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

(Provisional advance text of Chapter I and Annex I (Part))

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

This document contains the provisional text of Chapter I (on agenda item 3, UNCTAD and the Second United Nations Development Decade) of the report of the Trade and Development Board on the third part of its ninth session.

In addition, the document contains Annex I to the Board's report (Decision, with Introductory Note and Appendices A and B) as approved by the Board at its 238th meeting on 16 February 1970. Appendix C, containing the statements by delegations and Appendix D containing the relevant parts of the Board's report on the second part of the ninth session (Chapters I, II and Annex III of A/7616, Part Four) will be circulated subsequently as documents TD/B(IX)/Misc.15/Add.1 and Add.2 respectively.

The texts reproduced herewith have not yet received the formal approval of the Rapporteur and are still subject to editorial changes.
Chapter I
UNCTAD AND THE SECOND UNITED NATIONS DEVELOPMENT DECADE
(agenda item 3)

1. In connexion with agenda item 3, the consideration of which was resumed at the third part of the ninth session, the Board had before it a draft text (TD/B/L.206) submitted by its President and the Secretary-General of UNCTAD which they had prepared in conformity with the decision taken by the Board at its 225th meeting on 22 September 1969.1/

2. In addition, the Board had before it a revised version of the UNCTAD secretariat's study on trade projections for 1975 and 1980 (TD/B/264/Rev.l).

3. During the third part of its ninth session the Board considered this item at its 228th, 234th, 235th, 236th, 237th and 238th meetings on 3, 13, 14 and 16 February 1970.

General debate

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

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

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1/ A/7616, Part Four, Annex I, Decision
6. The representative of another developing country said that to be acceptable an international development strategy ought to commit the international community to eliminate under-development and to achieve more equitable living conditions for more than two-thirds of mankind. He pointed out that the Pearson Commission had arrived at some conclusions which were very close to the positions maintained by the developing countries and expressed the hope that these conclusions, reached by a group of eminent economists including several from developed countries, would ultimately be supported by the States represented in UNCTAD.

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

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

9. The representative of a developing country attending the session as an observer complained that UNCTAD's programme of work for the Second United Nations Development Decade was very vague, inadequate and even contradictory, without a single commitment and without a single objective that could be used at least as a means of moral pressure in the international setting. Recognizing the importance of international co-operation he said that all the Decades together would be like a drop of water in the desert if development was not linked to the structural revolutionary changes in the developing countries. He said that if the developing countries wished to receive serious support for such far-reaching changes as development necessitated they ought to begin at home
and prove to the world that all the energies of their population were straining to achieve such changes and that all the internal and external barriers hampering them had been abolished. He stressed that one of the factors obstructing UNCTAD's work for furtherance of development was the discrimination within the organization against a developing country on account of its social and economic system: such a state of affairs, he added, was doing no good either to the developing countries members of the organization or to the organization itself.

10. The representative of a socialist country of Eastern Europe stated that he had serious doubts concerning the effectiveness of some proposals in document TD/B/L.206 in bringing about a radical transformation of developing countries trading relations with Western industrialized countries in order to achieve economic development through trade. He could not accept Section A "Goals and Objectives" as it stood in view of the proposal (TD/B/L.195) submitted at a previous session by socialist countries. The wording of section B.V. "Financial resources for development" should reflect the fact that it referred only to the relations between developing countries and developed market economy countries. Furthermore, some of the paragraphs of Section B.IV departed from the letter and spirit of Conference resolution 15 (II). He supported the view expressed by the observer for a developing country and stated that no country should be discriminated against as regards participation in the work of UNCTAD bodies because of its economic and social system.

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

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

13. At the Board's 234th meeting on 13 February 1970 the President reported on the outcome of the consultations conducted in the contact group. He stated that agreement had been reached in the contact group on a number of amendments (TD/B/L.211) to the draft texts which he and the Secretary-General of UNCTAD had previously submitted (TD/B/L.206). He pointed out that on a number of issues it had been impossible to reach agreement in the contact group. He expressed the hope that the Board would be able to reach unanimous agreement on the text concerning UNCTAD's contribution to the second United Nations Development Decade; at the same time he emphasized that whatever document the Board might approve the position of any particular delegation with respect to the text as a whole would not be prejudiced and that it would be open to any representative to make explanatory or interpretative statements concerning the text.

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

\(^1\) Draft text subsequently submitted to the Board as document TD/B/L.216.
15. At the Board's 235th meeting on 13 February a text was submitted by the representatives of France, Netherlands and Sweden concerning the section relating to the volume of transfer of financial resources to be embodied in the document for UNCTAD's contribution to the second United Nations Development Decade (TD/B/L.214). In introducing the text the representative of France stated that the principal object of the text was to serve as a yardstick by which each country could measure its own performance. A text along these lines would, in the opinion of the sponsors, be necessary to ensure similarity of efforts during the second Development Decade. He realized that the text fell short of the aspirations of the developing countries; at the same time it underestimated the actual performance of some developed countries, including his own. He also pointed out that the text did not change the national positions of the countries which had submitted the text.

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

17. At the same meeting a draft was submitted by Australia and the United States of America concerning the volume of transfer of financial resources (TD/B/L.213). In introducing the draft the representative of Australia stated that it placed the emphasis where it should be placed, namely on the question of actual performance in the provision of development assistance.

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

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

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

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

22. With regard to the section relating to invisibles including shipping in the
document defining UNCTAD's contribution to the second Development Decade - a subject
which had been discussed informally - a document was submitted by the chairman of the
working group which had conducted these informal consultations.

23. The President of the Board noted that agreement had not been reached on the text
related to shipping questions and that therefore no section on shipping would appear
in the document concerning UNCTAD's contribution to the second Development Decade

1/ See summary record of the 235th meeting (TD/B/SR.235).
(TD/B/L.206/Rev.1). He suggested that the document concerning shipping submitted by the chairman of the working group should be appended to document TD/B/L.206/Rev.1 and forwarded with that document.

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

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

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

"This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. Alternative texts or amendments were submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. These alternative texts and amendments appear in annex ...".

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

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

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

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

28. At the 238th meeting of the Board on 16 February 1970, at the time when it was about to take a decision with respect to this item, statements were made by the representatives of Brazil, Canada, Chile, Colombia, France, India, Japan, Malaysia, Sweden, Uganda, USSR, the United Kingdom and the United States of America and by the Observer for the Holy See. 1/

Action by the Board

29. At the 234th meeting on 13 February 1970 the Board approved the amendments (TD/B/L.211) proposed to the draft texts submitted by the President and the Secretary-General of UNCTAD (TD/B/L.206) concerning UNCTAD's contribution to the second United Nations Development Decade. 2/

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

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

1/ For a summary of these statements see summary record of the meeting (TD/B/SR.238)
2/ For the entire text as amended and as approved see annex I to this report.
32. The Board decided further that the relevant part of its report on the second part of its ninth session, including the annex containing the text of proposals submitted at that time (A/7616, Part Four and annex III thereof), should be annexed as a reference document to the text herewith transmitted concerning UNCTAD's contribution to the second Development Decade.

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

34. After some discussion and after accepting certain amendments the Board adopted the draft decision and the introductory note thereto unanimously. 1/

1/ For the text as adopted see annex I to this report.
ANNEX I.

64 (IX). THE CONTRIBUTION OF UNCTAD TO THE PREPARATORY WORK FOR THE SECOND UNITED NATIONS DEVELOPMENT DECADE

Introductory note

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

2. The contribution of UNCTAD to the Second United Nations Development Decade must be regarded as a continuing effort designed to accelerate the growth of developing countries through the adoption and implementation of appropriate trade and aid policies. It should therefore be seen in a dynamic context, that is, one which requires continuing review within the machinery of UNCTAD with the aim of tackling effectively the major problems within its competence that the international community will face during the Decade, taking into account the developments which may occur in the implementation of the policy measures within UNCTAD's competence, and seeking at all times new areas of agreement and the widening of existing ones. To achieve these objectives, UNCTAD will use its established machinery, namely, the Conference, the Board and the standing committees, in accordance with the statement adopted by the Trade and Development Board on 17 May 1969.

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

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Decision of the Trade and Development Board

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

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

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

   (c) Thirdly, other issues identified by the footnote to the relevant paragraphs which are contained in appendix B.

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

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

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

238th plenary meeting,
16 February 1970.

1/ as contained in document TD/3/L.206/Rev.1.
THE CONTRIBUTION OF UNCTAD TO THE PREPARATORY WORK FOR THE SECOND UNITED NATIONS DEVELOPMENT DECADE

Outline

A. GOALS AND OBJECTIVES

B. POLICY MEASURES

I. Commodities
   (a) Commodity agreements and arrangements including buffer stock financing
   (b) Pricing policy
   (c) Access to markets
   (d) Diversification programmes
   (e) Competition from synthetics and substitutes
   (f) Consultation on the disposal of surpluses and strategic reserves

II. Manufactures and semi-manufactures
   (a) Preferences
   (b) Tariff and non-tariff barriers
   (c) Adjustment assistance
   (d) Export development and promotion
   (e) Restrictive business practices

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

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

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

VI. Invisibles, including shipping

VII. Transfer of technology

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

IX. Special measures in favour of land-locked countries

X. Technical co-operation and trade promotion

XI. World food problem

C. IMPLEMENTATION REVIEW

D. WORLD PUBLIC OPINION
1. Goals and objectives

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

2. On the basis of a target of around 6 per cent annual average rate of growth of the gross product of the developing countries, the import requirements of these countries would increase at an estimated average annual rate of about \(6.7\) per cent, implying an average annual growth rate of about \(7.2\) per cent in their exports.\(^3\)

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

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

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

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

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1/ See A/7616, Part Four, paragraph 24.

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

3/ The assumptions on which these figures have been estimated are set out in document TD/B/264. These assumptions and the resulting figures have not been fully discussed or approved by the Board.
B. Policy measures

I. Commodities

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

(i) stable, remunerative and equitable prices for primary commodities with a view to improving the foreign exchange earnings from exports of primary products from the developing countries;

(ii) improved access to the markets of the developed countries;

(iii) measures to promote marketing and consumption of primary products, including those in processed and semi-processed form, exported from the developing countries to the markets of the developed countries;

(iv) a reduction in the dependence upon a narrow range of primary products which is characteristic of many developing countries, especially the least developed, and help for them to diversify their economic base.

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

2. As far as the products regarding which no international action as envisaged in Conference resolution 16 (II) has taken place are concerned, all efforts will be made to secure such action before 31 December 1972, in accordance with the procedures set out in that resolution, on the basis of a time-table for the consideration of these matters to be drawn up before the launching of the Second United Nations Development Decade.

3. For products of the temperate zone produced by developing countries, the efforts made within UNCTAD should be continued, in conformity with resolution 16 (II) and in co-operation with the other international organizations concerned, with a view to:

(a) expediting the examination and evaluation of the particular problems of these products; and (b) preparing measures that could be adopted with the aim of reaching mutually acceptable solutions early in the Second Development Decade.

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

1/ The provisions of this section, having been prepared in the context of the Second Development Decade, are primarily directed towards the problems faced by the developing countries. Any measure in the field of international commodity policy will, however, take into account the overall situation with regard to trade in a particular commodity and will not be applied so as to impose adverse effects on the interests of countries concerned.
5. Efforts will continue to reach agreement as soon as possible on appropriate measures to stabilize the price of tea, bearing in mind the interests of both consumers and producers.

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

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

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

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

10. The formulation of a General Agreement on Commodity Arrangements will be kept under active consideration.

(b) Pricing policy

11. Agreement was reached on the desirability of a set of general principles on pricing policy which would serve as guidelines for intergovernmental consultations and actions to be taken with regard to stabilizing the markets for individual commodities.¹

12. One of the aims of a pricing policy for commodities of export interest to developing countries should be to secure stable, remunerative and equitable prices with a view to improving the foreign exchange earnings from exports of primary products from the developing countries. Efforts to attain that aim should be actively pursued, having due regard to the market situation of individual commodities and to the work carried out by the international bodies concerned. In this connexion, specific measures should be accorded priority on a commodity-by-commodity basis, in particular in the context of commodity agreements and arrangements.¹

¹ This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board decision of 22 September 1969. An alternative text and an amendment were submitted which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. The alternative text and the amendment appear in appendix B.
13. Account should be taken of the detailed suggestions as to the objectives of a pricing policy and operational guidelines which have been put forward within UNCTAD, as well as of the relevant UNCTAD resolutions.

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

(c) Access to markets

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

16. No new tariff and no new non-tariff barriers should be created (nor should existing barriers be increased) by developed countries against imports of primary products of particular interest to developing countries.¹/¹

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

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

¹/ Subject to relevant provisions of Annex A.II.1 of the Final Act and Report of the First Conference.
(d) **Diversification programmes**

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

(a) the expansion of production of semi-manufactures and manufactures in developing countries;
(b) the increase in exports of semi-processed and processed commodities by these countries;
(c) the broadening of the pattern of exports in favour of commodities with relatively dynamic demand conditions in the world market;
(d) the increase of food production in food deficient countries.

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

21. Close co-ordination and co-operation between UNCTAD, FAO, IBRD, other competent organizations and governments should be continued or established, in order to avoid the diversification efforts of individual countries leading to, or perpetuating, over-supply of certain commodities in the world market.

(e) **Competition from synthetics and substitutes**

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

(a) appropriate action should be taken as far as is practicable to improve their competitiveness;
(b) developed countries should reduce progressively, to the fullest extent possible, with a view to their eventual elimination, tariff and non-tariff barriers against these natural products, in primary or in processed form;
(c) intensive research and development efforts should be initiated to improve their market conditions, cost efficiency and the diversification of end uses, and ways and means should be found to finance such activities.
23. In connexion with research and development efforts it has been agreed that UNCTAD should play an important role in identifying the problems and areas where research is needed.

24. In their financial and technical assistance programmes the developed countries and the international organizations concerned should give sympathetic considerations to requests for assistance for developing countries producing natural products which suffer serious competition from synthetics and substitutes, in order to help them to diversify into other areas of production, including processing of primary products.

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

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

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

II. Manufactures and semi-manufactures

General

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

2. It is also already recognized that there is the need for increased access, in the largest possible measure to markets for manufactured and semi-manufactured products of interest to developing countries, so as to enable these countries to increase and diversify their exports of those products on a stable and lasting basis.
3. Individual and joint action, by both developed and developing countries, in this field should therefore facilitate the diversification and expansion in the trade of manufactures and semi-manufactures of developing countries.

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

(c) Preferences

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

(b) Tariff and non-tariff barriers

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

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

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

2/ In this connexion see paragraph 9 of the recommendation A.III.4.
8. Inter-governmental consultations should be continued and intensified in co-operation with other competent international organizations with a view to giving effect [at latest by 1972] to measures for the relaxation and progressive elimination of non-tariff barriers affecting trade in manufactures and semi-manufactures of interest to developing countries. These consultations should take into account all groups of processed and semi-processed products of export interest to developing countries.

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

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

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

12. In all matters covered by paragraphs 2 to 7 above it should be the aim to reach concrete and significant results early in the Second United Nations Development Decade [and in any case not later than 1972].

1/ This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. An alternative text and amendments were submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. The alternative text and the amendments appear in appendix B.
III. Trade expansion, economic co-operation and regional integration among developing countries

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

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

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

4. Within the framework of Conference resolution 23 (II), the developed market economy countries are prepared to support, in the allocation of their financial and technical assistance, initiatives in regional co-operation instituted by developing countries.

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

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

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1/ See Conference resolution 23 (II).
7. All member countries of UNCTAD recognize the competence of UNCTAD to play an important role in this field by providing support and encouragement and by undertaking periodic reviews of the progress achieved, while taking into account the operational responsibilities in this field of the regional economic commissions, the United Nations Economic and Social Office in Beirut, the United Nations Industrial Development Organization and other competent international and regional and sub-regional bodies, and inviting them to intensify their activities in this field.1/

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

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

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

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

4. The socialist countries of Eastern Europe should take duly into consideration the trade needs of the developing countries and in particular their production and export potential when quantitative targets are fixed in their long-term economic plans, adopt appropriate measures designed to maximize and diversify imports of

1/ The Intergovernmental Group established by Board resolution 53 (VIII) will meet as soon as possible to examine, consider and make recommendations on matters enumerated in the above-mentioned resolution.
primary commodities from developing countries and undertake measures so that imports of manufactures and semi-manufactures from them constitute a growing element in their total imports of manufactures and semi-manufactures. They should also adopt the necessary measures to expand further their trade with developing countries, in particular, those set out in part II of resolution 15 (II). At the same time they should promote the diversification of the structure and geographical basis of this trade with these countries in order that the largest possible number of developing countries derive the maximum benefit from this trade. Socialist countries of Eastern Europe should take the necessary action to fully implement, by the beginning of the Decade, and in any case not later than 1972, recommendations contained in resolution 15 (II), part II of the Conference.

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

(a) By granting to these countries conditions for trade not inferior to those granted normally to the developed market economy countries;
(b) By undertaking steps to facilitate the implementation of the measures contained in paragraph 4 above and by carrying out other positive measures with a view to promoting the further expansion of economic ties and the increase and diversification of mutual trade exchanges.

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

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

1. Economic development entails mutually reinforcing efforts by developed and developing countries. Developing countries must, and do, bear the main responsibility for financing their own development. The developed countries for their part recognize their responsibility to provide increased resources to the developing countries under more favourable terms. External resources in support of development should not replace but should supplement domestic efforts. It is recognized however that the fullest mobilization and most effective utilization of the domestic resources of developing countries is possible only with concurrent and effective external assistance.

A. Mobilization of Domestic Financial Resources

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

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

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

Consideration should be given to the establishment of targets wherever appropriate.

1/ As this matter falls also within the competence of other international organizations, further contributions from them on the subject may be forthcoming.

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

(i) **Volume of transfer of financial resources**

(ii) **Terms and conditions of development assistance**

1. During the past decade the terms of development assistance have generally remained too hard. It has been recognized that further efforts are required to soften the terms of assistance by such means as increasing the grant component of financial transfers, lowering interest rates, and lengthening maturities and grace periods. In that context, the Development Assistance Committee of the OECD adopted in 1969 a Supplement to the 1965 Recommendation designed to soften and harmonize terms and conditions of assistance to developing countries. To achieve that end, the developed countries members of DAC should make their best efforts to reach the norms set out in the Supplement and apply the recommendations in the shortest time possible in any case before the launching of the Decade. Developed countries should consider measures aimed at the further softening of the terms and are endeavouring to arrive at a more precise assessment of the circumstances of individual developing countries and at a greater harmonization of terms given by individual developed countries to individual developing countries. Moreover, the developed countries have agreed to consider, in the further evolution of their assistance policies during the Decade, inter alia, the specific suggestions for further softening of the terms of aid as contained in Conference decision 29 (II). They should, in any case, attain these objectives by the end of the Decade.

2. In the light of resolution 29 (II) it is agreed that financial assistance should, in principle, be untied. While it may not be possible to untie assistance in all cases, developed countries should rapidly and progressively take what measures they can in this respect both to reduce the extent of tying of assistance and to mitigate any harmful effects. Where loans are tied essentially to particular sources, developed countries should make, to the greatest extent possible, a part of the loans available for utilization by the recipient countries for the purchase of goods and services from other developing countries.
3. It is hoped that the analysis of the techniques of lending at present being undertaken by the IBRD at the request of UNCTAD will facilitate further steps to improve the terms and conditions of assistance. There are several proposals for increasing flows of financial resources on favourable terms to developing countries which should be considered. Some of these, including that for a multilateral interest equalization fund, are aimed at reducing the interest charges borne by developing countries.

4. The developed countries have been urged, in order to make external resources available to developing countries on easier terms and conditions, to provide to the greatest extent possible, an increased flow of aid on a long-term and continuing basis and by simplifying the procedure for the granting and effective and expeditious disbursement of aid.¹

(iii) Debt servicing problem of the developing countries

5. It is recognized that there are grave problems of external indebtedness and that some of them are, or may become, acute. Such problems arise not only from official lending but also from commercial credit including suppliers' credits. The latter have become of increasing importance as a source of finance and have contributed to the indebtedness problem of a number of developing countries. Improvements in the institutional arrangements for dealing with problems of indebtedness should be considered in the light of the continuing analysis of the whole question of indebtedness. Arrangements for forecasting and if possible forestalling debt crises should also be improved. Developed countries should help in preventing such crises by providing assistance on appropriate terms and conditions, and developing countries by undertaking sound policies of debt management. Where difficulties do arise, the countries concerned should stand ready to deal reasonably with them within the framework of an appropriate forum, in co-operation with the international institutions concerned. In such a co-operative undertaking, the full range of methods available for dealing with such difficulties should be drawn upon, including, as may be required, measures such as arrangements for rescheduling and refinancing of existing debts on appropriate terms and conditions.

¹ See General Assembly resolution 2170 (XXI).
(iv) Increase of multilateral financial transfers

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

(v) Access to capital markets of developed countries

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

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

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

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

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

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

(viii) International liquidity

11. It is recognized that the satisfactory operation of the international monetary system has a bearing on the problems of development. In this respect further consideration should also be given to the various proposals for a link between the Special Drawing Rights and external development financing.1/

(ix) Outflow of financial resources from developing countries

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

VI. Invisibles Including Shipping

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

Shipping and ports

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

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

Tourism

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

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

VII. Transfer of Technology

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

1/ In this connexion, see General Assembly Resolution 2529 (XXIV).
2. UNCTAD is determined to play its proper part in contributing to the achievement of this aim which it considers to be a matter of high priority. It has therefore undertaken as a matter of urgency a study of the elements for a programme of work in the field of transfer of technology. This study will take into account proposals made on the subject in UNCTAD.

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

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

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

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

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

1/ This study is to be considered by the Trade and Development Board at its tenth session, in conformity with resolution 62 (IX), and further material on UNCTAD's contribution in this field may be forthcoming in the light of its conclusions. It is recognized that certain important aspects of the transfer of technology fall within the competence of other international organizations and that, in order to achieve the desired results, close attention will have to be paid to the question of co-ordination.
(b) In the field of manufactures and semi-manufactures, measures in favour of developing countries should be so devised as to allow the least developed among developing countries to be in a position to derive equitable benefits from such measures. Particular consideration should be given to the question of including in the general scheme of preferences products of export interest to the least developed among the developing countries;

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

(d) In the field of trade promotion, special attention should be paid to the needs of the least developed countries to improve the efficiency and quality of their production for exports as well as marketing techniques in order to meet the competitive requirements of world markets.

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

IX. Special measures in favour of land-locked countries

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

2. In the light of the general recommendations made in Conference resolution 11 (II), specific measures in favour of land-locked developing countries will be elaborated by the Trade and Development Board after its consideration of the report of the group of experts on problems of land-locked countries in 1970.
3. When any agreement is discussed and elaborated in the field of trade and development, it is considered desirable that any special problems of the land-locked developing countries receive due attention.

X. Technical co-operation and trade promotion

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

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

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

XI. World food problem

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

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

1/ Certain aspects of trade promotion are included in Section II on "Manufactures and Semi-Manufactures".
3. Developed countries for their part should, where appropriate, continue to co-operate fully in these efforts of the developing countries and particularly should continue and wherever possible increase their technical and financial assistance to developing countries in order to help them improve agricultural productivity, increase food production and provide agricultural requisites. Where this is required as an interim measure of assistance to food deficit countries, bilateral and multilateral food aid should be provided on a fair and just basis among developed countries.\(^1\)

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

C. Implementation review

1. It is recognized that UNCTAD will have a major role to play with respect to matters within its field of competence in any review procedure that may be set up by the General Assembly for the assessment of progress towards the achievement of the overall goals and objectives of the Second United Nations Development Decade. The existing procedure for the review of the UNCTAD recommendations is set out in resolution 19 (II) of the Trade and Development Board. The Board will determine the extent to which progress has been made in the implementation of policy measures within its field of competence. The purpose will be to identify difficulties and obstacles with a view to reaching agreement on positive action for the achievement of objectives and targets agreed upon for the Second United Nations Development Decade.\(^2\)

2. In addition to the deepening and widening of areas of agreement and the achievement of new agreements, the review of the implementation of the recommendations and resolutions adopted by the Conference and its continuing machinery will be one of the major preoccupations of UNCTAD during the Decade.\(^2\)

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\(^1\) The developing countries proposed that the following words be added to the end of this paragraph: "with due regard for the interests of the food-exporting developing countries". Some developed countries were unable to agree to this addition.

\(^2\) This draft paragraph was submitted by the President of the Board and the Secretary-General of UNCTAD on their own responsibility after informal consultations with a number of heads and senior members of permanent delegations, as envisaged in the Board's decision of 22 September 1969. An alternative text was submitted on which the Trade and Development Board was unable to agree. The Board will continue its efforts with a view to arriving at an agreed text for this paragraph. This alternative text appears in appendix B.
D. World public opinion

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

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

1. VOLUME OF TRANSFER OF FINANCIAL RESOURCES

Text proposed by the delegations of France, Netherlands and Sweden\(^1\)

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

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

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

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\(1\) Document TD/B/L.214
The First Conference of UNCTAD called on each developed country to endeavour to supply to the developing countries financial resources in a minimum net amount approaching 1 per cent of its national income. At the Second Conference, agreement was reached on a new target of 1 per cent of gross national product, as set out in resolution 27 (II). This represented an increase on average of 25 per cent over the earlier target. In the view of the developing countries this target should be achieved by 1972.

The transfer of official resources is of particular importance. There can be no doubt that the prospects for success of the developing countries in executing their own plans can be greatly enhanced by reasonable assurances that sustained levels of official development assistance will be forthcoming from developed countries and international financial institutions. In the view of the developing countries, developed countries should by 1972 provide a minimum of 0.75 per cent of their GNP by way of net official financial resource transfers as defined in Resolution 27 (II).

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

Differences persist also among developed countries in respect to the proposals of the developing countries on official flows. A number of developed countries have stated that within the one per cent target defined in Resolution 27 (II) they are prepared to attempt to provide a minimum of 0.75 per cent of GNP by way of net official financial resource transfers. One developed country has expressed the view that this proportion should be at least half of one per cent. The other developed countries

2/ Document TD/B/L.212
have not been prepared to accept any precise ratio. All these countries, however, accept the importance of official bilateral and multilateral flows within the total and will either undertake specific commitments in this respect or do their utmost to ensure that official bilateral and multilateral flows represent a substantial part of the resources provided.

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

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

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

These statements of intent should be made at the 25th session of the General Assembly or before and be attached to the final document on the Decade. The developed countries should, at appropriate intervals during the Decade, examine whether they can supplement these statements of intent or make advances on them.
Text proposed by the delegations of Australia and the United States of America

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

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

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

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

Developed countries should, by 1972, provide annually to developing countries financial resources transfer of a minimum net amount of 1 per cent of its GNP at market prices in terms of actual disbursement having regard to the special position of those countries which are net importers of capital; those developed countries which have already met the target as defined above should endeavour to ensure that their net financial resource transfers are maintained and envisage, if possible, an increase in them.

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

2. SHIPPING AND PORTS

Draft text resulting from consultations in the Contact Group

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

Shipping and ports

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

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

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

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

1/ This last sentence may become separate paragraph.
(c) Governments of Members of UNCTAD recognize the principle that the national flag lines of developing countries should be admitted as full members of liner conferences covering the foreign trade of the developing countries concerned in compliance with the recommendation in paragraph 5 of Conference resolution 3 (III) affecting their maritime traffic.

(d) Governments of developed countries Members of UNCTAD should, upon request from developing countries, duly consider extending, directly or through international institutions, financial and technical assistance to the developing countries to establish and expand the national and regional merchant marines of the latter including their tanker fleets. Such assistance should include inter alia the training of personnel in the economic, managerial, technical and other aspects of shipping.

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

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

1/ This may follow paragraph 2 since it concerns principles.
APPENDIX D

AMENDMENTS TO OR ALTERNATIVE TEXTS FOR CERTAIN PARAGRAPHS
OF THE TEXT OF UNCTAD'S CONTRIBUTION TO THE PREPARATORY
WORK FOR THE SECOND UNITED NATIONS DEVELOPMENT DECADE

B. Policy measures
   (b) Commodities

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

Replace paragraphs 11 and 12 by the following:

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

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

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

Amendments proposed by a number of
Group B countries

Paragraph 11: add following new sentence at end:

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

Paragraph 12: amend first sentence to read:

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

(a) Preferences

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

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

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

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

*   *   *   *   *
II. Manufactures and semi-manufactures

(c) Adjustment assistance

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

Replace paragraph 19 by the following:

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

Amendment proposed by a number of Group B countries

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

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

* * *
V. Financial resources for development

A. Mobilization of domestic financial resources

Alternative text proposed by a number of Group B countries

Replace paragraphs 2 through 4 by the following:

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

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

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

(ii) Fiscal and financial policies; tax reform: developing countries should review their policies in this area, bearing in mind the importance of an efficient budget and tax policy, and of an orderly system of tax administration, for the attainment of the objectives of the Decade not only as regards sustained economic growth but also concerning the goal of sustained improvement in the well-being of the individual."
"(iii) Promotion of public and private investment: developing countries should ensure that public investment targets in their national plans are consistent with the objectives of the Decade. Where appropriate, they should consider the adoption of measures for enlisting private capital investment, both domestic and foreign, in sectors compatible with their overall plans and objectives. Such measures might include inter alia the mobilization of private domestic resources through the development of national and regional capital markets; technical assistance should be considered where appropriate.

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

* * *

Add to text on above subject:

"In view of the importance of each developing country doing its utmost within its possibilities to secure maximum achievement under these heads, it was felt inappropriate to seek to draft any declaration which would if it were to prove generally acceptable inevitably contain many qualifications which are at the moment essential for a number of developing countries. It was agreed, therefore, that developing countries would be invited to submit individual statements of intent to supplement the broad statements of principles contained in the paragraphs above. These statements might appropriately be made at the 25th Session of the General Assembly and attached to the final documentation on the Decade. Developing countries should at appropriate intervals during the Decade examine whether they can supplement these statements of intent or make advances on them."

* * *
V. Financial Resources for Development

B. External Resources

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

Alternative text proposed by a number of Group B countries

Replace paragraph 8 by the following:

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

* * *
V. Financial Resources for Development

B. External Resources

(viii) International Liquidity

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

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

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

Amendment proposed by a number of Group B countries

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

*   *   *
C. Implementation review

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

Replace paragraphs 1 and 2 by the following:

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

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