with due regard to the special It will be necessary to ensure that such co-operation makes an effective contribution to the economic development of these countries, and does not inhibit the economic development of other developing countries outside such groupings.”

67. This text was accepted by representatives of a working party of seventy-five countries, by Group A countries, by Australia and by the United States.

68. However, the Working Group did not have the opportunity to discuss the last part of this principle where it refers to “developing countries outside such groupings”. A number of Group B countries reserved their right to seek further clarification from the sponsors when the question came before the Fifth Committee.

General Principle Eleven

69. “International institutions and developed countries should provide an increasing net flow of international financial, technical and economic assistance to support and reinforce, by supplementing the export earnings of developing countries, the efforts made by them to accelerate their economic growth through diversification, industrialization and increase of productivity, on the basis of their national policies, plans and programmes of economic development. Such assistance should not be subject to any political or military conditions. This assistance whatever its form and from whatever source, including foreign public and private loans and capital, should flow to developing countries on terms fully in keeping with their trade and development needs. International, financial and monetary policies should be designed to take full account of the trade and development needs of developing countries.”

70. This was accepted by the Working Group, except for Group B countries.

71. Group B countries suggested the following redraft of this principle:

“The international community should endeavour to provide an increasing flow of financial resources to supplement and reinforce the efforts of developing countries themselves to accelerate their economic growth on the basis of their national plans and programmes of economic development. Such resources should contribute to economic diversification, industrialization and increases of productivity, thus helping the developing countries to expand their export opportunities and earnings in keeping with their trade and development needs. Developing countries recognize that it is in their interest to maintain conditions for attracting a maximum flow of external financial resources. It is also recognized by developing and developed countries that

economic assistance should be provided under arrangements freely entered into and on terms and conditions acceptable to both. International financial and monetary policies should take full account of the trade and development needs of the developing countries.”

General Principle Twelve

72. “All countries recognize that a significant portion of resources released in successive stages as a result of the conclusion of an agreement on general and complete disarmament under effective international control should be allocated to the promotion of economic development in developing countries.”

73. This text was accepted by the Working Group, except for Group B countries.

74. The United States said that while they could not accept the proposed text they could agree to an earlier formulation proposed on behalf of Group B countries and also accepted by Group A countries. This read:

“All countries recognize that part of the resources released as a result of the conclusion of an agreement on general and complete disarmament under effective international control should be allocated to the promotion of economic development in developing countries.”

General Principle Thirteen

75. There was a suggestion that a principle be included on the question of land-locked States. The Working Group took no action on this suggestion, but decided to refer the matter to the Fifth Committee for decision.

General Principle Fourteen

76. “Complete decolonization, in compliance with the United Nations Declaration on the Granting of Independence to Colonial Countries and Peoples¹⁶ and the liquidation of the remnants of colonialism in all its forms, is a necessary condition for economic development and the exercise of sovereign rights over natural resources.”

77. This text was accepted by the Working Group, except, Group B countries.

78. Group B countries suggested that this text be redrafted to read:

“On accession to independence of colonial countries and peoples in accordance with the Charter of the United Nations, accelerated economic development must be vigorously pursued so that present non-self-governing territories, on the attainment of independence and sovereignty over their natural resources, will be better able to promote their own economic development.”

Other proposed general principles

79. The United States of America proposed the inclusion of the following general principles, possibly to be inserted between present General Principle Seven and General Principle Eight:

(1) Developing countries have a responsibility to take all necessary measures to use internal resources efficiently in the interest of accelerated development. They should, accordingly, adopt and implement national plans and programmes which provide for measures to ensure social reforms, agricultural reforms, adequate public health systems, diversification of their economies, industrialization, technical training, and financial and monetary stability. Steps taken by the developing countries to expand their trade and to diversify

their economic structures and their exports should not adversely affect similar efforts of other developing countries.

(2) Developed countries have a responsibility to pursue domestic policies designed to maintain high levels of output and employment and high rates of growth, so as not only to increase the demand for products of developing countries, but also to create a favourable climate for the structural adjustments that trade liberalization requires. In ways appropriate to their respective economic systems all developed countries should give full consideration to the impact of their domestic economic policies on the developing countries.

80. The Working Group did not have sufficient time for a detailed or substantive discussion on these proposed principles.

81. The representatives of Argentina, Brazil, Colombia, Ecuador and Honduras submitted the following text as a possible additional general principle, for insertion between the present General Principles Ten and Eleven:

“In view of the inequalities in growth of the developing countries, consideration should be given—both by the developed countries and the developing countries themselves—to granting the developing countries differential treatment in accord with the particular characteristics of their various stages of development and with special attention to the less developed among them. Such treatment should take the form of special advantages not subject to reciprocity, to be granted to those countries in regard to measures to be adopted with respect to commodity export trade, exports of manufactures and semi-manufactures, invisible trade and financing of trade for development. Such special advantages shall not constitute trade discrimination between developing countries and shall have as their purpose the solution of their special problems and the removal of the obstacles and limitations affecting them.”

Nepal also became a sponsor of this proposal.

82. This text was not discussed in detail by the Working Group but a number of countries expressed interest in the general concept. The representatives of a working party of seventy-five countries indicated that they proposed to submit a new text which could possibly replace this formulation.

83. Speaking as an observer, the representative of New Zealand submitted the following text for possible inclusion as a general principle:

“International measures of co-operation in the field of trade and development should have regard to differences among countries in their economic and trade structures and the size and stage of the development of their economies.”

84. At a late stage in the Working Group’s activities, Cuba, as an observer, submitted the following text as a possible addition to General Principle Two:

“No State shall apply or encourage coercive measures of an economic or political nature in order to constrain the sovereign will of another State and obtain any kind of advantage from it”.

85. This text was not discussed in the Working Group.

Special Principle One

86. “Developed countries should co-operate with developing countries in setting targets for the expansion of trade of the latter and in periodically reviewing measures taken for their achievement.”

87. Concerning the words “in setting targets”, most representatives of Group A and Group B, while sympathetic to the basic intention of the principle, were concerned about the practicability of setting or implementing these targets and, therefore, found this text unacceptable.

¹⁶ General Assembly resolution 1514 (XV).

88. The representative of Belgium agreed with the deletion of these words; he also suggested that the last two words be changed to read "this expansion".

89. The United States suggested another possibility would be to add the words "where feasible" after the words "in setting targets" if these words were maintained.

90. The representatives of France and Greece agreed to the text without alteration.

Special Principle Two

91. "Industrialization of developing countries and modernization of their agricultural production are essential for their economic and social development and for the expansion and diversification of their trade. Developing countries should, accordingly, adopt and implement national plans and programmes, fully mobilize domestic resources and carry out the necessary reforms.

"Developed countries should supplement the efforts of developing countries through the supply of 'know-how', technical and financial assistance and the provision of training facilities; they should also take the necessary measures with a view to expanding imports of processed and manufactured goods from developing countries."

92. This text was agreed to unanimously by the Working Group.

Special Principle Three

93. As originally submitted by the representatives of a working party of the seventy-five countries, this special principle dealt with the question of preferences for manufactures and semi-manufactures from developing countries. However, this earlier text was withdrawn pending further elaboration in the drafting of General Principle Eight.

Special Principle Four

94. "Developing countries have the right to protect their infant industries."

95. This text was generally acceptable to the Working Group.

96. Several delegations, however, thought that this was a rather broad formulation and might have to be reviewed or changed in the light of decisions on other principles or action taken in other committees of the Conference. Several representatives also made the point that this principle should be read with the understanding that it was consistent with various international agreements on this subject.

Special Principle Five

97. "Domestic support policies for primary commodities, practised in developed countries, should be so formulated and applied as to afford external suppliers, especially in the case of products of particular interest to developing countries, the opportunity, on a dependable basis and at equitable and remunerative prices, of supplying a fair and reasonable proportion of the domestic consumption and the growth of such consumption of these commodities in developed countries."

98. This formulation was accepted by Group A countries, Canada and the United Kingdom. Denmark accepted it subject to a more detailed study.

99. Belgium, the Federal Republic of Germany, France and the United States were unable to accept the text. Belgium suggested it be redrafted so as to be in conformity with the formulations accepted by members of the Food and Agriculture Organization (FAO) on this subject.

Special Principle Six

100. "Developed countries should take steps to off-set the effects of substitution of commodities produced in developing countries. They should co-operate with the developing countries in the search for appropriate solutions and, in particular, provide financial and technical assistance for research aimed at discovering and promoting new uses for products, the markets of which have been reduced in consequence of technical innovations and the use of synthetics."

101. There was widespread sympathy for the substance of this principle, but many countries in Group A and Group B reserved their positions on the first sentence of the text.

102. The representative of Belgium suggested that the first sentence and the first word of the second sentence be deleted and replaced by the following text:

"In order to reduce the effects of substitution of commodities produced in developing countries, developed countries should ..."

A number of countries in Group B expressed their support for this suggestion.

103. The representative of the Union of Soviet Socialist Republics queried the use of the words "to off-set" and suggested the use of the words "to mitigate" instead.

104. The representative of the Philippines suggested that the text of this principle should be looked at in conjunction with the findings of the First Committee on this subject.

105. There was fairly general approval of the second sentence of the text in paragraph 100.

Special Principle Seven

106. "Whenever international measures to stabilize prices of primary products in relation to the prices of manufactured goods are inadequate, arrangements should be made, on an equitable and universal basis, and without prejudice to the general level of financial aid to developing countries, to correct and compensate the deterioration in terms of trade and short-term declines in the export earnings of countries exporting primary commodities, with a view to facilitating the implementation of economic development plans and programmes."

107. A number of countries in Group B found unsatisfactory features and ambiguities in this text and it was, therefore, unacceptable. Reference was also made to the desirability of relating this text to decisions already taken in the Third Committee.

108. A representative of Group A countries thought that a formulation of this kind should mention international commodity agreements. Without this, the text would be unacceptable to Group A countries.

Special Principle Eight

109. "In the disposal of agricultural surpluses, developed countries should undertake to apply internationally agreed criteria of surplus disposal, so as not to affect adversely the export prospects of developing countries, the inter- and intra-regional trade and agricultural development of developing countries, or of the development programmes of the countries receiving these surpluses as assistance. Internationally agreed criteria should also govern the disposal of all primary product surpluses and stockpiles. Such surpluses and stockpiles should be disposed of as far as possible for the promotion of economic development in developing countries."

110. Group A countries accepted this text. Many Group B countries expressed basic approval of the basic intention of this draft principle, but could not accept the present formulation. They thought, however, that with a certain amount of redrafting it should be possible to find an agreed text, especially if the conclusions of other committees and FAO were taken into account.

111. France reserved its position but emphasized that this reservation was not concerned with the substance of the principle. The Federal Republic of Germany made a similar statement.

Special Principle Nine

112. "All countries shall refrain from all forms of dumping."

This text was generally acceptable to the Working Group, but several Group B countries saw practical difficulties in implementing it. They suggested that it should be made more specific.

113. The representative of the Federal Republic of Germany suggested the addition of a new sentence to read:

"All countries are entitled to take measures against dumping causing material injury to their industries."

Special Principle Ten

114. "Scientific achievements and technological developments should be made accessible under favourable conditions to all developing countries and their application to the trade and development needs of those countries should be encouraged by an expansion of bilateral and multilateral programmes of technical assistance."

115. This principle was generally acceptable to the Working Group.

116. Several countries pointed out, however, that they could not compel patent holders to release privately-held patents.

Special Principle Eleven

117. "All countries should support an expansion of multilateral economic assistance to developing countries, especially within the framework of the United Nations, as well as bilateral assistance.

"Economic assistance to developing countries on a multilateral basis should be offered as grants or as loans, at the lowest possible rates of interest with long periods of repayment and generous grace periods taking into account their over-all repayment capacity, and should be equitably distributed on the basis of the urgency of their development needs.

"Economic assistance to developing countries on a bilateral basis should also be offered as grants or as loans, at the lowest possible rates of interest with long periods of repayment and generous grace periods, and should, as the case may either be in the form of untied loans or in kind, in particular in the form of capital equipment and technical assistance.

"Whenever possible the repayment of such loans and credits should be made in local currency or with the products of the recipient country and, where appropriate, with industrial products resulting from the employment of the capital equipment supplied."

118. This was widely acceptable to various members of the Working Group. Several delegations thought the text could be improved by certain drafting changes.

119. The representative of the Union of Soviet Socialist Republics thought it should be possible to redraft the second

and third paragraphs so as to avoid repeating the same phrases which appear in both.

120. The United Kingdom suggested that there was no need for a fourth paragraph, but that that text should continue as a new sentence at the end of the third paragraph.

121. The representative of Canada suggested that the text be changed so as to take account of so-called "development performance."

122. Several delegations believed that this special principle should be redrafted to take account of the findings of the Third Committee.¹⁷

123. Belgium declared that it could not vote in favour of the final paragraph.

Special Principle Twelve

124. "All countries should co-operate in devising measures to help developing countries to build up maritime and other means of transport for their economic development, to ensure the unhindered use of international transport facilities, the improvement of terms of freight and insurance for the developing countries and to promote tourism in these countries in order to increase their earnings and reduce their expenditure on invisible trade."

125. The representative of Colombia proposed that in the second line after the words "to build up", the words "and to improve" be added.

126. The representative of Ecuador suggested the addition a little later in the same line, after the words "maritime and other" of the words "ways and".

127. The representative of the Federal Republic of Germany proposed that this principle be redrafted so as to reflect, as far as possible, "the common measure of understanding on shipping questions" arrived at by the special Working Party on Shipping of the Third Committee (see Annex F, appendix II). Belgium, France and the United Kingdom supported this proposal.

128. The representative of Denmark reserved his position.

129. The representative of Greece submitted the following alternative formulation for this principle:

"All countries should endeavour to ensure the unhindered use of international facilities of transport, conditions of transport corresponding to the growth requirements of developing countries, and should help these countries to acquire adequate means of transport."

130. The representatives of Belgium and France also supported the Greek proposal and suggested that it be used as a text for finding a compromise with the ideas contained in the text of paragraph 124.

131. The representative of the Union of Soviet Socialist Republics said that he had no objection to the text in paragraph 124.

Other texts

132. The representative of Brazil noted that the short time available to the Working Group had precluded his raising several other principles which he would have liked to discuss. As this was not possible, he submitted the following draft proposals for the information of the Group:

(i) "The rules and criteria established for the negotiation and exchange of concessions and mutual advantages, when these take place among developed countries, should have the aim of achieving equitable and mutually advantageous balance and increased trading through effective reciprocity

¹⁷ See Final Act, Annex A.IV.I.

measured in forms of concrete and comparable results, whether or not the countries concerned have the same social and economic system. The above principle also applies to negotiations among developing countries.

(ii) "It is recognised that the increased capacity to import of developing countries generated by unilateral concessions granted by developed countries will provide the latter with appropriate compensation for such concessions. The effects on individual developed countries of increased imports from developing countries should be balanced among developed countries by the exchange of concessions among them.

(iii) "The benefits accruing to any country, in particular to developing countries, under any concession, should not be impaired through any action or failure to carry out formal commitments. In case there should be compelling need to take measures affecting the value of concessions, particularly those affecting the exports of developing countries, adequate opportunity for consultation should be afforded to the country concerned, and if satisfactory solutions could not be agreed upon, appropriate arbitration procedures should make provision for adequate remedial measures or compensation to the party affected, and also by collective action.

(iv) "Appropriate arrangements shall be made to promote international collaboration in seeking feasible methods to expand trade for the purpose of economic development, through international harmonization and adjustment of national policies and regulations, through technical and commercial standards affecting production and marketing, and through export promotion, by the establishment of facilities for the increased flow of trade information and the development of market research."

133. At a late stage in the Group's proceedings, the representative of Nigeria introduced a text based on document E/CONF.46/C.5/L.61 for possible inclusion in special principles. It read:

"Mutually beneficial bilateral and multilateral trade arrangements between developing countries should be encouraged."

Sub-Appendix

LIST OF THE MAIN DOCUMENTS BEFORE THE WORKING GROUP

*Fifth Committee Conference documents*¹⁸

1. "Expansion of international trade and its significance for economic development: the work of the Economic Commission for Europe in the sphere of trade and development" (prepared by the secretariat of the Economic Commission for Europe)
2. "Principles of international trade relations and trade policy" (letter from Czechoslovakia, Poland and the Union of Soviet Socialist Republics)
3. "Conclusions approved at meeting of Latin American government experts on trade policy held in Brazil" (prepared by the Economic Commission for Latin America, 20-25 January 1964)
4. "Memorandum concerning certain items on the agenda of the United Nations Conference on Trade and Development" (submitted by France)
5. "A United Nations action programme" (submitted by the United Kingdom of Great Britain and Northern Ireland)
6. "Expansion of international trade and its significance for economic development: report of the extraordinary session of the Central American Trade Sub-Committee" (prepared by the secretariat of the Economic Commission for Latin America, Mexico City, 6-11 January 1964)

¹⁸ All these documents appear in Vols. VI and VII.

7. "Expansion of international trade and its significance for economic development: activities of the Economic Commission for Africa related to the United Nations Conference on Trade and Development" (prepared by the secretariat of the Economic Commission for Africa)

8. "Expansion of international trade and its significance for economic development: activities of the Economic Commission for Asia and the Far East related to the United Nations Conference on Trade and Development" (prepared by the secretariat of the Economic Commission for Asia and the Far East)

9. "Problems of land-locked countries" (submitted by Afghanistan, Laos and Nepal)

10. "Principles governing international trade relations and trade policies conducive to development" (submitted by Yugoslavia)

11. "Expansion of international trade and its significance for economic development: the Alta Gracia Charter" (provisional translation)

12. "Expansion of international trade and its significance for economic development: the Niamey Resolution on the United Nations Conference on Trade and Development" (note by the Secretary-General of the Conference)

General Assembly and Economic and Social Council documents

13. The Cairo Declaration of Developing Countries (United Arab Republic: Request for the inclusion of a supplementary item in the agenda of the seventeenth session)¹⁹

14. Report of the *ad hoc* Working Group established under Council resolution 875 (XXXIII) on the question of a declaration on international economic co-operation²⁰

15. General Assembly resolution 1897 (XVIII): "United Nations Conference on Trade and Development"²¹

Fifth Committee working documents (limited distribution)

16. Expansion of international trade and its significance for economic development: suggestions by the delegation of Niger (E/CONF.46/C.5/L.4)

17. Expansion of international trade and its significance for economic development: principles governing international trade relations and trade policies conducive to development: proposal by the delegation of Cuba (E/CONF.46/C.5/L.10)

18. Expansion of international trade and its significance for economic development: principles governing international trade relations and trade policies conducive to development: draft recommendation: proposal by the delegation of Cuba (E/CONF.46/C.5/L.11)

19. Expansion of international trade and its significance for economic development: principles governing international trade relations and trade policies conducive to development: proposals submitted by Algeria, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Ethiopia, Gabon, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Libya, Madagascar, Mali, Mauritania, Morocco, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Sudan, Tanganyika, Togo, Tunisia, Uganda, the United Arab Republic, Upper Volta and Zanzibar (E/CONF.46/C.5/L.14) and Add.1

¹⁹ *Official Records of the General Assembly, Seventeenth Session, Annexes*, agenda items 12, 34, 35, 36, 37, 39 and 84, document A/5162.

²⁰ *Official Records of the Economic and Social Council, Thirty-fifth Session, Annexes*, agenda item 3, document E/3725.

²¹ *Official Records of the General Assembly, Eighteenth Session, Supplement No. 15.*

20. Expansion of international trade and its significance for economic development: principles governing international trade relations and trade policies conducive to development: proposals by the delegation of New Zealand (E/CONF.46/C.5/L.15)

21. Expansion of international trade and its significance for economic development: principles governing international trade relations and trade policies conducive to development: proposals by the delegation of the United States (E/CONF.46/C.5/L.20)

22. Draft proposals submitted by the delegations of Afghanistan, Burma, Ceylon, India, Indonesia, Iran, Iraq, Laos, Lebanon, Malaysia, Nepal, Pakistan, the Philippines, Saudi Arabia, Syria, and Thailand concerning agenda item 10 (e) (E/CONF.46/C.5/L.29 and Corr.1 and 2)

23. Expansion of international trade and its significance for economic development: principles governing international trade relations and trade policies conducive to development: draft proposals submitted by a working party of seventy-five countries (E/CONF.46/C.5/L.34/Add.1, 2, 3, 4, and Corr.1)

24. Draft proposal of the principles contained in the Alta Gracia Charter submitted by Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela concerning agenda item 10 (e) (E/CONF.46/C.5/L.36 and Corr.1)

25. Draft amendment to document E/CONF.46/C.5/L.34/Add.2, submitted by the delegation of Cuba [Working Group on item 10 (e)] (E/CONF.46/C.5/L.40)

26. Addition to the draft proposals (E/CONF.46/C.5/L.34/Add.2)* submitted by a working party of seventy-five countries—Argentina, Brazil, Colombia, Ecuador and Honduras—concerning agenda item 10 (e) (E/CONF.46/C.5/L.45)

27. Communication received from the Chairman of the First Committee concerning agenda item 10 (e) (E/CONF.46/C.5/L.61)

Working documents of other committees (limited distribution)
First Committee

28. International commodity problems; measures for stabilization of primary commodity markets at equitable and remunerative prices including commodity arrangements: suggestions by the delegation of Australia relating to principles of international commodity arrangements (E/CONF.46/C.1/L.22)

29. International commodity problems: general principles for compensatory financing, presented by Ecuador (E/CONF.46/C.1/L.23)

Second Committee

30. Trade in manufactures and semi-manufactures: revised draft recommendation by Afghanistan, Indonesia, Syria, United Arab Republic and Yugoslavia (E/CONF.46/C.2/L.18/Rev.1)

31. Trade in manufactures and semi-manufactures: proposal by Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (E/CONF.46/C.2/L.23)

32. Trade in manufactures and semi-manufactures: draft recommendation submitted by Czechoslovakia, Hungary, India, Poland and United Arab Republic (E/CONF.46/C.2/L.28)

Third Committee

33. Financing for an expansion of international trade: revised draft recommendation submitted by the United Arab Republic (E/CONF.46/C.3/L.6/Rev.2)

34. Financing for an expansion of international trade: draft recommendation submitted by Burma, Cameroon, Ceylon, Chile, Guatemala, Indonesia, Nigeria, Panama, Paraguay, Syria, Uganda and United Arab Republic (E/CONF.46/C.3/L.9)

35. Financing for an expansion of international trade: revised draft recommendation submitted by Pakistan (E/CONF.46/C.3/L.20/Rev.1)

36. Financing for an expansion of international trade: draft recommendation submitted by Nigeria, United Arab Republic and Yugoslavia (E/CONF.46/C.3/L.24)

37. Improvement of the invisible trade of developing countries: draft recommendation submitted by Argentina, Bolivia, Brazil, Burma, Chile, Colombia, Dominican Republic, Ecuador, Ethiopia, Ghana, Guatemala, Haiti, India, Indonesia, Ivory Coast, Malaysia, Mexico, Morocco, Nigeria, Peru, Sierra Leone, Uganda, United Arab Republic, Uruguay, Venezuela, Yugoslavia: (E/CONF.46/C.3/L.27)

38. Improvement of the invisible trade of developing countries: draft recommendation by Sweden (E/CONF.46/C.3/L.29)

39. Financing for an expansion of international trade: Argentina, Ceylon, Chile, Colombia, Ecuador, India, Indonesia, Mexico, Nigeria, Syria, United Arab Republic, United States of America and Yugoslavia (E/CONF.46/C.3/L.32)

40. Financing for an expansion of international trade: draft recommendation by Spain and Tunisia (E/CONF.46/C.3/L.34/Rev.1)

41. Financing for an expansion of international trade: revised draft recommendation by Pakistan and Turkey (E/CONF.46/C.3/L.36/Rev.1)

42. Financing for an expansion of international trade: draft recommendation by Sweden and the United Kingdom (E/CONF.46/C.3/L.37)

43. Financing for an expansion of international trade: draft recommendation by Mongolia (E/CONF.46/C.3/L.40)

44. Financing for an expansion of international trade: draft recommendation submitted by Indonesia, Romania, Tanganyika and the United Arab Republic (E/CONF.46/C.3/L.41)

45. International compensatory financing and measures for stabilization of primary export earnings at adequate levels: revised draft recommendation by Brazil, Ethiopia, Guatemala, Malaysia, Mexico, Nigeria, the United Arab Republic and Venezuela (E/CONF.46/C.3/L.45/Rev.2)

46. Compensatory financing scheme: draft recommendation submitted by Ghana (E/CONF.46/C.3/L.48)

47. Principles and measures for compensatory financing: draft recommendation submitted by Argentina, Colombia, the Dominican Republic, Ecuador, Guatemala and Venezuela (E/CONF.46/C.3/L.49)

48. Financing for an expansion of international trade: amendment by France to E/CONF.46/C.3/L.32 (E/CONF.46/C.3/L.54)

49. Financing for an expansion of international trade: international monetary issues; draft recommendation submitted by Argentina, Brazil, Ceylon, Colombia, Ecuador, Mexico, the United Arab Republic and Uruguay (E/CONF.46/C.3/L.56)

50. Non-financial credit arrangements for the delivery of capital goods: draft recommendation approved by the Third Committee (E/CONF.46/C.3/REC/2)

51. Gradual transformation of the United Nations Special Fund: draft recommendation approved by the Third Committee (E/CONF.46/C.3/REC/3)

52. United Nations capital development fund: draft recommendation approved by the Third Committee (E/CONF.46/C.3/REC/4)

Fourth Committee

53. Draft resolution concerning the creation of an international trade organization, submitted by Czechoslovakia, Poland, and the Union of Soviet Socialist Republics (E/CONF.46/50)

54. Institutional machinery: draft recommendation submitted by the delegations of Burma, Ghana, Indonesia, Nigeria and Syria (E/CONF.46/C.4/L.3)

55. Institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade: draft recommendation submitted by Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, Uruguay and Venezuela (E/CONF.46/C.4/L.5/Rev.1)

56. Institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade: draft recommendation by Canada, Japan, the Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America (E/CONF.46/C.4/L.9)

Appendix III

PARTICULAR OBSERVATIONS SUBMITTED BY DELEGATIONS

Australia

The Australian delegation reserves its position with reference to any conclusions, recommendations or principles for which it did not vote affirmatively. It also reserves its position generally as regards the extent to which it would be possible or appropriate for the Australian Government to give effect to certain principles which call for action by "developed countries".

Belgium

As the present report does not bring out the individual positions of the various countries, the Belgian delegation is obliged to express a reservation on the sections or parts of the report of the Fifth Committee dealing with points on which it made an oral reservation or cast a negative vote during the meetings of this Committee.

Canada

The Canadian delegation reserves its position on the following passages in the report of the Fifth Committee:

Item 10 (a): *A review of trends in world trade and its perspectives*: The last substantive sentence in the section "Essential issues posed".

Item 10 (c): *International trade and its relations with national development planning, policies and institutions*: The reference to the stabilization of primary commodity prices at "higher" levels in the fourth paragraph of the Committee's conclusions.

Item 10 (d) (ii): *Trade problems between countries at different stages of development*: The third sentence in the fifth paragraph and the reference to the stabilization of markets for primary commodities "at prices remunerative in relations to those of goods imported by developing countries" in the sixth paragraph of the Committee's conclusions.

Item 10 (d) (iii): *Trade problems between countries having different economic and social systems*: The reference in the

seventh paragraph of the Committee's conclusions to international action and measures for the stabilization of markets for primary commodities "at prices remunerative in relation to those of goods imported by developing countries".

In addition the Canadian delegation reserves its position in relation to those recommendations and principles, both general and special, on which it has recorded a negative vote or an abstention.

Federal Republic of Germany

As the delegation of the Federal Republic of Germany had to abstain on a certain number of votes in the Fifth Committee, or even to express its disagreement by a negative vote, I must ask you to take note of the fact that the delegation of the Federal Republic of Germany reserves its position on the votes in which it could not approve of the points at issue by an affirmative vote, and to have this communication incorporated in the Fifth Committee's report.

Finland

With reference to the report of the Fifth Committee adopted on 5 June 1964, the delegation of Finland wishes to state that it is not in a position to subscribe to all decisions, recommendations and conclusions included in the said report.

The position of the Finnish delegation has been clearly indicated by the statements made or by voting against or by abstaining from voting.

France

In a certain number of votes during the discussions of the Fifth Committee, the French delegation had to cast a negative vote or abstain.

I have to inform you that the French delegation reserves the position of the French Government on all the texts on which it cast such negative votes or abstained.

Holy See

At the night meeting of the Fifth Committee, on 3 June 1964, the delegation of the Holy See made a reservation concerning the present wording of the General Principle Three.

We consider this wording incomplete as it stands. The affirmation of a country's right to trade freely and to dispose of its natural resources in the interest of its people should, in our opinion, have been qualified by a phrase such as the following: "while respecting the higher interests of the international community as a whole".

We consider this to be an essential rule for well-being and justice in the community of nations; that is why we entered our reservation.

Italy

In some of the votes taken in the Fifth Committee, the Italian delegation was unable to vote in favour.

Will you kindly note that the Italian delegation feels obliged to reserve its position on all matters on which it was unable to give its agreement.

Japan

The delegation of Japan reserves its position as to the following conclusions, recommendations and principles or parts thereof adopted by the Fifth Committee:

Under agenda item 10 (b): Draft recommendation on non-renewable natural products (Report of the Conference, Annex H, para. 19)

Under agenda item 10 (c): Draft conclusions, fourth paragraph (*Ibid.*, para. 22)

Under agenda item 10 (d) (ii): Draft conclusions, sixth paragraph (*Ibid.*, para. 34)

Under agenda item 10 (e):

General Principles (*Ibid.*, para. 52):

General Principles Three; Four, second sentence; Five, second sentence; Seven; Ten, second sentence; Eleven

Special Principles (*Ibid.*)

Special Principle, One; Five; Six, first sentence; Seven; Eleven, third and fourth sentences; Thirteen, proposed by Nigeria

Netherlands

The delegation of the Kingdom of the Netherlands reserves its position on those conclusions and recommendations, contained in the report of the Fifth Committee, in respect of which it voted against or abstained from voting.

Norway

The Norwegian delegation reserves its position in relation to those draft recommendations, draft conclusions, draft principles and other sections of the report in respect to which the Norwegian delegation has recorded a contrary vote or an abstention during the meetings of the Committee.

Philippines

While we will vote in favour of the report, we have reservations on the conclusions on item 10 (*d*) (iii).

Sweden

The delegation of Sweden reserves its position on all points where it has taken a contrary vote, abstained or not taken part in the voting.

Switzerland

The approval given by the Swiss delegation to the report of the Fifth Committee is of a general character and does not necessarily extend to all the points contained in the report. The comments and specific reservations made by the Swiss delegation during the Committee's deliberations, and the positions taken by it when voting, are maintained.

In substance, the Swiss delegation considers:

(1) That in view of its brevity the report does not always reflect the complexity of the problems considered. For instance, the importance attributed to certain causes of the balance-of-payments deficit of the developing countries is stated too generally to be applicable to all cases;

(2) That some of the measures contemplated for maintaining or increasing the export receipts of developing countries are conceived of as functioning automatically—a conception which is not in keeping with practical needs and possibilities;

(3) That the negotiations on principles should be continued in accordance with the wishes expressed by many delegations, in order to achieve the reconciliation of views which the Committee's discussions have shown to be possible.

Union of Soviet Socialist Republics

The delegation of the USSR reserves its position on paragraph 6 of the Conclusions of the Committee on trade problems

between countries having different economic and social systems, since one phrase in this paragraph—"the need due to the bilateral trade system, for individual developing countries to balance their trade with individual centrally planned economies"—does not correspond to reality. In many cases, trade between countries with centrally planned economies and developing countries is carried on without compulsory balancing on a bilateral basis, and multilateral forms of accounts are used in trade between such countries.

United Kingdom of Great Britain and Northern Ireland

The United Kingdom delegation reserves its position in relation to all draft recommendations, draft conclusions, draft principles and other sections of the report in respect of which the United Kingdom delegation has recorded a contrary vote, an abstention or a reservation at any time during the meetings of the Committee.

No decision was made by the Committee on the order in which the principles should be presented. The United Kingdom does not consider that the order adopted for working purposes by the Committee is necessarily the most appropriate.

United States of America

The United States delegation to the Fifth Committee reserves its position on specific details in this report.

The specific details which the United States delegation does not approve are the following:

The inclusion under sub-item 10 (*a*) in the paragraph "Essential issues posed", of the sentence beginning "It was pointed out, in particular, that the basic reasons, etc."

The inclusion in the "Conclusions of the Committee" under sub-item 10 (*a*) of the sentence in the eighth paragraph beginning "Further, discriminatory and inward-looking measures applied, etc."

The statement in the "Conclusions of the Committee" under sub-item 10 (*c*) fourth paragraph, relating to stabilization of developing country trade. The second sentence of this paragraph, the United States delegation believes, should be changed to read "In the immediate future, this calls for a variety of measures of international co-operation, such as the stabilization at levels that are equitable and remunerative of the prices of primary commodities having due regard for the purchasing power of primary products, etc."

The statement in the "Conclusions of the Committee" under item 10 (*d*) (ii) in the fifth paragraph the third sentence. This sentence, the United States delegation believes, should be changed to read "This deterioration which amounted to about 12 per cent between 1950 and 1962 accentuated the deficits in the balance of payments of developing countries."

The inclusion in the "Conclusions of the Committee" under item 10 (*d*) (ii) in the sixth paragraph, second sentence and item 10 (*d*) (iii), seventh paragraph, first sentence, of the phrase "at prices remunerative in relation to those of goods imported by developing countries."

Annex I

CHECK-LIST OF THE DOCUMENTS ¹ OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT, INCLUDING DOCUMENTS OF THE PREPARATORY COMMITTEE OF THE CONFERENCE, AND OTHER DOCUMENTS REFERRED TO IN THE PROCEEDINGS

- A. Conference documents.
- B. Documents of the General Committee and of the Drafting Committee for the Final Act.
- C. Main Committee documents.
- D. Preparatory Committee documents.
- E. Documents of the General Assembly and the Economic and Social Council referred to in the Proceedings of the Conference.

A

CONFERENCE DOCUMENTS

General Documents

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>
1	Provisional agenda
2	Provisional rules of procedure
3 *	Towards a new trade policy for development: Report by the Secretary-General of the Conference
4,*	Bellagio statement of policy
and Add.1 *	New directions for world trade
5 *	Insurance costs in the balance of payments of developing countries (Economist Intelligence Unit)
6 * and Corr.1	Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries (United Nations Bureau of General Economic Research and Policies) (BGERP)
7 *	Access to markets for primary commodities in the industrial countries: existing obstacles and measures for trade expansion (BGERP)
8 *	Stabilization of international commodity markets (BGERP)
9 * and Corr.1 & 3	Financing for an expansion of international trade (BGERP)
10 *	International compensatory financing of the effects of change in the terms of trade (BGERP)
11 *	General study of exports of manufactured and semi-manufactured goods from developing countries and their role in development (United Nations Centre for Industrial Development) (CID)
12,*	A review of trends in world trade (BGERP)
Corr.1 and Add.1	Handbook of international trade statistics (BGERP)
13 *	Promotion of tourism—The economic importance of tourism (Economic Commission for Europe) (ECE)
14 * and Corr.1	An analysis of the proceedings of the United Nations Conference on the Application of Science and Technology (UNCSAT) related to problems of export of manufactured goods from developing countries (CID)
15 *	Memorandum submitted by the European Free Trade Association in connexion with the implication of Regional Economic Groupings
16 *	EFTA trade with developing countries (European Free Trade Association)
17 *	Information on economic co-operation between the countries of the Council for Mutual Economic Assistance (CMEA)

¹ Unless otherwise indicated, all documents in this check-list are mimeographed.

* Printed in the present publication.

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>
and Add.1 *	Basic principles of international socialist division of labour (CMEA)
18	Note by the Secretary-General of the Conference drawing attention to documents E/3720 and E/3799 (see part E of check-list)
19	Note by the Secretary-General of the Conference referring to document E/3756 (see part E of check-list)
20 *	Flow of private capital from developing to developed countries (International Monetary Fund) (IMF)
21 *	International service transactions of under-developed countries (IMF)
22 *	Inter-governmental co-operation in market research and marketing advisory services to help expand exports from developing countries (ECE)
23 *	Private development finance companies (International Finance Corporation)
24 *	Possible improvements in international trade practices and juridical institutions designed to contribute to better external trade conditions for developing countries (ECE)
25 *	Standardization of primary commodities as a means of promoting the expansion of exports from the developing countries (ECE in collaboration with the Food and Agriculture Organization of the United Nations)
26 *	Problems of shipping and ocean freight in the ECAFE region (Economic Commission for Asia and the Far East) (ECAFE)
27 * and Corr.1	Ocean shipping and freight rates and developing countries (Economist Intelligence Unit)
28	Note by the Secretary-General of the Conference drawing attention to document A/5533 (see part E of check-list)
29	Air freight: Trends and developments in the world freight industry (International Civil Aviation Organization)
30 * and Corr.1	Inter-governmental commodity agreements (Interim Co-ordinating Committee for International Commodity Arrangements)
31 *	Implications for trade and development of developing countries of economic groupings of developed countries and/or preferential trading arrangements (ECE)
and Add.1	Tables
32 *	State trading in countries of the ECAFE region (ECAFE)
33 *	Promotion of exports of small industry products from developing countries (CID)
34 *	Trade problems between countries having different economic and social systems (ECE)
35 *	Past trade flows and future prospects for trade between the centrally-planned economies and developing countries (ECE)
36 * and Corr.1	The developing countries in GATT (Secretariat of the Conference)
37 *	Survey of progress in the reduction and elimination of barriers affecting products exported by less developed countries (GATT)
38 * and Add.1	The role of GATT in relation to trade and development (GATT)
39 *	Trade between developing ECAFE countries and centrally planned economies (ECAFE)
40 *	Economic growth and external debt—A statistical presentation (International Bank for Reconstruction and Development)
41	Some problems of world trade in machinery and equipment (ECE)
42	World trade in steel (ECE)
43	Possibilities and measures of expanding exports from the manufacturing sector in Mexico (CID)
44 *	List of previously published documents on international compensatory schemes: Note by the Secretary-General of the Conference
45 *	Agricultural commodities and the European Economic Community (FAO)
46 * and Add.1	The work of the Economic Commission for Europe in the sphere of trade and development (ECE)
47 *	Food aid and other forms of utilization of agricultural surpluses—A review of programmes, principles and consultations (FAO)
48 * and Corr.1	Structural employment problems in the industrialized countries caused by higher imports of manufactured goods from the developing countries (International Labour Organisation) (ILO)
49 *	Czechoslovakia, Poland, and the Union of Soviet Socialist Republics: Principles of international trade relations and trade policy
50	Czechoslovakia, Hungary, Poland, Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics: draft resolution concerning the creation of an International Trade Organization
50 */Rev.1 and Add.1 & 2	Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Poland, and the Union of Soviet Socialist Republics: revised draft resolution concerning the creation of an International Trade Organization
51 *	Union of Soviet Socialist Republics: memorandum on the preliminary considerations regarding the main provisions for an International Trade Organization
52	Agricultural trade statistics (FAO)

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>
53 *	International trade in educational and scientific materials (United Nations Educational, Scientific and Cultural Organization) (UNESCO)
54	Exports of manufactures and industrial development of Hong Kong (CID)
55	Note by the Secretary-General of the Conference drawing attention to documents E/C.5/64 and E/3799 (see part E of check-list)
56 *	Draft resolution submitted by Brazil to the Second Committee of the eighteenth General Assembly on collective security
57 * and Corr.1	Trade in agricultural commodities in the United Nations Development Decade—A general review (FAO)
58 *	Trade needs of developing countries for their accelerated growth (BGERP)
59 *	Synthetics and their effects on agricultural trade (FAO)
60 *	Report by the Secretariat of ECLA on the meeting of Latin American government experts on trade policy (Economic Commission for Latin America) (ECLA)
61 *	International commodity arrangements and policies (FAO)
62 *	World agricultural commodity trade—Prospects, problems and policies (FAO) and Addendum Reference Charts
63 *	Resolution on the Conference adopted by the Federal Assembly of the Socialist Federal Republic of Yugoslavia on 13 February 1964
64	Methods and experiences in promoting exports of manufactured goods in Yugoslavia (CID)
65 *	Report of the Preparatory Committee on its Third Session
66 and Corr.1*	Transformation of the Special Fund into a United Nations Capital Development Fund: A study of the practical steps involved (Secretary-General of the Conference)
67 *	Review of world trends in gross domestic product (BGERP)
68 *	International trade and its relations with national development planning, policies and institutions (BGERP)
69 *	Note by the Secretary-General of the Conference drawing attention to document E/3861 (see part E of check-list)
70 * and Corr.1 & 2	Prospects for expanding forest products exports from developing countries (FAO)
71 *	Latin America and the United Nations Conference on Trade and Development (ECLA)
72 *	Trade in primary agricultural commodities (FAO)
73 *	Trade in processed agricultural commodities (FAO)
74 * and Corr.1	France: memorandum concerning certain items on the agenda of the Conference
75 *	United Kingdom of Great Britain and Northern Ireland: A United Nations Action Programme
76	India: policies and measures for promotion of manufactures and semi-manufactures (CID)
77	Poland's export promotion policy for manufactures and semi-manufactures (CID)
78	Argentina: exports of manufactures and semi-manufactures (CID)
79 *	Report of the extraordinary session of the Central American Trade Sub-Committee (ECLA)
80	Check-list of Preparatory Committee documents issued during first, second and third sessions
81 *	The International Labour Organisation and international trade in the last ten years (ILO)
82 *	Activities of the Economic Commission for Africa related to Conference (ECA)
83 *	Intra-African trade (ECA)
84 *	Economic growth and external debt—An analytical framework (International Bank for Reconstruction and Development)
85 *	Foreign trade plans of selected countries in Africa (ECA)
86 *	Letter dated 19 March 1964 from the delegation of Israel addressed to the Secretary-General of the Conference regarding expansion of international trade and its significance for economic development
87 *	Activities of the Economic Commission for Asia and the Far East related to the Conference (ECAFE)
88 * and Corr.1	Afghanistan, Laos, and Nepal: Problems of land-locked countries
89 *	Agenda of the Conference as adopted
90 *	Rules of procedure of the Conference as adopted
91 *	Yugoslavia: Declaration of principles governing international trade policies conducive to development
92 *	Gabon: submission concerning a programme and the position of the Gabon Republic on certain issues before the Conference
93 *	Letter dated 1 April 1964, to the President of the Conference from the delegation of Bulgaria, Byelorussian Soviet Socialist Republic, Cuba, Czechoslovakia, Hungary, Mongolia, Poland, Romania, Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics in connexion with the statement made on 26 March 1964 at the seventh plenary meeting on behalf of the Afro-Asian Group, Yugoslavia, Trinidad and Tobago and Jamaica
94 *	Yugoslavia: memorandum on trade in manufactures and semi-manufactures

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>
95 * and Corr.1	Yugoslavia: memorandum on financial problems
96 *	Letter dated 3 April 1964 from the Head of the delegation of Albania to the President of the Conference in connexion with the statement made on 26 March 1964 at the seventh plenary meeting on behalf of the Afro-Asian Group, Yugoslavia, Trinidad and Tobago and Jamaica
97 *	Letter dated 3 April 1964 from the Head of the delegation of the Union of Soviet Socialist Republics to the President of the Conference enclosing a statement entitled "Declaration of the Government of the German Democratic Republic to the United Nations Conference on Trade and Development"
98 *	Resolution of the Committee for Industrial Development on United Nations Machinery in the Field of Industrial Development (March 1964)
99 * and Corr.1	Questions arising in connexion with the United Nations Conference on Trade and Development (Secretary-General of the Conference)
100 *	The Alta Gracia Charter (Provisional version approved by the Organization of American States at a meeting held February-March 1964)
101 *	The role of patents in the transfer of technology to under-developed countries (Bureau of the International Union for the Protection of Industrial Property)
102 * and Corr.2	Romania: Deliveries on credit of industrial equipment, reimbursable in quotas from the resultant production —their contribution to economic development and to the expansion of world trade
103 *	Letter dated 10 April 1964 from the delegation of the Ukrainian Soviet Socialist Republic addressed to the President of the Conference regarding election of vice-presidents
104 *	Letter dated 10 April 1964 from the delegation of the United Kingdom addressed to Mr. L. D. Wilgress, Vice-President of the Conference regarding the statement of the representative of Yemen made on 3 April 1964 at the seventeenth plenary meeting
105 * and Add.1	Trade, development and the World Bank group (IBRD and the International Development Association) Note regarding a study entitled "The Commodity Problem" (IBRD)
106	Prospects for rubber and a programme for action (International Rubber Study Group) Note by the Secretary-General of the Conference
107 *	The Niamey resolution on the Conference (adopted by the Economic and Social Commission of the Organization of African Unity in December 1963)
108 * and Add.1	Union of Soviet Socialist Republics: Prospects for the development of USSR foreign trade (Views of Soviet Economists)
109	Request for summary records for the Sub-Committee on Land-Locked Countries: Report of the General Committee
110 *	Proposals regarding the Final Act, Report and Record of Proceedings of the Conference, Reports of Main Committees and Terms of Reference of the Drafting Committee for the Final Act: Report of the General Committee
111	Size and composition of the Drafting Committee for the Final Act: Note by the President
112 * and Corr.1	The application of the Treaty of Rome (European Economic Community)
113 *	Letter dated 24 April 1964 from the Head of the delegation of Czechoslovakia to the President of the Conference enclosing a communication entitled: "Declaration of the German Democratic Republic regarding some questions of the international trade in raw materials"
114 *	Letter dated 30 April 1964 from the Head of the delegation of Poland to the President of the Conference enclosing a communication entitled: "Declaration of the German Democratic Republic"
115	Note by the Secretariat regarding the <i>Commodity Survey 1963</i> ³
116 *	Letter dated 18 May 1964 from the delegation of the Federal Republic of Germany addressed to the President of the Conference in connexion with documents E/CONF.46/97/103/113/114
117 *	Czechoslovakia: The participation of Czechoslovakia in international economic relations (Views of Czechoslovak economists)
118 *	Letter dated 22 May 1964 from the delegation of Cuba addressed to the Secretary-General of the Conference in connexion with agenda items 10 (e), 11 (b), 12 (b) (ii)
119 *	Letter dated 23 May 1964 from the delegation of the Union of Soviet Socialist Republics addressed to the President of the Conference in connexion with agenda items 10 (e), 11 (b), 12 (b) (ii)
120 *	Letter dated 25 May 1964 from the delegation of Czechoslovakia addressed to the President of the Conference in connexion with agenda items 10 (e), 11 (b), 12 (b) (ii)
121 *	Letter dated 25 May 1964 from the delegation of Mongolia addressed to the President of the Conference in connexion with agenda items 10 (e), 11 (b), 12 (b) (ii)
122 *	Letter dated 25 May 1964 from the delegation of Hungary addressed to the President of the Conference in connexion with agenda items 10 (e), 11 (b), 12 (b) (ii)

³ United Nations publication: Sales No. 64.II.D.2.

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>
123 *	Letter dated 25 May 1964 from the delegation of Bulgaria addressed to the President of the Conference in connexion with agenda items 10 (e), 11 (b), 12 (b) (ii)
124 *	<i>Note verbale</i> dated 6 May 1964 from the Government of the United Republic of Tanganyika and Zanzibar to the Secretary-General of the United Nations and <i>note verbale</i> dated 14 May 1964 from the Secretary-General of the United Nations to States Members of the United Nations—Note by the President of the Conference
125 *	Message to the family of the late Prime Minister Nehru and to the Government and people of India
126 *	Letter dated 28 May 1964 from the delegation of Romania addressed to the President of the Conference in connexion with agenda item 10 (e), 11 (b), 12 (b) (ii)
127 *	Credentials of representatives to the Conference: Report of the Credentials Committee
128 *	Letter dated 1 June 1964 from the delegation of India addressed to the President of the Conference in connexion with message of condolence contained in document E/CONF.46/129
129	Text of message of condolence on the death of Prime Minister Nehru sent on 27 May 1964 by the President of the Conference to the Indian Minister for International Trade, H. E. Manubhai Shah, and reply received dated 30 May 1964
130 *	Report of the Credentials Committee: Communication by the delegation of Cambodia
131 * and Corr.1, 3 & 6	Report of the First Committee
132 * and Corr.1	Report of the Second Committee
133 * and Corr.1, 2, 3 and 5	Report of the Third Committee
134 * Corr.1 and Add.1	Report of the Fourth Committee
135 * and Corr.1 & 2	Report of the Fifth Committee
136 *	Report of the Credentials Committee: communication from the delegation of the People's Republic of Albania
137 *	Letter from the delegation of Hungary dated 9 June 1964, addressed to the President of the Conference enclosing a communication entitled: "Letter dated 9 June 1964 from the German Democratic Republic"
138 *	Letter dated 15 June 1964 from the representative of Pakistan addressed to the President of the Conference enclosing the Joint Declaration of the Seventy-seven Developing Countries
139 *	<i>Final Act and Report of the Conference</i> ³
140 *	The Significance of the United Nations Conference on Trade and Development: Report to the Secretary-General of the United Nations by the Secretary-General of the Conference

Contributed Papers

P/1/Rev.1 *	International commodity agreements (Note by Prof. J. E. Meade)
P/2 * and Corr.1	Problems and prospects in the export of manufactured goods from the less-developed countries (Prof. R. Vernon)
P/3 *	Notes on the United Nations Conference on Trade and Development (Mr. T. Balogh)
P/4 *	A framework for trade between developed and less developed countries (Mr. I. Gal-Edd)
P/5 *	The organization of international markets for primary commodities (Mrs. M. J.'t Hooft-Welvaars)
P/6 *	The significance of GATT for under-developed countries (Prof. S. B. Linder)
P/7, Corr.1 and Add.1 *	The case for an international commodity reserve currency (Prof. A. G. Hart, N. Kaldor and J. Tinbergen) Monetary reform to further economic development
P/8	Possibilities of establishing food processing industries in developing countries for export (Prof. S. D. Neumark)
P/9	Export possibilities for Indian manufactures in the European markets (Prof. B. P. Adarkar)
P/10 and Corr.1	Aluminium as an export industry (Prof. H. Bachmann)
P/11	Brazil: Outlook for promotion of exports of manufactures (Mr. E. Orosco)
P/12	Exports of manufactures and industrial development of Japan (Mr. H. Kanamori)
P/13 *	External assistance and the balance of payments of donor countries (Prof. Richard N. Cooper)

Submissions by non-governmental organizations—Category A

NGO/1 *	Memorandum by the International Confederation of Free Trade Unions
NGO/2 *	Statement by the International Chamber of Commerce on Trade and Development
NGO/3 *	Memorandum by the International Co-operative Alliance
NGO/4 *	Memorandum by the Inter-Parliamentary Union
NGO/5 *	Memorandum by the World Federation of Trade Unions (English and French only)

³ Printed in this volume.

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>	<i>Agenda Item</i>
<i>Limited Documents</i> ⁴		
L.1	Schedule of meetings for the period 13 April to 8th May 1964: Note by the Secretariat	
L.2	Check list of Conference documents issued up to 20 May 1964	
L.3 Corr.1 & 2 and Add.1	List of Recommendations included in Committee reports	
L.4	United States of America: amendment to draft recommendation Y in Annex A of the report of the Third Committee (E/CONF.46/133)	13
L.5	United States of America: amendment to draft recommendation contained in para. 86 of the report of the Second Committee (E/CONF.46/132)	12 (c)
L.6	Cuba: amendment to General Principle 2 contained in draft recommendation H of the Fifth Committee (document E/CONF.46/L.135)	10
L.7 and Add.1	Algeria, Burma, Colombia, Czechoslovakia, India, Italy, Nigeria, Union of Soviet Socialist Republics, United Arab Republic, United States of America and Yugoslavia: draft resolution on elaboration of trade aspects of economic programme of disarmament	10
L.8	Statement by the President of the Conference at the 29th Plenary Meeting on the Recording of observations of delegations	
L.9	Ethiopia, India, Mexico and Yugoslavia: proposed amendment to General Principle VII contained in draft Recommendation H of the Fifth Committee (E/CONF.46/L.135)	10 (e)
L.10	Draft Final Act of the Conference: Preamble	
Corr.1	Corrigendum	
Add.1	Addendum to preamble	
Add.2	Second part: a consolidation of the recommendations of the Conference	
Add.2 Rev.1	Ditto	
Add.3	Outline of contents	
Add.4	Third part—Annexes	
Add.5	Annex A: the Recommendations of the Conference	
Add.6	Annex C	
Add.7	Final Clauses	
Add.8	Amendment proposed by Rapporteur to preamble	
Add.9, 10, 11	Additions proposed by Rapporteur (second part)	
L.11	Algeria, Bolivia, Ceylon, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Ethiopia, Guatemala, Haiti, Honduras, India, Mexico, Nicaragua, Pakistan, Panama, Paraguay, Peru, United Arab Republic, Uruguay, Venezuela and Yugoslavia: Proposed addition to General Principles	10 (c)
L.12 and Corr.1	Algeria, Bolivia, Colombia, Dahomey, Ethiopia, India, Indonesia, Madagascar, Mexico, Pakistan and Yugoslavia: Proposed text of General Principle Eight	10 (c)
L.13	Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics: amendment to recommendation contained in para. 65 of the report of the Second Committee (E/CONF.46/132)	12 (b)
L.14	Algeria, Bolivia, Colombia, Dahomey, Ethiopia, India, Indonesia, Madagascar, Mexico, Pakistan and Yugoslavia: Proposed amendment to Special Principle Six (Fifth Committee draft recommendation H, E/CONF.46/135)	10 (e)
L.15	United States of America: amendment to General Principles	10
L.16	Union of Soviet Socialist Republics: addition to the basic text of the Final Act	
L.17	Aide-Memoire dated 10 June 1964 containing communications from the delegations of Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics (submitted by the Union of Soviet Socialist Republics)	17
L.18	Draft text of a brief factual and legislative history of the Conference	18
L.19	Draft recommendation submitted by the President of the Conference on international commodity arrangements and removal of obstacles and expansion of trade	11
L.20	Draft recommendation submitted by the President of the Conference	12 (b)
L.21	Draft recommendation submitted by the President of the Conference on preferences	12

⁴The titles of documents have not been listed in full when common to both Agenda item and document; for full title, refer to Agenda item.

<i>Symbol</i> <i>E/CONF.46/...</i>	<i>Title of Document</i>	<i>Agenda</i> <i>Item</i>
L.22 and Corr.1	Draft recommendation submitted by the President of the Conference	16
L.23	Ethiopia: proposed amendment to section IV of the draft Preamble of the Final Act	17
L.24	Burma, Ceylon, India, Indonesia, Iran, Iraq, Kuwait, Lebanon, Libya, Nigeria, Pakistan, Saudi Arabia, Sudan, Syria, the United Arab Republic and Venezuela: joint draft recommendation on minerals and fuels	11
L.25	Algeria: proposed amendment to draft recommendation contained in document E/CONF.46/L.24	11
L.26	Draft recommendation submitted by the President of the Conference in connexion with the General and Special Principles contained in draft recommendation of the Fifth Committee (E/CONF.46/L.135)	10 (e)
L.27	Draft text suggested by the President of the Conference for inclusion in the Preamble of the Final Act	
L.28 & Add.1	Final Act of the Conference ⁵ Report of the Conference ⁵	

SR.1—36 *Summary Records of Plenary Meetings*

B

DOCUMENTS OF THE GENERAL COMMITTEE AND THE DRAFTING COMMITTEE FOR THE FINAL ACT

1. General Committee

<i>Symbol</i> <i>E/CONF.46/...</i>	<i>Title of Document</i>
BUR/R.1	Subjects for possible consideration by Committees—Note from the representative of Romania dated 26 March 1964 to the President of the Conference
BUR/R.2	Schedule of meetings during Conference—Note prepared by Mr. Georges Hakim (Lebanon) and Mr. Pierre A Forthomme (Belgium) in consultation with the Secretariat
BUR/R.3	Final Act of the Conference—note by the Secretary-General of the Conference
BUR/R.4	Belgium, the United Kingdom of Great Britain and Northern Ireland and the United States of America: draft terms of reference for the Drafting Committee
BUR/R.5 and Corr.1, 2 and 3	Draft proposals regarding the Final Act, Report and Record of Proceedings of the Conference, Reports of Main Committees, and Terms of Reference of the Drafting Committee: note by the Secretary-General of the Conference
BUR/R.6 and Corr.1 and 2	Draft proposals regarding the Final Act, Report and Report of Proceedings of the Conference, Reports of Main Committees, and Terms of Reference of the Drafting Committee (withdrawn)
BUR/R.7	Programme of meetings of the Conference: note by the Secretary-General of the Conference
BUR/R.8 and Corr.1	Draft proposals regarding the Final Act, Report and Record of Proceedings of the Conference, Reports of Main Committees, and Terms of Reference of the Drafting Committee: Reference text (withdrawn)
BUR/R.9	Amendments to the Note by the Secretary-General of the Conference (E/CONF.46/BUR/R.5 and Corr.1 and 2) submitted during the sixth and seventh meetings of the General Committee (Lebanon, United States and Japan)
BUR/R.10 and Corr.1	Amendments proposed by the Chairman of the Fifth Committee, to document E/CONF.46/BUR/R.5 and Corr. 1 and 2
BUR/R.11	Amendment proposed during the tenth meeting to Section (A) of document E/CONF.46/BUR/R.5 and Corr.1 (Philippines) and amendment to document E/CONF.46/BUR/R.10 (Lebanon)
BUR/R.12	Colombia: amendment to document E/CONF.46/BUR/R.5 and Corr.1 and 2
BUR/R.13	Philippines: amendment to document E/CONF.46/BUR/R.5 and Corr.1 and 2
BUR/R.13/Rev.1	Ditto.
BUR/R.14	Colombia and the United States of America: amendments to document E/CONF.46/BUR/R.5
BUR/R.15	Amendment proposed by the President of the Conference to document E/CONF.46/BUR/R.5
BUR/R.16	Amendment proposed by the Chairman of the Fifth Committee to document E/CONF.46/BUR/R.5 and Corr. 1, 2 and 3

⁵ Printed in this volume.

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>
BUR/R.17	Alternative text submitted by the President of the Conference of Section D (see document E/CONF.46/BUR/R.16) of the Draft Proposals regarding the Final Act, Report and Record of Proceedings of the Conference, Reports of the Main Committees, and Terms of Reference of the Drafting Committee (E/CONF.46/BUR/R.5)
BUR/R.18	Arrangements for Closing Phases of the Conference: Note by the President of the Conference
BUR/SR.1-15	<i>Summary Records</i>
	<i>2. Drafting Committee for the Final Act</i>
C.6/R.1 and Add.1-7	Final Act: Item (a) (i) of the Preamble. A short account of the background, constitution and proceedings of the Conference: Rapporteur's draft
C.6/R.2	United Arab Republic: amendments to the Rapporteur's draft
C.6/R.3 and Corr.1	Costa Rica: amendments to the Rapporteur's draft
C.6/R.4	Union of Soviet Socialist Republics: amendments to the Rapporteur's draft
C.6/R.5 and Add.1 & 2	United Kingdom of Great Britain and Northern Ireland and United States of America: amendments to the Rapporteur's draft
C.6/R.6 and Corr.1	Romania: Amendments to the Rapporteur's draft
C.6/R.7 and Corr.1	Mali: amendments to the Rapporteur's draft
C.6/R.8	Australia, Belgium, Denmark, Federal Republic of Germany, France, New Zealand, United Kingdom of Great Britain and Northern Ireland, and the United States of America: amendments to the Rapporteur's draft
C.6/R.9	List of amendments to the Rapporteur's draft
C.6/R.10 and Add.1 & 2	Check-list of recommendations and reports or sections of reports adopted by the five main committees up to 30 May 1964: Note by the Secretariat
C.6/R.11	United States of America: proposed redraft of paragraph I of item (a) of the Preamble
C.6/R.12 and Corr.1	Final Act: Item (a) (i) of the Preamble as adopted by the Committee on first reading
C.6/R.13 Add.1 & Add.1 Corr.1	Consolidation of Recommendations: Note by the Rapporteur
C.6/R.13/Rev.1 and Add.1	Consolidation of Recommendations: Note by the Rapporteur
C.6/R.14 and Add.1	Programme of work: Note by the Rapporteur
C.6/L.1 and Add.1	Organization of work: background note prepared by the Secretariat
C.6/L.1/Rev.1	Ditto

C

MAIN COMMITTEE DOCUMENTS

1. *First Committee**Agenda item 11: International commodity problems*

- (a) Review of the long-term trends and prospects for primary commodity producers (including terms of trade);
- (b) Programme of measures and actions for the removal of obstacles (tariff, non-tariff and other) and of discriminatory practices and for expansion of market opportunities for primary commodity exports and for increases in their consumption and imports in developed countries;
- (c) Measures and actions for the promotion of trade in primary commodities among developing countries;
- (d) Measures for stabilization of primary commodity markets at equitable and remunerative prices including commodity arrangements;
- (e) International compensatory financing and measures for stabilization of primary export earnings at adequate levels.

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>	<i>Agenda Item 11</i>
	<i>General Documents</i>	
C.1/1	Allocation of agenda items	
C.1/2 } C.3/8 }	Note of transmission from the First Committee to the Third Committee	(e)

<i>Symbol</i> <i>E/CONF.46/...</i>	<i>Title of Document</i>	<i>Agenda</i> <i>Item 11</i>
<i>Limited Documents</i>		
C.1/L.1	Documentary references: Note by the Secretariat	} (a)
C.1/L.2	Note by the Secretariat	
C.1/L.2 Rev.1	Ditto	
C.1/L.3 and Add.1	Statistical Data: Note by the Secretariat	} (c), (d), (e)
C.1/L.4	Documentary references: Note by the Secretariat	
C.1/L.5 and Corr.1	Membership of the First Committee	} (b)
C.1/L.6	Documentary references: Note by the Secretariat	
C.1/L.7	Organization of the Committee's work: Note by the Chairman	} (d)
C.1/L.8 and Corr.1	Note by the Secretariat (withdrawn)	
C.1/L.9	Niger: suggestions	} (b)
C.1/L.10	Morocco: Proposals	
C.1/L.11	New Zealand: proposals	} (d)
C.1/L.12 and Add.1	Documentary references: Note by the Secretariat	
C.1/L.13	Documentary references: Note by the Secretariat	} (e)
C.1/L.14 and Corr.1	Lebanon: proposal	
C.1/L.15	Syria: proposals	} (b)
C.1/L.16	Jamaica: proposals	
C.1/L.17	Argentina, Bolivia, Brazil, Burma, Ceylon, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Haiti, Honduras, India, Indonesia, Iran, Iraq, Kuwait, Malaysia, Mexico, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Viet-Nam, Sierra Leone, Sudan, Tanganyika, Thailand, Uganda, United Arab Republic, Uruguay, and Venezuela: proposals	} (b)
C.1/L.17/Rev.1 and Corr.1 & 2	Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cameroon, Central African Republic, Chad, Ceylon, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Kenya, Kuwait, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Viet-Nam, Rwanda, Senegal, Sierra Leone, Sudan, Tanganyika, Thailand, Togo, Tunisia, Uganda, United Arab Republic, Uruguay, Venezuela, Yugoslavia: proposals	
C.1/L.18	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela: draft recommendation on a world food financing fund	} (b) & (d)
C.1/L.18/Rev.1	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, United States of America, Uruguay and Venezuela: draft recommendation on a world food financing fund	
C.1/L.19	Union of Soviet Socialist Republics: proposals	} (e)
C.1/L.20	Notes submitted by the Secretariat on item 11 (e) based on discussions at the thirty-first and thirty-second meetings of the First Committee	
C.1/L.21 and Add.1 and Add.2	Australia: suggestions for a draft of note for transmission to the Third Committee United States of America: draft Annex C Mexico: draft Annex D	} (d)
C.1/L.22	Australia: suggestions relating to principles for international commodity arrangements	
C.1/L.23	Ecuador: General principles for compensatory financing	} (e)
C.1/L.24	Philippines and Syria: Proposal	
C.1/L.25	Draft of note for transmission to the Third Committee	} (d)
C.1/L.26 and Add.1 Add.1/Rev.1 & 2 and Rev.2/Corr.1	Ceylon: proposal	
C.1/L.27	Costa Rica: proposal	} (d)
C.1/L.28	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela: programme of international commodity agreements and other arrangements	

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>	<i>Agenda</i> <i>Item 11</i>
C.1/L.29	Check-list of First Committee documents issued up to 7 May 1964	
C.1/L.30	Documentary references: Note by the Secretariat	(c)
C.1/L.31	Report of Working Party 1: The effects of synthetics and substitutes on primary commodity trade	(c)
C.1/L.32	Afghanistan, Chile, Colombia, Ethiopia, Indonesia, Iran, Iraq, Kuwait, Lebanon, Libya, Pakistan, Peru, Sudan, Saudi Arabia, Syria, Tunisia, United Arab Republic, Uruguay, Venezuela: proposal	
C.1/L.33	Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics: proposals concerning text of parts II and IV of document E/CONF.46/C.1/L.17	(b)
C.1/L.33/Rev.1	Ditto	
C.1/L.34 and Corr.1	Ceylon, India, Indonesia, Iraq and Iran: proposal	
C.1/L.35 and Corr.1	Philippines: proposal	
C.1/L.36	Cuba: proposals	(c)
C.1/L.37	Draft report on agenda item 11 (a). Second reading	(a)
C.1/L.37/Rev.1 and Corr.1	Ditto	
C.1/L.38	Cameroon, Dahomey, Ivory Coast, Madagascar, Mali, Mauritania, Niger, Nigeria and Senegal: Proposals	(c)
C.1/L.39	Algeria, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Gabon, Ivory Coast, Madagascar, Mali, Morocco, Mauritania, Niger, Rwanda, Senegal, Togo, Tunisia and Upper Volta: draft recommendation	(d)
C.1/L.39/Rev.1	Ditto	
C.1/L.39/Rev.2	Algeria, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Ethiopia, Gabon, Ghana, Guinea, Kenya, Liberia, Libya, Ivory Coast, Madagascar, Mali, Mauritania, Morocco, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Sudan, Tanganyika, Togo, Tunisia, Uganda, United Arab Republic, Upper Volta and Zanzibar: draft recommendation	
C.1/L.39/Rev.3	Algeria, Argentina, Bolivia, Brazil, Burundi, Cameroon, Central African Republic, Ceylon, Chad, Chile, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Dominican Republic, Ecuador, Ethiopia, Gabon, Ghana, Guinea, Haiti, Indonesia, Iran, Iraq, Ivory Coast, Kenya, Liberia, Libya, Madagascar, Mali, Mauritania, Mexico, Morocco, Niger, Nigeria, Pakistan, Peru, Philippines, Rwanda, Senegal, Sierra Leone, Sudan, Tanganyika, Togo, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela and Zanzibar: draft recommendation	
C.1/L.40	Jamaica: proposals for international commodity agreements	
C.1/L.41	Liberia: proposal	(b)
C.1/L.42	Draft report on Agenda item 11 (b)	(b)
C.1/L.43 and Corr.1	Algeria, Argentina, Bolivia, Brazil, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Kenya, Kuwait, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nicaragua, Niger, Nigeria, Pakistan, Paraguay, Peru, Philippines, Republic of Viet-Nam, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Tanganyika, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yugoslavia and Zanzibar: draft proposal on a programme on international commodity arrangements	(d)
C.1/L.44	Draft report, second reading	
C.1/L.45	Drafting Group of the First Committee: draft recommendations on the special case of natural products facing competition from synthetics and other substitutes	(b)
C.1/L.46	Draft report on Agenda item 11 (c)	(c)
C.1/L.47	Draft report on Agenda item 11 (e)	(e)
C.1/L.48	Draft recommendations: as approved on first reading on the special case of natural products facing competition from synthetics and other substitutes	(b)
C.1/L.49 & Add.1, 2 & 3	Draft report on agenda items 11 (b), 11 (c) and 11 (e) as approved on first reading	(b), (c) & (e)
C.1/L.50	Draft report on agenda item 11 (b)	(b)
C.1/L.51	Draft report on 11 (b)	(b)
C.1/L.52 and Add.1	Draft report on agenda item 11 (d)	(d)
C.1/L.53	Draft report on agenda item 11 (b)	(b)

<i>Symbol</i> E/CONF.46]...	<i>Title of Document</i>	<i>Agenda Item 11</i>
C.1/L.54	Draft report on agenda item 11 (b)	(b)
C.1/L.55	Draft report on agenda item 11 (d)	(d)
C.1/L.56	Draft report on agenda items 11 (b) and (d)	(b) & (d)
C.1/L.57	Draft recommendation based on the decision taken at the 63rd meeting of the Committee . . .	(d)

Recommendations

C.1/REC/1	Draft recommendation on the special case of natural products facing competition from synthetics and other substitutes approved by the First Committee at its fifty-fourth meeting	(b)
C.1/REC/2	Draft recommendations approved by the First Committee at its fifty-sixth meeting	(c)
C.1/REC/3	Draft recommendation approved by the First Committee at its fifty-eighth meeting	(b)
C.1/REC/4	Draft recommendation on a programme on international commodity arrangements approved by the First Committee at its fifty-ninth and sixtieth meetings.	(d)
C.1/REC/5	Draft recommendation approved by the First Committee at its sixtieth meeting	(d)
C.1/REC/6	Draft recommendation approved by the First Committee at its sixty-third meeting	(b)
C.1/REC/7	Draft recommendation on a world food aid programme approved by the First Committee at its sixty-fourth meeting	(b)
C.1/REC/8	Draft recommendation approved by the First Committee at its sixty-fourth meeting	(b)
C.1/REC/9	Draft recommendation approved by the First Committee at its sixty-ninth meeting	(d)

C.L/SR.1-70

Summary Records

Agenda Item 12

2. Second Committee

Agenda item 12:

Trade in manufactures and semi-manufactures

- (a) Measures and action for diversification and expansion of the exports of manufactures and semi-manufactures by developing countries with a view to increasing their share in world trade;
- (b) Measures for the expansion of markets of the developed countries for exports of manufactures and semi-manufactures of developing countries;
 - (i) Programme of measures and action for the progressive reduction and elimination of tariffs on imports of manufactures and semi-manufactures;
 - (ii) Programme of measures and actions for the progressive reduction and elimination of quantitative and other restrictions and discriminatory practices to imports of manufactures and semi-manufactures;
 - (iii) Programme of measures and actions for the expansion of market opportunities for exports of manufactures and semi-manufactures produced in developing countries and for increases in their consumption and imports;
- (c) Measures and actions for the promotion of trade in manufactures and semi-manufactures among the developing countries.

General Documents

C.2/1	Allocation of agenda items	
C.2/2	Note of transmission from the Chairman of the Second Committee to the Chairmen of the Third and Fourth Committees on trade in manufactures and semi-manufactures attaching document E/CONF.46/C.2/L.12 and Corr.1	
C.3/11		
C.4/3		
C.2/3	Note of transmission from the Chairman of the Second Committee to the Chairman of the Fourth Committee attaching document E/CONF.46/C.2/L.12 and Add.1 and 2	
C.4/4		
C.2/4 and Corr.1	Note of transmission from the Chairman of the Second Committee to the Chairman of the Fourth Committee on Trade information and promotion centres	(a)
C.4/5		
C.2/5	Note of transmission from the Chairman of the Second Committee to the Chairman, Third Committee attaching document E/CONF.46/C.2/L.6/Rev.1	
C.3/L.57		
C.2/6	Note of transmission from the Chairman of the Second Committee to the Chairman of the Third Committee attaching documents E/CONF.46/C.2/L.15/Rev.1 and L.18/Rev.1	
C.3/L.58		
C.2/7	Tribute to the memory of Pandit Jawaharlal Nehru, Prime Minister of India.	

<i>Symbol</i> <i>E/CONF.46/...</i>	<i>Title of Document</i>	<i>Agenda</i> <i>Item 12</i>
<i>Limited Documents</i>		
C.2/L.1 and Add.1, 2 and 3	Documentary references: note by the Secretariat	(a) (b) (c)
C.2/L.2 and Corr.1	Membership of the Second Committee	
C.2/L.3 and Corr.1	Sweden: proposal on the creation of international export organizations	} (a)
C.2/L.3/Rev.1	Sweden and Sudan: proposal on the creation of international export organizations	
C.2/L.4	Statement made by the Secretariat at the tenth meeting of the Committee	} (b)
C.2/L.5	Niger: suggestion	
C.2/L.6	Federal Republic of Germany: proposal	} (a)
C.2/L.6/Rev.1	Federal Republic of Germany: revised proposal	
C.2/L.7	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela: draft recommendation	
C.2/L.8	Tentative programme and timetable for week of 20-24 April 1964: note by the Secretariat	
Add.1	Tentative programme and timetable for week of 27 April-1 May 1964: note by the Secretariat	
Add.2	Tentative programme and timetable for week of 4-9 May 1964: note by the Secretariat	
Add.3	Tentative programme and timetable for 8th and 9th weeks 11-23 May 1964: note by the Secretariat.	
Add.4	Tentative programme and timetable for 9th week 18-23 May 1964: note by the Secretariat	} (b)
C.2/L.9	Statement made by the Secretariat at the eighteenth meeting of the Committee	
C.2/L.10	India: recommendations	} (a)
C.2/L.11	Denmark, Federal Republic of Germany, Jamaica, Japan, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland and United States of America: draft recommendation on industrial development	
C.2/L.12 and Corr.1 and Add.1 and 2	Ethiopia, Ghana, Guinea, Kenya, Liberia, Nigeria, Sierra Leone, Tanganyika, and Zanzibar: proposal	
C.2/L.13	Israel: memorandum on trade information centres	} (a)
C.2/L.14 and Corr.1	Israel: proposal on trade information centres	
C.2/L.15	Guinea, Indonesia, Romania, Tanganyika, United Arab Republic and Zanzibar: draft recommendation	
C.2/L.15 Rev.1 and Add.1	Guinea, Indonesia, Romania, Tanganyika and Zanzibar and United Arab Republic: draft recommendation	
C.2/L.16	Canada, Finland, Jamaica, Netherlands and United States of America: draft recommendation on trade information and trade promotion advice	
C.2/L.17 and Add.1	List of statements by Ministers or Heads of delegations containing references to the subject matter assigned to and brought to the attention of the Second Committee: note by the Secretariat	
C.2/L.18	Afghanistan, Indonesia, Syria, United Arab Republic and Yugoslavia: draft recommendation regarding the public sector	(a) (b)
C.2/L.18 Rev.1	Afghanistan, Indonesia, Syria, United Arab Republic and Yugoslavia: revised draft recommendation regarding the public sector	(a) (b)
C.2/L.19 and Corr.1	Not issued in English	
C.2/L.20, Corr.1 and Add.1 and 2	Proposals submitted under item 12(a): working paper by the Chairman	(a)
C.2/L.21	Syria: draft recommendation	} (b)
C.2/L.22	India, Indonesia, Lebanon, Nepal and Saudi Arabia: proposal	
C.2/L.23	Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela: Proposal	(b)
C.2/L.24	Draft report of the Second Committee	
C.2/L.24/Rev.1	Ditto	
C.2/L.24/Rev.2	Ditto	
C.2/L.25	United Kingdom of Great Britain and Northern Ireland: draft recommendation on trade barriers and preferences	} (b)
C.2/L.26	Switzerland: draft proposal	
C.2/L.27	Ghana, Kenya, Liberia, Nigeria, Sierra Leone, Sudan, Tanganyika, Trinidad and Tobago and Zanzibar: recommendations	

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>	<i>Agenda</i> <i>Item 12</i>
C.2/L.28 and Corr.1	Czechoslovakia, Hungary, India, Poland and United Arab Republic: draft recommendation on industrial branch agreements on partial division of labour between developing countries and developed countries which are interested in this form of co-operation and for which this scheme is applicable	(a) (b)
C.2/L.29	Check-list of Second Committee documents	(b)
C.2/L.30	Proposals: working paper by the Chairman	
C.2/L.31	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Haiti, Honduras, India, Kenya, Liberia, Mexico, Nicaragua, Nigeria, Panama, Paraguay, Sierra Leone, Uruguay, Venezuela and Zanzibar: draft recommendation on industrial development	(a)
C.2/L.31/Rev.1	Argentina, Bolivia, Brazil, Ceylon, Chile, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Kenya, Kuwait, Liberia, Mexico, Nicaragua, Nigeria, Panama, Paraguay, Peru, Philippines, Saudi Arabia, Sierra Leone, Sudan, Tanganyika, United Arab Republic, Uruguay, Venezuela, Yugoslavia and Zanzibar: draft recommendation on industrial development	(a)
C.2/L.32 and Corr.1	Statement made by the Secretariat at 34th meeting	(c)
C.2/L.33	Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics: proposals	(b)
C.2/L.33/Rev.1	Ditto	
C.2/L.33/Rev.2	Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics: revised proposals	
C.2/L.34	India: draft proposal	(b)
C.2/L.34/Rev. 1.	India: draft proposal on measures to facilitate imports of manufactures and semi-manufactures from developing countries	(b)
C.2/L.35	India: draft recommendation on measures to facilitate imports of manufactures and semi-manufactures from developing countries	
C.2/L.35/Rev.1	India, Iraq, Lebanon, Nigeria: draft recommendation on measures to facilitate imports of manufactures and semi-manufactures from developing countries	(b)
C.2/L.36 and Corr.1	Amendments suggested by delegations to first section of draft report of Second Committee: reference sheet	(a)
C.2/L.37	Constitution of Working Group to consider proposals tabled under sub-item 12 (b): note by the Secretariat	(b)
C.2/L.38	Australia, Kenya, Liberia, Nigeria, Philippines, Sierra Leone, Tanganyika, Uganda, United Kingdom of Great Britain and Northern Ireland, and Zanzibar: proposals	(c)
C.2/L.39	Counter-proposal of the Alta Gracia Latin American group to proposal contained in document C.2/L.38	(c)
C.2/L.40 and Add.1-5	Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burundi, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Kenya, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Sudan, Syria, Tanganyika, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Upper Volta, Uruguay, Venezuela, Yugoslavia and Zanzibar: recommendations	(b)
C.2/L.41	Draft report of the Second Committee	(a)
C.2/L.41 Rev.1	Revised draft report of the Second Committee	
C.2/L.41 Rev.2	Ditto	
C.2/L.42	Note by the Secretariat	(c)
C.2/L.42 Rev.1	China, India, Lebanon, Liberia, Nigeria, Peru and the Philippines: draft recommendation	
C.2/L.43	Cuba: proposed amendment to document E/CONF.46/C.2/L.42	
C.2/L.44	United States of America: amendment proposed to document E/CONF.46/C.2/L.42	
C.2/L.45	China: proposed amendment to document E/CONF.46/C.2/L.42	
C.2/L.46	United Kingdom: proposed amendment to document E/CONF.46/C.2/L.42	
C.2/L.47	United States of America: draft proposal	
C.2/L.48	Draft report of the Second Committee	(c)
C.2/L.48 Rev.1	Revised draft report of the Second Committee	(c)

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>	<i>Agenda Item 12</i>
C.2/L.49	Ditto	} (b)
C.2/L.49 Rev.1 and Rev.1/Corr.1	Ditto	
C.2/L.50	Report on proceedings of Working Group to consider proposals tabled under sub-item 12 (b)	} (b)
C.2/L.51	Synoptic record of tabled proposals	
C.2/L.52	Note by the Rapporteur on the report of the Second Committee	(a) (b) (c)
C.2/L.53	Note by the Secretariat containing the text of the statement made at the forty-eighth meeting of the Second Committee on 22 May 1964 by the representative of Argentina on behalf of the sponsors of the recommendations contained in document E/CONF.46/C.2/L.40	(b)
C.2/L.54	Report on proceedings of Working Group to consider proposals tabled under sub-item 12 (b)	(b)

Recommendations

C.2/REC/1	Draft recommendation on industrial development approved by the Second Committee at its thirty-seventh meeting	(a)
C.2/REC/2	Draft recommendation on industrial branch agreements on partial division of labour between developing countries and developed countries which are interested in this form of co-operation and for which this scheme is applicable, approved by the Second Committee at its forty-third meeting	(b)
C.2/REC/3	Draft recommendation on measures to facilitate imports of manufactures and semi-manufactures from developing countries approved by the Second Committee at its forty-seventh meeting	} (b)
C.2/REC/4	Draft recommendation on measures to facilitate imports of manufactures and semi-manufactures from developing countries approved by the Second Committee at its forty-ninth meeting	
C.2/REC/5	Draft recommendation approved by the Second Committee at its fifty-second meeting	(c)
C.2/REC/6	Draft recommendation approved by the Second Committee at its sixtieth meeting	(b)

Summary Records

3. *Third Committee*

<i>Agenda item: 13</i>	<i>Improvement of the invisible trade of developing countries</i>
	(a) Role of invisibles in the balance of payments of developing countries;
	(b) Measures for improving the invisible trade of developing countries through increasing receipts for services such as tourism and reducing payments for transportation, insurance and similar charges.
<i>Agenda item: 15</i>	<i>Financing for an expansion of international trade</i>
	(a) Importance of medium and long-term financing for trade of developing countries;
	(b) Co-ordination of trade and aid policies, including technical assistance, for accelerated economic development;
	(c) Measures for increasing the volume and improving the terms of financing for the promotion of the exports of developing countries and their imports of essential commodities and capital equipment.

General Documents

C.3/1	Allocation of agenda items	
C.3/2	Israel: submission on a development financing plan.	15
C.3/3	Israel: submission on encouraging exports from developing countries by export credit insurance	15
C.3/4	Tunisia: some observations on methods of evaluating capital aid to the developing countries	15 (c)
C.3/5	Norway: submission on balance of payments aspects of cargo liner freights and expenditures.	} 13 (b)
C.3/6	United Kingdom: memorandum	
C.3/7	Norway: memorandum.	
C.3/8 C.1/2	} Note of transmission from the First Committee to the Third Committee	11 (e)

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>	<i>Agenda Item</i>
C.3/9	Denmark, Norway and Sweden: submission on Impact on transportation costs of ships' turn-round in ports	13 (b)
C.3/10	Observations submitted by the Inter-Governmental Maritime Consultative Organization	
C.3/11	Note of Transmission from the Chairman of the Second Committee, to the Chairman of the Third and Fourth Committees, attaching document E/CONF.46/C.2/L.12 and Corr.1	12
C.2/2		
C.4/3		
C.3/12		
C.3/12	Indonesia: memorandum	13 (b)
C.3/13	Report of the Working Party on Shipping	13 (b)
<i>Limited Documents</i>		
C.3/L.1	Annotated agenda for the Third Committee: Note by the Secretariat	11 (e), 13 and 15
C.3/L.2	Organization of the Committee's work: Note by the Chairman	
C.3/L.3	Membership of the Third Committee	
C.3/L.3/Rev.1 and Corr.1 and 2	Membership of the Third Committee	
C.3/L.4	Organization of the Committee's work: Note by the Chairman	
C.3/L.5	Israel: draft recommendation on a development financing plan	15 (c)
C.3/L.5/Rev.1	Israel: revised draft recommendation on a development financing plan	
C.3/L.6	United Arab Republic: draft recommendation	
C.3/L.6/Rev.1	United Arab Republic: revised draft recommendation	
C.3/L.6/Rev.2	United Arab Republic: revised draft recommendation	
C.3/L.6/Rev.3	United Arab Republic: revised draft recommendation	
C.3/L.7	Burma, Ethiopia, Nigeria, Pakistan, United Arab Republic and Yugoslavia: draft recommendation on a United Nations Capital Development Fund	
C.3/L.7/Rev.1	Afghanistan, Burma, Ethiopia, Morocco, Nigeria, Pakistan, United Arab Republic and Yugoslavia: revised draft recommendation on a United Nations Capital Development Fund	
C.3/L.8	Tunisia: draft recommendation	
C.3/L.8/Rev.1	Tunisia: revised draft recommendation	
C.3/L.9	Burma, Cameroon, Ceylon, Chile, Guatemala, Indonesia, Nigeria, Panama, Paraguay, Syria, Uganda and United Arab Republic: draft recommendation	13
C.3/L.10 and Add.1	Working Party on Shipping—Membership and Terms of Reference	15 (c)
C.3/L.11	Draft recommendation by Chairman concerning draft recommendation by Israel	
C.3/L.12	Belgium: draft recommendation on financing for an expansion of the exports of the developing countries	15 (c)
C.3/L.13	Denmark, Finland, Iceland, Netherlands, Norway: draft recommendation on a possible transformation of the United Nations Special Fund	
C.3/L.14	Senegal: draft recommendation on the establishment of an international rebate fund designed to promote the economic expansion of the developing countries	15 (c)
C.3/L.14/Rev.1	Senegal: draft recommendation	
C.3/L.15	Syria: draft recommendation	
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C.3/L.18	Draft report of the Third Committee	
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C.3/SR.1-64

*Summary Records*4. *Fourth Committee*

Agenda item 16

Institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade

- (a) A reappraisal of the effectiveness of the existing international bodies dealing with international trade in meeting trade problems of developing countries, including a consideration of the development of trade relations among countries with uneven levels of economic development and/or different systems of economic organization and trade;
- (b) The advisability of eliminating overlapping and duplication by co-ordination or consolidation of the activities of such bodies, of creating conditions for expanded membership and of effecting such other organizational improvements and initiatives as may be needed, so as to maximize the beneficial results of trade for the promotion of economic development.

General Documents

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C.4/2	Establishment of organizations within the United Nations framework: Note by the Secretariat
C.4/3	Note of transmission from the Second Committee to the Third and Fourth Committees, on trade in manufactures and semi-manufactures attaching document E/CONF.46/C.2/L.12 and Corr.1
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C.3/11	Note of transmission from the Second Committee to the Fourth Committee attaching document E/CONF.46/C.2/L.12 and Add.1 & 2
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C.4/L.10	Philippines: proposed amendment to draft recommendation contained in document E/CONF.46/C.4/L.3	
C.4/L.11	Check list of Fourth Committee documents	
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	(a) A review of trends in the world trade and its perspectives;	
	(b) Trade needs of developing countries for their accelerated economic growth;	
	(c) International trade and its relations with national development planning, policies and institutions;	
	(d) Trade problems between countries:	
	(i) at similar level of development;	
	(ii) at different stages of development;	
	(iii) having different economic and social systems;	
	(e) Principles governing international trade relations and trade policies conducive to development.	
<i>Agenda item 14:</i>	<i>Implications of regional economic groupings</i>	
	(a) Implications for trade and development of developing countries, of economic groupings of developed countries and/or preferential trading arrangements;	
	(b) Implications for trade and development of developing countries, of economic groupings in developing areas and/or preferential trading arrangements.	
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	3. Adoption of the agenda for the first session	
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	5. Preparation of documentation for the Conference	
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⁶ See "Interim Report of the Preparatory Committee" (first session), para. 4, in Vol. VIII of this series.

⁷ *Ibid.*

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Second session

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2. Organization of the work of the second session
3. Preliminary consideration of items listed on the provisional agenda of the Conference as prepared at the first session, in the light of:
 - (a) Interim reports by the Secretariat;
 - (b) Submissions by Governments;
 - (c) Action taken by the thirty-fifth session of the Economic and Social Council;
 - (d) Submissions of regional economic commissions and other agencies;
 - (e) Report of the eleventh session of the Commission on International Commodity Trade;
 - (f) Report of the Group of Experts appointed under Economic and Social Council resolution 919 (XXXIV).
4. Preparation of revised provisional agenda for the Conference
5. Recommendations regarding administrative arrangements for the Conference including date, place, structure, rules of procedure and level of representation
6. Recommendations regarding further preparatory work for the Conference including the possible holding of a third session.
7. Other related business
8. Adoption of report to the thirty-sixth session of the Economic and Social Council

General Documents

PC/4 and Add.1, and Corr.1	Tunisia: submission	3 (b)
PC/5	China: submission	3 (b)
PC/6	Report submitted by the Director-General of UNESCO on international trade in education, scientific and cultural materials.	3 (b)
PC/7	Romania: submission	3 (b)
PC/8	Submission by the International Bank for Reconstruction and Development	3 (b)
PC/9	Submission by the ECAFE Secretariat	3 (e)
PC/10	Note by the Secretary-General on the question of a declaration on international economic co-operation	3 (e)
PC/11	Yugoslavia: submission	3 (b)
PC/12 and Add.1 and 2	Provisional agenda of the second session ⁸	3 (b)
PC/13	Interim report by the Secretariat	[I.1 & I.2] ⁹
PC/14	Interim report by the Secretariat	[I.4 (b)] ⁹
PC/15	Interim report by the Secretariat	[I.4 (c)] ⁹
PC/16	Interim report by the Secretariat	[II.1] ⁹
PC/17	Interim report by the Secretariat	[II.2] ⁹
PC/18	Interim report by the Secretariat	[II.3] ⁹
PC/19	Interim report by the Secretariat	[II.4] ⁹
PC/20	Interim report by the Secretariat	[III.2] ⁹
PC/21	Interim report by the Secretariat	[IV.2] ⁹
PC/22	Interim report by the Secretariat on the implications of Western European integration for trade of developing countries	[V] ⁹
PC/23	Interim report by the Secretariat	[V,1,2&3] ⁹
PC/24	Union of Soviet Socialist Republics: submission	3 (b)
PC/25	Interim report by the Secretariat	[II.5] ⁹

⁸ See "Report of the Preparatory Committee" (second session), para 4, in Vol. VIII of this series.

⁹ Numbers in square brackets denote item of draft agenda for the Conference. See "Interim Report of the Preparatory Committee" (first session), para 6, in Vol. VIII of this series.

<i>Symbol</i> <i>E/CONF.46/...</i>	<i>Title of Document</i>	<i>Agenda Item</i>
PC/26	United Arab Republic: submission	3 (b)
PC/27	Czechoslovakia: submission	3 (b)
PC/28	Submission by the ECE Secretariat	3 (c)
PC/29	Submission by the ECA Secretariat on the importance of intensifying trade exchanges amongst the low-income countries	3 (d)
PC/30	Submission by the ECA Secretariat on approaches to African economic integration towards co-operation in economic planning and an African Common Market	3 (b)
PC/31 and Corr. 1	Nigeria: submission	3 (b)
PC/32	United Kingdom of Great Britain and Northern Ireland: submission ¹⁰	3 (d)
PC/33	Submission by the International Monetary Fund on international services transactions of developed countries	3 (d)
PC/34 and Add.1	Submission by GATT	3 (d)
PC/35	Submission by the International Labour Organisation	3 (d)
PC/36	Ghana: submission	3 (b)
PC/37	Brazil: submission on long-term trends along the main trade flows	3 (b)
PC/38	Brazil: submission on classification of issues and practical measures in the field of trade policies for economic development	3 (b)
PC/39	Union of Soviet Socialist Republics: proposal	4
PC/40	Hungary: submission	3 (b)
PC/41	Submission by ECLA on the Problems of Trade and Economic Development considered at the Tenth Session of ECLA	3 (d)
PC/42	Gabon: submission	3 (d)
PC/43	Afghanistan: submission	
PC/44	Burma, Ceylon, Philippines and Thailand: suggestions	3 (b)
PC/45	Pakistan: submission	
PC/46 and Corr.1	Report of the Preparatory Committee on its Second Session ¹¹	

Limited Documents

PC/L.14	Selected recent documentation of the specialized agencies relevant to the United Nations Conference on Trade and Development—revised lists of documentation of GATT, FAO and ILO	
PC/L.15	Brazil: note on the terms of reference of the sub-committees	2
PC/L.16	Statement by the Chairman of the Preparatory Committee, the Chairmen of Sub-Committees 1 and 2 and the representatives of Canada and New Zealand on Objectives and method of work of the sub-committees ¹²	2
PC/L.17	Czechoslovakia: communication to the Secretary-General of the Conference enclosing a communication entitled: "Statement of the German Democratic Republic to the 2nd session of the Preparatory Committee for the United Nations Conference on Trade and Development"	
PC/L.18	International commodity problems: Note by the Secretariat drawing attention to document E/CN.13/57	3 (a)
PC/L.19	Covering note for document E/3764. (<i>Commodity Survey 1962</i>) ¹³ (See part E of check-list)	3 (a)
PC/L.20 and Corr.1	Recommendations regarding arrangements for the Conference: Note by the Secretary-General of the Conference	5
PC/L.21	Proposals submitted by the delegation of the Union of Soviet Socialist Republics	4
PC/L.22, Add.1 and Add. 1/Rev.1, Add.2, and Add.2/Rev.1	Draft report of the Preparatory Committee on its second session	8
PC/L.23	Report of Sub-Committee 2 ¹⁴ : Trade in Manufactures and Semi-Manufactures	[III] ⁹
PC/L.24 and Corr.1	Report of Sub-Committee 1 ¹⁵ : International Commodity Problems	[II.1-4] ⁹
PC/L.25	Report of Sub-Committee 3 ¹⁶ : Financing and Invisibles	[II.5 IV & VI] ⁹

¹⁰ Subsequently circulated to the Conference as E/CONF.46/75.

¹¹ "Report of the Preparatory Committee (second session)" in Vol. VIII of this series.

¹² *Ibid.*, para. 6.

¹³ United Nations publication: Sales No. 63.II.D.3.

¹⁴ "Report of the Preparatory Committee (second session)", paras 88-89, in Vol. VIII of this series.

¹⁵ *Ibid.*, paras. 33-86.

¹⁶ *Ibid.*, paras. 128-167.

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>	<i>Agenda Item</i>
PC/L.26	Czechoslovakia: submission in co-operation with the Secretariat of the Council for Mutual Economic Assistance	2, 5, 6
PC/L.27	Report of Sub-Committee 5 ¹⁷ : Administrative arrangements for the Conference	5
PC/L.28	Joint statement by representatives of developing countries ¹⁸	8
PC/L.29 and Corr.1	Report of Sub-Committee 4: Institutional arrangements ¹⁹ , methods and machinery to implement measures relating to the expansion of international trade	[VII] ¹⁹
PC/L.30	List of topics proposed for discussion at the United Nations Conference on Trade and Development	

Third Session

AGENDA

1. Adoption of the agenda for the third session
2. Discussion of problems facing the Conference [para. 206 of the Committee's report on its second session (E/3799)]
3. Review of the provisional agenda for the Conference [para. 187 of the Committee's report on its second session (E/3799), Economic and Social Council resolution 963 I (XXXVI), para. 5, and the report of the Second Committee of the General Assembly (A/5653, paras. 131 and 132)]
4. Outstanding administrative matters for the Conference [para. 206 of the Committee's report on its second session (E/3799)] including matters arising from action taken by Economic and Social Council at its resumed thirty-sixth session
5. Other business
6. Report on the work of the third session of the Preparatory Committee to the Conference

General Documents

PC/47	The work of the Economic Commission for Europe on trade and development [Annex-Preliminary Report of <i>Ad Hoc</i> Group to study problems of east-west trade in implementation of Commission Resolution 9 (XVI)]
PC/48	Provisional agenda for the third session
PC/49	Activities of the regional economic commissions related to the United Nations Conference on Trade and Development
PC/49/Add.1	Conclusions of the report of the meeting of Latin American government experts on trade policy in Brasilia
PC/49/Add.2	Report of the ECAFE Trade Committee, 7th Session
PC/50	Report to the Preparatory Committee by the Secretary-General of the Conference on preparatory work for the Conference
PC/51	Czechoslovakia, Poland, and the Union of Soviet Socialist Republics: principles of international trade relations and trade policy ²⁰
PC/52	Czechoslovakia, Poland, and the Union of Soviet Socialist Republics: draft resolution concerning the creation of an International Trade Organization ²¹
PC/53	Union of Soviet Socialist Republics: memorandum on the preliminary considerations regarding the main provisions for an International Trade Organization (ITO) ²²
PC/54	Brazil: draft resolution submitted to the Second Committee of the General Assembly on collective economic security ²³
PC/55	Report of the Preparatory Committee on its third session ²⁴
PC/56	Check list of Preparatory Committee documents issued during First, Second and Third Sessions ²⁵

Limited Documents

PC/L.31	Provisional list of documents to be laid before the Conference under the substantive items of the provisional agenda of the Conference: Note by the Secretary-General of the Conference
PC/L.32	Draft of provisional agenda of the Conference: Note by the Secretary-General of the Conference

¹⁷ *Ibid.*, paras. 194-203.

¹⁸ *Ibid.*, para. 186.

¹⁹ *Ibid.*, paras. 169-185.

²⁰ Subsequently circulated to the Conference as E/CONF.46/49.

²¹ Subsequently circulated to the Conference as E/CONF.46/50.

²² Subsequently circulated to the Conference as E/CONF.46/51.

²³ Subsequently circulated to the Conference as E/CONF.46/56.

²⁴ Subsequently circulated to the Conference as E/CONF.46/65.

²⁵ Subsequently circulated to the Conference as E/CONF.46/80.

<i>Symbol</i> E/CONF.46/...	<i>Title of Document</i>
PC/L.33, Corr.1 and Corr. 2	Draft of provisional rules of procedure of the Conference: Note by the Secretary-General of the Conference
PC/L.34	Latin America and the United Nations Conference on Trade and Development: Note by the Secretary-General of the Conference
PC/L.35 and Corr.1	Outstanding administrative matters for the Conference
PC/L.36 and Add.1 and Add.1/Rev.1, Add.2 & 3	Draft report of the Third Session of the Preparatory Committee ²⁶
PC/L.36/Rev.1	Ditto
PC/L.37	Union of Soviet Socialist Republics: letter dated 13 February 1964 to the Chairman of the Preparatory Committee
PC/NGO/1	Communication dated 30 July 1963 from the Women's International League for Peace and Freedom, a non-governmental organization in category B consultative status
PC/INF.1,2,3	List of Representatives and Observers at First, Second and Third Sessions

E

DOCUMENTS OF THE GENERAL ASSEMBLY AND THE ECONOMIC AND SOCIAL COUNCIL

<i>Assembly documents</i>		<i>Observations and References</i>
A/5162	United Arab Republic: request for the inclusion of a supplementary item in the agenda of the seventeenth session. (Letter attaching the Cairo Declaration of developing countries)	<i>Official Records of the General Assembly, Seventeenth Session, Annexes, agenda item 84</i>
A/5533 and Corr.1 and 2	Economic Development of Under-Developed Countries: Planning for economic development. Report of the Secretary-General transmitting the study of a group of experts, appointed under General Assembly resolution 1708 (XVI)	
A/C.5/978	Budget Estimates for the Financial Year 1964: revised estimates for Sections 1, 2, 3, 4, 5, 7, 8, 9, 10, 11 and Income Section I, resulting from decisions of the Economic and Social Council. (Report of the Secretary-General)	
<i>Economic and Social Council documents</i>		
E/3631 and Add. 1-4	Question of Holding an International Conference on International Trade Problems: Note by the Secretary-General transmitting replies of Governments.	
E/3720*	Interim Report of the Preparatory Committee of the United Nations Conference on Trade and Development. (First session)	<i>Official Records of the Economic and Social Council, Thirty-fifth Session, Annexes, agenda item 6</i>
E/3720 Add. 1	Note by the Secretary-General	Ditto
E/3725	Report of the <i>Ad Hoc</i> Working Group established under Council Resolution 875 (XXXIII) on the question of a declaration on international co-operation	
E/3756	Report of the Group of Experts appointed under Economic and Social Council resolution 919 (XXXIV) on "Commodity and trade problems of developing countries: institutional arrangements"	United Nations publication: sales no. 63.II.D.3. <i>Official Records of the Economic and Social Council, Thirty-sixth Session, Annexes, agenda item 5 (part II)</i>
E/3764	World Economic Trends: Economic Projections and Development Planning. (Progress Report by the Secretary-General including a work programme for Economic Projections and Programming Centre of the BGERP)	
E/3799*	Report of the Preparatory Committee of the United Nations Conference on Trade and Development. (Second session)	<i>Official Records of the Economic and Social Council, Thirty-sixth Session, Annexes, agenda item 5 (part III)</i>

²⁶ Subsequently circulated to the Conference as E/CONF.46/65.

*Economic and Social Council documents (continued)**Observations and References*

E/3839	Report of the Conference on Travel and Tourism	<i>Official Records of the Economic and Social Council, resumed Thirty-sixth Session, Annexes, agenda item 40</i>
E/3861	The role of patents in the transfer of technology to under-developed countries: Report by the Secretary-General	
E/3869	Committee for Industrial Development: Report on the Fourth Session	<i>Official Records of the Economic and Social Council, Thirty-seventh Session, Supplement No. 6</i>
E/C.5/64	Committee for Industrial Development; Fourth Session: Export and credits for the financing of capital goods requirements of developing countries; Report by the Secretariat	
E/CN.13/48	Agricultural Commodities—Projections for 1970	<i>FAO Commodity Review 1962 Special Supplement</i>

Annex J

RULES OF PROCEDURE OF THE CONFERENCE¹

<i>Chapter</i>	<i>Page</i>	<i>Chapter</i>	<i>Page</i>
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CHAPTER I — REPRESENTATION AND CREDENTIALS

Composition of delegations

Rule 1

The delegation of each State participating in the Conference shall consist of accredited representatives and such alternate representatives and advisers as may be required.

Alternates or advisers

Rule 2

An alternate representative or an adviser may act as a representative upon designation by the head of the delegation.

Submission of credentials

Rule 3

The credentials of representatives and the names of alternate representatives and advisers shall be submitted to the Secretary-General of the Conference if possible not later than twenty-four hours after the opening of the Conference. The credentials shall be issued either by the Head of State or Government, or by the Minister of Foreign Affairs.

Credentials Committee

Rule 4

A credentials Committee shall be appointed at the beginning of the Conference. It shall consist of nine members who shall be appointed by the Conference on the proposal of the President. It shall examine the credentials of representatives and report to the Conference without delay.

Provisional participation in the Conference

Rule 5

Pending a decision of the Conference upon their credentials, representatives shall be entitled provisionally to participate in the Conference.

CHAPTER II — OFFICERS

Elections

Rule 6

The Conference shall elect a President and twenty-seven Vice-Presidents, a Rapporteur and such other officers as it may decide. The Vice-Presidents shall be elected after the election of the Chairmen of the five main committees provided for in rule 45. These officers shall be elected on the basis of ensuring the representative character of the General Committee. The Conference may also elect such other officers as it deems necessary for the performance of its functions.

President

Rule 7

The President shall preside at the plenary meetings of the Conference.

Rule 8

The President, in the exercise of his functions, remains under the authority of the Conference.

Acting President

Rule 9

If the President is absent from a meeting or any part thereof, he shall appoint a Vice-President to take his place.

¹ As adopted at the first plenary meeting of the Conference, 23 March, 1964.

Rule 10

A Vice-President acting as President shall have the same powers and duties as the President.

*Replacement of the President**Rule 11*

If the President is unable to perform his functions, a new President shall be elected.

*The President shall not vote**Rule 12*

The President, or Vice-President acting as President, shall not vote, but shall appoint another member of his delegation to vote in his place.

CHAPTER III — GENERAL COMMITTEE

*Composition**Rule 13*

There shall be a General Committee of thirty-four members which shall comprise the President and Vice-Presidents of the Conference, the Chairmen of the five main committees and the Rapporteur of the Conference. The President of the Conference or, in his absence, a Vice-President designated by him shall serve as Chairman of the General Committee.

*Substitute members**Rule 14*

If the President or a Vice-President of the Conference finds it necessary to be absent during a meeting of the General Committee, he may designate a member of his delegation to sit and vote in the Committee. The Chairman of a main committee shall, in case of absence, designate the Vice-Chairman of that committee as his substitute. A Vice-Chairman shall not have the right to vote if he is of the same delegation as another member of the General Committee.

*Functions**Rule 15*

The General Committee shall assist the President in the general conduct of the business of the Conference and, subject to the decisions of the Conference, shall ensure the co-ordination of its work.

CHAPTER IV — SECRETARIAT

*Duties of the Secretary-General and the secretariat**Rule 16*

1. The Secretary-General of the Conference shall be appointed by the Secretary-General of the United Nations. He, or his representative, shall act in that capacity in all meetings of the Conference and its committees.

2. The Secretary-General of the United Nations shall provide, and the Secretary-General of the Conference shall direct, the staff required by the Conference and its committees.

3. The secretariat shall receive, translate, reproduce and distribute documents, reports, resolutions and the Final Act of the Conference; interpret speeches made at the meetings; prepare and circulate records of the public meetings; have the custody and preservation of the documents in the archives of the United Nations; publish the reports of the public meetings; distribute all documents of the Conference to the participating Governments and, generally, perform all other work which the Conference may require.

*Statements by the secretariat**Rule 17*

The Secretary-General of the Conference or any member of the staff designated by him for that purpose at any time, subject to rule 19 may make oral or written statements concerning any question under consideration.

CHAPTER V — CONDUCT OF BUSINESS

*Quorum**Rule 18*

A quorum shall be constituted by the representatives of a majority of the States participating in the Conference.

*General powers of the President**Rule 19*

In addition to exercising the powers conferred upon him elsewhere by these rules, the President shall declare the opening and closing of each plenary meeting of the Conference; direct the discussions at such meetings; ensure observance of these rules; accord the right to speak; put questions to the vote and announce decisions. He shall rule on points of order and, subject to these rules of procedure, have complete control of the proceedings and over the maintenance of order thereat. The President may propose to the Conference the limitation of time to be allowed to speakers, the limitation of the number of times each representative may speak on any question, the closure of the list of speakers or the closure of the debate. He may also propose the suspension or the adjournment of the debate on the question under discussion.

*Speeches**Rule 20*

No person may address the Conference without having previously obtained the permission of the President. Subject to rules 21 and 22, the President shall call upon speakers in the order in which they signify their desire to speak. The secretariat shall be in charge of drawing up a list of such speakers. The President may call a speaker to order if his remarks are not relevant to the subject under discussion.

*Precedence**Rule 21*

The Chairman or Rapporteur of a committee, or the representative of a sub-committee or working group, may be accorded precedence for the purpose of explaining the conclusion arrived at by his committee, sub-committee or working group.

*Points of order**Rule 22*

During the discussion of any matter, a representative may rise to a point of order, and the point of order shall be immediately decided by the President in accordance with the rules of procedure. A representative may appeal against the ruling of the President. The appeal shall be immediately put to the vote and the President's ruling shall stand, unless overruled by a majority of the representatives present and voting. A representative rising to a point of order may not speak on the substance of the matter under discussion.

*Time-limit on speeches**Rule 23*

The Conference may limit the time to be allowed to each speaker and the number of times each representative may speak on any question, except on procedural questions, when the President shall limit each intervention to a maximum of five minutes. When the debate is limited and a representative has spoken his allotted time, the President shall call him to order without delay.

*Closing of list of speakers**Rule 24*

During the course of a debate the President may announce the list of speakers and, with the consent of the Conference, declare the list closed. He may, however, accord the right of reply to any representative if, in his opinion, a speech delivered after he has declared the list closed makes this desirable.

*Adjournment of debate**Rule 25*

During the discussion of any matter, a representative may move the adjournment of the debate on the question under discussion. In addition to the proposer of the motion, two representatives may speak in favour of, and two against, the motion, after which the motion shall be immediately put to the vote.

*Closure of debate**Rule 26*

A representative may at any time move the closure of the debate on the question under discussion, whether or not any other representative has signified his wish to speak. Permission to speak on the closure of the debate shall be accorded only to two speakers opposing the closure, after which the motion shall be immediately put to the vote. If the Conference is in

favour of the closure, the President shall declare the closure of the debate.

*Suspension or adjournment of the meeting**Rule 27*

During the discussion of any matter, a representative may move the suspension or the adjournment of the meeting. Such motions shall not be debated, but shall be immediately put to the vote.

*Order of procedural motions**Rule 28*

Subject to rule 22, the following motions shall have precedence in the following order over all other proposals or motions before the meeting:

- (a) To suspend the meeting;
- (b) To adjourn the meeting;
- (c) To adjourn the debate on the question under discussion;
- (d) For the closure of the debate on the question under discussion.

*Proposals and amendments**Rule 29*

Proposals and amendments shall normally be introduced in writing and handed to the Secretary-General of the Conference, who shall circulate copies to the delegations. As a general rule, no proposal shall be discussed or put to the vote at any meeting of the Conference unless copies of it have been circulated to all delegations not later than the day preceding the meeting. The President may, however, permit the discussion and consideration of amendments, or motions as to procedure, even though these amendments and motions have not been circulated or have only been circulated the same day.

*Decisions on competence**Rule 30*

Subject to rule 28, any motion calling for a decision on the competence of the Conference to adopt any proposal or any amendment submitted to it shall be put to the vote before a vote is taken on the proposal or amendment in question.

*Withdrawal of motions**Rule 31*

A motion may be withdrawn by its proposer at any time before voting on it has commenced, provided that the motion has not been amended. A motion which has thus been withdrawn may be reintroduced by any representative.

*Reconsideration of proposals**Rule 32*

When a proposal has been adopted or rejected, it may not be reconsidered unless the Conference, by a two-thirds majority of the representatives present

and voting so decides. Permission to speak on the motion to reconsider shall be accorded only to two speakers opposing the motion, after which it shall immediately be put to the vote.

CHAPTER VI — VOTING

Voting rights

Rule 33

Each State represented at the Conference shall have one vote.

Required majority

Rule 34

1. Decisions of the Conference on all matters of substance shall be taken by a two-thirds majority of the representatives present and voting.

2. Decisions of the Conference on matters of procedure shall be taken by a majority of the representatives present and voting.

3. If the question arises whether a matter is one of procedure or of substance, the President of the Conference shall rule on the question. An appeal against this ruling shall immediately be put to the vote and the President's ruling shall stand unless overruled by a majority of the representatives present and voting.

Meaning of the expression "Representatives present and voting"

Rule 35

For the purpose of these rules, the phrase "representatives present and voting" means representatives present and casting an affirmative or negative vote. Representatives who abstain from voting shall be considered as not voting.

Method of voting

Rule 36

The Conference shall normally vote by show of hands or by standing, but any representative may request a roll-call. The roll-call shall be taken in the French alphabetical order of the names of the States participating in the Conference, beginning with the delegation whose name is drawn by lot by the President.

Conduct during voting

Rule 37

After the President has announced the beginning of voting, no representative shall interrupt the voting except on a point of order in connexion with the actual conduct of the voting. The President may permit representatives to explain their votes, either before or after the voting, except when the vote is taken by secret ballot. The President may limit the time to be allowed for such explanations. The President shall not permit the proposer of a proposal or of an amendment to explain his vote on his own proposal or amendment.

Division of proposals and amendments

Rule 38

A representative may move that parts of a proposal or of an amendment shall be voted on separately. If objection is made to the request for division, the motion for division shall be voted upon. Permission to speak on the motion for division shall be given only to two speakers in favour and two speakers against. If the motion for division is carried, those parts of the proposal or of the amendment which are subsequently approved shall be put to the vote as a whole. If all operative parts of the proposal or of the amendment have been rejected, the proposal or the amendment shall be considered to have been rejected as a whole.

Voting on amendments

Rule 39

When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the Conference shall first vote on the amendment furthest removed in substance from the original proposal and then on the amendment next furthest removed therefrom, and so on until all the amendments have been put to the vote. Where, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter amendment shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be voted upon. A motion is considered an amendment to a proposal if it merely adds to, deletes from or revises part of that proposal.

Voting on proposals

Rule 40

If two or more proposals relate to the same question, the Conference shall, unless it decides otherwise, vote on the proposals in the order in which they have been submitted.

Elections

Rule 41

All elections shall be held by secret ballot unless otherwise decided by the Conference.

Rule 42

1. If, when one person or one delegation is to be elected, no candidate obtains in the first ballot a majority of the representatives present and voting, a second ballot restricted to the two candidates obtaining the largest number of votes shall be taken. If in the second ballot the votes are equally divided, the President shall decide between the candidates by drawing lots.

2. In the case of a tie in the first ballot among three or more candidates obtaining the largest number of votes, a second ballot shall be held. If a tie results among more than two candidates, the number shall be reduced to two by lot and the balloting, restricted to them, shall continue in accordance with the preceding paragraph.

Rule 43

When two or more elective places are to be filled at one time under the same conditions, those candidates obtaining in the first ballot a majority of the representatives present and voting shall be elected. If the number of candidates obtaining such majority is less than the number of persons or delegations to be elected, there shall be additional ballots to fill the remaining places, the voting being restricted to the candidates obtaining the greatest number of votes in the previous ballot, to a number not more than twice the places remaining to be filled; provided that, after the third inconclusive ballot, votes may be cast for any eligible person or delegation. If three such unrestricted ballots are inconclusive, the next three ballots shall be restricted to the candidates who obtained the greatest number of votes in the third of the unrestricted ballots, to a number not more than twice the places remaining to be filled and the following three ballots thereafter shall be unrestricted, and so on until all the places have been filled.

*Equally divided votes**Rule 44*

If a vote is equally divided on matters other than elections, the proposal shall be regarded as rejected.

CHAPTER VII — COMMITTEES

*Creation of committees**Rule 45*

In addition to the General Committee and the Credentials Committee, the Conference shall establish five main committees,² a Drafting Committee for the Final Act and such other committees as it deems necessary for the performance of its functions. Each committee may set up sub-committees, working or drafting groups.

*Representation on main committees**Rule 46*

Each State participating in the Conference may be represented by one person on each main committee. It may assign to these committees such alternate representatives and advisers as may be required.

*Co-ordination by the General Committee**Rule 47*

1. The General Committee may meet from time to time to review the progress of the Conference and

² The Preparatory Committee decided that the five main committees should be as follows: (1) International commodity problems; (2) Trade in manufactures and semi-manufactures; (3) Improvement of invisible trade of developing countries and financing for an expansion of international trade; (4) Institutional arrangements, methods and machinery to implement measures relating to the expansion of international trade; (5) Expansion of international trade and its significance for economic development and implications of regional economic groupings.

its committees and to make recommendations for furthering such progress. It shall also meet at such other times as the President deems necessary or upon the request of any other of its members.

2. Questions affecting the co-ordination of their work may be referred by other committees to the General Committee, which may make such arrangements as it thinks fit, including the holding of joint meetings of committees or sub-committees and the establishment of joint working groups. The General Committee shall appoint, or arrange for the appointment of, the Chairman of any such joint body.

*Officers**Rule 48*

Except in the case of the General Committee, each committee and sub-committee shall elect its own Chairman, Vice-Chairman and Rapporteur. These officers shall be elected on the basis of equitable geographical distribution, experience and personal competence. These elections shall be held by secret ballot, unless the committee or sub-committee decides otherwise.

*Quorum**Rule 49*

One third of the members of a committee or sub-committee shall constitute a quorum. The presence of a majority of the members of the committee or sub-committee is, however, required for a question to be put to the vote.

*Officers, conduct of business and voting in committees**Rule 50*

The rules contained in chapters II, V and VI above shall be applicable, *mutatis mutandis*, to the proceedings of committees and sub-committees, except that decisions of committees and sub-committees shall be taken by a majority of the representatives present and voting, but not in the case of a reconsideration or proposals or amendments, in which the majority required shall be that established by rule 32.

CHAPTER VIII — LANGUAGES AND RECORDS

*Official and working languages**Rule 51*

Chinese, English, French, Russian and Spanish shall be the official languages of the Conference. English, French and Spanish shall be the working languages.

*Interpretation from official languages**Rule 52*

Speeches made in any of the official languages shall be interpreted into the other official languages.

*Interpretation from other languages**Rule 53*

Any representative may make a speech in a language other than the official languages. In this case he shall himself provide for interpretation into one of the official languages. Interpretation into the other official languages by the interpreters of the secretariat may be based on the interpretation given in the first official language.

*Summary records**Rule 54*

Summary records of the plenary meetings of the Conference and of the meetings of the main committees and of such sub-committees of the Conference as the Conference may determine shall be kept by the secretariat. They shall be sent as soon as possible to all representatives, who shall inform the secretariat within five working days after the circulation of the summary record of any changes they wish to have made.

*Language of documents and summary records**Rule 55*

Documents shall be made available in the official languages, and summary records shall be made available in the working languages. A translation of the whole or part of any record into any of the other official languages shall be furnished if requested by any delegation.

CHAPTER IX — PUBLIC AND PRIVATE MEETINGS

*Plenary meetings and meetings of committees**Rule 56*

The plenary meetings of the Conference and the meetings of committees shall be held in public unless the body concerned decides otherwise.

*Meetings of sub-committees or working groups**Rule 57*

As a general rule, meetings of a sub-committee or working group shall be held in private.

*Communiqué to the press**Rule 58*

At the close of any private meeting a communiqué may be issued to the press through the Secretary-General of the Conference.

CHAPTER X — OBSERVERS FOR SPECIALIZED AGENCIES AND INTER-GOVERNMENTAL BODIES

*Observers for specialized agencies and inter-governmental bodies**Rule 59*

1. Observers for specialized agencies and inter-governmental bodies invited to the Conference may participate, without the right to vote, in the deliberations of the Conference and its main committees and sub-committees, upon the invitation of the President or Chairman, as the case may be, on questions within the scope of their activities.

2. Written statements of such specialized agencies and inter-governmental bodies shall be distributed by the secretariat to the delegations at the Conference.

CHAPTER XI — CONSULTATIONS WITH NON-GOVERNMENTAL ORGANIZATIONS

*Designation of observers**Rule 60*

Non-governmental organizations, in category A or B or on the Register or which may be invited, may designate authorized representatives to sit as observers at public meetings of the Conference and its committees and sub-committees.

*Procedure for consultations and hearings**Rule 61*

1. The Conference may consult with organizations in category A or B either directly or through a committee or committees established for the purpose. In all cases, such consultations may be arranged on the invitation of the Conference or, subject to the approval by the Conference, at the request of the organization.

2. On the recommendation of the Secretary-General of the Conference and at the request of the Conference, organizations on the Register may also be heard by the Conference.

TRADE AND DEVELOPMENT

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(8 volumes)

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The Final Act provides an account of the background, constitution and proceedings of the Conference and of the findings, reasons and considerations underlying the Conference recommendations. It includes also a summary consolidation of the recommendations, while the full texts of the recommendations are to be found in Annex A. Annex B contains observations of delegations on the recommendations, while Annex C reproduces messages received by the Conference.

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This volume, together with Volume VII, contains a number of papers dealing with general questions of international trade expansion and its significance for economic development, and with implications of regional economic groupings. In addition to submissions by certain Governments and groups of Governments, the volume includes major studies of trends and prospects in international trade, including a projection of the "trade gap". This is followed by extensive examination of questions connected with the formation of European trade groupings.

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VOLUME VIII. MISCELLANEOUS
DOCUMENTS AND LIST OF PARTICIPANTS

Volume VIII contains those documents of the Conference on Trade and Development which are published for reference purposes. These documents consist of the reports of the three sessions of the Preparatory Committee, followed by a letter from the Secretary-General of the Conference containing a list of the questions that were brought up in preliminary discussions on the various topics of the agenda, as had been promised at the Third Session of the Preparatory Committee; a number of letters and memoranda concerning some of the other issues raised during the meetings, five draft recommendations which could not be discussed for lack of time, but which the Conference felt were of sufficient interest to warrant their transmission to the "continuing machinery", the relevant extract from a booklet published by the FAO which is now difficult to obtain but which was frequently referred to during the Conference, memoranda from two of the non-governmental organizations and finally the list of members of delegations attending the Conference, of observers sent by various organizations, and also of the secretariat of the Conference.

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