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Chairman: Mr. Marcial TAMAYO (Bolivia).

AGENDA ITEMS 30 AND 12

Economic development of under-developed countries (continued):

- (a) Report by the Secretary-General on measures taken by the Governments of Member States to further the economic development of under-developed countries in accordance with General Assembly resolution 1316 (XIII);
- (b) Progress in the field of financing the economic development of under-developed countries

Report of the Economic and Social Council (chapters II, III, IV and V) (continued)

(A/4143, A/4211, A/4220 and Corr.1 and Add.1 and 2, A/C.2/L.429/Rev.1, A/C.2/L.432/Rev.1, A/C.2/L.434, A/C.2/L.435 and Add.1 and 2, A/C.2/L.437/Rev.1 and Corr.1, A/C.2/L.438, A/C.2/L.439 and Add.1-4, A/C.2/L.441, A/C.2/L.442 and Corr.1)

CONSIDERATION OF DRAFT RESOLUTIONS (A/C.2/L.429/REV.1, A/C.2/L.437/REV.1 AND CORR.1) (continued)

1. The CHAIRMAN invited the Committee to resume its consideration of the ten-Power draft resolution on international measures to assist in offsetting fluctuations in commodity prices (A/C.2/L.437/Rev.1 and Corr.1).
2. Mr. Akhtar HUSAIN (Pakistan) expressed the gratitude of the sponsors of the draft resolution for the large measure of support given it in the Committee. Since the draft had last been discussed (631st meeting), the sponsors had agreed to make one or two changes (A/C.2/L.437/Rev.1/Corr.1) to meet

certain objections. In deference to the views of the United Kingdom delegation they had made a drafting change in the sixth preambular paragraph, and in order to help the Secretariat they had decided to replace the words "at its eighth session" in operative paragraph 1 by the words "by its ninth session"; that wording allowed for the possibility that the report in question might in fact be ready by the eighth session of the Commission on International Commodity Trade.

3. With regard to the amendment proposed by the Uruguayan delegation (A/C.2/L.451), the sponsors had great difficulty in accepting it. The procedure suggested in the proposed operative paragraph 2 (a) for the appointment of the experts was not usual. It would in fact be very difficult for the Commission itself to choose experts since the only method open to it was that of voting. It was normal to leave the task to the Secretary-General, who had the necessary means readily available. If the Uruguayan representative feared that the draft resolution represented an attempt to bypass the Commission on International Commodity Trade, Mr. Husain could assure him that that was not the case. The intention was rather that the report of the experts should assist the Commission in reaching appropriate decisions. While the amendment also implied that the experts should be appointed according to commodities, that was not the idea of the sponsors. What they had in mind was a group of persons, with a general knowledge of the commodity trade and a very specialized knowledge of international financing, whose task it should be to consider what machinery could be established to deal with compensatory financing. There was thus no question of a commodity-by-commodity approach. The sponsors accordingly felt unable to accept the Uruguayan amendment and hoped that the author would not press it.

4. Mr. PAYSSE REYES (Uruguay) said that his delegation had every sympathy with the main purpose of the draft resolution, namely, that a study should be made of the possibility of establishing some machinery to assist in offsetting the effects of fluctuations in commodity prices. The principal object of his delegation in submitting its amendment had been the purely structural one of putting first in the draft what was of first importance and putting second what was of secondary importance, namely, the means to attain the end in view. To that extent he considered his delegation's amendment clearer than the original text. With regard to the nature of the experts to be recruited, he had understood, when the draft was last discussed, that they would be experts on the different commodities. If it was intended that they should be financial and economic experts, that was a different matter, but he submitted that expert advice of that kind was already available from within the United Nations and that it was not necessary to recruit persons specially for the purpose. He still felt that it was more appropriate for the Commission rather

than the Secretary-General to make any appointments which might be necessary.

5. Mr. STANOVNIK (Yugoslavia) wished to make it quite clear that the kind of experts the sponsors of the draft resolution had in mind were specialists in the very narrow and, from the economic point of view, highly technical field of compensatory financing schemes in international trade. There were no such experts among the members of the Commission on International Commodity Trade or on the staff of the Secretariat. The Secretary-General had been successful in recruiting groups of experts for specific purposes and for limited periods in the past, and the sponsors were convinced that he would be able to do so again. Like the representative of Pakistan, therefore, he hoped that the representative of Uruguay would not insist on his amendment.

6. Mr. PAYSSE REYES (Uruguay) said that in deference to the wishes of the sponsors of the draft resolution, he would withdraw his delegation's amendment, on the understanding that the experts referred to would be specialists on compensatory financing matters and not specialists on commodities.

7. Mr. ARKADEV (Union of Soviet Socialist Republics) said that his delegation was not opposed to the study of the problems mentioned in operative paragraph 1 of the draft resolution. It understood the concern of many countries faced with the problems in question, but it felt that the necessary study could be undertaken by the Commission on International Commodity Trade, within whose terms of reference it fell, and which could, if necessary, be provided with the services of a suitably qualified expert. Furthermore, the draft referred to the International Monetary Fund and FAO, two agencies of which the Soviet Union was not a member.

8. The Soviet delegation would therefore abstain in the vote on the draft resolution.

9. Mr. ADARKAR (India) said that his delegation welcomed the initiative of the sponsors in submitting the draft resolution. A study of that particular problem by a group of experts would undoubtedly be very useful, and the form in which the proposal had been presented took care of the various points of view which had been expressed on the subject. He noted that operative paragraph 2 referred to two organizations connected with the United Nations. Since, however, there were others, for example, GATT, whose work might be affected by any proposals emerging from the study, he felt that it would be useful if they also were consulted in the course of the study. He assumed that it was not the intention of the sponsors to exclude such consultation. On that understanding he could vote for the draft resolution.

10. Mr. DUDLEY (United Kingdom) expressed the gratitude of his delegation to the sponsors for the incorporation of the drafting amendment it had suggested. There were certain other phrases in the preambular paragraphs which appeared somewhat ambiguous, and his delegation would have preferred to see them amended; nevertheless, it was prepared to support the present text. It was likewise prepared to support the operative part of the draft resolution. It was grateful to the representative of Uruguay for withdrawing his amendment. It had sympathy with the views of the representative of Yugoslavia on the kind of economic and financial experts to be appointed, but

must emphasize that those experts would have a peculiar degree of responsibility in that they would be required to consider, not merely the theoretical possibility of a certain kind of financial, but also the feasibility of establishing appropriate machinery within the framework of the United Nations. To win the acceptance of Governments, therefore, their proposals must be completely practicable.

11. It was on that understanding that his delegation would vote for the draft resolution.

12. Mr. PHILLIPS (United States of America) recognized that the sponsors had made a very great effort to secure the broadest possible agreement on the measures proposed in the draft resolution. While it was obvious that the text could not fully satisfy all delegations, his delegation was happy to support it as a constructive effort. It did so, however, on the understanding that the reference to compensatory financing in operative paragraph 1 did not imply approval of the principle of such financing, about which his delegation had grave reservations, and that it was a matter which would be taken up by the Commission on International Commodity Trade at its eighth session.

13. Mr. KAKITSUBO (Japan) said that his delegation would vote for the draft resolution, but with some misgivings, since in its view the solution to primary commodity problems should be sought through a positive use of the existing bodies such as the Commission on International Commodity Trade, GATT and so on. It was not convinced of the need to establish new machinery within the United Nations for the purpose of the present draft resolution. It was able, however, to support the draft since all that was called for was a study of the feasibility of establishing such machinery.

14. Mr. MENDOZA LOPEZ (Bolivia) said that his delegation would vote for the draft resolution because it was a valuable contribution to the endeavours of all countries to make their economies viable and because it gave emphasis to commodity problems, which were of particular interest to Latin-American countries like his own that depended, in their trade and their economic development, on the export of commodities. The outcome of the study might serve to dispel some of the apprehensions of certain Latin-American countries about increased intraregional trade.

15. Mr. Akhtar HUSAIN (Pakistan) expressed the gratitude of the sponsors to the representative of Uruguay for withdrawing his amendment and their appreciation of the support given to the draft resolution by various members of the Committee. As to the doubts of some members, he would point out that the draft asked only for a study at the present stage.

16. The CHAIRMAN put to the vote the ten-Power draft resolution (A/C.2/L.437/Rev.1 and Corr.1).

The draft resolution was adopted by 60 votes to none, with 11 abstentions.

17. Mr. WOULBROUN (Belgium) said that the instability of basic commodity markets was an important problem for all countries. While his delegation had not wished to oppose a study which appeared to be favoured by a large number of delegations, it did have certain doubts regarding the methods proposed and the results to be expected.

18. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) thanked the representative of Pakistan and the co-sponsors of the draft resolution for having taken into account the practical difficulties which the submission of a report to the eighth session of the Commission on International Commodity Trade would have entailed. He assured the Indian representative that channels did exist for consultation with other organizations and that they would be fully utilized.

19. The CHAIRMAN invited the Committee to resume its consideration of the three-Power draft resolution on the strengthening and development of the world market and the improvement of the trade conditions of the economically less developed countries (A/C.2/L.429/Rev.1), together with the revised amendments submitted by India (A/C.2/L.448/Rev.1) and the United Kingdom (A/C.2/L.447/Rev.1).

20. Mr. BLUSZTAJN (Poland) expressed appreciation of the constructive approach taken by delegations in discussing the draft resolution. The revised text now before the Committee incorporated many of the suggestions that had been made.

21. As to the title of the draft resolution, the sponsors preferred the existing one to that proposed by the United Kingdom delegation.

22. In part A, the sponsors of the draft resolution accepted the United Kingdom delegation's amendment to paragraph 1 and first two amendments to paragraph 2. They could not accept the last amendment to paragraph 2, which presented some difficulties of translation, but they would propose instead that the words "between countries having different economic systems" should be replaced by "between countries, regardless of their economic systems". In order to take into account the Indian and United Kingdom amendments to paragraph 3, they proposed that the paragraph should be reworded as follows:

"2. Requests the Secretary-General to prepare a report on the possibility of extending arrangements for international trade co-operation so as to encourage wider participation by Member States irrespective of their economic systems or stages of development, taking fully into consideration all the views expressed and proposals submitted at the present session on this subject."

23. In part B, the sponsors could not agree to the deletion of the words "in particular through the extension of the practice of concluding long-term trade and international commodity agreements" in paragraph 2, as proposed by the United Kingdom, because they believed that such extension constituted an important method for achieving stabilization. While they could not accept the United Kingdom amendment to paragraph 3, they considered the Indian delegation's proposed wording of that paragraph interesting. Since, however, the Indian text introduced a new concept, the matter was one for decision by the Committee.

24. He hoped that the United Kingdom delegation might agree to withdraw its amendments to part A, paragraphs 3 and 4. The Committee would then have to take a decision only in regard to part B, paragraphs 2 and 3.

25. Mr. ADARKAR (India) hoped that the United Kingdom amendment to the title of the draft reso-

lution would not be pressed, as it was undesirable to limit the resolution's scope.

26. His delegation approved the sponsors' revised wording of part A, paragraph 3, and hoped that the United Kingdom delegation could do likewise. In his view the new text neither reflected on the General Agreement on Tariffs and Trade and other existing arrangements nor created any difficulty for those delegations which preferred some new organization.

27. As the Secretary-General was given complete freedom in the preparation of his report, the Indian delegation saw no reason to delete the words "in particular through the extension of the practice of concluding long-term trade and international commodity agreements" from part B, paragraph 2, as proposed by the United Kingdom delegation.

28. The substitute text which his delegation proposed for part B, paragraph 3, was broad in nature and did not over-emphasize any particular arrangement; it did not imply any criticism of the lending policies of the creditor nations. Although his country had, in fact, received much valuable technical and economic assistance from many different countries, it did not believe that the creditor nations should refuse to give serious attention to new proposals merely because those proposals were not fully in conformity with their lending policies. Some of those countries favoured "tied" loans, whereas their aim should be to provide credits which would be useable anywhere. The policy hitherto followed by the United States Government in operating the Development Loan Fund was worthy of emulation by other creditor countries, and the countries receiving loans should be free to make the most economical use of such assistance. If the less-developed countries were not free to buy in the best market but were compelled to purchase equipment necessary for their development from a particular source at inflated prices, their competitive ability would be undermined and a sound economic development would be hampered. There should likewise be no obligation on the recipient country to sell its goods to the lending country, as that would have an adverse effect on world trade in general.

29. Mr. ERROCK (United Kingdom) expressed appreciation for the spirit of accommodation shown by the co-sponsors of the draft resolution and by the Indian representative. His delegation would not press its amendment to the title of the draft resolution and was grateful to the co-sponsors for their acceptance of his delegation's amendment to part A, paragraphs 1 and 2. He could accept the replacement of the words "between countries having different economic systems" by the words "between countries, regardless of their economic systems", as proposed by the sponsors. His delegation also approved the wording of part A, paragraph 3, proposed by the Indian delegation (A/C.2/L.448/Rev.1) and withdrew its own amendment to that paragraph. It also withdrew its amendment to part A, paragraph 4, and in that connexion he recalled that two years ago the Secretary-General had submitted a report^{1/} similar to that at present proposed. He hoped that there would be no unnecessary duplication of effort in the preparation of the new report.

^{1/} Official Records of the Economic and Social Council, Twenty-fourth Session, Annexes, agenda item 2, document E/3004.

30. His delegation could not accept part B, paragraph 2, unless the words "in particular through the extension of the practice of concluding long-term trade and international commodity agreements" were deleted. The Committee had adopted (632nd meeting) a draft resolution advocating the conclusion, where appropriate, of international commodity agreements (A/C.2/L.436/Rev.2), and it was undesirable to adopt more sweeping and unqualified terms to deal with a matter which had already been covered. He agreed with the Indian representative that it was desirable for all countries to be able to buy and sell their goods in the best market. Changes in the market situation occurred very rapidly, and his Government considered that the conclusion of long-term trade agreements would limit the ability of the signatories to buy and sell their goods in the best market.

31. His delegation withdrew its amendments to part B, paragraph 3, in favour of the Indian amendment. In connexion with the Indian representative's remarks concerning the policies of creditor nations, he wished to point out that the majority of the credits extended by his Government were "untied". He knew of only one major industrialized Member of the United Nations whose credits were 100 per cent "tied", so that even its contributions under multilateral agreements, such as the Expanded Programme of Technical Assistance and the Special Fund, were of that nature.

32. The CHAIRMAN indicated that, as a result of the discussion, the only outstanding amendments to the revised draft resolution were those submitted by the United Kingdom to part B, paragraph 2 (A/C.2/L.447/Rev.1) and by India to part B, paragraph 3 (A/C.2/L.448/Rev.1).

33. Mr. OMAR (Afghanistan) observed that the main difference of opinion in the Committee lay between the group of countries, most of them industrially developed, which held that the existing facilities for international trade co-operation were adequate, subject to adjustment from time to time, and the group of countries with centrally planned economies, which could not make full use of the existing arrangements without changes in their economic structure. Thanks to the Polish and United Kingdom representatives, the difference between those two bodies of opinion had been greatly reduced. There was, however, a third body of opinion, represented by the under-developed countries. Whereas the trade problems of the countries with centrally planned economies could be solved through the conclusion of bilateral agreements, the under-developed countries had a wider range of problems which could be solved only by arrangements on a world-wide scale.

34. His delegation subscribed to the principles embodied in the preamble to the revised three-Power draft resolution but felt that the existing international organizations concerned with trade had too narrow a field of action to achieve fully the objectives enumerated. The fact that many under-developed countries had not yet become parties to GATT was symptomatic of the hesitant attitude taken towards that Agreement in many quarters, and of the need for the United Nations to continue considering world trade problems. The solution favoured by his delegation was that contemplated in part A, paragraph 3, of the revised draft resolution, namely, the establishment of a single world trade organization. Afghanistan realized, however, that that was not the only solution,

and accordingly endorsed the new version of that paragraph, based on the Indian amendment, which the Polish representative had read to the Committee.

35. The Indian amendment to part B, paragraph 3, was an improvement, and if the sponsors accepted it his delegation would vote in favour of the draft resolution.

36. Mr. UMARI (Iraq) observed that, by accepting the new version of part A, paragraph 3, based on the Indian amendment, the sponsors had gone from one extreme to the other. Instead of a single world trade organization, they now proposed the extension of the existing arrangements. As the new wording needlessly restricted the Secretary-General in the preparation of his report, Mr. Umari proposed that the opening words of the new version, ending with "extending arrangements for", should be replaced by the words: "Requests the Secretary-General to prepare a study on the ways and means of promoting the expansion of".

37. Mr. PHILLIPS (United States of America) said that his delegation was largely satisfied with the revised draft resolution as now amended. That statement should not, however, be construed as indicating any departure from his Government's policy towards unrecognized régimes.

38. The closing phrase of the Indian amendment to part B, paragraph 3, was wholly consistent with current United States policy and practice, and his delegation would have no difficulty in supporting it. However, his delegation shared the United Kingdom delegation's objection to the closing phrase of part B, paragraph 2; long-term trade agreements seemed incompatible with the freedom of countries to buy and sell in the best market. If the sponsors would delete the phrase in question, there seemed to be good prospects for unanimity on the draft resolution.

39. Mr. GREEN (New Zealand) said that his delegation could support the draft resolution as it now stood, subject to the acceptance of certain amendments. In part B, paragraph 2, the words "and other appropriate forums" should be inserted after "United Nations"; the words "in particular through the extension of" should be replaced by the words "where appropriate through"; the word "agreements" should be inserted after "long-term trade"; and the words "and study groups" should be added at the end of the paragraph.

40. Mr. ARKADEV (Union of Soviet Socialist Republics) supported the Iraqi amendment to part A, paragraph 3, which would give the Secretary-General the necessary freedom of action in analysing the possibilities of extending international trade co-operation. The amendment would preclude any unduly restrictive interpretation, to which the text as read out by the Polish representative might be prone. The sponsors had clearly not intended to restrict the Secretary-General to the study of GATT or other existing arrangements; his delegation, for its part, was convinced that the idea of a single world trade organization would ultimately prevail.

41. Mr. BLUSZTAJN (Poland) said that the sponsors' reaction to the Iraqi amendment was the same as that of the USSR representative: it would remove any doubt as to the exact nature of the instructions given to the Secretary-General. The Committee's discussion had been broad enough, and the proposals put forward explicit enough, to give the Secretary-General the widest latitude in approaching his study. All the

alternative possibilities had to be considered, and the Secretary-General could be relied upon to present a comprehensive report. The Committee wanted, not a descriptive report, but a synthesis of the views of Governments and of the problems they raised.

42. The sponsors accepted the New Zealand amendments to part B, paragraph 2.

43. Mr. ABDEL-GHANI (United Arab Republic) said that his delegation had been prepared to support part A, paragraph 3, as it appeared in document A/C.2/L.429/Rev.1. Of the two alternative solutions considered, namely a single world trade organization or extension of the existing arrangements, the former seemed to have been abandoned as a subject for the Secretary-General's report. As to the remaining solution, the short-comings of GATT were well known. Over half the States Members of the United Nations were not parties to that Agreement, and even some States which participated in it, such as the United

States of America, did not recognize it constitutionally. The sponsors' change of mind regarding the contents of the paragraph in question would create difficulties for the Secretary-General as well as for delegations whose views coincided with those of the delegation of the United Arab Republic. The Polish representative had explained what he had in mind, but the Secretary-General would be bound by the text of the resolution, not by statements made in the Committee, and Poland did not necessarily speak for other supporters of the new version of part A, paragraph 3. However, the new version was improved by the Iraqi amendment, and in the interest of unanimity his delegation would not oppose it. He appealed, however, to the sponsors to endeavour to redraft the paragraph in a form closer to that in which it appeared in the document.

The meeting rose at 1.45 p.m.