

Proceedings  
of the  
United Nations Conference  
on  
Trade and Development

FIFTH SESSION  
Manila, 7 May-3 June 1979

Volume I  
Report and Annexes



UNITED NATIONS  
New York, 1981

## NOTE

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For the recommendations, resolutions, declarations and decisions adopted by the United Nations Conference on Trade and Development, see:

First session: *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), pp. 17-65;

Second session: *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr. 1 and 3 and Add.1-2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I,A, pp. 27-58;

Third session: *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I,A, pp. 51-114;

Fourth session: *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I and Corr.1. *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, pp. 6-43.

TD/269 (vol.I)

UNITED NATIONS PUBLICATION

*Sales No. E.79.II.D.14*

Price: \$U.S. 15.00

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## ABBREVIATIONS

ACP	African, Caribbean and Pacific
ASEAN	Association of South-East Asian Nations States
CMEA	Council for Mutual Economic Assistance
DAC	Development Assistance Committee (of OECD)
dwt	deadweight tons
EEC	European Economic Community
FAO	Food and Agriculture Organization of the United Nations
f.o.b.	free on board
GATT	General Agreement on Tariffs and Trade
GNP	gross national product
IBRD	} International Bank for Reconstruction and Development
World Bank	
ICAO	International Civil Aviation Organization
IDA	International Development Association
ILO	International Labour Organisation
IMF	International Monetary Fund
IPF	indicative planning figure
OUA	Organization of African Unity
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PLO	Palestine Liberation Organization
SDR	special drawing rights
SELA	Latin American Economic System
UNCLOS	United Nations Conference on the Law of the Sea
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
UNDP	United Nations Development Programme
WIPO	World Intellectual Property Organization

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References to dollars (\$) are to United States dollars, unless otherwise stated.

The term "billion" signifies a thousand million.

The abbreviated title "*Proceedings...*" in foot-notes refers to *Proceedings of the United Nations Conference on Trade and Development* for the session indicated.

References in foot-notes to "volume II" and "volume III" are to volumes II and III of *Proceedings...*, *Fifth Session, Statements by Heads of Delegation* (United Nations publication, Sales No. E.79.II.D.15) and *Basic Documents* (United Nations publication, Sales No. E.79.II.D.16) respectively.

**REPORT**

**of the United Nations Conference on Trade and Development on its fifth session**



## PREFACE

1. In conformity with General Assembly resolution 1995 (XIX) of 30 December 1964 and pursuant to resolution 32/189 of 19 December 1977, the fifth session of the United Nations Conference on Trade and Development was held at Manila, Philippines, from 7 May to 3 June 1979.

2. The Trade and Development Board, in the exercise of its functions under General Assembly resolution 1995 (XIX), and in particular paragraph 21 thereof, served as a preparatory committee for this session of the Conference. The Board began these preparations at the first part of its seventeenth session, when, after noting with appreciation the offer of the Government of the Philippines to hold the fifth session of the Conference at Manila, it recommended in its resolution 154 (XVII) of 31 August 1977 that the General Assembly should convene the fifth session of the Conference in Manila.

3. The General Assembly, in its resolution 32/189, noted this invitation with appreciation and decided to convene the fifth session of the Conference at Manila from 7 May to 1 June 1979 and a Pre-Conference Meeting of Senior Officials at Manila on 3 and 4 May 1979. In its resolution 154 (XVII), the Board decided that the fifth session of the Conference should have a selective agenda, supported by concise action-oriented documents, and should be so organized as to ensure the attendance of high-level policy-makers, including Ministers, and to permit all delegations to contribute effectively to its decision-making process.

4. At its eighteenth session (August-September 1978), after a discussion of the objectives, provisional agenda, preparatory work and organization of the fifth session of the Conference, the Board adopted proposals for the provisional agenda of the Conference and approved arrangements for the organization of the work of the Conference.<sup>1</sup>

5. In its resolution 33/154 of 20 December 1978, the General Assembly welcomed the decision by the Board at its eighteenth session concerning the provisional agenda and the organizational arrangements for the Conference, and considered that the fifth session of the Conference would provide an important and timely occasion for: (a) review of progress and developments relating to the major ongoing negotiations and agreement on appropriate further action; (b) examination of current economic developments, particularly those having an adverse effect on the developing countries, and consideration of appropriate action including corrective measures; and (c) evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the inter-relationship of problems in the areas of

trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and the necessary contribution of the Conference to a new international development strategy for the third United Nations Development Decade.

6. In the same resolution, the General Assembly urged all member States to take the necessary steps with a view to ensuring satisfactory results from the fifth session of the Conference through adequate preparations at the regional and interregional levels and through the full utilization of the permanent machinery of the Conference for the purpose of facilitating negotiations on the agenda items of the fifth session, and further urged all member States to work towards agreement on action-oriented and other decisions at the fifth session of the Conference that would contribute effectively to the establishment of the new international economic order.

7. At its tenth special session (March 1979), convened pursuant to its resolution 154 (XVII), the Board finalized, by its decision 185 (S-X) of 27 March 1979, the provisional agenda for the fifth session of the Conference, and adopted a number of recommendations concerning the organization of the session.<sup>2</sup>

8. As part of the preparations for the fifth session of the Conference, a number of regional intergovernmental meetings were held at the ministerial level: the Fourth Ministerial Meeting of the Asian Group of the Group of 77 in Colombo in January 1979; the Co-ordinating Meeting of the Latin American Economic System (SELA) in Caracas, also in January 1979; and the Fifth Conference of Trade Ministers of OAU Member Countries in Addis Ababa in February 1979.

9. The results of these meetings were considered at the Fourth Ministerial Meeting of the Group of 77 held at Arusha from 12 to 16 February 1979, which was attended by the Secretary-General of UNCTAD. The Fourth Ministerial Meeting adopted the Arusha Programme for Collective Self-Reliance and Framework for Negotiations,<sup>3</sup> which was presented to the Conference on behalf of H. E. Mr. Julius K. Nyerere, President of the United Republic of Tanzania, by Mr. W. K. Chagula, Permanent Representative of the United Republic of Tanzania to the United Nations Office at Geneva.

10. In the months preceding the Conference, representatives of the countries members of the Organisation for Economic Co-operation and Development (OECD) held a number of meetings in Paris to consider their Governments' preparations for the fifth session of the Conference. In this

<sup>2</sup> *Ibid.*, *Thirty-fourth Session, Supplement No. 15 (A/34/15)*, vol. I, annex II.

<sup>3</sup> Issued at the Conference under the symbol TD/236 and reproduced in annex VI below.

<sup>1</sup> *Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15)*, vol. II, para. 199.

connexion, the Secretary-General of UNCTAD addressed the OECD Council on 9 April 1979.

11. The Ministers of Foreign Trade of the countries members of the Permanent Commission for Foreign Trade of the Council for Mutual Economic Assistance met in Moscow in April 1979 to exchange views on preparations for the fifth session of the Conference, and were addressed by the Secretary-General of UNCTAD on 11 April 1979.

12. In the context of the preparations for the fifth session of the Conference, the Secretary-General of UNCTAD consulted with representatives of States members of UNCTAD. In addition, in the months preceding the fifth session, the secretariat sponsored a series of seminars bringing together policy-makers and members of the academic community to discuss the issues before the Conference in both developed and developing countries. Efforts were also made to mobilize the interest of non-governmental organizations and information media in these issues.

13. Pursuant to General Assembly resolution 32/189, the fifth session of the Conference was preceded by a meeting, held on 4 May 1979, of senior officials representing the States participating in the Conference. The meeting agreed on a number of recommendations concerning the organization of the work of the session. The report on the Pre-Conference Meeting<sup>4</sup> was submitted by its Chairman, Mr. D. L. Castellanos (Venezuela), President of the Trade and Development Board, at the 146th meeting of the Conference, on 7 May 1979. The Conference took note of the report.

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<sup>4</sup> TD/247.

14. The representatives of 144 States members of UNCTAD assembled at the Philippine International Convention Center, Manila, from 7 May to 3 June 1979, to take part in the fifth session of the Conference.<sup>5</sup>

15. In the course of a special inaugural ceremony arranged by the Government of the host country, a welcoming address was delivered by H. E. Mrs. Imelda Romuáldez Marcos, First Lady, Minister of Human Settlements and Governor of Metro Manila, and a keynote address was delivered by the President and Prime Minister of the Republic of the Philippines, H. E. Mr. Ferdinand E. Marcos.<sup>6</sup> In response, Mr. Kurt Waldheim, Secretary-General of the United Nations, thanked the Government and people of the Philippines for their kind invitation to hold the fifth session of the Conference in Manila and expressed his best wishes for the success of the Conference.

16. In the course of the session, messages and good wishes were received from a number of Heads of State or Government and from His Holiness Pope John Paul II, as well as from certain intergovernmental meetings and bodies.<sup>7</sup>

17. At the 169th plenary meeting, on 30 May 1979, the Conference observed a minute of silence in tribute to the memory of H. E. Ahmed Ould Boucief, Prime Minister of Mauritania, who had died tragically in an aeroplane crash on 27 May 1979.

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<sup>5</sup> For the list of States members of UNCTAD and of inter-governmental and other bodies represented at the fifth session of the Conference, see part three, section K, below.

<sup>6</sup> The texts of the addresses are reproduced in annex III below.

<sup>7</sup> The texts of the messages are reproduced in annex V below.

## PART ONE. ACTION TAKEN BY THE CONFERENCE

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## A. RESOLUTIONS, RECOMMENDATIONS AND DECISIONS ADOPTED BY THE CONFERENCE

### 1. *Resolutions, recommendations and decisions*

#### CREDENTIALS OF REPRESENTATIVES TO THE CONFERENCE

(Agenda item 5)

#### *RESOLUTION*

#### 133 (V). Credentials of representatives to the fifth session of the Conference<sup>1</sup>

*The United Nations Conference on Trade and Development*

*Approves the report of the Credentials Committee.<sup>2</sup>*

*171st plenary meeting  
3 June 1979*

#### DEVELOPMENTS IN INTERNATIONAL TRADE

(Agenda item 9)

#### *RESOLUTION*

#### 131 (V). Protectionism and structural adjustment<sup>3</sup>

*The United Nations Conference on Trade and Development,*

*Recognizing that trade plays an essential role in economic growth and development, in particular that of the developing countries,*

*Recognizing further that a healthy world economy would contribute to the satisfactory pursuit by developing countries of their export policies and industrialization,*

*Recognizing also that today's world economic problems cannot be solved by concealed or open protectionism and that trade restrictive measures could touch off chain reactions involving a widening series of actions by an increasing number of countries,*

<sup>1</sup> The Conference adopted this resolution without dissent.

<sup>2</sup> TD/265, reproduced in annex IX below.

<sup>3</sup> The Conference adopted this resolution without dissent. For statements, see part two, paras. 19-20.

Noting the deep concern of all countries about intensified protectionist pressures and the concern of developing countries in particular about the serious consequences which the increase in recent years in protectionist measures in the world trading system may have for these countries by affecting their exports, particularly in sectors in which the comparative advantage has shifted in their favour and opened up important perspectives of growth in their economies,

Noting with concern the adverse effects of such measures on the economies of developing countries and the obstacles which they may pose to the process of structural adjustment acting as a continuous phenomenon of mutual benefit to all countries,

Reaffirming the importance of structural adjustment for the containment of protectionism and for an effective international division of labour and for the attainment of the development objectives of the developing countries,

Considering that such structural adjustment is essential in order for developing countries to attain an increased share of world production as well as of world trade in manufactures, bearing in mind the target of developing countries of a 25 per cent share of world production by the year 2000 as set out in the Lima Declaration and Plan of Action,<sup>4</sup>

Recalling General Assembly resolutions 3201 (S-VI) and 3202 (S-VI), adopted on 1 May 1974, containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, and General Assembly resolutions 3281 (XXIX) of 12 December 1974, 3362 (S-VII) of 16 September 1975, 31/163 of 21 December 1976 and 33/196 of 29 January 1979, and the Lima Declaration and Plan of Action,

Reaffirming sections I C, I D, I E and II C of Conference resolution 96 (IV) of 31 May 1976,

Taking note of the communiqué issued on 15 June 1978 by the Council of the Organisation for Economic Co-operation and Development meeting at ministerial level,<sup>5</sup> approving *inter alia* the further renewal of the Declaration (Trade Pledge) of 30 May 1974,

Taking note of the relevant proposals of developing countries members of the Group of 77 in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations,<sup>6</sup>

Noting also the report by the UNCTAD secretariat entitled "Implications for developing countries of the new protectionism in developed countries",<sup>7</sup>

Agrees on the following programme of action for structural adjustment related to trade and policies and measures to deal with protectionism:

#### A. Policies and measures for structural adjustment related to trade

1. Agrees that structural adjustment is a constant and global phenomenon which the international community should facilitate by conscious efforts with a view to ensuring optimum over-all growth, including the development and diversification of the economies of developing countries and an effective international division of labour, involving both inter-industry and intra-industry specialization, enabling developing countries to secure an increase in their share in world trade in processed goods and in manufacturing. In this connexion, there is a need to promote active co-operation and to follow closely the evolution of the patterns of production and trade in the world, with full participation of the developing countries;

2. Decides, therefore, to entrust to the Trade and Development Board the organization in an appropriate existing body of an annual review of the patterns of production and trade in the world economy. Such reviews should take into consideration relevant available information, including general policies, in order to provide a comprehensive factual and analytical background of global trends of production, imports and exports, with a view to identifying elements or problems most relevant, in the light of the dynamics of comparative advantage, to the attainment of optimum over-all economic growth, including the development and diversification of the economies of developing countries, and an effective international division of labour;

3. National Governments would take such reviews and any general recommendations flowing from them into account in following up the provisions in section I E of Conference resolution 96 (IV), which reads as follows:

##### *Adjustment assistance measures*

Developed countries should facilitate the development of new policies and strengthen existing policies that would encourage domestic factors of production to move progressively from the lines of production which are less competitive internationally, especially where the long-term comparative advantage lies in favour of developing countries, thus providing, *inter alia*, larger export possibilities for the developing countries and contributing to the attainment of their development objectives. The development and strengthening of such policies would encourage the redeployment of the industries of the developed countries which are less competitive internationally to developing countries, thus leading to structural adjustments in the former countries and a higher degree of utilization of natural and human resources in the latter. Such policies may take into account the economic structure and the economic, social and security objectives of the developed countries and the need for such industries to move into more viable lines of production or into other sectors of the economy.

#### B. Policies and measures to deal with the problem of protectionism

4. Calls for continued resistance to protectionist pressures and urges developed countries to implement fully and adhere strictly to the standstill provisions they have accepted, in particular concerning imports from developing countries;

5. Requests the Trade and Development Board and its subsidiary bodies concerned to continue to review developments involving restrictions of trade, with a view to examining and formulating appropriate recommendations concerning the general problem of protectionism;

<sup>4</sup> See Lima Declaration and Plan of Action on Industrial Development and Co-operation, adopted by the Second General Conference of UNIDO, held at Lima, Peru, from 12 to 26 March 1975 (ID/CONF.3/31, chap. IV).

<sup>5</sup> *OECD Observer* (Paris), No. 93, July 1978, p. 6.

<sup>6</sup> See annex VI, section III, below, "Item 9 of the provisional agenda for the fifth session of the Conference."

<sup>7</sup> TD/226, reproduced in volume III.

6. *Requests* the Secretary-General of UNCTAD to continue the work of compiling and up-dating the inventory of non-tariff barriers affecting the trade of developing countries and of analysing the effects of such barriers, taking into account the information already available in GATT;

7. *Calls on* developed countries to move towards the reduction and elimination of quantitative restrictions and measures having similar effect, particularly in relation to products exported by the developing countries;

8. *Invites* GATT to examine in an appropriate body any case of future protective action by developed countries against imports from developing countries in the light of the relevant provisions of the General Agreement on Tariffs and Trade, particularly part IV thereof;

9. *Urges further* the developed countries to continue efforts towards reducing tariff escalation so as to provide improved access to exports of manufactures and semi-manufactures, in particular from the developing countries,

and to continue consultations on the subject in appropriate forums.

*171st plenary meeting  
3 June 1979*

## DECISION

### 132 (V). Multilateral trade negotiations<sup>8</sup>

*The United Nations Conference on Trade and Development*

*Requests* the Trade and Development Board to make a global evaluation of the multilateral trade negotiations on the basis of a report by the Secretary-General of UNCTAD together with other relevant documentation.

*171st plenary meeting  
3 June 1979*

<sup>8</sup> The Conference adopted this decision without dissent. For statements, see part two, paras. 27-32.

## COMMODITIES

(Agenda item 10)

### RESOLUTIONS

#### 104 (V). Tungsten<sup>9</sup>

*The United Nations Conference on Trade and Development.*

*Recalling* Trade and Development Board decision 175 (XVIII) of 17 September 1978,

*Bearing in mind* that the question of tungsten has been under continued consideration by producers and consumers within UNCTAD without resulting in sufficient progress towards negotiations,

*Taking into account* the work so far achieved on tungsten,

*Decides* to request the Secretary-General of UNCTAD to convene further preparatory meetings as soon as possible in pursuance of Board decision 175 (XVIII). Subject to the recommendation of the preparatory meetings, the Secretary-General of UNCTAD should convene a negotiating conference on tungsten as early as possible, and preferably before the end of 1980.

*170th plenary meeting  
1 June 1979*

#### 105 (V). International food trade<sup>10</sup>

*The United Nations Conference on Trade and Development.*

*Recalling* its resolution 93 (IV) of 30 May 1976, and in particular the recognition expressed therein of the urgent need for substantial progress in stimulating food production in developing countries,

*Taking into account* the Programme of Action to Eradicate Hunger and Malnutrition as established by the Manila Communiqué,<sup>11</sup> and the Mexico Declaration of the World Food Council,<sup>12</sup>

*Stressing* the importance of increasing food production and consumption in developing countries, of liberalizing international food trade, and of international agreements on food commodities, taking into account the need to diversify the sources of international food supply,

1. *Urges* that investment and technical assistance should be substantially increased with the support of the developed countries and the international organizations concerned, in order to accelerate food production in developing countries, especially in the least developed countries; and that efforts be made to increase developing countries' exports of food and food products, to achieve stable and equitable prices, to improve nutrition, to promote an adequate supply of food and to strengthen world food security, by means, *inter alia*, of the following:

(a) Adoption in developing and developed countries of policies and measures that would encourage food production, particularly that of developing countries, expand world food trade, particularly food exports by developing countries, and improve and strengthen the technological capabilities of developing countries in the agro-industrial sector;

(b) Adoption of appropriate schemes among developing countries for expanding and diversifying food production and trade;

<sup>9</sup> The Conference adopted this resolution without dissent. For a statement, see part two, para. 83.

<sup>10</sup> The Conference adopted this resolution without dissent.

<sup>11</sup> *Official Records of the General Assembly, Thirty-second Session, Supplement No. 19 (A/32/19)*, part one.

<sup>12</sup> *Ibid.*, *Thirty-third Session, Supplement No. 19 (A/33/19)*, part one.

(c) Early conclusion, where appropriate, of international agreements on food commodities, including, where necessary, the establishment of adequate reserves;

2. *Requests* the Secretary-General of UNCTAD, in co-ordination with relevant international organizations, to maintain under regular review all matters regarding international food trade, to examine the impact of food trade on the food production and consumption and food security of developing countries in co-operation with international organizations concerned with food issues and to report to member States through the appropriate bodies of UNCTAD.

170th plenary meeting  
1 June 1979

### 124 (V). Integrated Programme for Commodities<sup>13</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* its resolution 93 (IV) of 30 May 1976 on the Integrated Programme for Commodities,

*Concerned* at the increasing difficulties confronting developing countries in international trade in commodities and at the little progress that has been made so far in the preparatory meetings and negotiations on the majority of the individual commodities under the Integrated Programme for Commodities,

*Taking note* of the report of the *Ad hoc* Intergovernmental Committee for the Integrated Programme for Commodities on its eighth session<sup>14</sup> and of the report of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities on its third session,<sup>15</sup>

*Noting* that action has not yet commenced on some of the measures envisaged in the Integrated Programme for Commodities and affirming the importance of implementing the measures embodied in resolution 93 (IV), including those mentioned in section III, paragraphs 3 and 4, to attain the objectives of that resolution,

*Emphasizing* the need to improve the terms of trade of developing countries and to achieve stable conditions in commodity trade, including avoidance of excessive price fluctuations, as well as for more security and stability of income derived from the export of commodities by developing countries,

*Emphasizing further* the need for greater participation by the developing countries in the economy of their commodities through measures to increase local processing, as well as greater participation by these countries in the marketing, transport and distribution of their commodity exports, and to obtain for them better and more secure access to markets,

*Stressing* the need for a greater sense of urgency in the implementation of the Integrated Programme for Commodities and for effective integration of the negotiations on

different measures leading to mutually harmonized solutions,

*Taking note* of the reports by the UNCTAD secretariat submitted to the Conference,<sup>16</sup>

### I. COMMON FUND

1. *Takes note* of resolution 1 (III) of 19 March 1979 of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities, as contained in the report of the Negotiating Conference on its third session;<sup>17</sup>

2. *Welcomes* the announcements of pledges of voluntary contributions to the second window, as well as declarations of intent in this regard, made by a number of Governments during the fifth session of the United Nations Conference on Trade and Development;

3. *Urges* States members of UNCTAD, as well as international organizations, which have not yet done so to indicate their intentions on pledging voluntary contributions to the second window before the fourth session of the United Nations Negotiating Conference on a Common Fund;

4. *Calls upon* all States members of UNCTAD to participate actively in the Interim Committee of the United Nations Negotiating Conference on a Common Fund and exert all necessary efforts to ensure that the Committee completes the drafting of the articles of agreement of the Common Fund and other tasks assigned to it by resolution 1 (III) as early as possible in order to permit the reconvening of the Negotiating Conference before the end of 1979;

5. *Requests* that, in order to obtain appropriate inputs into the work of the Interim Committee, the Secretary-General of UNCTAD should undertake full consultations with relevant international organizations, and invites those organizations to co-operate in the work of the Interim Committee;

6. *Urges* all States members of UNCTAD to continue to exert the requisite political will with a view to bringing about the establishment of the common fund as a key instrument in attaining the agreed objectives of the Integrated Programme for Commodities;

### II. ACTION ON INDIVIDUAL COMMODITIES

1. *Urges* Governments involved to decide as soon as possible on the convening of negotiating conferences on commodities now in their preparatory phase and on which sufficient progress has been made, with a view to concluding international arrangements in fulfilment of the objectives of Conference resolution 93 (IV); further urges Governments, in collaboration with the Secretary-General of UNCTAD, to decide to accelerate the convening of preparatory meetings on the remaining commodities in the

<sup>13</sup> The Conference adopted this resolution without dissent. For statements, see part two, paras. 40-49.

<sup>14</sup> TD/B/IPC/AC/27.

<sup>15</sup> TD/IPC/CF/CONF/19.

<sup>16</sup> TD/228 and Add.1 (reproduced in volume III), TD/229 (*idem*), TD/229/Supp.1 and Corr.1, TD/229/Supp.2 and Corr.1 (*idem*), TD/229/Supp.3 and Corr.1 (*idem*).

<sup>17</sup> TD/IPC/CF/CONF/19, annex I.

indicative list contained in Conference resolution 93 (IV) which are not yet covered by international commodity agreements, with a view to identifying as soon as possible the international action, if any, suited to the requirements of the commodities concerned;

2. *Requests* the Secretary-General of UNCTAD to provide assistance, if deemed appropriate and requested, to participating countries in preparatory meetings and negotiations under the Integrated Programme for Commodities, particularly to developing countries, by convening meetings in accordance with established procedures, with a view to facilitating the negotiating process and enabling the countries concerned to prepare and harmonize their negotiating positions;

3. *Invites* parties to existing international commodity agreements, in accordance with the appropriate decision-making procedures of these agreements, to consider their association with the common fund, with a view to using the financial facilities available in its first and second windows as appropriate, and also to consider including other measures under the Integrated Programme for Commodities which may be relevant to such commodities;

4. *Urges* Governments to take early steps in accordance with the provisions of Conference resolution 93 (IV) for the establishment, where appropriate, of pricing arrangements within international commodity agreements and arrangements, in particular negotiated price ranges, which would be periodically reviewed and appropriately revised, taking into account, *inter alia*, movements in prices of imported manufactured goods, exchange rates, production costs and world inflation, and levels of production and consumption;

5. *Agrees* on the inclusion in the preparatory work and negotiations under the Integrated Programme for Commodities, where the participating countries deem it appropriate, of processed and semi-processed products derived from the raw materials in the indicative list contained in Conference resolution 93 (IV), in addition to those already included in that list;

6. *Requests* the Secretary-General of UNCTAD, in consultation with international organizations concerned, to convene preparatory meetings as soon as possible on the perishable commodities in the indicative list contained in Conference resolution 93 (IV) on which discussion has been postponed for a long time, so that concrete aspects can be identified which could form a basis for holding negotiating conferences on these products, in view of the special importance which they have for the economies of the producing developing countries;

7. *Urges* that, in the negotiation and renegotiation of international commodity agreements and arrangements, including the revision of the price ranges, participating countries should take fully into account the interests of the producing developing countries, in accordance with the objectives of Conference resolution 93 (IV). In this respect, the interests of developing importing countries, if adversely affected by measures under the Integrated Programme for Commodities, should be protected in accordance with section III, paragraphs 3 and 4, of that resolution;

### III. OTHER MEASURES INCLUDED IN THE INTEGRATED PROGRAMME FOR COMMODITIES

#### A. *Processing and product development with a view to promoting the industrialization and an increase of export earnings of developing countries*

1. *Agrees* to establish a framework of international co-operation within the over-all context of the Integrated Programme for Commodities for expanding in developing countries the processing of primary commodities and export of processed goods, taking into account the on-going work and negotiations on related issues;

2. *Agrees*, in this context, to take into account, *inter alia*, the following elements:

(a) Facilitation of the process of redeployment of productive capacities for commodity-processing industries to developing countries, including adjustment assistance, and implementation of other measures relating to trade and industrial co-operation, in accordance with the relevant provisions of Conference resolution 96 (IV) of 31 May 1976;

(b) Improvement of the competitiveness of natural products competing with synthetics and consideration of measures to harmonize, where appropriate, the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;

(c) Increasing market outlets for processed and semi-processed commodities exported by developing countries, *inter alia* by commitments within trade negotiations or wherever appropriate within the framework of individual commodity negotiations;

(d) Adequate financial resources for expanding primary commodity processing in developing countries, taking account of needs for increased allocation of financial resources, both loan and equity capital, through international financial institutions, especially to the least developed countries;

(e) Liberalization of market access, particularly in developed countries, for primary and processed products from developing countries;

3. *Requests* the Secretary-General of UNCTAD within this framework:

(a) In consultation with the relevant international organizations, as well as relevant producer/consumer bodies, to undertake systematic and thorough studies of the prospects for expanding processing and product development in developing countries regarding the commodities included in the indicative list of Conference resolution 93 (IV), having regard to studies already carried out within UNCTAD and other relevant bodies;

(b) To submit these studies as appropriate to the Committee on Commodities, to preparatory meetings under the Integrated Programme for Commodities, and to producer/consumer bodies;

#### B. *Marketing and distribution*

4. *Agrees* to establish a framework of international co-operation, within the over-all context of the Integrated



Programme for Commodities, in the field of marketing and distribution of commodity exports of developing countries, with a view to increasing the participation of developing countries in these activities and their earnings from them, taking into account the on-going work and negotiations on related issues;

5. *Further agrees*, in this context, to take into account, *inter alia*, the following elements:

(a) Improvement in market transparency, including action where appropriate to improve the functioning of commodity exchanges;

(b) Increased technical and financial support for the development of national marketing and distribution systems of developing countries;

(c) Contracts, practices and arrangements governing the marketing of commodities included in the indicative list of Conference resolution 93 (IV);

(d) Elimination of barriers to fair competition between marketing enterprises of developed and developing countries;

6. *Requests* the Secretary-General of UNCTAD within this framework:

(a) In consultation with the relevant international organizations, as well as relevant producer/consumer bodies, to undertake or conclude systematic and thorough studies of the marketing and distribution structures of the commodities included in the indicative list of Conference resolution 93 (IV) and in accordance with Conference resolution 78 (III) of 20 May 1972, having regard to studies already carried out within UNCTAD and other relevant bodies;

(b) To submit a precise timetable for the completion of these studies at the next session of the Committee on Commodities, and to submit these studies in accordance with this timetable as appropriate to the Committee on Commodities, to preparatory meetings under the Integrated Programme for Commodities, and to producer/consumer bodies;

#### *C. Research and development, market promotion and horizontal diversification*

7. *Agrees* that studies of the needs and costs in the medium term in these fields for commodities in the indicative list contained in resolution 93 (IV) should be prepared by the Secretary-General of UNCTAD in consultation with the relevant international organizations, as well as relevant producer/consumer bodies, and having regard to studies already carried out within UNCTAD and other relevant bodies, and be submitted as appropriate to the Committee on Commodities, to preparatory meetings under the Integrated Programme for Commodities, and to producer/consumer bodies,

#### IV. TIME FRAME AND INSTITUTIONAL ARRANGEMENTS

1. *Requests* the Committee on Commodities, in accordance with its terms of reference, to give particular attention to the work envisaged in section III above and to take into account the on-going work on individual commodities with a view to providing over-all policy guidance as necessary;

2. *Decides* that, after the end of the time-bound frame of the Integrated Programme for Commodities, any further preparatory meetings and negotiations in fulfilment of Conference resolution 93 (IV) should become part of the regular work programme of UNCTAD in the field of commodities, together with other aspects of commodity work;

3. *Requests* the Secretary-General of UNCTAD to make the necessary provision in his biennial programme budget proposals for a continuation of *ad hoc* and regular resources over the period 1980-1981 in the context of the continuing work under Conference resolution 93 (IV), to enable the secretariat to provide the necessary support for this work, and recommends that the required resources be accordingly made available.

*171st plenary meeting  
3 June 1979*

#### **125 (V). Complementary facility for commodity-related shortfalls in export earnings<sup>18</sup>**

*The United Nations Conference on Trade and Development*

*Requests* the Secretary-General of UNCTAD:

(a) In consultation with the International Monetary Fund, to prepare a detailed study for the operation of a complementary facility to compensate for shortfalls in earnings of each commodity, taking account of its financial requirements, possible sources of financing, its financial feasibility, institutional arrangements and the modalities and considerations that would provide adequate compensation in real terms to developing countries, paying attention in particular to the situation of the least developed countries. This facility should be additional to the improvement of the Compensatory Financing Facility of the International Monetary Fund, other facilities and to actions taken under the Integrated Programme of Commodities to deal with the problem of price stabilization in real terms;

(b) To complete this study at the earliest possible date with a view to facilitating its consideration by the Committee on Commodities and the Trade and Development Board after the completion of the negotiations on the common fund.

*171st plenary meeting  
3 June 1979*

#### **126 (V). United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as extended<sup>19</sup>**

*The United Nations Conference on Trade and Development,*

*Noting* with concern the rapidly increasing reliance of developing countries on imports of cereals, particularly wheat,

*Recalling* the agreed conclusions on some aspects concerning food and agriculture adopted on 29 March 1979 by

<sup>18</sup> The Conference adopted this resolution by 73 votes to 12, with 14 abstentions. For statements, see part two, paras. 64-74.

<sup>19</sup> The Conference adopted this resolution without dissent.

the Committee of the Whole Established under General Assembly resolution 32/174, in particular paragraphs 8 and 9 thereof,<sup>20</sup>

*Taking note* of the progress made at the third part of the United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as extended, which had to be adjourned without concluding its work,

*Acknowledging* the urgency of reviewing the unresolved issues in a positive manner, with a view to resuming the negotiations as soon as real possibilities of success are apparent on an international arrangement to replace the International Wheat Agreement, 1971, as extended, including a Food Aid Convention to secure the achievement of the food aid objective of 10 million tons set by the World Food Conference in 1974,

1. *Urges* all participating countries to exert the requisite political will at the next session of the International Wheat

<sup>20</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 34 (A/34/34), part two, para. 18.*

Council, to be held in June 1979 in London, to re-examine the main unresolved issues, together with new possible elements, and the conditions that would allow for a successful conclusion of the negotiations, taking into account the interests of developing countries;

2. *Calls on* all participating countries to intensify the process of consultation and the preparations with a view to the earliest possible resumption of the negotiations for the speedy conclusion of an international wheat arrangement covering price and market stability, adequate size of stock, special provisions relating to developing members, and a Food Aid Convention;

3. *Brings to the attention* of Governments of States members of UNCTAD the request by developing countries for the Secretary-General of UNCTAD and the Executive Secretary of the International Wheat Council to take all necessary action to help them make adequate preparation for their effective participation in the negotiations on an international arrangement to replace the International Wheat Agreement, 1971, as extended.

*171st plenary meeting  
3 June 1979*

## MANUFACTURES AND SEMI-MANUFACTURES

(Agenda item 11)

### RESOLUTION

#### 103 (V). Restrictive business practices<sup>21</sup>

*The United Nations Conference on Trade and Development,*

*Taking into account* the work done by the three *Ad hoc* Groups of Experts on Restrictive Business Practices pursuant to Conference resolution 73 (III) of 19 May 1972 and section III of Conference resolution 96 (IV) of 31 May 1976,

*Taking into account also* the significant progress made by the Third *Ad hoc* Group of Experts on Restrictive Business Practices, in particular on the proposals for the formulation of a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices having adverse effects on international trade, particularly that of developing countries, and on the economic development of those countries,

*Noting* that a number of issues remain to be resolved by the United Nations Conference on Restrictive Business Practices on the basis of the work of the Third *Ad hoc* Group of Experts,

*Bearing in mind* General Assembly resolution 33/153 of 20 December 1978, convening, under the auspices of UNCTAD, a United Nations Conference on Restrictive Business Practices to negotiate, on the basis of the work of the Third *Ad hoc* Group of Experts, and to take all decisions necessary for the adoption of, the said principles and rules, including a decision on their legal character,

*Recalling* that the General Assembly, in resolution 33/153, authorized the United Nations Conference on Trade and Development at its fifth session to take appropriate actions for the Conference on Restrictive Business Practices, including decisions on relevant issues and, in particular, the determination of the precise dates for the Conference within the period September 1979 and April 1980,

*Recalling further* that the Trade and Development Board at its tenth special session authorized the Third *Ad hoc* Group of Experts to transmit its report on its sixth session to the Conference for consideration at its fifth session,<sup>22</sup>

1. *Takes note of and welcomes* with satisfaction the report of the Third *Ad hoc* Group of Experts on Restrictive Business Practices on its sixth session<sup>23</sup> and in particular the proposals and recommendations for the set of multilaterally agreed equitable principles and rules;

2. *Decides*, in accordance with General Assembly resolution 33/153, to hold the United Nations Conference on Restrictive Business Practices in the last quarter of 1979;

3. *Requests* the UNCTAD secretariat to make the necessary preparations for the Conference, including in this regard pertinent documentation to be distributed in a timely manner;

4. *Decides* that continued action should be taken within the framework of UNCTAD:

<sup>21</sup> The Conference adopted this resolution without dissent. For statements, see part two, paras. 102-103.

<sup>22</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15 (A/34/15), vol. I, part one, para. 43 (c).*

<sup>23</sup> TD/250 and Corr.1.

(a) To collect publicly available information and as far as possible other information, particularly on the basis of requests addressed to all member States or provided at their own initiative and, where appropriate, to the United Nations Centre on Transnational Corporations and other competent international organizations, on restrictive business practices adversely affecting international trade, particularly that of developing countries, and the economic development of these countries, including information related to the legislative, judicial and administrative actions for the effective control of such practices; and to disseminate such information;

(b) On the elaboration of a model law or laws on restrictive business practices in order to assist developing countries in devising appropriate legislation;

5. *Requests* member States and the Secretary-General of UNCTAD to explore possibilities for international co-operation in the provision of technical assistance to developing countries relating to the control of restrictive business practices, including in respect of the training of their officials;

6. *Reaffirms* the decision in Conference resolution 96 (IV) recommending that action should be taken by countries in a mutually reinforcing manner at the national, regional and international levels to eliminate or effectively deal with restrictive business practices, including those of transnational corporations, adversely affecting international

trade, particularly that of developing countries, and the economic development of these countries;

7. *Requests* the United Nations Conference on Restrictive Business Practices to make recommendations through the General Assembly to the Trade and Development Board in respect of institutional aspects concerning future work on restrictive business practices within the framework of UNCTAD, bearing in mind the work done in this field elsewhere in the United Nations;

8. *Requests* the Secretary-General of UNCTAD to undertake studies in the field of restrictive business practices, including those of transnational corporations, adversely affecting international trade, particularly that of developing countries, and the economic development of these countries, concerning especially;

(a) Marketing and distribution arrangements in respect of export and import transactions;

(b) Exclusive dealing arrangements in an abuse of a dominant position of market power;

9. *Recognizes* the desirability for developing countries to promote co-operation amongst themselves for the control of restrictive business practices adversely affecting their trade and economic development.

169th plenary meeting  
30 May 1979

## MONETARY AND FINANCIAL ISSUES

(Agenda item 12)

### RESOLUTIONS

#### 128 (V). International monetary reform<sup>24</sup>

*The United Nations Conference on Trade and Development,*

1. *Reaffirms* that the international monetary system should provide, *inter alia*:

(a) A more effective and symmetrical international adjustment process with a view to achieving an equitable sharing of the burden of adjustment, greater exchange market stability and a higher degree of international economic policy co-ordination, *inter alia* by the active surveillance by the International Monetary Fund in accordance with the guidelines adopted by the Executive Board for the exchange-rate policies of all its members, particularly those with major currencies, and paying due regard to the special circumstances and needs of all its members, noting those specific to developing countries;

(b) Improvement in the composition and effective international surveillance of global liquidity, with the special drawing right becoming the principal reserve asset and the corresponding changes in the role of gold and

reserve currencies; to this end, consideration of a substitution account should be fully compatible with the requirements of developing countries;

(c) For the promotion of the net flow of real resources to developing countries and calls upon the Interim Committee of the Board of Governors of the International Monetary Fund on the International Monetary System to examine the establishment of a development link in the context of the allocation of special drawing rights based on the long-term global liquidity need;

(d) Ways and means of maintaining the real value of the financial assets of developing countries by preventing their erosion through inflation and exchange-rate depreciation;

2. *Invites* the International Monetary Fund to undertake an examination, after completion of the seventh General Review of Quotas, of the over-all size of quotas in relation to, *inter alia*, the current levels of international trade, the magnitude of the balance-of-payments deficits of its members and the need to finance them in the context of the adjustment process, noting the view expressed by the Interim Committee at its eleventh meeting, on 24 September 1978, that due account be taken of major changes in the world economy and its financing needs.<sup>25</sup>

<sup>24</sup> The Conference adopted this resolution by 69 votes to 17, with 13 abstentions. For statements, see part two, paras. 116-120.

<sup>25</sup> See IMF, *Annual Report 1979* (Washington, D.C.), 1979, appendix III.

Due regard should also be paid to increasing the quota share of developing countries;

3. *Stresses* the necessity to apply conditionality in a flexible and appropriate manner, taking into account the domestic, social and political objectives, the economic priorities and the circumstances of members of the International Monetary Fund, including the causes of balance-of-payments problems, noting especially those of developing countries so as to encourage timely recourse to the Fund's facilities and the much higher rate of utilization of its resources, including resources in the upper credit tranches, as well as the extended fund and supplementary financing facilities, and within this context recognizes the recent review of conditionality undertaken by the Executive Board of the International Monetary Fund and looks forward to the effective implementation of its decision to increase flexibility in the application of conditionality governing the use of the Fund's resources in accordance with the objectives stated above. In this context, the Conference also emphasizes that the approach of the International Monetary Fund to the adjustment programmes be such as to seek reconciliation between a country's short-run and long-run objectives and not be disruptive of development and should take into account factors attributable to external elements beyond the control of developing countries;

4. *Takes note* of the large balance-of-payments deficits being experienced by many developing countries which are often of a structural nature, both internal and external, and recognizes the importance of utilizing facilities within the International Monetary Fund to meet its members' financing requirements, taking into account maturity and applicable conditions as well as the continuing need to ensure that the Fund's financial resources are adequate to deal with such problems. Further notes the comprehensive study being prepared for the next meeting of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries (Development Committee) concerning financial flows to developing countries and adjustment process with a view to examining possible deficiencies in this field;

5. *Invites* the International Monetary Fund to study, in connexion with the forthcoming review, ways to improve the terms and utilization of the Extended Fund Facility by its members, keeping in mind that this facility, intended to support members with structural balance-of-payments deficits, has so far been used only by few member countries;

6. *Invites* the Executive Board of the International Monetary Fund to undertake an in-depth study of the need for the establishment of a longer-term maturity facility at a substantial level of additional resources, designed to provide balance-of-payments support required for the programming of adjustment over longer periods;

7. *Invites* the Secretary-General of UNCTAD to maintain contact with the Managing Director of the International Monetary Fund and to report on the progress made in this area for the consideration of the Trade and Development Board on the earliest possible occasion;

8. *Agrees* that the existing compensatory financing facility should be improved and liberalized to compensate

more fully for shortfalls of export earnings of developing countries;

9. *Invites* the International Monetary Fund, in its ongoing review of the Compensatory Financing Facility, with a view to its further improvement, to take full account of the views of developing countries as expressed in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations<sup>26</sup> on the need for a significant liberalization of access in order to compensate adequately their shortfalls in export earnings;

10. *Invites* the International Monetary Fund to consider, in pursuance of the recommendation of the Interim Committee at its twelfth meeting, held on 7 March 1979,<sup>27</sup> an interest subsidy account that would make it possible to alleviate the burden of the charges on developing countries in need of such assistance, particularly the least developed countries making use of the Supplementary Financing Facility;

11. *Agrees* that the future evolution of the international monetary system is of great importance to the progress of trade and development and decides to establish within UNCTAD an *ad hoc* intergovernmental high-level group of experts to examine fundamental issues in this area.

171st plenary meeting  
3 June 1979

## 129 (V). The transfer of real resources to developing countries<sup>28</sup>

*The United Nations Conference on Trade and Development*

### I. BILATERAL OFFICIAL DEVELOPMENT ASSISTANCE

1. *Reaffirms* the conclusions agreed and the commitments made by developed donor countries on 31 January 1979, at the 19th meeting of the Committee of the Whole Established under General Assembly resolution 32/174, on some aspects of the transfer of resources in real terms to developing countries;<sup>29</sup>

2. *Urges* all developed donor countries which have not reached the 0.7 per cent target to increase effectively and substantially their official development assistance towards the target. To this end, within the framework of an equitable sharing of their efforts, the efforts of the developed donor countries will be the greater, the lower their relative performance;

3. *Affirms* the determination and the firm political will of developed donor countries to redress the situation with respect to the volume of official development assistance, notes the requirements for increased official development assistance if the 0.7 per cent target were to be met by the prescribed date and, in view of the stagnant ratio of official development assistance to gross national product

<sup>26</sup> See annex VI, sect. III, below: "Item 12 (a) of the provisional agenda for the fifth session of the Conference", para. 5 (c).

<sup>27</sup> See IMF, *Annual Report 1979 (op. cit.)*, appendix III.

<sup>28</sup> The Conference adopted this resolution without dissent. For statements, see part two, paras. 128-138.

<sup>29</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 34 (A/34/34)*, part one, para. 13.

and the inadequate increase in net disbursements of official development assistance in real terms since the International Development Strategy for the Second United Nations Development Decade<sup>30</sup> was adopted, agrees that, in order to move effectively towards the 0.7 per cent target, developed donor countries should increase their official development assistance commitments effectively and substantially and accelerate their disbursements of official development assistance in real terms; and agrees therefore that developed donor countries should consider adopting new and additional measures to increase official development assistance, including, *inter alia*, the following:

(a) Interim plans to increase official development assistance at an agreed minimum rate, e.g. through quantitative official development assistance targets in economic plans or programmes on a multi-year basis;

(b) Increasing their aid budget in real terms by an appropriate percentage each year;

(c) Setting aside for official development assistance at least 1 per cent of the increase in their annual gross national product;

(d) Establishing interest subsidy mechanisms as a means of generating a large expansion of concessional flows;

(e) Reducing substantially the time-lag between commitments and disbursements, including, if necessary, through appropriate arrangements between donor and beneficiary countries;

4. *Urges*, to this end, all developed donor countries to announce annually their plans or intentions, in the light of such measures, as regards an increase in official development assistance for the longest possible period ahead and, where possible, for a minimum period of three years;

5. *Reaffirms*, within the context of paragraph 1 above, that the developed countries should make their best efforts to reach decisions at the earliest opportunity concerning the following proposed measures to improve the quality of official development assistance:

(a) Official development assistance to the least developed countries should, as a general rule, be in the form of grants, and for the other recipient countries the current over-all average rate for concessionality should be increased substantially;

(b) Special attention should be paid to the needs of the other special categories of developing countries in the provision of terms of assistance, in particular in the distribution between loans and grants in disbursements of official development assistance to them;

(c) Official development assistance loans and grants should be untied to the maximum extent possible;

(d) The share of programme assistance and local cost financing in official development assistance should be increased substantially where necessary;

6. *Instructs* the Committee on Invisibles and Financing related to Trade to undertake general monitoring and review in respect of the above measures by developed donor countries at its ninth session and at subsequent sessions and to report regularly to the Trade and Development Board;

7. *Urges* all developed donor countries to continue to improve their aid-giving procedures, in consultation with the beneficiary countries, so as to reduce obstacles to rapid aid disbursements and effective aid uses, without any discrimination;

8. *Calls upon* all developed donor countries to recognize the importance of enhancing the awareness and understanding among the general public of the urgent development problems of the developing countries and of the importance of the concept of economic co-operation between developing and developed countries;

9. In connexion with aid quality, developed countries should consider the immediate and special requirements of the least developed countries within their aid policy programmes, without prejudice to whatever targets may be set for the Third United Nations Development Decade;

## II. MULTILATERAL ASSISTANCE

10. Flows from multilateral financial institutions to developing countries should increase significantly, in response to the capital requirements of the developing countries, and should be fully consistent with their development objectives and priorities. In this context, the Conference invites multilateral financial institutions to continue to review their lending practices and the effects of their articles thereon, with a view to improving such practices and appropriate ways and means of implementing such improvements;

11. *Agrees* on the urgent need (a) for a substantial general increase of the capital base for the World Bank and (b) for timely increases in the concessional and non-concessional resources of the regional development financial institutions, provided particularly by their developed country members, and notes recent decisions taken by some of these institutions upon increases, seeking to ensure that their commitments in favour of developing countries, as also those of the World Bank, will increase in real terms at a satisfactory rate and be consistent with the needs of these countries;

12. *Invites*, in this regard, the World Bank Group and the regional development banks to arrange for timely and co-ordinated increases in capital and replenishment of concessional funds;

13. *Urges* that the sixth replenishment of the International Development Association should be effected without delay so as to result in a significant real increase in resources;

14. In order to make optimal use of the resources of multilateral financial institutions, the Conference invites the World Bank and regional development banks to:

(a) Take steps to avoid delays in implementation and disbursements, including any necessary modifications to their rules and procedures;

(b) Provide adequate technical assistance, for both project development and project execution, taking into account the role of the United Nations Development Programme;

(c) Increase programme assistance, including sectoral assistance and local and recurrent cost-financing, as

<sup>30</sup> General Assembly resolution 2626 (XXV) of 24 October 1970.

appropriate to the sectoral priorities and circumstances of the recipient countries, bearing in mind the view of the developing countries that such programme assistance, including sectoral assistance, should attain at least 25 per cent of the total lending;

(d) Examine arrangements governing international bidding for projects financed by multilateral financial institutions, including preferential margins, with a view to their improvement, through the greatest possible use of the capabilities of the recipient developing countries;

(e) Increase co-financing arrangements after study and detailed examination in accordance with the priorities of the countries concerned;

15. *Agrees* on the importance of reviving the third window so as to make more flexible the pattern of resources available to developing countries;

16. *Calls upon* the governing bodies of the United Nations development assistance organizations to consider, as called for in relevant General Assembly resolutions, ways and means of achieving long-term financing of their respective programmes, including multi-year pledges;

17. *Invites* multilateral financial institutions to establish as necessary, objective criteria as regards access to and terms of their non-concessional lending, having due regard to the interests of developing country members concerned, thus avoiding any arbitrary financial graduation in their non-concessional lending;

### III. PRIVATE FLOWS

18. *Acknowledges* the importance of private and other non-official flows to developing countries and strongly emphasizes the need simultaneously to promote not only these flows but also concessional flows in order to reach the 0.7 per cent official development assistance target as soon as possible. Moreover, these private and other non-official flows should be fully consistent with the socio-economic priorities of developing countries:

(a) Within this context, the recommendations of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries (Development Committee) at its sixth meeting, held in Manila on 3 October 1976,<sup>31</sup> should be implemented in full and expeditiously so as to facilitate access of developing countries to private capital markets and help overcome obstacles impeding access of developing countries to these markets, including any present administrative or institutional obstacles; and capital market countries should consider establishing programmes to provide technical assistance to developing countries seeking access to private capital markets;

(b) Work on a code of conduct relating to transnational corporations should be accelerated with a view to presenting a comprehensive draft code to the Commission on Transnational Corporations at its sixth session;

<sup>31</sup> See IMF, *Annual Report 1977* (Washington, D.C.), 1977, appendix III.

### IV. MASSIVE TRANSFER OF RESOURCES

19. Substantially increased transfers of resources to developing countries are an indispensable factor for accelerating their pace of development and could help stimulate global economic activity, particularly in a medium- to long-term perspective. The opportunities for substantially increasing transfers of resources largely raised on the financial markets and without prejudice to official development assistance could best be considered through combining several approaches, including co-financing with private resources and other existing and possible new mechanisms to be further explored in the course of the current study by the Secretary-General of the United Nations in terms of General Assembly resolution 33/136 of 19 December 1978, so that operational proposals could be formulated in time for decisions to be taken by the relevant bodies before the special session of the General Assembly to be held in 1980, or on that occasion. In this context, attention should be given to, *inter alia*, multilateral guarantees for borrowing on international financial markets and borrowing in significant measure under the guarantee of members of the international community, taking into account the possibility of interest subsidy mechanisms;

20. Such substantially increased resource flows should:

(a) Be compatible with the development priorities of developing countries and should take due account of their debt servicing capacity over the longer term;

(b) Give special attention to all developing countries which depend primarily on concessional funds for external financing for their development, particularly the least developed countries;

(c) Be largely raised in international financial markets for project development and execution and programme finance purposes;

21. The proposal for the establishment in the World Bank of a long-term facility to finance purchases of capital goods by developing countries should be considered as quickly as possible with a view to taking a decision at the earliest possible date.

*171st plenary meeting  
3 June 1979*

### DECISION

#### 130 (V). Other financing issues related to trade<sup>32</sup>

*The United Nations Conference on Trade and Development,*

*Noting* that the Trade and Development Board at its tenth special session took note of the report of the Committee on Invisibles and Financing related to Trade on the second part of its eighth session<sup>33</sup> and of the report by the UNCTAD secretariat on an export credit guarantee facility,<sup>34</sup> and decided to transmit these reports to the

<sup>32</sup> The Conference adopted this decision without dissent.

<sup>33</sup> *Official Records of the Trade and Development Board, Tenth Special Session, Supplement No. 3* (TD/B/733).

<sup>34</sup> TD/B/739: Part I: Main policy issues; Part II: report on consultations with member States and international financial institutions.

Conference at its fifth session for consideration and necessary action,<sup>35</sup>

*Decides* that the Committee on Invisibles and Financing related to Trade, at its ninth session, shall establish a

<sup>35</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15 (A/34/15)*, vol. I, para. 46.

sessional committee in order to consider, at the technical level, this question in the light of resolution 15 (VIII) of 3 November 1978 of that Committee and of the relevant reports by the secretariat on this subject.

171st plenary meeting  
3 June 1979

## TECHNOLOGY

(Agenda item 13)

### RESOLUTIONS

#### 101 (V). Contribution of UNCTAD to economic, commercial and development aspects of the industrial property system in the context of its ongoing revision<sup>36</sup>

*The United Nations Conference on Trade and Development,*

*Considering* the importance attached by developing countries to the economic and commercial implications of industrial property for the process of transfer of technology and for their economic and social development,

*Considering* the importance of industrial property for the promotion of indigenous inventive and innovative capacity,

*Recalling* the active contribution of UNCTAD to the review of the field of industrial property with respect to its economic, commercial and developmental aspects,

*Welcoming* the decision of the World Intellectual Property Organization to convene the Diplomatic Conference for the Revision of the Paris Convention for the Protection of Industrial Property in February-March 1980,

*Noting* the proposals made by the Group of 77 in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations,<sup>37</sup>

1. *Reaffirms* Conference resolution 88 (IV) which, *inter alia*, contributes to the guidance of the revision of the Paris Convention for the Protection of Industrial Property;

2. *Stresses* that one of the main objectives of the revision of the Paris Convention should be the promotion of indigenous inventive and innovative capacity and the working of protected inventions, particularly in developing countries, in order to accelerate the developmental process;

3. *Reaffirms* that, as stated in the agreed conclusions and recommendations of the Group of Governmental Experts on the Role of the Industrial Property System in the Transfer of Technology, adopted in October 1977, and endorsed by the Committee on Transfer of Technology in its decision 4 (II) of 6 December 1978:

... appropriate trade-mark legislation can achieve an equitable balance between the public interest and the private interest and can be a useful instrument for economic and social development;

... the process of revision of the Paris Convention, as well as the preparation in the World Intellectual Property Organization of a new model law for developing countries on trade marks, should be guided, *inter alia*, by the following considerations:

(a) The purpose of trade marks is to serve the legitimate interests of consumers by enabling them to distinguish and select goods and services, and the legitimate interests of their owners to protect the goodwill connected with the goods and services sold under their marks;

(b) Trade marks should not be deceptive or mislead the consumer;

(c) Trade marks and, in particular, certification marks and collective marks could serve as one of the appropriate means of ensuring the necessary standards of quality of goods;

(d) The protection granted to trade marks should not justify misleading and/or otherwise abusive practices forbidden under national laws relating, for example, to the prices and quality of goods and services;

(e) The consideration in the World Intellectual Property Organization of non-reciprocal preferential treatment for nationals of developing countries, including in the matter of trade-mark fees, should be continued;

(f) The adoption in national legislation of appropriate use requirements for trade marks, including a defined term for starting use of the mark, is useful;

(g) The licensing of trade marks serves legitimate business interests and should be encouraged on mutually beneficial and equitable terms, including goodwill;

(h) Developing countries should consider the use of indigenous appellations of origin and trade marks belonging to enterprises in their countries for promoting their exports;

(i) The possibility of providing in national law for cancellation of trade marks violating the legitimate interests of consumers, producers and sellers should be considered;

(j) Continued co-operation between national authorities should be encouraged in order to avoid, to the extent feasible under national law, registrations of trade marks that are misleading as to origin.<sup>38</sup>

4. *Urges* all States members of UNCTAD to attend the Diplomatic Conference for the Revision of the Paris Convention for the Protection of Industrial Property in order to enable that Conference to take into account in particular their views on the economic, commercial and developmental aspects of industrial property;

5. *Requests* that the Governments of all States members of UNCTAD attending the Diplomatic Conference take into account the concerns expressed by the developing countries regarding their public interest and their ability to adopt appropriate legislation and policies in that interest, as stated particularly in the 1975 conclusions<sup>39</sup> and the 1977

<sup>36</sup> The Conference adopted this resolution without dissent. For a statement, see part two, para. 165.

<sup>37</sup> See annex VI, section III, below, "Item 13 of the provisional agenda for the fifth session of the Conference".

<sup>38</sup> TD/B/C.6/24, annex I, paras. 2 and 3.

<sup>39</sup> See *Official Records of the Trade and Development Board, Seventh Special Session, Supplement No. 4 (TD/B/593)*, annex III.

declaration<sup>40</sup> of experts from developing countries members of the Group of 77;

6. *Invites* the Secretary-General of UNCTAD to continue his studies on the economic, commercial and developmental aspects of industrial property and to undertake as soon as possible studies:

(a) As requested in resolution 3 (I) of the Committee on Transfer of Technology on the impact which new policies and legislation in the field of industrial property and related matters have on the developmental process of developing countries;

(b) As requested in decision 4 (II) of the Committee on Transfer of Technology on the role of trade mark protection in vital sectors of the economy, in consumer protection and in promotion of exports.

169th plenary meeting  
30 May 1979

## 102 (V). Development aspects of the reverse transfer of technology<sup>41</sup>

*The United Nations Conference on Trade and Development.*

*Recalling* General Assembly resolutions 3017 (XXVII) of 18 December 1972 and 32/192 of 19 December 1977, Economic and Social Council resolution 1904 (LVII) of 1 August 1974 and resolution 7 (II) of the Committee on Transfer of Technology of 15 December 1978, and the relevant provisions of General Assembly resolution 3362 (S-VII) of 16 September 1975, Conference resolutions 39 (III) of 16 May 1972 and 87 (IV) of 30 May 1976, and resolution 2 (I) of the Committee on Transfer of Technology of 5 December 1975,

*Recalling further* General Assembly resolution 33/151 of 20 December 1978 on the reverse transfer of technology,

*Recalling* also the Buenos Aires Plan of Action and the resolutions adopted at the United Nations Conference on Technical Co-operation among Developing Countries,<sup>42</sup>

*Recalling* the agreed conclusions and recommendations adopted by the Group of Governmental Experts on Reverse Transfer of Technology on 7 March 1978,<sup>43</sup> which included, *inter alia*, the following points:

(a) That the problem of reverse transfer of technology is a multifaceted one, encompassing social, economic and development issues as well as political, civil and human aspects;

(b) That in order to have a balanced understanding of the issues and to improve the policy responses, there is a need for studying the experience of countries belonging to different geographical areas;

(c) That there is a need for a comprehensive approach to reverse transfer of technology,

*Taking note* of the documentation prepared by the UNCTAD secretariat on development aspects of the reverse transfer of technology and presented for consideration by the Conference at its fifth session,<sup>44</sup>

*Convinced* that the economic and social development of developing countries depends, *inter alia*, on the availability of their own properly trained, skilled and professional personnel, and on opportunities for their employment in their respective fields of competence,

*Emphasizing* that the establishment of a new international economic order should ensure that the migration of skilled manpower from developing countries constitutes an exchange in which the interests of all countries negatively affected by reverse transfer of technology are adequately protected,

*Noting* the proposals made by the Group of 77 in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations,<sup>45</sup>

1. *Endorses* the agreed conclusions and recommendations of the Group of Governmental Experts on Reverse Transfer of Technology;

2. *Reaffirms* General Assembly resolutions 32/192 and 33/151 on the reverse transfer of technology;

3. *Takes note* of the report of the Secretary-General of the United Nations entitled "The brain drain problem: outflow of trained personnel from developing to developed countries",<sup>46</sup>

4. *Notes* that the above report sought to bring together in a summary form the key elements of a number of studies on the subject of the outflow of trained personnel from developing to developed countries;

5. *Invites* the Secretary-General of the United Nations to make available to, *inter alia*, the Committee on Transfer of Technology, his in-depth study on the brain drain, taking into account specific proposals made on this subject, including the proposal concerning the establishment of an international labour compensatory facility,<sup>47</sup> as well as considerations relating to the return to their country of origin of those skilled personnel of developing countries who wish to return, which he is preparing in co-operation with UNCTAD and the International Labour Organisation, as called for in General Assembly resolutions 32/192 and 33/151;

6. *Invites* the Secretary-General of the United Nations, in accordance with resolution 7 (II) of the Committee on Transfer of Technology and General Assembly resolution 33/151, to take the necessary decisions on appropriate areas of competence with respect to co-ordination of treatment of this issue within the United Nations system and, in the light of these decisions, requests the Trade and Develop-

<sup>40</sup> See TD/B/C.6/24/Add.1, annex IV.

<sup>41</sup> The Conference adopted this resolution without dissent. For statements, see part two, paras. 182-184.

<sup>42</sup> See *Report of the United Nations Conference on Technical Co-operation among Developing Countries*, Buenos Aires, 30 August-12 September 1978 (A/CONF.79/13/Rev.1 and Corr.1) (United Nations publication, Sales No. E.78.II.A.11 and Corr.1), part one.

<sup>43</sup> TD/B/C.6/28, para. 70.

<sup>44</sup> See TD/239, reproduced in volume III.

<sup>45</sup> See annex VI, section III, below, "Item 13 (d) of the provisional agenda for the fifth session of the Conference".

<sup>46</sup> E/1978/92.

<sup>47</sup> Reference to this proposal by H.R.H. Crown Prince Hassan bin Talal of Jordan is contained in General Assembly resolution 33/151, fifth preambular paragraph.



ment Board to consider appropriate arrangements, including the necessity of convening a group of experts, to examine the feasibility of measuring human resource flows and to submit the findings to the Committee on Transfer of Technology, as called for in paragraph 4 of Committee resolution 7 (II);

7. *Requests* the Secretary-General of UNCTAD, in compliance with General Assembly resolution 33/151 and in the light of resolution 7 (II) of the Committee on Transfer of Technology, to continue within the work programme of UNCTAD his studies, in collaboration with other agencies concerned, on the following main areas:

(a) The experiences and policies of individual countries belonging to different geographical areas to and from which skill flows take place, as an essential prerequisite for properly assessing the magnitude, composition, causes and effects of the outflow of trained personnel from developing countries and for consideration of appropriate measures in response thereto;

(b) The modalities for co-operation at a bilateral, regional and international level;<sup>48</sup>

(c) The examination of the feasibility of various proposals made hitherto regarding the co-operative exchange of skills among developing countries,<sup>49</sup> taking particularly into account the decisions of the United Nations Conference on Technical Co-operation among Developing Countries;

8. *Emphasizes* that a comprehensive approach to the reverse transfer of technology requires concerted efforts at the national, regional and international levels;

9. In pursuance of paragraph 5 of General Assembly resolution 33/151, the following measures on development aspects of the reverse transfer of technology should be taken:

(a) All the developed countries should:

(i) Support measures designed to encourage the absorption of trained personnel within developing countries and support the activities of international organizations aimed at finding solutions to this problem, without prejudice to existing international agreements;

(ii) Encourage research and training activities in institutions of developing countries and encourage greater use of developing country skilled personnel in programmes or projects;

(b) Developed countries which admit skilled migrants should:

(i) Consider assisting, within national constraints, in the building up of better data on skilled migration and explore ways of systematizing the collection and dissemination of statistical information;

(ii) Consider, in the light of the in-depth study by the Secretary-General of the United Nations, and his decisions referred to in paragraphs 5 and 6 above, measures related to social security, pension rights,

currency control, tax policies and remittances with a view to encouraging contributions to the economic development of developing countries, recognizing that the issues mentioned above involve more than the problems of development and the reverse transfer of technology and recognizing also existing national competences in these matters;

(c) The developing countries should:

(i) Monitor the changing characteristics of the problem of skill outflows and take appropriate remedial measures to mitigate the adverse consequences associated with the phenomenon;

(ii) Take steps to indigenize their education and training systems and adapt them more closely to their development needs;

(iii) Give urgent attention to the modalities for promoting collective self-reliance among themselves, with a view to using and developing their human resources in a planned and mutually advantageous manner;

(iv) Endeavour to create social, economic and other conditions designed to provide increased opportunities for satisfying employment for their skilled and professional personnel;

(d) The international community should:

(i) Consider examining, in the light of the in-depth study by the Secretary-General of the United Nations, possible arrangements whereby developing countries experiencing large-scale outflows of their skilled professionals which cause economic disruptions could secure assistance in dealing with adjustment problems arising therefrom;

(ii) In view of the inadequacy of statistical data and differences in views, support further work by the United Nations system, in a co-ordinated manner, on international resource flow accounting at an expert level directed towards clarifying the methodological aspects of the concepts and procedures to be developed for its practical application;

(iii) Give special consideration to the problems in this field faced by the least developed countries;

10. In view of the particular needs and concerns of developing countries, the Conference requests the Trade and Development Board to consider providing facilities, upon request, for a multilateral exchange of views on the development aspects of the reverse transfer of technology, within existing institutional arrangements and available resources and having regard to the relevant resolutions of the Conference.

*169th plenary meeting  
30 May 1979*

**112 (V). Strengthening the technological capacity of developing countries including accelerating their technological transformation<sup>50</sup>**

*The United Nations Conference on Trade and Development,*

<sup>48</sup> The Conference did not consider specific proposals in this connexion owing to lack of time.

<sup>49</sup> The proposals are listed in TD/239, para. 62, which, owing to lack of time, the Conference did not consider.

<sup>50</sup> The Conference adopted this resolution without dissent. For statements, see part two, paras. 172-175.

*Recognizing* the importance of technology as one of the main pillars of economic and social development of all countries, particularly the developing countries,

*Recognizing* the need for concerted action at all levels with a view to achieving the technological transformation of developing countries through the strengthening of their own technological capacity, supported by complementary measures on the part of the international community,

*Recognizing* that Governments play a key role in strengthening the technological capacity of the developing countries and accelerating their technological transformation and further recognizing the legitimate role of enterprises in this process,

*Recalling* the Declaration and the Programme of Action on the Establishment of a New International Economic Order contained in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 and General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international co-operation,

*Further recalling* Conference resolutions 39 (III) of 16 May 1972 and 87 (IV) of 30 May 1976, as well as resolution 1 (II) of the Intergovernmental Group on Transfer of Technology of 9 February 1973 and resolution 2 (I) of the Committee on Transfer of Technology of 5 December 1975,

*Noting* the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, adopted by the Fourth Ministerial Meeting of the Group of 77,<sup>51</sup>

*Noting* with interest the studies and documents submitted to it for its consideration at its fifth session,<sup>52</sup>

*Noting* the views expressed in the course of the fifth session of the Conference,

*Bearing in mind* the importance of the contribution which the United Nations Conference on Science and Technology for Development<sup>53</sup> could make in this field,

1. *Notes* that while some positive steps have been taken at the national, subregional and regional levels, a co-ordinated approach is required to accelerate the technological transformation of developing countries, and that this approach should be implemented duly taking into account the action programme to be developed at the United Nations Conference on Science and Technology for Development, within a comprehensive development strategy to be worked out by the international community for the third United Nations Development Decade;

2. *Recognizes* the importance of continuing action at the international, regional, subregional and national levels to strengthen the technological capacity of developing countries and thereby to accelerate their technological transformation, particularly in areas and sectors of specific and critical concern to these countries, as well as of effective co-operation among developing countries, co-operation from the developed countries and co-ordinated action by international organizations;

3. *Endorses* resolution 6 (II) of 15 December 1978 of the Committee on Transfer of Technology;

4. *Draws attention* to the need for a comprehensive approach to the question of technology in developing countries which would cover the generation, assessment, identification, selection, acquisition and adaptation of technology for development;

5. *Recognizes* the importance of having the broadest possible choice of sources of technology in international transfer of technology and in the process of strengthening the technological capacity of developing countries;

6. *Affirms* that UNCTAD, in co-operation with other relevant organizations of the United Nations, so as to make optimum use of their resources in the area of technology transfer and development, should continue to make effective contributions to strengthening the technological capacity of developing countries, thereby accelerating their technological transformation;

7. *Recommends* the following lines of action as part of the above-mentioned strategy with a view to accelerating the technological transformation of developing countries in any region or subregion, thus reinforcing and supplementing the action already taken pursuant to Conference resolutions 39 (III) and 87 (IV), as well as other relevant United Nations resolutions and decisions in the field of technology;

#### I. ACTION TO STRENGTHEN THE TECHNOLOGICAL CAPACITY OF DEVELOPING COUNTRIES AND THEREBY TO ACCELERATE THEIR TECHNOLOGICAL TRANSFORMATION

##### A. Action by developing countries at the national level

8. *Recommends* that each developing country take such of the following measures as may be appropriate:

(a) Formulate and implement a comprehensive technology plan as an integral part of national development strategy consistent with over-all economic and social requirements, development objectives and policies, with a view to achieving its technological transformation; national technology plans should, *inter alia*:

(i) Identify sectors of critical importance to the countries concerned and define technological policy objectives;

(ii) Co-ordinate national action in relevant areas of technology development and transfer;

(iii) Define the relationship between technology imports and the endogenous development of technology, sector by sector;

(iv) Establish and strengthen links and feedback mechanisms between policy makers, planners, researchers and technologists and users of technology, especially in the area of production;

(v) Formulate programmes concentrated on the generation, research and development and adaptation of technologies, particularly in areas of critical importance for the economic and social development of the country concerned;

<sup>51</sup> See annex VI, section III, below, "Item 13 (c) of the provisional agenda for the fifth session of the Conference".

<sup>52</sup> TD/238 and TD/238/Supp.1 (reproduced in volume III), TD/238/Supp.2 and TD/B/741.

<sup>53</sup> Due to be held at Vienna from 20 to 31 August 1979.

- (vi) Define goals and ensure their achievement through financial, personnel and institutional arrangements;
- (b) Formulate and implement policies, laws and regulations on the transfer and development of technology in all its aspects;
- (c) Effectively monitor, screen and evaluate imported technology, including that from transnational corporations, with a view to ensuring the maximization of domestic technological inputs in the projects concerned;
- (d) Establish and strengthen its institutional infrastructure, including technology centres which could, *inter alia*:
  - (i) Facilitate the co-ordinated formulation and implementation of technology plans, policies, laws and regulations;
  - (ii) Act as a focal point between national and international technology suppliers and national technology users;
  - (iii) Provide technical assistance, information and training to technology users;
  - (iv) Support or participate in programmes of research and development of technology in selected areas;
  - (v) Elaborate appropriate measures to ensure efficient acquisition and optimum utilization of technology and qualified manpower, leading to the establishment of more effective linkages between generators of technology, productive sectors and technology users;
- (f) Utilize the public sector's technological activities and arrangements as an effective instrument of policy;
- (g) Substantially increase the resources devoted to manpower training and to research and technological development and directing these efforts towards the solution of specific urgent problems;
- (h) Endeavour to create over-all conditions conducive to the development and transfer of technologies in accordance with national priorities;

#### B. Co-operation among developing countries

9. Welcomes the adoption of the Buenos Aires Plan of Action on technical co-operation among developing countries<sup>54</sup> and the initiatives undertaken so far by the developing countries towards strengthening their technological capacity, *inter alia* through the establishment of regional and subregional centres for the transfer and development of technology and in specific sectors of critical importance to them, and urges these centres to develop comprehensive programmes for the effective implementation of their functions;

10. Recommends that interregional linkages be established among these centres in order to derive maximum benefits from each other's experience and from economies of scale;

11. Recommends that in order to supplement their efforts at the national level, developing countries initiate or strengthen such of the following co-operative measures at the subregional, regional and interregional levels as may be

appropriate to achieve the objectives of paragraph 5 of Conference resolution 87 (IV):

- (a) Setting up of arrangements for joint technological research and development, design and engineering in areas of common interest to them;
- (b) Harmonization of their policies, rules, regulations, laws and practices governing technology in all its aspects;
- (c) Establishment and strengthening of institutional mechanisms in the field of technology, including technology centres, research and training centres, and other relevant institutional arrangements;
- (d) Increasing the training and exchange of personnel, information and experience among themselves, including co-operative exchange of skills;
- (e) Establishment of preferential arrangements for the development and transfer of technology in line with paragraph 5 (a) of Conference resolution 87 (IV);
- (f) Co-operation in specific areas and sectors of critical importance to their economies;

#### C. Co-operation from developed countries

12. Recognizes the importance of co-operation from developed countries in strengthening the technological capacity of developing countries, in particular action being taken in respect of the provisions of paragraphs 10 and 11 of Conference resolution 87 (IV);

13. Developed countries should take adequate specific measures in order to:

(a) Give developing countries the freest and fullest possible access to technologies whose transfer is not subject to private decisions;<sup>55</sup>

(b) Facilitate access by developing countries, to the extent practicable, to technologies whose transfer is subject to private decision;<sup>56</sup>

(c) Endeavour, in accordance with national policies, laws and regulations, to provide possible incentives aimed at facilitating the transfer of technology to the developing countries from both their private and their public sector enterprises;

(d) Encourage and facilitate the transfer of technology from small and medium-sized enterprises in their countries to the developing countries;

(e) Facilitate the access of developing countries, on favourable terms and conditions, to relevant information on the range of technologies they require for their socio-economic development, including the availability and sources of these technologies and the possibility of adapting them to local needs and conditions;

14. Urges that developed countries intensify efforts to implement the relevant measures indicated in Conference resolutions 39 (III) and 87 (IV);

15. Urges all developed countries to consider assisting in providing the regional and subregional centres for the

<sup>54</sup> See Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (A/CONF.79/13/Rev.1 and Corr.1) (United Nations publication, Sales No.: E.78.II.A.II), part one.

<sup>55</sup> The term "private decision" in the particular context of this resolution should be officially interpreted in the light of the legal order of the respective country.

<sup>56</sup> *Idem*.

transfer and development of technology with the resources which they require for their effective operation;

16. *Invites* Governments of developed countries to take into account, as part of programmes for development assistance and co-operation, requests from developing countries to assist them in implementing their strategies towards their technological transformation;

17. *Recommends* that developed countries, in accordance with national policies, laws and regulations, intensify their support of developing countries' efforts towards greater self-reliance in the field of technology, taking fully into account their development plans and priorities and in particular measures recommended in Conference resolution 87 (IV), as well as:

(a) Co-operate in the development of scientific and technological resources in developing countries, including the creation and growth of innovative capacities;

(b) Encourage the adaptation of research and development projects and programmes, engineering and design to conditions and factor endowments prevailing in developing countries through the creation of and support for laboratories, experimental facilities and institutions for training and research;

(c) Encourage research projects on global development problems, as well as on specific problems of developing countries selected jointly by developing and developed countries with the active participation of researchers and institutions of developing countries;

#### D. *Co-operation among all countries*

18. *Recommends* that all countries, directly or through appropriate international organizations, increase co-ordinated international co-operation and activities to which developing countries accord priority relating to, *inter alia*:

(a) Assistance to developing countries in the development of their technological capacity through the optimum utilization and development of their human and other national resources, as well as in the selection and adaptation of suitable technologies;

(b) Technological research and development in the fields most relevant to the requirements of developing countries;

(c) Measures to facilitate and increase participation by enterprises of all sizes in the international transfer of technology;

19. *Recommends* that all countries intensify efforts to implement paragraph 11 of Conference resolution 87 (IV);

20. *Notes* the desirability in all countries, wherever practicable, of effectively utilizing their skilled personnel in the field of technology in their respective fields of competence.

## II. CONTRIBUTION BY UNCTAD TO THE STRENGTHENING OF THE TECHNOLOGICAL CAPACITY OF DEVELOPING COUNTRIES INCLUDING ACCELERATING THEIR TECHNOLOGICAL TRANSFORMATION

### A. *Action in specific areas and sectors and areas of critical importance to developing countries*

21. *Welcomes* the initiative of the developing countries, individually and in co-operation among themselves, in their

efforts to evolve measures, institutional arrangements and a co-operative exchange of skills and information in certain key sectors;

22. *Urges* developing countries to take similar action in other areas and sectors of critical importance to them;

23. *Requests* the Secretary-General of UNCTAD, in consultation with other relevant United Nations organizations, in particular the United Nations Industrial Development Organization, to prepare, compile and complete studies on the technological problems in the following areas and sectors: agro-industries, including food-processing, pharmaceuticals, energy, design and engineering consultancy, capital goods and industrial machinery and electronics. In preparing these studies the Secretary-General of UNCTAD shall take into account the criteria for studies as spelled out in paragraph 25 below. Further requests the Secretary-General of UNCTAD to submit the above studies to the Committee on Transfer of Technology as soon as possible for in-depth examination and also to transmit them to the relevant United Nations organizations, especially the United Nations Industrial Development Organization, for close examination and comments. In the light of this examination, and of comments from the relevant United Nations organizations, the Committee will decide on the appropriateness of convening the groups of experts, if possible before the sixth session of the Conference, with a view to examining the main issues related to the transfer and development of technology in the areas covered by the studies. Further, on the basis of proposals to be made by the Secretary-General of UNCTAD, the Committee will, as appropriate, decide on the composition and on the terms of reference of these expert groups;

24. *Further requests* the Secretary-General of UNCTAD, in co-operation with the United Nations Industrial Development Organization and other relevant United Nations bodies, to organize and convene between the fifth and sixth sessions of the Conference up to three meetings of experts in order to identify problems and issues concerning the transfer, application and development of the technologies relating to the following areas and sectors: food processing, energy, capital goods and industrial machinery. These meetings are subject to approval by the Trade and Development Board and subject to the principles set out in paragraph 23 above.

### B. *Studies and reports*

25. *Requests* the Secretary-General of UNCTAD, in co-operation with other relevant United Nations organizations, to undertake in-depth studies agreed by the Committee on Transfer of Technology, on areas not yet examined, with a view to analysing the main issues related to the transfer and development of technology in these areas. These studies should focus on practical development-related aspects in the transfer, development and utilization of technology and analyse methods and propose instruments which would strengthen the technological capacity of developing countries individually and collectively. These studies should include consideration of effective linkages between national and regional institutional infrastructures, including centres on the one hand, and the productive sectors on the other, in such aspects as management and technical training, applied research and development, engineering design and the provision of services to tech-

nology users, including the preparation, when appropriate, of handbooks on the analysis, selection and management of technology. In undertaking these studies, particular attention should be given to technological solutions which could contribute to the relief of the problems of the most disadvantaged sections of the population;

26. *Requests* the Secretary-General of UNCTAD also to undertake, in co-operation with other relevant United Nations agencies;

(a) An empirical analysis of the effects of legislation and regulations on technology transfer in selected countries;

(b) A study of the experiences and prospects of technology extension services for end-users;

(c) A study on the possibilities of an increased involvement by small and medium-sized enterprises as sources and receivers of technology in the international transfer of technology;

(d) An inventory of national, subregional and regional institutions for technology transfer, development and co-operation, and of their programmes and activities, in order to facilitate the mobilization and more effective use of resources for co-operation in this field;

27. *Further requests* the Secretary-General of UNCTAD, duly taking into account the programme of action to be adopted by the United Nations Conference on Science and Technology for Development, to prepare a study exploring possible arrangements for promoting in the developing countries co-ordinated technological research and development as well as design and engineering and other technological activities of critical significance to them;

28. *Requests* the Secretary-General of UNCTAD to invite Governments to submit information concerning implementation of Conference resolution 87 (IV) and the present resolution, and to submit to Governments of States members a report thereon;

29. *Further requests* the Secretary-General of UNCTAD to submit to the Committee on Transfer of Technology at its third session a special comprehensive report on all measures under way or planned in carrying out the UNCTAD work programme in the development and transfer of technology, including the provision of relevant information on the budget and the sources of its financing for the various functional programmes of the secretariat, including the Advisory Service, as well as the respective priorities accorded to them;

#### *C. Technical and operational assistance by the Advisory Service on Transfer of Technology<sup>57</sup>*

30. *Notes with satisfaction* the progress made by the Advisory Service on Transfer of Technology in responding to the requests and requirements of developing countries

for assistance in the field of transfer and development of technology;

31. *Requests* the Secretary-General of UNCTAD, in continuing to provide advice on issues pertaining to the transfer and development of technology within the area of competence of UNCTAD, in co-operation and co-ordination with other international organizations concerned, to be responsive to requests from developing countries, particularly those of the least developed countries, and to provide appropriate assistance especially in the areas outlined in paragraph 8 of resolution 6 (II) of the Committee on Transfer of Technology;

32. *Agrees* that it is necessary for the Advisory Service on Transfer of Technology to be provided with sufficient resources to enable it to perform its functions effectively within its mandate, having regard to the increasing requirements of developing countries;

33. *Urges* international organizations and financing programmes, the United Nations Development Programme and the United Nations Regular Programme for Technical Assistance, and invites the World Bank, to provide resources for the financing of the programmes and projects of the Advisory Service to which developing countries give high priority as an integral part of country programmes or regional programmes for development;

34. *Urges* the United Nations Development Programme to provide regional and interregional advisers to assist in ensuring continued co-operation between the Advisory Service of UNCTAD and the subregional, regional and sectoral centres for the transfer and development of technology, now being established;

35. *Urges* the General Assembly to provide from the United Nations Regular Programme for Technical Assistance resources for financing training programmes and projects of the Advisory Service;

36. *Invites* all countries, in particular the developed countries, to make voluntary financial and other contributions to the programmes and projects of the Advisory Service;

#### *D. Formulation of a strategy for the technological transformation of developing countries*

37. *Recognizes* the importance attached by developing countries to the formulation of a strategy for their technological transformation which could be an important input into the elaboration by the international community of the comprehensive development strategy for the third United Nations Development Decade;

38. *Requests* the Secretary-General of UNCTAD to submit to the Trade and Development Board at its twentieth session his proposals for an outline which will contribute to such formulation, in co-operation with other United Nations organizations, and in the light of the programme of action to be recommended by the United Nations Conference on Science and Technology for Development and of the efforts already undertaken by and the views expressed within UNCTAD;

<sup>57</sup> Referred to as the "Advisory Service on Technology" in the report of the Committee on Transfer of Technology on its second session (*Official Records of the Trade and Development Board, Tenth Special Session, Supplement No. 4* (TD/B/736)), and in "Advisory Service on Technology: report by the UNCTAD secretariat on its activities and future resource requirements" (TD/238/Supp.2 and Corr.1).

### III. UNITED NATIONS CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

39. *Welcomes* the active participation of the UNCTAD secretariat in the preparations for the United Nations Conference on Science and Technology for Development;

40. *Recommends* that the UNCTAD secretariat continue its participation, within its area of competence, in the preparatory process for the Conference;

41. *Urges* that the Conference should be action-oriented and should serve the fundamental purpose of strengthening the technological capacity of developing countries and foster international co-operation in the field of science and technology;

42. *Recommends* that, in accordance with the recommendations of the Conference and whenever decisions to implement the programme of action should require it, UNCTAD should, within its areas of competence, actively participate, in collaboration with other relevant organizations within the United Nations system, in its implementation.

### IV. ENVIRONMENTAL ASPECTS OF TECHNOLOGY

43. *Notes* the co-operation between UNCTAD and the United Nations Environment Programme on environmental aspects of technology and the studies that have been completed to date in this field;

44. *Invites* the Secretary-General of UNCTAD to continue his co-operation with the United Nations Environment Programme in this field, with emphasis on further work concerning technological alternatives and their effects on the environment.

*171st plenary meeting  
3 June 1979*

### DECISION

#### 113 (V). International code of conduct on the transfer of technology<sup>58</sup>

*The United Nations Conference on Trade and Development*

1. *Requests* the Secretary-General of UNCTAD to take the necessary measures for convening, in the last quarter of 1979, a resumed session of the United Nations Conference on an International Code of Conduct on the Transfer of Technology in order to conclude the elaboration of an international code of conduct on the transfer of technology;

2. *Recommends* that the Secretary-General of UNCTAD and the President of the said Conference convene, preferably at least one month prior to the resumed session of the Conference, a preparatory meeting to prepare, in consultation with the regional groups, for the continuation of the work of the Conference by reviewing its organizational aspects and making appropriate recommendations thereon with a view to promoting efficiency in the negotiating process;

3. *Further invites* the President of the said Conference to review, as appropriate, the major outstanding issues and, to the extent possible, to take steps, in consultation with the regional groups, to contribute to the resolution of these issues, including the possibility of requesting the Chairmen of the Working Groups of the Conference to make contributions on the organizational and substantive issues.

*171st plenary meeting  
3 June 1979*

<sup>58</sup> The Conference adopted this decision without dissent. For statements, see part two, paras. 158-160.

### SHIPPING

(Agenda item 14)

#### RESOLUTIONS

##### 106 (V). Developments pertaining to the Convention on a Code of Conduct for Liner Conferences<sup>59</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* the principles and objectives of the Convention on the Code adopted by the United Nations Conference of Plenipotentiaries on a Convention on a Code of Conduct for Liner Conferences on 6 April 1974,<sup>60</sup>

*Recalling further* the Programme of Action on the Establishment of a New International Economic Order, contained in General Assembly resolution 3202 (S-VI) of 1

<sup>59</sup> The Conference adopted this resolution without dissent.

<sup>60</sup> See *United Nations Conference of Plenipotentiaries on a Code of Conduct for Liner Conferences, vol. II, Final Act (including the Convention and resolutions) and tonnage requirements* (United Nations publication, Sales No. E.75.II.D.12.)

May 1974, which recommended that all efforts should be made to ensure the early implementation of the Convention on a Code of Conduct for Liner Conferences,

*Recalling also* the declaration by the Group of 77 on the Convention on a Code of Conduct for Liner Conferences, made at the eighth session of the Committee on Shipping,<sup>61</sup>

*Taking note* of the report by the UNCTAD secretariat entitled "Status of the Convention on a Code of Conduct for Liner Conferences",<sup>62</sup>

*Recognizing* the likelihood of an early entry into force of the Convention, taking into account the countries which have already become Contracting Parties and the countries which have declared their intention of becoming Contracting Parties,

<sup>61</sup> *Official Records of the Trade and Development Board, Seventeenth Session, Supplement No. 3 (TD/B/648), annex III.*

<sup>62</sup> TD/223.

*Noting*, however, the delay by many countries in becoming Contracting Parties,

*Reaffirming* the aim of developing countries to establish and expand their liner fleets, in accordance with the provisions of the Convention of the Code, in the most efficient manner,

*Conscious* also of the possible need of some developing countries for assistance in implementing the provisions of the Convention,

*Considering* that it is necessary to assess the progress in the implementation of the Convention with a view to reporting on improvements which may be discussed at the Review Conference as provided for in article 52 of the Convention,

1. *Calls upon* Governments of States members of UNCTAD which are Contracting Parties to the Convention on a Code of Conduct for Liner Conferences to take all necessary measures towards the early implementation of the Convention;

2. *Invites* Governments of States members of UNCTAD which are not yet Contracting Parties to the Convention to consider becoming Contracting Parties, and in doing so to give full consideration to the interests of the developing countries in the Code;

3. *Urges* developing countries which are situated within the same liner service areas to pool information on cargo movements and service requirements with a view to developing joint sailing arrangements to increase the competitiveness of their liner fleets;

4. *Urges* the Governments of developing countries to ensure the establishment or strengthening of shippers' organizations or representatives of shippers at the regional and national levels with a view to ensuring a balance of interests between suppliers and users of liner conference services;

5. *Urges* Governments of Contracting Parties to facilitate the effective application of the consultation machinery as provided for in the Convention, especially in relation to general freight rate increases and surcharges; and further urges other Governments, where possible, to encourage an equally effective pattern of consultation between liner conferences and shippers' organizations on these and allied matters;

6. *Requests* the Secretary-General of UNCTAD to give guidance and assistance, on request, to the Governments of developing countries in putting the Code into effect;

7. *Requests* the UNCTAD secretariat, in co-operation with the regional commissions of the United Nations, to review and update its previous studies on the level and structure of conference tariffs, bearing in mind in particular the interests of developing countries;

8. *Requests* the Secretary-General of UNCTAD to analyse the experience in the implementation of the Convention in conference trades to which the Code applies and to report periodically on progress thereon to the Committee on Shipping, and for that purpose requests the Contracting Parties concerned to facilitate the prompt supply of relevant information;

9. *Requests* the Secretary-General of the United Nations to initiate at the appropriate time the necessary measures to implement article 46 of the Convention.

*170th plenary meeting  
1 June 1979*

## 120 (V). Participation of developing countries in world shipping and the development of their merchant marines<sup>63</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* its resolution 70 (III) of 19 May 1972, which recognized that developing countries should have an increasing and substantial participation in the carriage of maritime cargoes,

*Recalling also* the Programme of Action on the Establishment of a New International Economic Order, contained in General Assembly resolution 3202 (S-VI) of 1 May 1974, which called for efforts to be made to promote an increasing and equitable participation of developing countries in the world shipping tonnage,

*Recalling further* resolution 28 (VIII) of 22 April 1977 of the Committee on Shipping, which considered that past efforts on the part of developing countries to develop their merchant fleets had not been successful to the extent desirable, and which noted with concern the present position of the fleets of developing countries among the world merchant fleets, in particular among the tanker and bulk carrier fleets,

*Noting* that no appreciable progress has been made in the area of shipping under the International Development Strategy for the Second United Nations Development Decade<sup>64</sup> and the Programme of Action on the Establishment of a New International Economic Order,

<sup>63</sup> The Conference adopted this resolution by a roll-call vote of 81 to 23, with 9 abstentions. The result of the voting was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Barbados; Bhutan; Brazil; Burma; China; Colombia; Comoros; Congo; Cuba; Democratic Kampuchea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; Ethiopia; Fiji; Gabon; Ghana; Guatemala; Guinea; Guinea-Bissau; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritius; Mexico; Morocco; Mozambique; Nepal; Niger; Nigeria; Oman; Pakistan; Peru; Philippines; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Singapore; Somalia; Sri Lanka; Sudan; Swaziland; Syrian Arab Republic; Thailand; Togo; Trinidad and Tobago; Tunisia; Turkey; Uganda; United Arab Emirates; United Republic of Tanzania; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

*Against:* Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany, Federal Republic of; Greece; Ireland; Israel; Italy; Japan; Luxembourg; Netherlands; New Zealand; Norway; Portugal; Spain; Sweden; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America.

*Abstentions:* Bulgaria; Byelorussian Soviet Socialist Republic; Czechoslovakia; German Democratic Republic; Hungary; Mongolia; Poland; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics.

For statements, see part two, paras. 195-196 and 199-202.

<sup>64</sup> General Assembly resolution 2626 (XXV) of 24 October 1970.

Considering that the insignificant share of developing countries in the carriage of bulk cargoes and refrigerated cargoes is a matter for serious concern,

Recognizing the right of all countries to an equitable participation in the carriage of cargoes generated by their own foreign trade, especially in the bulk sectors,

Convinced that there is a particular need to overcome the obstacles to increasing participation of developing countries in international shipping,

Taking note of the desire of many countries to phase out open-registry operations,

Taking note also of the report of the *Ad Hoc* Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry which met in Geneva in February 1978,<sup>65</sup> and of the resolution adopted by it,<sup>66</sup>

1. *Calls upon* Governments to take steps to ensure for developing countries equitable participation in the transport of all cargoes, and more specially bulk cargoes, generated by their own foreign trade by national vessels of the respective trading countries or by vessels otherwise operated by them;

2. *Recommends* the application of the following principles, taking into account pragmatic considerations:

(a) That the transport of regular bulk and refrigerated cargo between a pair of exporting and importing countries should have equitable participation by the national lines of the respective trading countries, or by vessels otherwise operated by them;

(b) That other bulk and refrigerated cargoes should be the subject of bilateral agreements between the trading partner countries providing for the equitable participation in the trades by the national lines of these trading partner countries;

(c) That until developing countries achieve an equitable share of world tonnage, contracts between developing and developed countries for the sale or purchase of bulk cargoes, or for the exploitation of natural resources which give rise to bulk cargoes, should stipulate that a substantial and increasing portion of cargoes shall be carried by the national vessels of developing countries or by vessels operated by them;

3. *Urges* developing countries which import bulk cargoes especially in less-than-ship-load quantities to take measures among themselves for joint bulk shipping operations in co-operation with the exporting developing countries;

4. *Requests* the UNCTAD secretariat to identify the movements of bulk cargoes between developing countries which might form the basis of joint fleet development by developing exporting and developing importing countries, and also the less-than-ship-load bulk imports of developing countries which might form a basis for joint bulk shipping operations;

5. *Requests* the Secretary-General of UNCTAD to call a meeting of representatives of interested Governments with

a view to taking measures which would ensure that, as far as feasible, all bulk cargoes shipped between developing countries should be carried on vessels of the national lines of the respective trading countries or by vessels otherwise operated by them;

6. *Requests* the UNCTAD secretariat:

(a) To undertake in-depth studies of the possibilities of expanding bulk fleets of developing countries on specific bulk trade routes, and to examine the manner in which the cargo is currently tied to trading partner countries or to transnational corporations;

(b) To investigate, in co-operation with the appropriate bodies, the controls which are exercised by transnational corporations over bulk movements of commodities such as iron ore, coal, grain, phosphate, and bauxite/alumina;

7. *Further requests* the UNCTAD secretariat:

(a) To undertake in-depth studies on trade and maritime transport of refrigerated cargoes, both liner and non-liner, and to recommend measures to promote the increasing participation of developing countries in the carriage of such cargoes;

(b) To prepare guidelines to assist developing countries in the introduction of containerization and multimodal transport and the modernization and improvement of their infrastructure, including ports, so that those countries can derive the maximum benefit from new technologies;

(c) To carry out, in co-operation with the International Civil Aviation Organization, appropriate studies on air-cargo movements in the context of multimodal transport so as to increase the air transport fleets of developing countries and to facilitate the export of goods by air as desirable;

8. *Calls upon* the Committee on Shipping to review at its regular sessions the whole question of the participation of developing countries in world shipping and the development of their merchant fleets, and the problems with which developing countries are confronted;

9. *Calls upon* the UNCTAD secretariat, in consultation with other related agencies, to:

(a) Undertake further studies in respect of the repercussions of phasing out open registries, its economic and social impact on the economies of developing countries, its effect on world shipping, and how the phasing out of open registries would ensure simultaneous development of the merchant fleets of developing countries, with a view to taking a decision on the desirability of phasing out;

(b) Simultaneously study the feasibility of establishing a legal mechanism for regulating the operations of open-registry fleets during the corresponding period, stressing the need to adopt such legislative measures as might enable them to ensure that substandard vessels do not operate to their disadvantage;

10. *Requests* the Secretary-General of UNCTAD to reconvene the *Ad Hoc* Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry for the purpose of considering these studies on phasing out of open-registry operations;

11. *Requests* the *Ad Hoc* Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of

<sup>65</sup> TD/B/C.4/177.

<sup>66</sup> *Ibid.*, annex.



Registry to report its conclusions and recommendations to the Trade and Development Board or the Committee on Shipping, whichever session takes place earlier, for decisions, as might be appropriate.

*171st plenary meeting  
3 June 1979*

### 121 (V). Ship financing and technical assistance<sup>67</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* its resolutions 6 (II) of 22 March 1968 and 67 (III) of 19 May 1972,

*Recalling also* resolutions 24 (VII) of 21 November 1975 and 32 (VIII) of 22 April 1977 of the Committee on Shipping,

*Expressing concern* that the recommendations of Conference resolution 70 (III) of 19 May 1972 on the development of merchant marines have not been fully implemented,

*Recognizing* that urgent action needs to be taken to enable the developing countries to have an increasing and substantial participation in the carriage of maritime cargoes, and in particular to facilitate the financing of ship acquisition,

*Noting* that the lack of competently prepared feasibility studies is sometimes an important restricting factor in ship finance,

*Recognizing* the need for technical and financial assistance for the development of the shipping industries, as well as of ports, in developing countries,

*Recognizing also* the role being played by UNCTAD, the Inter-Governmental Maritime Consultative Organization and other United Nations organizations, developed countries and international financial institutions offering

<sup>67</sup> The Conference adopted this resolution by a roll-call vote of 91 to none, with 23 abstentions. The result of the voting was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Barbados; Bhutan; Brazil; Bulgaria; Burma; Byelorussian Soviet Socialist Republic; China; Colombia; Comoros; Congo; Cuba; Czechoslovakia; Democratic Kampuchea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; Ethiopia; Fiji; Gabon; German Democratic Republic; Ghana; Guatemala; Guinea; Guinea-Bissau; Hungary; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Nepal; Niger; Nigeria; Oman; Pakistan; Peru; Philippines; Poland; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Singapore; Somalia; Sri Lanka; Sudan; Swaziland; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkey; Uganda; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Republic of Tanzania; Uruguay; Venezuela; Viet Nam; Yugoslavia; Zaire; Zambia.

*Against:* None.

*Abstentions:* Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany, Federal Republic of; Greece; Ireland; Israel; Italy; Japan; Luxembourg; Netherlands; New Zealand; Norway; Portugal; Spain; Sweden; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America.

For statements, see part two, paras. 195-196 and 203-206.

development aid in providing technical assistance, including training, to developing countries in the above-mentioned fields,

*Noting* that existing resources within the United Nations system, including UNCTAD, may not be sufficient to meet the requirements of developing countries in the above-mentioned fields,

1. *Urges* Governments of States members of UNCTAD, in view of the urgent economic problems of developing countries and their limited resources, to consider carefully the proposals made by the developing countries at the fifth session of the Conference that credit for the acquisition of ships should be extended to them on the following minimum terms and conditions:

(a) A maximum loan duration of not less than 14 years for new ships and 10 years for second-hand vessels, including a period of grace of at least three years after the delivery of the vessels;

(b) Down-payments not exceeding 10 per cent of the contract price;

(c) The rate of interest for such deferred payment should not exceed 5 per cent *per annum*;

2. *Requests* the Governments of States members of UNCTAD, as well as the international financial institutions offering development aid, to assist developing countries so that they have access to bilateral and multilateral development aid for the purchase of new or second-hand ships, and for the improvement and development of port facilities and infrastructure, taking account of the developing countries' own development priorities and in accordance with the aid policies of the donor countries and institutions concerned;

3. *Requests* international financial institutions, in accordance with their aid policies, to provide financing and refinancing facilities to governmental and inter-governmental (including regional) financial institutions of developing countries in their lending for ship acquisition;

4. *Calls upon* developed and developing countries to encourage companies which have the required managerial and operational expertise in shipping to participate in joint ventures with companies in developing countries where a suitable framework exists. Joint ventures enable developing countries to acquire vessels as well as managerial and operational expertise. They can take place either amongst companies from developed and developing countries or amongst companies from developing countries;

5. *Requests* the Secretary-General of UNCTAD to establish an *ad hoc* unit within UNCTAD to assist developing countries with feasibility studies for ship acquisition, subject to the necessary resources being made available;

6. *Calls upon* the developed countries, in accordance with their aid policies, to provide technical assistance in the maritime field within the context of the development plans and programmes of the developing countries concerned, in such sectors as:

(a) Establishing shipping administrations and fleet development, including projections for fleet and service requirements and the acquisition of vessels;

(b) Operational and financial management of shipping and ports covering, *inter alia*, liner operations, container

control, cargo handling and forwarding, and ship accounting systems;

(c) Chartering and brokering;

(d) Training of personnel in such matters as, *inter alia*, ship maintenance and management, and

(e) Economic and commercial aspects of multimodal transport.

7. *Invites* the United Nations Development Programme to consider providing resources for UNCTAD and other appropriate organizations for the provision of technical assistance, including training, in the economic and commercial aspects of shipping and ports in matters such as those specified in the preceding paragraph;

8. *Instructs* the Committee on Shipping:

(a) To keep the subject of shipping finance on its agenda, to review the matter at regular intervals, and to recommend measures which may be necessary, including the possibility of establishing a consultative group on ship finance;

(b) To give particular attention to the financing of the improvement and development of port facilities and infrastructure.

171st plenary meeting  
3 June 1979

## LEAST DEVELOPED AMONG DEVELOPING COUNTRIES

(Agenda item 15)

### RESOLUTION

#### 122 (V). Comprehensive New Programme of Action for the Least Developed Countries<sup>68</sup>

*The United Nations Conference on Trade and Development,*

*Expressing concern* that Conference resolutions 62 (III) of 19 May 1972 and 98 (IV) of 31 May 1976 have not been fully implemented,

*Considering* further that the basic structural and economic problems facing the least developed countries are so severe that extraordinary additional measures, especially designed in a comprehensive programme as an essential contribution to the establishment of the New International Economic Order, are required,

*Urging* the immediate launching of an action programme in favour of the least developed countries, additional to the measures in favour of all developing countries, as well as continued, effective and accelerated implementation of the measures contained in Conference resolutions 62 (III) and 98 (IV) with respect to the least developed countries, taking into account the interests of all developing countries and the responsibilities of the international community as expressed in those resolutions,

*Expressing deep concern* at the gravity of the economic and social situation of the least developed countries,

*Acknowledging* the growing support of some countries for the least developed countries, while expressing concern at the failure of others to make similar progress, and noting with concern that an adequate and equitable flow of resources has not been provided to all least developed countries,

*Affirming* that there is a need for a greatly expanded increase in the transfer of resources to meet the needs of the least developed countries and to promote rapid and self-sustained socio-economic development,

*Emphasizing* the need for a greatly expanded transfer of official development assistance to the least developed countries,

*Emphasizing* that such increased resource flows should fully support the priorities as set by the least developed countries,

*Emphasizing* the particular importance of the contribution that economic co-operation among developing countries can make to the development of the least developed among them,

*Underlining* that external support should be forthcoming from developed countries, developing countries in a position to do so, multilateral development institutions and other sources,

*Recognizing* that primary responsibility for their development rests with the least developed countries themselves,

1. *Decides* as one of its major priorities to launch a comprehensive and substantially expanded programme, with both immediate and longer-term phases, to be known as the:

#### COMPREHENSIVE NEW PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES

*Phase one:* An immediate effort to meet the critical situation of the least developed countries in the form of an Immediate Action Programme (1979-1981) of greatly expanded assistance for the least developed countries, aimed at (a) providing an immediate boost to their economies and immediate support for projects for the provision of the most pressing social needs, and (b) paving the way for much larger longer-term development efforts;

*Phase two:* A Substantial New Programme of Action for the 1980s for the least developed countries with the objective of transforming their economies toward self-sustained development and enabling them to provide at least internationally accepted minimum standards of nutrition, health, transport and communications, housing and education as well as job opportunities to all

<sup>68</sup> The Conference adopted this resolution without dissent. For statements, see part two, paras. 213-217.

their citizens, and particularly to the rural and urban poor.

This Substantial New Programme of Action for the 1980s would be undertaken within the framework of the new International Development Strategy for the third United Nations Development Decade. The priority areas for action in the first phase of the programme will also require continued emphasis in the second phase.

2. The efforts of the least developed countries themselves have already been considerable and primary responsibility will remain with them both for the Substantial New Programme of Action for the 1980s in the longer term and for what will be needed in the important first phase. These necessary efforts will be inadequate without a parallel and expanded commitment and co-operation on the part of the international community to play its full part in the process, and it will be especially imperative that this begin in the first phase.

### I. IMMEDIATE ACTION PROGRAMME (1979-1981)

3. The Immediate Action Programme for the least developed countries should contain, *inter alia*, the following:

(a) Provision of greatly expanded resources to speed up the approval and implementation of all assistance projects already in the pipeline, and to identify and to implement projects and programmes that can be executed quickly and bring immediate benefits including:

- (i) Immediate expansion of resources to strengthen efforts to improve nutrition, health, education, transport and communications, housing and job problems, and thus to provide immediate support for projects for the provision of social needs;
- (ii) Urgent and substantially enhanced supply of inputs necessary for agricultural and rural development, such as fertilizers, pumps, etc., in order to increase production and productivity, especially of food-stuffs;
- (iii) Provision of assistance for overcoming urgent bottlenecks in management, maintenance, repair and physical facilities in order to obtain better use of existing infrastructure and industrial plant;
- (iv) Financial and commodity support for activities at the community level which create jobs, including support for local small-scale labour-intensive rural public works projects;

(b) The fullest use should be made of all existing arrangements for the provision of emergency assistance and action should be taken, where considered appropriate, for their improvement or for new arrangements in order to mitigate the effects of natural disasters, including those resulting in unforeseen shortfalls in resource mobilization, and thus to minimize their adverse effect on the development process so as to allow the Immediate Action Programme (1979-1981) to go forward on schedule as far as possible;

(c) Immediate financial support for preparations for the Substantial New Programme of Action for the 1980s, including identification of planning bottlenecks and steps

to correct them, survey of resources, feasibility studies and detailed preparation of investment projects, as well as projects to meet social needs;

(d) Major immediate efforts to mobilize the skilled personnel (both domestic and foreign) which will be urgently needed to support the planning effort for the 1980s as well as other aspects of the Immediate Action Programme (1979-1981).

4. Assurances on a bilateral and multilateral basis should be given by the international community that adequate resources will be made available to complement the activities of the least developed countries themselves in this critical first phase.

### II. SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s

5. The Substantial New Programme of Action for the 1980s for the least developed countries will require support from donors for a much wider range of actions than have been typical of such flows in the past, and they will need to be provided under more flexible criteria and conditions. They should cover four main areas: structural change, social needs, transformational investments and emergency support.

#### A. Structural change

6. The Substantial New Programme of Action for the 1980s must aim to transform the main structural characteristics of the least developed countries, which are the sources of their extreme economic difficulties, as well as to alleviate the effects of their natural handicaps. The characteristics to be overcome include:

- (a) Very low income per head, with the bulk of the population far below a minimum standard of social needs;
- (b) Very high proportion of the population in the subsistence sectors;
- (c) Extremely low agricultural productivity and weak agricultural support institutions;
- (d) Extremely low level of exploitation of natural resources – minerals, energy, etc. (because of lack of knowledge or lack of financing and skills for their development);
- (e) Very limited development of manufacturing industry;
- (f) Extremely low level of exports per head of population and, even with aid inflows, very limited absolute availabilities of imports;
- (g) Acute scarcity of skilled personnel at all levels;
- (h) Very weak institutional and physical infrastructure of all kinds (including administration, education, training, health, housing, transport and communications, etc.);
- (i) Most of the least developed countries suffer from one or more major geographical or climatological handicaps, such as land-lockedness, insularity, drought and desertification, or high exposure to cyclone or flood disaster or locusts.

### B. Social needs

7. The Substantial New Programme of Action for the 1980s should provide financial, technical and material support for the improvement of nutrition, health, housing, education, and employment, as well as support to such sectors as rural development and transport and communications, in each of the least developed countries. Such expenditure should accelerate economic progress, provide needed employment and income in rural areas and among the urban poor, and should bring tangible benefits to the poorest and subsistence sectors of the population even before the structural changes needed can take place. The aim should be to provide fully adequate and internationally accepted minimum standards for the poor as soon as possible. As the decade progresses, the better working of the economic system in the least developed countries should itself provide increasing support for such standards.

### C. Transformational investments

8. High priority should be given within the Substantial New Programme of Action for the 1980s to identify and support the major investment opportunities in the least developed countries, because of their high potential for leading the way to the substantial transformations that are necessary if more ambitious growth and welfare targets are to be realized. Donor countries and multilateral development institutions should consider allocating increased financial resources and technical assistance in support of these activities.

### D. Emergency support

9. The fullest use should be made of all existing arrangements for the provision of emergency assistance and action should be taken, where considered appropriate, for their improvement or for new arrangements in order to mitigate the effects of natural disasters, including those resulting in unforeseen shortfalls in resource mobilization, and thus to minimize their adverse effect on the development process so as to allow the Substantial New Programme of Action for the 1980s to go forward on schedule as far as possible.

## III. DETAILED STEPS FOR THE PLANNING AND APPROVAL OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s

10. The Substantial New Programme of Action for the 1980s on behalf of the least developed countries requires, in the first place, a global effort, aimed at launching the programme and mobilizing international support. This should be paralleled by commencement, as soon as possible, of planning efforts for a greatly expanded programme by each least developed country itself, with full support from bilateral and multilateral assistance institutions to complement each country's own more intensive work in the identification, preparation and implementation of such a major new programme, and reflecting its own specific needs and priorities.

11. The further stages of the global planning effort should include:

(a) Studies of the requirements, special measures and other detailed elements of an improved strategy to assist

the least developed countries, being undertaken by the UNCTAD secretariat, in close collaboration with the secretariats of the other relevant bodies and organs of the United Nations, as called for in resolution 4 (II) of 28 July 1978 of the Intergovernmental Group on the Least Developed Countries and endorsed by the Trade and Development Board in its resolution 171 (XVIII) of 17 September 1978. These studies should, *inter alia*, be geared specifically to providing detailed recommendations for the operation of the Substantial New Programme of Action for the 1980s, and should take account of the similarities of the economic situations which exist in the least developed countries within the same geographical region;

(b) The result of these detailed studies are to be considered by the Group of High-Level Experts to be convened by the Secretary-General of UNCTAD late in 1979, in accordance with paragraph 4 of Trade and Development Board resolution 171 (XVIII);

(c) The recommendations of the Group of High-Level Experts, as well as the background studies, should be reviewed by the Intergovernmental Group on the Least Developed Countries at its third session, called especially for this purpose, early in 1980, and by the Trade and Development Board, as part of its preparations for the Third United Nations Development Decade;

(d) This work should lead to precise recommendations within the context of the preparations for the new International Development Strategy to meet the objectives of the Substantial New Programme of Action for the 1980s, with commitments by the international community, bilateral or multilateral, with respect to, *inter alia*: (i) goals and objectives, including in terms of growth; (ii) financial needs; (iii) priority areas for support; (iv) institutional arrangements; and (v) provisions for the review of progress;

(e) In view of the special importance of the action to be taken, the Conference invites the General Assembly to convene a United Nations conference on the least developed countries, in order to finalize, adopt and support the Substantial New Programme of Action for the 1980s.

## IV. FINANCIAL ASSISTANCE REQUIREMENTS AND POLICIES

12. The massive efforts needed for the Substantial New Programme of Action for the 1980s will require much more ambitious planning and preparation on the part of the least developed countries themselves, with the full support of the international community. However, such plans can only seriously be drawn up and implemented if there is assurance that substantial additional resources are indeed committed to the least developed countries. Thus serious planning must start with such assurances.

13. Reaffirming the conclusion agreed and the commitments made by donor countries at the 19th meeting, on 31 January 1979, of the Committee of the Whole Established under General Assembly Resolution 32/174 on some aspects of the transfer of resources in real terms to developing countries,<sup>69</sup> the Conference urges all donor

<sup>69</sup> Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 34 (A/34/34), part one, para. 13.

countries which have not yet reached the 0.7 per cent target to increase effectively and substantially their official development assistance towards the target. To this end, within the framework of an equitable sharing of their efforts, the efforts of donor countries will be the greater, the lower their relative performance. Within this context, and in conformity with the determination and the firm political will of donor countries to redress the situation with respect to the volume of official development assistance, particularly strong efforts should be made for the least developed countries to ensure that a substantial proportion of official development assistance benefits this category of countries. Equitable efforts should be made by donor countries with a view to doubling as soon as possible the flow of official development assistance to the least developed countries, taking into account the relative performance of donor countries, in order to contribute to the preparation and implementation of the Comprehensive New Programme of Action. Some donors have already made firm commitments to increase significantly official development assistance to the least developed countries in the short run.

14. Furthermore, the Conference invites donors to take all possible immediate steps for the provision of much larger flows required for the implementation of the Substantial New Programme of Action for the 1980s and to ensure that flows of funds intended for the least developed countries are made available on a continuous, predictable and increasingly assured basis.

15. In providing assistance to the least developed countries, developed countries should, in the implementation of their programmes, take into account the effects of the loss of purchasing power of their assistance and make suitable adjustments in their assistance strategies.

16. As agreed in the Committee of the Whole Established under General Assembly Resolution 32/174, flows from multilateral development institutions should continue to increase significantly and special consideration should be given to the particular needs of the least developed countries. In this context, developed countries and developing countries in a position to do so should support and enhance from among appropriate channels such as the International Development Association, the United Nations Development Programme (including its Special Measures Fund for Least Developed Countries), and the United Nations Capital Development Fund, the activities of the United Nations system to assist the least developed countries in undertaking measures which they consider necessary to facilitate and carry out the Substantial New Programme of Action for the 1980s.

17. The Conference calls upon the developing countries, in elaborating their programme for greater collective self-reliance and economic and technical co-operation among themselves, to pay particular attention to the special difficulties of the least developed countries and to expand support for the latter substantially as a further important contribution to the above programmes.

18. With respect to the terms and conditions of official development assistance to the least developed countries, donor countries should make their best efforts to reach decisions at the earliest opportunity concerning the following proposed measures to improve the quality of official development assistance:

(a) Official development assistance should as a general rule be in the form of grants, and loans to these countries, when provided by mutual agreement, should be provided at high concessional terms;

(b) Official development assistance loans and grants should be untied to the maximum extent possible;

(c) The share of the programme assistance and recurrent cost financing in official development assistance should be increased substantially where necessary.

19. Those developed countries which have not yet done so should take steps as quickly as possible to apply fully the conclusions approved under section A of Trade and Development Board resolution 165 (S-IX).

20. As a major contribution to expanding the capacity of the least developed countries to put external assistance to immediate use, donors should, where agreed, provide to the maximum extent possible local cost financing in connexion with financial and technical assistance projects, including, where considered necessary, all such costs.

21. Donors, in providing expanded assistance to meet the needs of the least developed countries, are called upon to make full use of the more flexible modalities as agreed upon in the UNCTAD donor/recipient meeting held from 31 October to 8 November 1977,<sup>70</sup> and in particular are urged:

(a) To provide more flexibility in the types of financing made available, so as to include not only project assistance, but also programme and sector assistance, and wherever possible balance-of-payments assistance and budgetary support, etc.;

(b) To provide assistance in support of social objectives, minimum standards of consumption and human welfare and minimum levels of public services;

(c) To provide for recurrent costs wherever appropriate;

(d) To give urgent attention to making administrative improvements in the planning and implementation of assistance programmes;

(e) To increase the volume and to improve the quality of technical assistance;

(f) To reduce as far as possible the time-lag between commitments and disbursements.

22. The Conference invites Governments of individual least developed countries to organize meetings with bilateral and multilateral donor institutions to examine the report of the donor/recipient meeting in detail and to consider the specific follow-up steps that might be taken to implement the recommendations in each country. The UNCTAD secretariat should stand ready to assist least developed countries in organizing such meetings, in collaboration with the United Nations regional commissions and with support from the United Nations Development Programme.

23. The Conference calls upon interested bilateral and multilateral donor agencies where practicable to co-ordinate

<sup>70</sup> See report of the Meeting of Multilateral and Bilateral Technical Assistance Institutions with Representatives of the Least Developed Countries (TD/B/681), part two, reproduced in *Official Records of the Trade and Development Board, Eighteenth Session, Annexes*, agenda item 6.

their efforts with the objective of ensuring that at least an adequate minimum flow of assistance is provided to each least developed country and to work out specific arrangements for this purpose in order to contribute to the implementation of the Substantial New Programme of Action for the 1980s.

24. The Conference invites the members of the Governing Council of the United Nations Development Programme, while deciding on the criteria which will govern the allocation of Programme resources during the third development cycle, to consider increasing substantially the share of resources allocated to the least developed countries under their indicative planning figures.

#### V. COMMERCIAL POLICY MEASURES

25. The extremely low absolute level of export receipts for the least developed countries, and the resulting sharp limitation on their capacity to import, is one of their major structural handicaps. Special efforts will therefore be needed to ensure or promote adequate markets for the expanded production which the Substantial New Programme of Action for the 1980s will bring about. The Conference therefore recommends the following:

(a) Within the Integrated Programme for Commodities, adoption of appropriate differential and remedial measures as called for in section III, paragraphs 3 and 4, of Conference resolution 93 (IV) of 30 May 1976;

(b) With respect to the generalized system of preferences:

(i) In the continuous improvement of their schemes of generalized preferences, developed countries to give special attention to the least developed countries;

(ii) Special attention should be given to products exported by least developed countries in the context of work related to the improvement, harmonization and simplification of the rules of origin;

(c) Provision of assistance for the expansion of exports of the least developed countries, wherever possible, in an integrated manner, covering all the relevant stages, including planning, production, transportation, promotion and sales;

(d) Provision of longer-term purchase arrangements for the products of the least developed countries by the developed countries wherever possible;

(e) Granting of special treatment for imports from the least developed countries in the case of government procurement by developed countries as covered by the code negotiated in the multilateral trade negotiations; the least developed countries could receive the advantages provided for in this code;

(f) Developed countries and international organizations should adopt measures in favour of the least developed countries to foster the creation of industries for on-the-spot processing of raw materials and food products, as one of the bases for diversification of exports;

(g) Where there are projects to expand the exports of the least developed countries, special consideration should be given by developed countries, as part of the programme,

to temporary suspension of tariff and non-tariff barriers to market access for such products, taking into account the interests of other developing countries;

(h) Consideration should be given by the producers and consumers concerned in the context of international commodity agreements for exempting the least developed countries from financial contributions, including pre-financing of buffer stocks;

(i) To consider establishing special arrangements to assist the least developed countries in the sale of their exports in developed countries, including the creation of special sections in import promotion centres in the developed countries.

#### VI. TRANSFER OF TECHNOLOGY

26. Developed countries, developing countries in a position to do so, and competent international institutions should:

(a) Assist the institutions of the least developed countries to obtain on the best possible terms and conditions the results of scientific and technical developments appropriate to their specific requirements;

(b) In order to overcome the technological and negotiating weaknesses of these countries, assist in the establishment of transfer-of-technology centres designed to obtain necessary technological information, to select from available alternatives and to negotiate proper terms and conditions for external collaboration;

(c) Facilitate the transfer of patented, patent-related and non-patented technology, including know-how, suited to the economic conditions of the least developed countries, on favourable terms and conditions, and consider requests for assistance for this purpose;

(d) Provide the necessary assistance for establishing institutions of applied technology, with the aim of developing indigenous technologies and promoting the adaptation of imported technologies to national requirements;

(e) Give special consideration to the problems faced by the least developed countries in the field of the reverse transfer of technology, including examination, in the light of the in-depth study on the brain drain by the Secretary-General of the United Nations called for in General Assembly resolution 33/151 of 20 December 1978, of possible arrangements whereby these countries could secure assistance in dealing with adjustment problems arising from outflows of their skilled professionals, including provision, on a concessional and, where possible, cost-free basis, of skilled manpower suited to the needs and requirements of accelerated development of these countries;

(f) Consider as part of the process of accelerating the transfer of technology to the least developed countries, provision for an increase in the number of scholarships for studies and training in science and technology.

27. The Conference urges developed countries and competent international institutions to strengthen their efforts to assist the least developed countries in the field of the transfer of technology and to implement fully the provisions of paragraph 34 of Conference resolution 98 (IV).

## VII. SHIPPING

28. The Governments of developed and developing countries should invite and urge shipowners and liner conference members as far as feasible to establish freight rates for the least developed countries that will encourage and assist in expanding the export trade of these countries, and to develop promotional rates for the non-traditional exports of the least developed countries which will facilitate the opening up of new markets and the development of new trade flows.

29. The developed countries and the multilateral development institutions should consider giving high priority, in the context of their financial and technical assistance, to help the least developed countries in acquiring and expanding their national or regional merchant marine, where this is in their interests, and in improving port facilities.

## VIII. OTHER SPECIAL MEASURES

30. The Conference urges developed countries and international institutions to implement the special measures on behalf of the least developed countries in other fields, as agreed in Conference resolutions 62 (III) and 98 (IV), and in particular calls upon UNCTAD, the United Nations Development Programme and other relevant institutions to strengthen their assistance to the least developed countries in the field of insurance and reinsurance and to implement fully the provisions contained in paragraphs 31-33 of Conference resolution 98 (IV).

## IX. APPLICATION

31. All the above measures should benefit each least developed country.

## X. FURTHER WORK FOR THE LEAST DEVELOPED COUNTRIES

32. The Conference calls upon the Secretary-General of UNCTAD to continue the detailed preparation of the Immediate Action Programme (1979-1981) and the Substantial New Programme of Action for the 1980s on behalf of the least developed countries.

33. The Conference calls upon the Secretary-General of the United Nations, bearing in mind the focal role UNCTAD has played in the preparations of the Comprehensive New Programme of Action for the Least Developed Countries and should continue to play in elaborating the detailed arrangements at the global level for its implementation, co-ordination and monitoring, to make arrangements, in consultation with other appropriate institutions, for the full participation of all relevant organs and bodies of the United Nations system in these activities.

34. In view of the importance attached to alleviating the problems of the least developed countries, the Conference urges all international development institutions and specialized agencies, as well as bilateral donor institutions, regional commissions, and the relevant governmental and non-governmental organizations, to accord a high priority to special measures for the least developed countries and to

give their full support for the Comprehensive New Programme of Action for the Least Developed Countries.

35. The Governments of individual least developed countries may consider organizing meetings, in so far as appropriate arrangements do not already exist, with bilateral and multilateral donors to review periodically the implementation of the Comprehensive New Programme of Action, and if so needed to recommend additional measures in order to execute it appropriately. The United Nations regional commissions, the World Bank, the United Nations Development Programme, UNCTAD and other relevant organizations, should stand ready to assist in organizing these meetings.

36. The Secretary-General of UNCTAD should continue and intensify the work programme of UNCTAD on behalf of the least developed countries as contained in Conference resolution 98 (IV), paragraph 37 (b) and, in preparation for the Substantial New Programme of Action for the 1980s, along the lines indicated in the note submitted by the UNCTAD secretariat to the Intergovernmental Group on the Least Developed Countries at its second session.<sup>71</sup>

37. Further work should be undertaken by UNCTAD, in co-operation with other relevant United Nations bodies, taking into account work already done in these areas, with particular attention to the need for in-depth study of the circumstances of individual least developed countries, in the following areas (such studies, in the form of pilot studies and individual country case studies, should provide the basis for necessary policy changes, at the international or country level, and should identify promising areas for technical and financial assistance):

(a) Study of longer-term export potentials, import substitution potentials and alternative strategies for their realization;

(b) Study of import cost-savings potentials;

(c) Evaluation of the role of foreign financial and technical assistance and potential for expanding the capacity to use aid effectively;

(d) Survey of the internal trade and distribution network, including its relations to foreign trade.

38. The Secretary-General of UNCTAD should strengthen the technical assistance activities of UNCTAD, in collaboration with the United Nations Development Programme and other sources of technical assistance funds, in the planning and policies of the foreign trade sector of the least developed countries and in other specific areas within the competence of UNCTAD on behalf of these countries, including the provision of more adequate advisory services to assist the least developed countries in these areas.

39. The preparation by individual least developed countries of their own specific proposals under the Immediate Action Programme (1979-1981) and the Substantial New Programme of Action for the 1980s will require strong technical assistance support. The United Nations Development Programme and bilateral assistance institutions are invited to support UNCTAD in strengthening its technical assistance activities in support of such efforts.

<sup>71</sup> "Special measures in favour of the least developed among the developing countries" (TD/B/AC.17/7), para. 52.

40. In order to discharge its responsibilities effectively in this area, and in recognition of the importance of these issues, the unit of UNCTAD dealing with the least developed developing countries should be adequately strengthened and the necessary additional resources made available. Urgent consideration should also be given, in the context of the restructuring of the institutional machinery of UNCTAD, to transforming it into a separate division of the secretariat.

171st plenary meeting  
3 June 1979

### RECOMMENDATION

#### 118 (V). The economic situation of the Republic of Djibouti<sup>72</sup>

*The United Nations Conference on Trade and Development,*

<sup>72</sup> The Conference adopted this recommendation by 88 votes to none, with 20 abstentions. For statements, see part two, paras. 220-223.

171st plenary meeting  
3 June 1979

## LAND-LOCKED AND ISLAND DEVELOPING COUNTRIES

(Agenda item 16)

### RESOLUTIONS

#### 111 (V). Specific action related to the particular needs and problems of island developing countries<sup>73</sup>

*The United Nations Conference on Trade and Development,*

*Reiterating* the specific actions related to the particular needs and problems of island developing countries as contained in Conference resolution 98 (IV) of 31 May 1976, section III, and in the relevant General Assembly resolutions and urging full compliance with them by the international community,

*Taking note with appreciation* of the report of the Group of Experts on Feeder and Inter-island Services by Air or Sea for Developing Island Countries,<sup>74</sup>

1. *Agrees* that further specific action is needed in the case of island developing countries to assist them to offset their major handicaps, in particular those which suffer handicaps due especially to smallness, remoteness, constraints in transport and communications, great distances from market centres, highly limited internal markets, lack of marketing expertise, low resources endowment, lack of natural resources, heavy dependence on a few commodities for their foreign exchange earnings, shortage of administrative personnel, and heavy financial burdens. The international community should be ready to take action to ensure that the full benefit of general measures in

*Having been informed* of the serious and disturbing economic situation of the Republic of Djibouti, whose *per capita* income is one of the lowest in the world,

1. *Recommends* to the appropriate organs of the United Nations system that the Republic of Djibouti be included in the category of the least developed countries;

2. *Urgently appeals* to the Members of the United Nations to provide, individually and collectively, the financial, technical and economic assistance which is urgently needed to enable the Republic of Djibouti to overcome its very serious difficulties;

3. *Requests* the Secretary-General of the United Nations to inform the entire international community and the international organizations of the gravity of the situation in the Republic of Djibouti, and of the urgent need to take all necessary measures which may assist it to cope with the serious problems affecting it in particular and those connected with its basic situation.

favour of developing countries is shared by island developing countries;

2. *Urges* that specific action in the following areas in favour of island developing countries should be undertaken within the framework of their development plans and priorities and in accordance with accepted development criteria and technical and financial assistance provided by developed countries and multilateral financial and aid institutions, taking into account over-all prospects for, as well as existing levels of, development:

(a) In order to lower their vulnerability to economic instability, every effort should be made to diversify their economies by, *inter alia*, development of infrastructure and implementation of over-all national development programmes;

(b) Island economies, particularly those with limited domestic markets, rely heavily on exports for their foreign exchange earnings. Access to markets should be facilitated by:

(i) Assistance in trade promotion efforts;

(ii) Simplification of preference procedures where appropriate, so that small administrations and enterprises can take advantage of preferential access to markets where it is in principle available;

(c) Many of these countries are actively seeking foreign investment for export processing industries, other industries, tourism, etc. Such efforts should be supported by assistance from the international community, including:

(i) Investment in infrastructure – water, electricity, industrial estates, transport;

<sup>73</sup> The Conference adopted this resolution without dissent. For a statement, see part two, para. 235.

<sup>74</sup> *Official Records of the Trade and Development Board, Eighteenth Session, Annexes, agenda item 6, document TD/B/687.*



- (ii) The establishment of appropriate technical education and training programmes, including the areas of marketing and management;
- (iii) The establishment of joint ventures;
- (iv) Assistance in strengthening the capacity of island developing countries to negotiate with foreign investors;

(d) Governments of island developing countries frequently have to subsidize feeder and inter-island transport services. They may need assistance in designing appropriate subsidy schemes. Competent international bodies are invited to respond to such requests. If Governments of island developing countries should request external assistance to help them to finance these schemes, bilateral and multilateral donors should stand ready to consider such requests, according to the merits of individual cases;

- (e) (i) Islands are often subject to natural disasters (tropical storms, hurricanes, cyclones, floods, droughts, volcanic eruptions, earthquakes, tidal waves, etc.). Efforts should be made at the national, regional and global levels, bearing in mind the activities of the Office of the United Nations Disaster Relief Co-ordinator, to improve methods of mitigating or preventing damage from natural disasters. The scope for setting up or improving regional or interregional disaster insurance schemes or funds should be explored;
- (ii) In view of the crucial importance of tourism and marine resources for the island developing countries and the adverse effects of non-natural disasters on them, efforts should be made by the international community to assist these countries in the national actions required to combat such disasters;

(f) Assistance procedures should be simplified, to the extent possible, taking into account on the one hand the need to make optimum use of the small total amounts to be disbursed and recipients' difficulties in supporting heavy administrative overheads, and on the other hand, the limited time available to the few civil servants of the Governments of certain island developing countries. Modifications in policy which donors might consider specifically for island developing countries include:

- (i) Allocating a greater proportion of aid in programme form;
- (ii) Investing aid missions with greater authority to commit the donor Governments;
- (iii) Adjustment of normal aid procedures to lighten the burden on the administrations of island developing countries;
- (iv) If individual island developing countries consider it useful, individual donors could be requested to attend a meeting to discuss assistance procedures. The United Nations Development Programme could be invited to help organize such a meeting;

(g) Often in island developing countries there are tasks requiring the attention of specialists, which, though essential, are not sufficient to keep the specialist fully occupied. In such cases, it can be sensible to recruit an expert whose services can be made available to a number of such

countries. It is often desirable that such experts serve a limited region, so that they can become conversant with the local context. Donors should consider such arrangements sympathetically;

(h) A major element for improved conditions for island developing countries can be provided through co-operation arrangements in a variety of fields, as well as through broader integration schemes. For example, the island developing countries will greatly benefit from co-operation arrangements among themselves in areas such as the development of shipping, air services, telecommunications, tourism, insurance and reinsurance. These countries cannot afford to maintain expertise with respect to many services and, therefore, can particularly benefit from sharing arrangements amongst themselves. Minimum services will often require assistance which could be of a financial, technical, administrative and marketing nature, and support from the international community will be necessary;

(i) The international community should consider ways to assist those island developing countries which face constraints restricting their ability to have adequate participation in international conferences;

(j) Where appropriate, increased utilization of islands' harbours by international shipping for servicing, refuelling, ship repair and transshipment;

(k) Greater utilization of airports of islands ideally situated for such purposes as transit, refuelling and servicing;

3. *Requests* the Secretary-General of UNCTAD to continue the work programme of UNCTAD on behalf of island developing countries as contained in Conference resolution 98 (IV), including the review of the special economic problems deriving from the geographical situation of island developing countries and consideration of possible further recommendations for action in their favour, with a view to reducing the effects of their geographical handicaps;

4. *Decides* in this context that UNCTAD, in co-operation with regional and other competent institutions, should carry out in a co-ordinated manner and taking into account the work already done in this field, in-depth studies to analyse the common problems of island economies and the constraints inhibiting their economic growth and development, in particular the role of economic and geographical factors in the problems of the island developing countries, their distance from market centres, the smallness of their economies and markets, low resource endowment and heavy dependence on few commodities and services for foreign exchange earnings;

5. *Recommends* that the outcome of the above-mentioned studies be considered by the Governments concerned as the basis for follow-up action, which could involve meetings of representatives from island developing countries with a view to proposing concrete specific action, taking into account, *inter alia*, the traditional island life and institutions, physical environment, development priorities and the problems of island countries in the international economy;

6. *Requests* the United Nations Development Programme, international development institutions and bilateral assistance institutions to consider increasing their assistance to island developing countries. They should also consider support of UNCTAD in strengthening its technical

and advisory services on behalf of island developing countries;

7. *Reaffirms* that the criteria, terms and conditions governing the flow of bilateral and multilateral financial and technical assistance to the island developing countries should be geared to the special needs and problems of the countries concerned;

8. *Requests* the Trade and Development Board, in carrying out its tasks, to take into consideration the special needs of island developing countries as identified, *inter alia*, by the regional commissions and to co-operate with them and other competent organizations in carrying out tasks in favour of these countries;

9. *Recognizing* the importance of tourism as a major source of income, employment and foreign exchange for some island developing countries, and therefore the importance for them of international air passenger transport, invites the International Civil Aviation Organization, with assistance from UNCTAD and the appropriate regional institutions, to study the policy issues involved in the development of air transport services and to give support to the efforts of these countries in concluding mutually satisfactory air service agreements in respect of both scheduled and non-scheduled services by airlines of national designation;

10. Having noted the report of the Group of Experts on Feeder and Inter-island Services by Air or Sea for Island Developing Countries<sup>75</sup>, invites the Secretary-General of UNCTAD to consult States members and the appropriate bilateral, regional and multilateral development institutions about the recommendations they consider most useful and the measures needed to have these implemented.

*171st plenary meeting  
3 June 1979*

#### **123 (V). Specific action related to the particular needs and problems of land-locked developing countries<sup>76</sup>**

*The United Nations Conference on Trade and Development,*

*Reiterating* the special measures in favour of the land-locked developing countries envisaged in Conference resolution 63 (III) of 19 May 1972 and further reiterating the specific actions related to the particular needs and problems of land-locked developing countries as envisaged in section IV of Conference resolution 98 (IV) of 31 May 1976, as agreed, and urging their full implementation by the international community,

*Recognizing* that most of the land-locked developing countries are among the least developed countries; that their lack of territorial access to the sea, aggravated by great distances from seaports, by remoteness and isolation from world markets, and by the greater difficulties and costs of their international transport services, acts as a major impediment to their foreign trade and one of the serious constraints to their further economic and social development; that their difficulties often include inadequacy of physical facilities along the transit routes and in the

seaports, delays and uncertainties in transit-transport operations, complications related to the commercial aspects of transiting a foreign territory, as well as very high real costs of access to world markets,

*Stressing* the need for continued financial and technical assistance from the international agencies and donor countries as a means to help the efforts of countries concerned to alleviate the common transit and transport problems relating to land-locked developing countries and, as appropriate, their neighbours,

1. *Agrees* that specific action related to the particular needs and problems of land-locked developing countries should aim to achieve the following objectives:

(a) Reduce the costs of access for land-locked countries to and from the sea and to world markets;

(b) Improve the quality, efficiency and reliability of transit-transport services taking into account the needs and means of both the land-locked countries and their transit neighbours;

(c) Restructure the economies of the land-locked countries to alleviate their geographical handicaps and to overcome these adverse effects giving due consideration, where possible, through the creation and the development of infrastructures, to national development plans and training of national personnel, with a view to fully utilizing all available resources;

#### **I. FLOW OF EXTERNAL RESOURCES**

2. *Reaffirms* that multilateral and bilateral financial institutions should further intensify their efforts in raising the flow of resources for the over-all economic development related to the specific needs of the land-locked developing countries. The criteria, terms and conditions governing an increased flow of bilateral and multilateral financial and technical assistance to the land-locked developing countries provided by the multilateral, bilateral and other international financial institutions as referred to in the present resolution should be geared to the special needs and problems of each of the land-locked developing countries concerned and such assistance should normally be on favourable terms for most of the land-locked developing countries;

#### **II. CO-OPERATION BETWEEN LAND-LOCKED COUNTRIES AND TRANSIT COUNTRIES**

3. *Agrees* that measures to deal with the transit problems of land-locked countries require good neighbourliness, effective co-operation and close collaboration between land-locked countries and their transit neighbours. Where any study is to be undertaken in any transit country, such study shall be undertaken with the approval or consent of the transit country concerned. Where any programme or action is to be undertaken in or in relation to any transit country, such programme or action will be undertaken with the approval or consent of that transit country. Any proposals in relation to special measures to reduce the transit costs shall be given due consideration by the transit country;

<sup>75</sup> *Ibid.*

<sup>76</sup> The Conference adopted this resolution without dissent. For a statement, see part two, para. 229.

### III. INTEGRATED PLANNING APPROACH

4. *Agrees* that an integrated planning approach involves close co-operation between the land-locked and transit developing countries concerned. Such co-operation between these countries, including the establishment by Governments of high-level consultative committees, should include the following key elements:

(a) The need for close co-operation between land-locked developing countries and their transit neighbours concerning all aspects of transit facilities, in accordance with agreements between the land-locked and transit countries;

(b) Clear recognition that major efforts to reduce the cost of access to the sea and to world markets facing land-locked developing countries may necessitate improved procedures and new investments not only within the land-locked developing countries, but also within the neighbouring transit developing countries as well;

(c) Need for financial assistance by the international community for specific action. Transit-transport infrastructures need to be effectively improved both in the land-locked countries and in the transit countries. Such financial assistance should be provided by the international community in a manner which takes fully into account the fact that the improvements will be beneficial to both the land-locked and the transit countries;

(d) Taking into account all aspects of the problem of transit and transport of land-locked and transit countries, bearing in mind the relevant arrangements and evolving policies of the concerned countries, and including: procedures and regulations, documentation, management, training, organizational and institutional arrangements, maintenance of existing facilities and infrastructure, new facilities and infrastructural requirements, possibilities for joint ventures, and the effects of delays and uncertainties on the cost and quality of transit services. Improvements in each of these factors can lead to lower transit costs, and several complementary improvements will normally be needed to achieve maximum reduction in these costs;

(e) The importance of studying the possibilities of providing each land-locked country with alternative routes wherever this is economically and technically feasible, in order to insure against any difficulties that may arise on other transit routes;

(f) The need for detailed planning and economic studies on all available options. Such studies should aim to provide decision makers with a clear picture of what improvements are likely to have the highest rates of return, and a clear guide to the priorities for more detailed follow-up projects; they could form a concrete basis for attracting needed assistance from the international community;

### IV. INTEGRATED, REGIONAL AND SUBREGIONAL TRANSPORT PLANNING

5. *Considers* the following as key elements of integrated and where necessary regional and subregional transport planning:

(a) The land-locked and developing transit countries can derive substantial long-term benefits from the improvement

and development of integrated transport infrastructure, and, where necessary, regional and subregional transport infrastructure. The international organizations and financial institutions should give high priority in their assistance programmes for such projects;

(b) Land-locked and developing transit countries would benefit substantially from the harmonization of transport planning and the promotion of joint ventures in the field of transport, where necessary at the regional and subregional levels;

(c) Interested land-locked countries, in co-operation with other countries, might consider creating a co-operative air transport development project, which might provide more economical, balanced and effective airfreight and passenger services, based upon a central organization which could undertake the necessary planning studies with appropriate technical assistance;

(d) All possible efforts should be made to apply accepted international conventions to facilitate the transit traffic of the land-locked countries to promote and diversify their trade. In view of the above, the question of revising any of the existing multilateral conventions so as to bring them into closer conformity to the need to promote the trade and development of the land-locked and developing transit countries should be examined;

### V. PRIORITY AREAS FOR ACTION AND ASSISTANCE

6. *Urges* the international community to give, in accordance with the priorities of the land-locked countries and accepted development criteria, strong financial and technical assistance support, through specific action, in the following areas:

(a) Construction, extension, development and maintenance of all-weather through-road transport routes connecting land-locked and developing transit countries with terminals of ports (sea/air), roadways and railways as the case may be, including adequate provision for vehicles and maintenance, where necessary during a mutually agreed phasing-out period;

(b) Construction and development of the rail system in the land-locked countries as well as extension or connexion of the rail system of transit countries into land-locked countries and the provision of adequate rolling stock without the need for transshipment;

(c) Development or improvement of navigability of inland waterways including existing waterways so that continuous year-round use is possible;

(d) Development of airport facilities in accordance with internationally accepted standards as well as the purchase of aircraft and other equipment related to air transportation;

(e) Development and operation of containerized transport systems;

(f) Taking full account of the effects on existing transport facilities and provision for the early introduction of new, more efficient or more economical forms of transport, such as pipelines (for oil, natural gas and other suitable products) and containerization systems;

(g) Provision of fast and reliable communication links between the commercial centres of the land-locked countries and transit points;

(h) Development and improvement of transit and port facilities especially for the use of any land-locked country, including the establishment of berths, transit sheds, transit storage and exclusive transit areas in transit ports, including related facilities at necessary breakpoints;

(i) Establishment of TIR<sup>77</sup> warehouses in land-locked countries as a high priority;

(j) Construction of dry ports as an additional facility;

(k) The Governments of developed and developing countries should invite and urge shipowners, members of liner conferences and insurance companies, as far as feasible, to establish freight rates and premiums for the land-locked developing countries, which will encourage and assist the expansion of the export trade of the land-locked countries and to develop promotional rates for non-traditional exports of these countries, which will facilitate the opening up of new markets and the development of new trade flows;

7. Where the projects are related to, or have a bearing on, transit-transport infrastructures (roads, railways, waterways, ports, etc.) in the transit countries, a joint request by the concerned land-locked and transit countries would have to be made for financial and technical assistance;

#### VI. RESTRUCTURING AND DIVERSIFICATION OF THE ECONOMIES OF LAND-LOCKED DEVELOPING COUNTRIES

8. Urges the provision of specific assistance by the international community to help diversify the economies of the land-locked developing countries, with particular priority to the establishment of import-substitution industries and export-oriented industries, as well as to the development of natural resources;

#### VII. UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED DEVELOPING COUNTRIES

9. Keeping in view the meagre resources available to the Fund,

(a) Urges the international community and particularly developed countries and other countries in a position to do so, to contribute generously to the United Nations Special Fund for Land-locked Developing Countries;

(b) Endorses the interim arrangements by which the Special Fund is managed by the Administrator of the United Nations Development Programme in close collaboration with the Secretary-General of UNCTAD;<sup>78</sup>

(c) Invites the Administrator of the United Nations Development Programme to ensure that the resources of

the Special Fund are used in ways which are in addition to, and generally different from, the types of activities which the United Nations Development Programme normally finances;

(d) Welcomes the growing support of the United Nations Development Programme for technical assistance projects aimed at improving the transit and transport situation of land-locked developing countries;

(e) Emphasizes the necessity of equitable distribution of the resources of the Fund among the developing land-locked countries, taking into account the special needs of the least developed of the land-locked countries;

#### VIII. FURTHER ACTION

10. Requests the Secretary-General of UNCTAD to continue further the work programme of UNCTAD in relation to the special problems of land-locked developing countries, taking into account the work done so far by other international institutions, including:

(a) Review of the special economic problems deriving from the geographical situation of the land-locked developing countries and consideration of possible further recommendations for action in their favour, with a view to reducing the real cost of their access to and from the sea and to world markets;

(b) Preparation of monographs for each of the countries concerned, and follow-up of the above-mentioned regional and international measures;

(c) Studies of the transit-transport situation, facilities and arrangements in different areas, with a view to facilitating government action aiming at:

(i) Improvement, where required, of transiting procedures and regulations;

(ii) International joint ventures in the field of transit-transport;

(iii) Charges in the transit-transport sector;

(d) Collection and dissemination of information on experiences of land-locked developing countries in overcoming the difficulties resulting from their geographical situation;

11. Invites the United Nations Development Programme to consider favourably increasing its assistance to land-locked developing countries and requests the multilateral, bilateral and international financial institutions to continue to provide assistance, and favourably consider increasing their assistance, in the form of specific action, to land-locked developing countries on terms consistent with their over-all economic situation.

12. Recommends intensified activities relating to conducting necessary studies and implementation of specific action, including those under economic co-operation among developing countries, as well as those under UNCTAD, and at the regional and subregional levels, in co-operation with the regional commissions; and further recommends that in order to facilitate the implementation of these activities the international community, international financial institutions and the United Nations Development Programme should provide financial and technical assistance.

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<sup>77</sup> TIR = transit international routier (international road transit).

<sup>78</sup> See decision 25/15 adopted on 28 June 1978 by the Governing Council of the United Nations Development Programme (*Official Records of the Economic and Social Council, 1978, Supplement No. 13 (E/1978/53/Rev.1), chap. XX, sect. K.*)

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC  
AND SOCIAL SYSTEMS AND ALL TRADE FLOWS RESULTING THEREFROM

(Agenda item 17)

DECISION

**116 (V). Trade relations among countries having different economic and social systems  
and all trade flows resulting therefrom<sup>79</sup>**

*The United Nations Conference on Trade and Development*

1. *Requests* member States and the secretariat of UNCTAD to further implement the provisions of Conference resolution 95 (IV) of 31 May 1976,

2. *Decides* to refer the two draft resolutions submitted under agenda item 17<sup>80</sup> to the Trade and Development Board at its nineteenth session.

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<sup>79</sup> The Conference adopted this decision without dissent. For a statement, see part two, para. 241.

<sup>80</sup> Issued as TD/L.189 and TD/L.190 at the Conference, and reproduced in annex I.A below.

ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

(Agenda item 18)

RESOLUTION

**127 (V). Economic co-operation  
among developing countries<sup>81</sup>**

*The United Nations Conference on Trade and Development,*

*Recalling* General Assembly resolutions 1995 (XIX) as amended, of 30 December 1964, 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974, 3442 (XXX) of 9 December 1975, 31/119 of 16 December 1976, 32/180 of 19 December 1977 and 33/195 of 29 January 1979 on economic co-operation among developing countries,

*Recalling also* the Declaration and the Programme of Action on the Establishment of a New International Economic Order, contained in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, the Charter of Economic Rights and Duties of States, contained in General Assembly resolution 3281 (XXIX) of 12 December 1974, and the provisions of General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

*Reaffirming* the principles contained in Concerted Declaration 23 (II) adopted by the Conference on 26 March 1968, Conference resolution 48 (III) of 18 May 1972 on trade expansion, economic co-operation and regional integration among developing countries, as well as Conference resolutions 90 (IV) and 92 (IV) of 30 May 1976 and Trade and Development Board decisions 142 (XVI) of 23 October 1976 on the establishment of the Committee on Economic

Co-operation among Developing Countries and 161 (XVII) of 2 September 1977 on the terms of reference of the Committee on Economic Co-operation among Developing Countries,

*Noting* the decisions of the Mexico City Conference on Economic Co-operation among Developing Countries,<sup>82</sup> adopted in September 1976, which provided for them a basic framework for the development of further action to turn into reality the objectives of economic self-reliance of the developing countries,

*Noting also* the decisions taken by the non-aligned countries on economic co-operation among developing countries, in particular the Action Programme for Economic Co-operation adopted at the Fifth Conference of Heads of State or Government of Non-Aligned Countries, held at Colombo from 16 to 19 August 1976,<sup>83</sup> and also the relevant decisions of the Conference of Ministers for Foreign Affairs of Non-Aligned Countries, held at Belgrade from 25 to 30 July 1978,<sup>84</sup>

*Noting further* the decisions taken at the Fourth Ministerial Meeting of the Group of 77 held at Arusha in February 1979, which adopted the Arusha Programme for Collective Self-Reliance,<sup>85</sup>

*Recalling further* the Buenos Aires Plan of Action and the resolutions adopted at the United Nations Conference

<sup>82</sup> See TD/B/628, part one, sect. A.

<sup>83</sup> See A/31/197, annex III.

<sup>84</sup> See A/33/206 and Corr.1.

<sup>85</sup> See annex VI, sect. II, below.

<sup>81</sup> The Conference adopted this resolution without dissent. For a statement, see part two, para. 250.

on Technical Co-operation among Developing Countries,<sup>86</sup> taking account of the fact that technical co-operation is a basic instrument for the promotion of economic co-operation among developing countries,

*Mindful* that economic co-operation among developing countries is a key element in the strategy of collective self-reliance and an essential instrument to promote structural changes contributing to a balanced and equitable process of global economic development wherein the developing countries will enhance co-operation with each other to increase each other's capabilities and to meet their development needs,

*Recognizing* that, while efforts by the developing countries play a decisive role in achieving their development goals, however much the developing countries mobilize their own resources in the pursuit of their economic and social objectives it would not be possible for them to achieve such objectives without concomitant action on the part of developed countries and the institutions in the international community,

*Reaffirming* that efforts by the developing countries to promote economic co-operation among themselves do not diminish the responsibilities of all other countries to establish just and equitable international economic relations,

*Recognizing* that, in the context of international economic co-operation, the achievement of the goal of greater economic co-operation among developing countries will make an important contribution to the establishment of the New International Economic Order,

*Considering* that UNCTAD should play, within its competence, a significant support role to economic co-operation among developing countries,

1. *Welcomes* the initiatives of the developing countries in adopting a First Short/Medium-Term Action Plan for Global Priorities on Economic Co-operation among Developing Countries at the Fourth Ministerial Meeting of the Group of 77 held at Arusha in February 1979;<sup>87</sup>

2. *Urges* that the developed countries and the international organizations provide appropriate support and assistance to the process and activities of economic co-operation among developing countries, notably in fulfilment of the relevant resolutions of the General Assembly and UNCTAD, bearing in mind the Arusha Action Plan and its principles and objectives of economic co-operation among developing countries, namely:

(a) That economic co-operation among developing countries is a basic component of the efforts towards the establishment of the New International Economic Order and as such is based on common interests and co-operation among all States;

(b) That economic co-operation among developing countries, being a matter that chiefly concerns the developing countries, should be devised and implemented by them at the subregional, regional and interregional levels,

and appropriate concomitant support action on the part of the developed countries and organizations of the international community is needed to contribute to its implementation;

3. *Takes note with appreciation* of the measures of support and activities undertaken within the United Nations system, in the sphere of economic co-operation among developing countries, particularly in UNCTAD, in conformity with the programme of work approved by the Committee on Economic Co-operation among Developing Countries;

4. *Urges* the developed countries to intensify their contribution to the full implementation of the relevant resolutions of the General Assembly, UNCTAD and other organizations of the United Nations system, thereby taking further steps towards giving effect to the concept of support measures, as stated in Conference resolution 92 (IV) and resolution 1 (I) of 9 May 1977 of the Committee on Economic Co-operation among Developing Countries, in response to the initiatives taken by the developing countries pursuant to the economic co-operation goal laid down in the Mexico City Conference and in the Arusha First Short/Medium-Term Action Plan for Global Priorities on Economic Co-operation among Developing Countries;

5. *Urges* that in their bilateral and multilateral development assistance programmes, developed countries and international financial institutions should take action to enable developing countries to participate effectively in the execution of bilateral and multilateral projects financed in developing countries through the greatest possible use of their own capabilities;

6. *Urges further* the developed countries to contribute to the implementation of projects of economic co-operation among developing countries through the United Nations development system;

7. *Invites* the specialized agencies and other organizations of the United Nations system, in accordance with their established procedures and practices, to support measures of economic co-operation among developing countries, including, as and when requested, the continued provision of the necessary secretariat support services and other suitable arrangements to facilitate the holding of meetings by the developing countries in pursuance of the objectives of economic co-operation among developing countries, in accordance with paragraph 4 and other relevant provisions of General Assembly resolution 33/195;

8. *Takes note* of the current efforts aimed at improving co-ordination within the United Nations system, through the appropriate machinery, in respect of support measures for economic co-operation among developing countries focusing on the important role of UNCTAD in recognition of the fact that a major part of these measures falls within the purview of UNCTAD;

9. *Agrees* that, within the framework of its mandate and in the light of its key role in economic co-operation among developing countries within the United Nations system, the activities of UNCTAD in support of economic co-operation among developing countries should be improved and intensified;

10. *Agrees further* that UNCTAD should co-operate and co-ordinate its activities more intensively with the other members of the United Nations system and the regional

<sup>86</sup> See Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (A/CONF.79/13/Rev.1 and Corr.1) (United Nations publication, Sales No. E.78.II.A.11), part one.

<sup>87</sup> See annex VI, sect. II, below.

commissions in order to improve the effectiveness of the relevant support activities of the United Nations as a whole and to strengthen in particular its working arrangements with the United Nations Development Programme with a view to enhancing joint operational activities, taking into account the strong correlation between economic and technical co-operation among developing countries;

11. *Agrees* and invites other relevant specialized agencies and organizations of the United Nations system to adopt the appropriate support measures to assist in the implementation of the activities in the field of economic co-operation among developing countries in response to the initiatives of the developing countries taken in the Arusha First Short/Medium-Term Plan on Global Priorities on Economic Co-operation among Developing Countries;

12. *Decides* to convene a special session of the Committee on Economic Co-operation among Developing Countries early in 1980:

(a) To examine the studies carried out by the UNCTAD secretariat pursuant to resolution I (I) of that Committee and assess the work, in particular on the priority areas enumerated in paragraph 13 below;

(b) To consider the proposals of the developing countries on the priority areas mentioned below and to take appropriate action in keeping with its mandate;

13. *Requests* the Secretary-General of UNCTAD to take the measures that would enable the regional groups, particularly the developing countries, to prepare for the special session. To this end, and in view of the nature and importance of economic co-operation among developing countries, the Secretary-General of UNCTAD should provide the necessary technical support, conference and secretariat services for the holding at the headquarters of UNCTAD in the four months preceding the special session—depending on the time available and the present schedule of meetings for 1979—of three preparatory meetings of governmental experts of developing countries, as well as of other meetings of governmental experts that may be requested by other regional groups, in order to prepare the work in the following priority areas:

(a) The establishment of a global system of trade preferences among developing countries;

(b) Co-operation among State trading organizations of developing countries;

(c) The establishment of multinational marketing enterprises among developing countries.

14. *Agrees* that the work programme of UNCTAD on economic co-operation among developing countries should take due account of the relevant recommendations and decisions of the Fourth Ministerial Meeting of the Group of 77, held at Arusha in February 1979, and requests the Committee on Economic Co-operation among Developing Countries at the above-mentioned special session to take appropriate action stemming therefrom and facilitate the implementation of these recommendations and decisions;

15. *Requests* the Trade and Development Board, in considering the calendar of meetings, to provide for such meetings of the Committee on Economic Co-operation among Developing Countries as it would deem necessary within the UNCTAD work programme on economic co-operation among developing countries and to decide on the

convening and the organization of future meetings of governmental experts of developing countries, as well as of other countries if they so wish, on specific aspects of interregional economic co-operation among developing countries;

16. *Requests* the UNCTAD secretariat to intensify and complete its on-going activities related to those of the priority areas enumerated below which are contained in resolution I (I) of the Committee on Economic Co-operation among Developing Countries and submit action-oriented proposals based on the Arusha Programme related to these priority areas whenever necessary, for consideration by the Committee on Economic Co-operation among Developing Countries:

(a) Elaboration, operation and maintenance of a trade information system regarding the foreign trade of developing countries, taking into account the on-going work in the International Trade Centre UNCTAD/GATT and other international organizations;

(b) Preparation and up-dating of a handbook of State trading organizations of developing countries and a continuation of its technical assistance activities for the organization of seminars and for provision of consultancy services to individual State trading organizations;

(c) Provision, if requested, of technical and other relevant forms of assistance to projects for multinational marketing arrangements of developing countries, taking into account the on-going work in the International Trade Centre UNCTAD/GATT and other concerned international organizations;

(d) Within the competence of UNCTAD, provision of assistance, if requested, for relevant aspects of monetary and financial co-operation among developing countries;

(e) Analysis and identification of opportunities for the establishment and promotion of joint marketing ventures among developing countries;

(f) Intensification of its activities, in collaboration with the United Nations Industrial Development Organization, leading to action-oriented conclusions in the field of multinational production enterprises among developing countries;

17. *Requests* that, in undertaking these activities, the UNCTAD secretariat should maintain close co-operation and collaboration as appropriate with other United Nations organizations and the specialized agencies, as well as with the regional commissions and subregional and regional intergovernmental organizations of developing countries;

18. *Reaffirms* the recommendations of Conference resolution 92 (IV), paragraph *g*, relating to contributions from donor countries in the form of, *inter alia*, funds in trust for the implementation of projects of economic co-operation among developing countries, especially those concerning least developed, land-locked and island developing countries, and to this effect requests the Secretary-General of UNCTAD to report regularly to the Trade and Development Board on the results of consultations undertaken to ensure the implementation of this recommendation;

19. *Urges* the prompt and effective implementation of the Buenos Aires Plan of Action and the resolutions

adopted by the United Nations Conference on Technical Co-operation among Developing Countries and draws attention in particular to the importance of the contribution of the developed countries and international organizations for the purpose of implementing its recommendations;

20. *Invites* the United Nations Development Programme to devote increased resources for the regional, interregional and global indicative planning figures and to increase its

assistance to subregional, regional and interregional projects for economic co-operation among developing countries, taking into account the role foreseen for the United Nations Development Programme by the United Nations Conference on Technical Co-operation among Developing Countries. To this end, adequate resources should be made available.

171st plenary meeting  
3 June 1979

## INSTITUTIONAL ISSUES

(Agenda item 19)

### RESOLUTIONS

#### 114 (V). Institutional issues<sup>88</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* General Assembly resolution 1995 (XIX) of 30 December 1964, as amended, which provides, *inter alia*, for regular review of the institutional arrangements for UNCTAD,

*Recalling* that UNCTAD has a major role to play in the achievement of the objectives of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, 3281 (XXIX) of 12 December 1974 and 3362 (S-VII) of 16 September 1975, and in the periodic evaluation of progress accomplished in this regard, and that appropriate steps should be taken to improve its own effectiveness in order to enable it better to fulfil this role,

*Recalling further* Conference resolution 90 (IV) of 30 May 1976,

*Recalling also* General Assembly resolution 32/197 of 20 December 1977 on restructuring the economic and social sectors of the United Nations system,

*Recalling further* General Assembly resolution 33/154 of 20 December 1978,

*Confirming* the importance that all States members attach to the responsibilities flowing from the mandate of UNCTAD,

*Recognizing* the major and evolving role of UNCTAD as an organ of the General Assembly for deliberation, negotiation, review and implementation in the field of international trade and related issues of international economic co-operation,

*Noting* the decision of the Trade and Development Board at its eighteenth session to defer consideration in depth of the issue of rationalization of the structure of the present machinery of UNCTAD until the fifth session of the Conference,

*Having considered* the Arusha Programme for Collective Self-Reliance and Framework for Negotiations,<sup>89</sup>

*Having considered* the proposals and statements made at the fifth session of the Conference,

*Having considered also* the report of the Secretary-General of UNCTAD on restructuring the international

economic framework<sup>90</sup> and the report of the UNCTAD secretariat on measures to enable UNCTAD to carry out its role more effectively,<sup>91</sup>

*Desiring* that appropriate steps should be taken to improve the effectiveness and responsiveness of UNCTAD in order that it should more effectively and efficiently fulfil its important role,

### I.

1. *Invites* the General Assembly to take the necessary action for strengthening UNCTAD in accordance with the relevant provisions of General Assembly resolution 1995 (XIX) and Conference resolution 90 (IV) and General Assembly resolution 32/197, and taking into account the mandates of other international organizations and bodies, based on the following consideration:

(a) Clear recognition of UNCTAD as a principal instrument of the General Assembly for negotiations on relevant areas of international trade and related issues of international economic co-operation, particularly in the context of negotiations on the establishment of the New International Economic Order;

(b) The role of UNCTAD as one of the major instruments of the United Nations for reviewing on a continuous basis the interrelated problems in the field of international trade and related areas of international economic co-operation and, where appropriate, implementation, taking into account the competence of the General Assembly and the Economic and Social Council;

(c) The need to strengthen co-ordination between UNCTAD and other agencies and organizations of the United Nations system;

(d) To consider the strengthening of the effectiveness of UNCTAD as a major element in the on-going process of the restructuring of the economic and social sectors of the United Nations system;

### II.

2. *Reaffirms* its recommendation contained in section I, paragraph 3, of Conference resolution 90 (IV) for the review of the level of resources required by UNCTAD and on the need for UNCTAD to have greater flexibility in budgetary, financial and administrative matters for the efficient performance of its responsibilities;

<sup>88</sup> The Conference adopted this resolution without dissent. For a statement, see part two, para. 259.

<sup>89</sup> See annex VI below.

<sup>90</sup> TD/221, reproduced in volume III and to be issued as a United Nations publication, Sales No. E.79.II.D.12.

<sup>91</sup> TD/245, reproduced in volume III.



3. Taking into account the over-all responsibility vested in the Secretary-General of the United Nations by the Charter of the United Nations as the chief administrative officer of the Organization, requests the Secretary-General of UNCTAD to enter into consultations with the Secretary-General of the United Nations on possible arrangements to achieve the appropriate flexibility, including the possibility, where necessary and appropriate, of an increased delegation of authority in, *inter alia*, the following areas, taking full account of the need to maintain the over-all operational integrity of the United Nations:

(a) The management of the budget appropriation of UNCTAD as approved by the General Assembly and appropriate procedures for the receipt and administration of trust funds;

(b) The possibility for UNCTAD to organize certain of its conference and administrative support services;

(c) The possible adjustment to the requirements of UNCTAD of general directives concerning programming, planning and evaluation, in particular its activities in support of negotiations;

(d) Management responsibility for recruitment and administration of staff in accordance with the Charter of the United Nations, the Staff Regulations of the United Nations and Staff Rules, and General Assembly directives, to achieve, *inter alia*, an improvement in the representation of under-represented countries, especially the developing countries, particularly at the policy-making level;

4. Requests the Secretary-General of UNCTAD to report on his consultations to the Trade and Development Board at its nineteenth session, and invites the Secretary-General of the United Nations to present a report resulting from the above consultations to the General Assembly at its thirty-fourth session;

### III.

5. Recommends that the General Assembly at its thirty-fourth session further amend its resolution 1995 (XIX), as amended, so that the Trade and Development Board should meet twice a year, preferably in shorter sessions (including the Ministerial session to be held between sessions of the Conference), in order to focus more clearly on the issues of substance and to provide greater direction to its permanent bodies;

6. Recognizes that the increasing and diversified activities of UNCTAD also demand, particularly in the present context, that the Trade and Development Board take urgent measures for harmonization, rationalization and co-ordination in a systematic manner so as to maximize its effectiveness;

7. Requests the Trade and Development Board at its nineteenth session, taking into account the proposals and statements made at the fifth session of the Conference and the results thereof, and bearing in mind the contribution which the Board should make in this context:

(a) To pursue its objectives wherever possible by means of its permanent main Committees, and to consider the reduction of the number of *ad hoc* groups;

(b) To examine ways and means of improving the effectiveness of the Working Party on the Programme Budget and the Medium-term Plan, to consider the desir-

ability of including programme evaluation in its functions, and to convene the Working Party semi-annually;

8. Affirms that, before nominating participating countries to groups of governmental experts of restricted number, the Secretary-General of UNCTAD shall consult with interested regional groups with a view to taking fully into account any decisions of these groups and the existing practice of equitable geographical distribution;

9. Recommends that, whenever possible and appropriate, meetings be shortened and that the number and length of documents for meetings be limited, in the light of the requirements of each meeting and its agenda;

10. Affirms that all documents in all official languages shall be made available six weeks in advance of the relevant meetings, and decides that documents shall be prefaced, where appropriate, by a summary of the contents, and calls upon those concerned in the preparation and processing of documents for UNCTAD to take appropriate steps in order to meet these requirements;

11. Requests the Secretary-General of UNCTAD to take measures to make the organization's work more effective. To this end, invites him to take the following measures in particular:

(a) To prepare and publish an annual report summarizing all of the technical assistance activities of UNCTAD and their financing from all sources for submission to the Trade and Development Board through the Working Party on the Programme Budget and the Medium-term Plan;

(b) To ensure the regular convening of consultations between the UNCTAD secretariat and the regional groups, as provided for in Trade and Development Board decision 143 (XVI) of 23 October 1976, at which time discussions should include the rationalization of, and the establishment of, a practicable calendar of meetings;

12. Decides to establish an *ad hoc* intergovernmental committee of limited duration on the rationalization of the machinery of UNCTAD, whose final report would be submitted to the Trade and Development Board at the second part of its nineteenth session, which would in turn consider necessary measures for further action, including, if necessary, the transmittal of the report to a special session of the Board;

13. Requests that the *ad hoc* intergovernmental committee, in carrying out these tasks, consider *inter alia* the following:

(a) The need for further adapting the permanent intergovernmental machinery of UNCTAD, bearing in mind in particular its increased activity as a negotiating forum, while enabling it to continue to perform the full range of tasks with which it has been entrusted;

(b) Ways and means should be sought of grouping the specific issues and subjects to be addressed by special expert group meetings, in order to minimize the number of submeetings and to encourage the attendance of high-level government experts; meetings of experts appointed in their personal capacity should be reduced in number;

14. Requests the *ad hoc* intergovernmental committee to consider, taking into account, where appropriate, the views and experiences of relevant bodies of the United Nations system, evaluation procedures and mechanisms in UNCTAD and to recommend ways and means as to how effective evaluation could be achieved and strengthened,

taking into account the special responsibilities of UNCTAD, such as negotiations.

*171st plenary meeting  
3 June 1979*

### 115 (V). Use of the Arabic language<sup>92</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* its resolution 86 (IV) of 28 May 1976, by which it recommended that the General Assembly take the necessary steps to include Arabic among the official and working languages of the machinery of UNCTAD, particularly all sessions of the Conference, the Trade and Development Board and the main Committees,

*Recalling* also General Assembly resolution 31/159 of 21 December 1976 by which the General Assembly decided to implement the recommendation contained in Conference resolution 86 (IV),

<sup>92</sup> The Conference adopted this resolution without dissent. For a statement, see part two, para. 262.

*Noting* that the General Assembly, in its resolution 32/205 of 21 December 1977, requested the Secretary-General of the United Nations to prepare, in close consultation and co-operation with the Secretary-General of UNCTAD, proposals aimed at the full implementation of Conference resolution 86 (IV), and to submit those proposals to the General Assembly at its thirty-fourth session,

1. *Recommends* to the General Assembly at its thirty-fourth session that it take the necessary steps to ensure that Arabic will have full capacity as an official and working language of UNCTAD with respect to both interpretation and translation facilities, and thus be on a par with the other official and working languages of UNCTAD, with effect from 1 January 1980;

2. *Requests* the Secretary-General of UNCTAD, in making his contribution to the report of the Secretary-General of the United Nations to the General Assembly, as envisaged in General Assembly resolution 32/105, to make proposals aimed at putting the recommendation contained in paragraph 1 above into effect.

*171st plenary meeting  
3 June 1979*

## OTHER BUSINESS

(Agenda item 20)

### RESOLUTIONS

#### 107 (V). Offer of the Republic of Cuba to host the sixth session of the United Nations Conference on Trade and Development<sup>93</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* that the Ministerial Meeting of the Group of 77 held at Arusha, United Republic of Tanzania, from 6 to 16 February 1979, took note with satisfaction of the offer made by the Government of Cuba to act as host to the sixth session of the United Nations Conference on Trade and Development in Havana, Cuba,<sup>94</sup>

*Recalling* also that, at its tenth special session, the Trade and Development Board was informed of the desire of the Government of Cuba to act as host to the sixth session of the Conference in Havana,<sup>95</sup>

*Considering* that the offer of the Government of the Republic of Cuba was renewed by its Minister of Foreign Trade during the general debate at the fifth session of the Conference,

*Reaffirming* the principles contained in General Assembly resolution 31/140 of 17 December 1976,

1. *Requests* the Trade and Development Board to recommend to the General Assembly that it should take a

decision on the place where the sixth session of the United Nations Conference on Trade and Development is to be held bearing in mind the offer made by the Government of the Republic of Cuba;

2. *Recommends* that the Secretary-General of UNCTAD should take the necessary steps to facilitate the adoption of the above-mentioned decisions by the Trade and Development Board and the General Assembly.

*170th plenary meeting  
1 June 1979*

#### 108 (V). Exploitation of the resources of the sea-bed<sup>96</sup>

*The United Nations Conference on Trade and Development,*

<sup>96</sup> The Conference adopted this resolution by a roll-call vote of 107 to 9, with 13 abstentions. The voting was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Barbados; Bhutan; Botswana; Brazil; Bulgaria; Burma; Byelorussian Soviet Socialist Republic; Central African Empire; Chile; China; Colombia; Comoros; Congo; Costa Rica; Cuba; Cyprus; Czechoslovakia; Democratic Kampuchea; Democratic People's Republic of Korea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; El Salvador; Ethiopia; Fiji; Gabon; Gambia; German Democratic Republic; Ghana; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Hungary; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Kuwait; Lebanon; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Niger; Nigeria; Oman; Pakistan; Panama; Papua New Guinea; Peru; Philippines; Poland; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Sierra Leone; Singapore; Somalia; Sri Lanka; Sudan; Suriname; Swaziland; Switzerland; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkey; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Republic

<sup>93</sup> The Conference adopted this resolution without dissent.

<sup>94</sup> See part two, para. 272, below.

<sup>95</sup> *Official Records of the Trade and Development Board, Tenth Special Session (TD/B/SR.511-517 and Corrigendum)*, 511th meeting, para. 16.

*Recalling* General Assembly resolution 2574 D (XXIV) of 15 December 1969 declaring that, pending the establishment of an international régime, States and persons, physical or juridical, are bound to refrain from all activities of exploitation of resources of the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction and that no claim to any part of that area or its resources shall be recognized,

*Recalling* General Assembly resolution 2749 (XXV) of 17 December 1970 declaring that the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, as well as the resources of that area, are the common heritage of mankind,

*Bearing in mind* Conference resolution 51 (III) of 19 May 1972, in which it was decided that the question of the economic consequences and implications for the economies of the developing countries resulting from the exploitation of mineral resources should be kept constantly under review by the Conference,

*Considering* that the Trade and Development Board, by resolution 176 (XVIII) of 17 September 1978, called upon all States to refrain from adopting legislation or any other measures designed to carry on the exploitation of the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, until an international régime is adopted by the Third United Nations Conference on the Law of the Sea,

*Considering* that any unilateral action designed to carry on the exploitation of the area in question prior to the adoption of a Convention on the Law of the Sea would violate the above-mentioned resolutions, would endanger the on-going negotiations and would affect the interests of the international community,

1. *Reiterates* that any unilateral action in contravention of the pertinent resolutions would not be recognized by the international community and would be invalid according to international law;

2. *Requests* all States to refrain from adopting legislation or any other measure designed to carry on the exploitation of the sea-bed and ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, until an international régime is adopted by the United Nations Conference on the Law of the Sea;

3. *Warns* that States which might take such unilateral actions would have to assume the responsibility for their consequences both with respect to their impact on the United Nations Conference on the Law of the Sea and with regard to the negotiations on commodities related to the exploitation of mineral resources of the sea-bed;

4. *Requests* the Secretary-General of UNCTAD to transmit this resolution to the Secretary-General of the

United Nations and to the Third United Nations Conference on the Law of the Sea, in order that its contents be made known to member States.

*170th plenary meeting*  
1 June 1979

#### 109 (V). Assistance to national liberation movements recognized by regional intergovernmental organizations<sup>97</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* General Assembly resolution 1514 (XV) of 14 December 1960 on the Declaration on the Granting of Independence to Colonial Countries and Peoples,

*Further recalling* General Assembly resolutions 2626 (XXV) of 24 October 1970 containing the International Development Strategy for the Second United Nations Development Decade, 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 on the Declaration and the Programme of Action on the Establishment of a New International Economic Order, and 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States, as well as 33/193 of 29 January 1979 on preparations for the International Development Strategy for the Third United Nations Development Decade,

*Recalling also* General Assembly resolutions 3236 (XXIX) of 22 November 1974 on the question of Palestine and 3237 (XXIX) of 22 November 1974 on observer status for the Palestine Liberation Organization,

*Recalling further* General Assembly resolutions 3280 (XXIX) of 10 December 1974 and 33/27 of 1 December 1978 on co-operation between the United Nations and the Organization of African Unity,

*Recognizing* the right of all peoples and countries to exercise full and effective and permanent sovereignty and

<sup>97</sup> The Conference adopted this resolution by a roll-call vote of 91 to 16, with 14 abstentions. The voting was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Botswana; Brazil; Bulgaria; Burma; Byelorussian Soviet Socialist Republic; China; Colombia; Comoros; Cuba; Cyprus; Czechoslovakia; Democratic Kampuchea; Democratic People's Republic of Korea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; Ethiopia; Gabon; Gambia; German Democratic Republic; Ghana; Guinea; Guinea-Bissau; Guyana; Haiti; Hungary; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Kuwait; Lebanon; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malaysia; Mali; Malta; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Nigeria; Oman; Pakistan; Panama; Peru; Philippines; Poland; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Sierra Leone; Singapore; Somalia; Sudan; Suriname; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkey; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Republic of Tanzania; Upper Volta; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

*Against:* Australia; Austria; Belgium; Canada; Denmark; France; Germany, Federal Republic of; Israel; Italy; Luxembourg; Netherlands; New Zealand; Norway; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America.

*Abstentions:* Chile; Costa Rica; El Salvador; Fiji; Finland; Greece; Guatemala; Ireland; Japan; Malawi; Portugal; Spain; Sweden; Uruguay.

For statements, see part two, paras. 294 and 296-307.

of Tanzania; Upper Volta; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

*Against:* Belgium; France; Germany, Federal Republic of; Italy; Japan; Luxembourg; Netherlands; United Kingdom of Great Britain and Northern Ireland; United States of America.

*Abstentions:* Australia; Austria; Canada; Denmark; Finland; Greece; Ireland; Israel; New Zealand; Norway; Portugal; Spain; Sweden.

For statements, see part two, paras. 276-292.

control over their natural and all other resources and wealth and economic activities,

*Considering* that the peoples of Namibia, Palestine, South Africa and Zimbabwe are still living under colonial domination or foreign occupation,

*Requests* the Secretary-General of UNCTAD, within the context of the International Development Strategy for the third United Nations Development Decade, to initiate studies, within the competence of UNCTAD, as regards those peoples and countries, in collaboration with their respective national liberation movements recognized by regional intergovernmental organizations, and to submit periodic progress reports to the Trade and Development Board.

*170th plenary meeting  
1 June 1979*

#### **110 (V). Particular problems facing Zaire with regard to transport, transit and access to foreign markets<sup>98</sup>**

*The United Nations Conference on Trade and Development,*

*Referring* to resolution 293 (XIII) of 26 February 1977 of the fourth meeting of the Conference of Ministers of the Economic Commission for Africa,<sup>99</sup> and Economic and Social Council decision 249 (LXIII) of 25 July 1977,

*Bearing in mind* Economic and Social Council resolution 2097 (LXIII) of 29 July 1977, as approved by the General Assembly in its resolution 32/160 of 19 December 1977, which proclaims the period 1978-1988 as Transport and Communications Decade in Africa,

*Taking note* of the special concern of Zaire relating to the problems encountered by its foreign trade with reference to transport, transit and access to foreign markets,

*Taking into account* the resulting adverse effects on the development of the economy of Zaire,

*Invites* the Secretary-General of UNCTAD to lend his support to the Economic Commission for Africa in the elaboration of the appropriate studies on the particular problems of transport, transit and access to foreign markets facing Zaire and on practical measures to be suggested in favour of Zaire, aiming at the reduction of high transport costs of its trade with foreign markets.

*171st plenary meeting  
3 June 1979*

#### **119 (V). Protectionism in the services sector<sup>100</sup>**

*The United Nations Conference on Trade and Development,*

<sup>98</sup> The Conference adopted this resolution without dissent.

<sup>99</sup> See *Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 7 (E/5941)*, part three.

<sup>100</sup> The Conference adopted this resolution by a roll-call vote of 91 to 23, with 1 abstention. The voting was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Barbados; Bhutan; Brazil; Bulgaria; Burma; Byelorussian Soviet Socialist Republic; Chile; China; Colombia; Comoros; Congo; Cuba; Czechoslovakia; Democratic Kampuchea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; Ethiopia; Fiji; Gabon; German Democratic Republic; Ghana; Guatemala; Guinea;

*Noting with concern* that protectionist devices employed by developed countries against developing countries are being intensified in the services sector, *inter alia*, in transport, banking and insurance,

1. *Calls upon* the developed countries to eliminate all discriminatory and unfair practices in the services sector, and in particular in transport, banking and insurance, employed against the developing countries. In the transport sector particular attention should be given to the discriminatory practice of systems of duopoly in civil aviation, whereby special fares become an exclusive arrangement between two developed countries;

2. *Requests* the Secretary-General of UNCTAD to initiate, as a matter of urgency, an examination and analysis of the effects of the discriminatory and unfair civil aviation practices employed by the developed countries on the growth of air transport, including air cargo and tourism in developing countries.

*171st plenary meeting  
3 June 1979*

#### **135 (V). Expression of gratitude to the Government and people of the Philippines<sup>101</sup>**

*The United Nations Conference on Trade and Development,*

*Meeting* at its fifth session in Manila at the invitation of the Government of the Republic of the Philippines,

*Deeply appreciative* of that invitation and the great efforts by the Philippine people in the preparation and organization of the Conference and for the outstanding success of those efforts,

*Noting with satisfaction* the efficiency and thoroughness of the services generously placed at the disposal of the Conference,

*Noting also with gratitude* the warm welcome and hospitality extended by the Philippine people to all participants at the Conference,

1. *Records* its sincere appreciation to the Government and people of the Republic of the Philippines for the generous hospitality and universal friendship accorded to participants in the Conference;

2. *Requests* the President of the Conference to express the deep gratitude and appreciation of the Conference to

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Guinea-Bissau; Hungary; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Nepal; Niger; Nigeria; Oman; Pakistan; Peru; Philippines; Poland; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Singapore; Somalia; Sri Lanka; Sudan; Swaziland; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Uganda; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Republic of Tanzania; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

*Against:* Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany, Federal Republic of; Greece; Ireland; Israel; Italy; Japan; Luxembourg; Netherlands; New Zealand; Norway; Portugal; Spain; Sweden; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America.

*Abstention:* Turkey.

For statements, see part two, paras. 310-311.

<sup>101</sup> The Conference adopted this resolution by acclamation.

the President of the Republic of the Philippines and also to the First Lady and Minister of Human Settlements for their personal efforts and contribution to the success of the Conference;

*Further requests* the President of the Conference to assure the President of the Republic of the Philippines that the participants in the Conference cherish an abiding memory of the warm welcome, hospitality and friendliness of the Philippine people.

*171st plenary meeting  
3 June 1979*

### RECOMMENDATION

#### 117 (V). The economic situation of Tonga<sup>102</sup>

*The United Nations Conference on Trade and Development,*

<sup>102</sup> The Conference adopted this recommendation by 85 votes to none, with 20 abstentions. For statements, see part two, paras. 268-271.

*Having been informed* of the serious economic situation of Tonga, its very low level of economic development, its remote location, the fragile nature of its economy and the many serious constraints faced by it,

1. *Recommends* to the appropriate organs of the United Nations system that Tonga be included in the category of the least developed countries;

2. *Urgently appeals* to the States Members of the United Nations to provide, individually and collectively, the financial, technical and economic assistance which is urgently needed to enable Tonga to overcome its very serious difficulties;

3. *Requests* the Secretary-General of the United Nations to inform the entire international community and the international organizations of the situation in Tonga and of the urgent need to take all necessary measures which may assist it to cope with the serious problems affecting it in particular and those connected with its basic situation.

*171st plenary meeting  
3 June 1979*

### DECISION

#### 134 (V). Revised calendar of meetings for the remainder of 1979<sup>103</sup>

*The United Nations Conference on Trade and Development*

*Approves* the calendar of meetings annexed hereto, on the understanding that it will be reviewed at consultations to be held in July 1979 pursuant to Board decision 143 (XI) of 23 October 1976.

*171st plenary meeting  
3 June 1979*

<sup>103</sup> The Conference adopted this decision without dissent.

### Annex

#### CALENDAR OF MEETINGS

Working Group on International Shipping Legislation, sixth session . . .	18-22 June (until 29 June if required)
Second Intergovernmental Group of Experts on Copper . . . . .	25 June-6 July
United Nations Conference on Natural Rubber, third session . . . . .	25 June-13 July
United Nations Cocoa Conference, 1979, second part . . . . .	16 July-3 August <sup>a</sup>
Interim Committee of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities, first session . . . . .	3-14 September
Consultations on the United Nations Conference on Restrictive Business Practices . . . . .	2 days in week 17-21 September
Preparatory Working Group on Tungsten, second session . . . . .	17-21 September
Fourth Preparatory Meeting on Cotton and Cotton Yarns . . . . .	17-21 September
Preparatory Meeting for the United Nations Conference on an International Code of Conduct on the Transfer of Technology . . .	24-28 September
Seventh Preparatory Meeting on Copper . . . . .	24-28 September
Intergovernmental Group of Experts on Tea, second session . . . . .	24-28 September
Working Party on the Programme Budget and the Medium-term Plan <sup>b</sup>	1-5 October
Second Preparatory Meeting on Meat . . . . .	1-5 October

<sup>a</sup> Date to be confirmed after consultations to be held in the week beginning 11 June 1979.

<sup>b</sup> To consider the detailed programme budget for the biennium 1980-1981.

Second Preparatory Meeting on Tea . . . . .	1-5 October
Third Preparatory Meeting on Vegetable Oils and Oilseeds . . . . .	8-12 October
Trade and Development Board, nineteenth session, first part . . . . .	8-19 October
Fifth Preparatory Meeting on Tropical Timber . . . . .	15-19 October
<i>Ad hoc</i> UNCTAD/UNIDO Group of Experts on the trade and trade-related aspects of industrial collaboration (Board decision 172 (XVIII)) . . . . .	22-26 October
Interim Committee of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities, second session . . . . .	22-26 October (until 2 November if required)
United Nations Conference on an International Code of Conduct on the Transfer of Technology, second session . . . . .	29 October-16 November
Post-Preparatory Meeting on Jute and Jute Products . . . . .	5-9 November
United Nations Conference on a Convention on International Multimodal Transport . . . . .	12-30 November
United Nations Conference on Restrictive Business Practices . . . . .	19 November-7 December
Group of high-level experts on special measures for the least developed countries during the 1980s (Board resolution 171 (XVIII)) . . . . .	26-30 November
Interim Committee of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities, third session . . . . .	3-14 December
United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities, fourth session . . . . .	17-21 December
<i>Ad hoc</i> Intergovernmental Committee for the Integrated Programme for Commodities, ninth session . . . . .	2 days in the week 17-21 December

#### Meetings under the regular programme for which dates are still to be determined

Committee on Invisibles and Financing related to Trade, ninth session
Committee on Tungsten, twelfth session (if required)
United Nations Conference on Tungsten (if required)
United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement, 1971, as extended, fourth part
<i>Ad hoc</i> Intergovernmental Committee on the rationalization of UNCTAD's machinery (Conference resolution 114 (V))
Meetings on economic co-operation among developing countries called for in Conference resolution 127 (V)
<i>Ad hoc</i> intergovernmental high-level group of experts to examine fundamental issues in the future evolution of the international monetary system (Conference resolution 128 (V))

#### Meetings under the Integrated Programme for Commodities for which dates are still to be determined

Preparatory Meeting on Bananas
Preparatory Meeting on Bauxite
Second Preparatory Meeting on Manganese
Third Preparatory Meeting on Iron Ore
Third Preparatory Meeting on Phosphates (if required)
Fourth Preparatory Meeting on Hard Fibres
Other meetings under the Integrated Programme for Commodities (up to 8 weeks)

## 2. Other decisions

### (a) Periodic review by the Conference of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)<sup>104</sup>

1. In conformity with paragraph 6 of General Assembly resolution 1995 (XIX), the Conference reviewed the lists of States contained in the annex to that resolution, as

amended.<sup>105</sup> The Conference approved the inclusion, in the appropriate lists of States, of the following countries

<sup>104</sup> See part three, para. 29.

<sup>105</sup> Paragraph 1 of General Assembly resolution 1995 (XIX) provides that "the members of the Conference shall be those States which are Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency."

which had become members of UNCTAD since the fourth session of the Conference:<sup>106</sup>

*In list A:* Djibouti; Seychelles; Solomon Islands; Tonga

*In list C:* Dominica.

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2. The lists of States members of UNCTAD given in the annex to General Assembly resolution 1995 (XIX) have accordingly been amended by this decision. The amended lists are set out below:

## A

Afghanistan	Malaysia
Algeria	Maldives
Angola	Mali
Bahrain	Mauritania
Bangladesh	Mauritius
Benin	Mongolia
Bhutan	Morocco
Botswana	Mozambique
Burma	Nepal
Burundi	Niger
Cape Verde	Nigeria
Central African Empire	Oman
Chad	Pakistan
China	Papua New Guinea
Comoros	Philippines
Congo	Qatar
Democratic Kampuchea	Republic of Korea
Democratic People's Republic of Korea	Rwanda
Democratic Yemen	Samoa
Djibouti	Sao Tome and Principe
Egypt	Saudi Arabia
Equatorial Guinea	Senegal
Ethiopia	Seychelles
Fiji	Sierra Leone
Gabon	Singapore
Gambia	Solomon Islands
Ghana	Somalia
Guinea	South Africa
Guinea-Bissau	Sri Lanka
India	Sudan
Indonesia	Swaziland
Iran	Syrian Arab Republic
Iraq	Thailand
Israel	Togo
Ivory Coast	Tonga
Jordan	Tunisia
Kenya	Uganda
Kuwait	United Arab Emirates
Lao People's Democratic Republic	United Republic of Cameroon
Lebanon	United Republic of Tanzania
Lesotho	Upper Volta
Liberia	Viet Nam
Libyan Arab Jamahiriya	Yemen
Madagascar	Yugoslavia
Malawi	Zaire
	Zambia

## B

Australia	Finland
Austria	France
Belgium	Germany, Federal Republic of
Canada	Greece
Cyprus	Holy See
Denmark	Iceland

Ireland  
Italy  
Japan  
Liechtenstein  
Luxembourg  
Malta  
Monaco  
Netherlands  
New Zealand  
Norway

Portugal  
San Marino  
Spain  
Sweden  
Switzerland  
Turkey  
United Kingdom of Great Britain and Northern Ireland  
United States of America

## C

Argentina  
Bahamas  
Barbados  
Bolivia  
Brazil  
Chile  
Colombia  
Costa Rica  
Cuba  
Dominica  
Dominican Republic  
Ecuador  
El Salvador  
Grenada

Guatemala  
Guyana  
Haiti  
Honduras  
Jamaica  
Mexico  
Nicaragua  
Panama  
Paraguay  
Peru  
Suriname  
Trinidad and Tobago  
Uruguay  
Venezuela

## D

Albania  
Bulgaria  
Byelorussian Soviet Socialist Republic  
Czechoslovakia  
German Democratic Republic  
Hungary

Poland  
Romania  
Ukrainian Soviet Socialist Republic  
Union of Soviet Socialist Republics

(b) Designation of intergovernmental bodies for the purposes of rule 80 of the rules of procedure of the Conference and rule 78 of the rules of procedure of the Trade and Development Board<sup>107</sup>

In the course of its fifth session the Conference decided to designate the undermentioned intergovernmental bodies for the purpose of participation in its proceedings under rule 80 of its rules of procedure and in the deliberations of the Board under rule 78 of the Board's rules of procedure:

Andean Reserve Fund  
Association of Natural Rubber Producing Countries.

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11 May 1979

(c) Draft proposal on documentation problems and their effect on the work programme of UNCTAD<sup>108</sup>

The Conference decided to remit the draft proposal submitted by the Philippines on behalf of the Group of 77 entitled "Documentation problems and their effect on the work programme of UNCTAD"<sup>109</sup> to the Trade and Development Board for its consideration.

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<sup>106</sup> These countries (except Tonga) had been previously admitted to membership of the United Nations. Tonga qualified for membership of the Conference by virtue of having become a member of specialized agencies.

<sup>107</sup> See part three, paras. 30-31.

<sup>108</sup> See part two, para. 258.

<sup>109</sup> TD/B/L.520; see annex I.B. below.

**(d) Item 8 of the agenda of the Conference<sup>110</sup>**

The Conference decided to remit item 8 of its agenda, "Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD's necessary contribution to a New International Development Strategy for the Third United Nations Development Decade", to the Trade and Development Board for further consideration.

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**(e) Draft resolution on transnational corporations and international commodity trade<sup>111</sup>**

The Conference decided to remit a draft resolution entitled "Transnational corporations and international commodity trade",<sup>112</sup> submitted by the German Democratic Republic on behalf of Bulgaria, Byelorussian SSR, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian SSR and USSR, to the permanent machinery of UNCTAD for further consideration.

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**(f) Items 11 (a), 11 (c) and 11 (d) of the agenda of the Conference<sup>113</sup>**

The Conference decided to remit items 11 (a), 11 (c) and 11 (d) of its agenda: 11 (a) "Comprehensive measures required to expand and diversify the export trade of developing countries in manufactures and semi-manufactures"; 11 (c) "Review and evaluation of the generalized system of preferences"; 11 (d) "Review of the implementation of Conference resolutions 96 (IV)\* and 97 (IV)\*\*", to the permanent machinery of UNCTAD.

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\* Conference resolution 96 (IV): "A set of interrelated and mutually supporting measures for expansion and diversification of exports of manufactures and semi-manufactures of developing countries".

\*\* Conference resolution 97 (IV): "Transnational corporations and expansion of trade in manufactures and semi-manufactures".

<sup>110</sup> See part two, para. 7.

<sup>111</sup> See part two, para. 89.

<sup>112</sup> TD/L.195, reproduced in annex I.D below.

<sup>113</sup> See part two, paras. 93, 106 and 109.

**(g) Proposal concerning the establishment of a multilateral guarantee facility<sup>114</sup>**

The Conference decided to remit a proposal submitted by Cuba on behalf of the States members of the Group of 77 concerning the establishment of a multilateral guarantee facility<sup>115</sup> to the permanent machinery of UNCTAD.

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3 June 1979*

**(h) Item 12 (d) of the agenda of the Conference<sup>116</sup>**

The Conference decided to remit item 12 (d) of its agenda, "(i) Review of implementation and further action that may be required pursuant to Trade and Development Board resolution 165 (S-IX),\* section A" and "(ii) Detailed features for future operations relating to debt problems of interest to developing countries (Trade and Development Board resolution 165 (S-IX), section B)", together with a draft resolution on debt problems of developing countries submitted by Cuba on behalf of the States members of the Group of 77,<sup>117</sup> to the permanent machinery of UNCTAD.

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\* Board resolution 165 (S-IX): "Debt and development problems of developing countries".

**(i) Item 12 (e) of the agenda of the Conference<sup>118</sup>**

The Conference decided to remit item 12 (e) of its agenda, "Review of the present system of international financial co-operation in the context of world trade and development and consideration of ways and means within this context to make it more effective in contributing to the development of developing countries", together with a draft resolution on an effective system of international financial co-operation submitted by Cuba on behalf of the States members of the Group of 77,<sup>119</sup> to the permanent machinery of UNCTAD.

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<sup>114</sup> See part two, para. 127.

<sup>115</sup> TD/L.186, reproduced in I.D below.

<sup>116</sup> See part two, para. 147.

<sup>117</sup> TD/L.196, reproduced in annex I.C below.

<sup>118</sup> See part two, para. 150.

<sup>119</sup> TD/L.197, reproduced in annex I.C below.



**B. INDEX TO OBSERVATIONS AND RESERVATIONS BY DELEGATIONS OR GROUPS OF DELEGATIONS ON THE RESOLUTIONS, RECOMMENDATIONS AND DECISIONS ADOPTED BY THE CONFERENCE, AS REPORTED IN THE SUMMARY OF PROCEEDINGS<sup>1 20</sup>**

<i>Number</i>	<i>Title</i>	<i>Paragraphs in the summary of proceedings</i>
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102 (V)	Development aspects of the reverse transfer of technology Chairman of Negotiating Group V (on behalf of Group of 77) .....	183
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	Chairman of Negotiating Group V (on behalf of Group D and Mongolia)	182
103 (V)	Restrictive business practices Group B .....	103
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104 (V)	Tungsten United States of America .....	83
108 (V)	Exploitation of the resources of the sea-bed Group D .....	276
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109 (V)	Assistance to national liberation movements recognized by regional inter-governmental organizations Group D .....	296
	European Economic Community .....	303
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<sup>120</sup> See part two below.

<i>Number</i>	<i>Title</i>	<i>Paragraphs in the summary of proceedings</i>
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112 (V)	Strengthening the technological capacity of developing countries including accelerating their technological transformation Group B (on behalf of States members of Group B other than Turkey) . . . . . Group D (also on behalf of Mongolia) . . . . .	172-174 175
113 (V)	International code of conduct on the transfer of technology Group of 77 . . . . . Group B . . . . . Group D (also on behalf of Mongolia) . . . . .	158 160 159
114 (V)	Institutional issues Belgium . . . . .	259
115 (V)	Use of the Arabic language United States of America . . . . .	262
116 (V)	Trade relations among countries having different economic and social systems and all trade flows resulting therefrom China . . . . .	241
117 (V)	The economic situation of Tonga Group B . . . . . Group D . . . . . Australia . . . . . New Zealand . . . . .	271 270 268 269
118 (V)	The economic situation of the Republic of Djibouti Group B . . . . . Group D . . . . . Australia . . . . . New Zealand . . . . .	223 222 220 221
119 (V)	Protectionism in the services sector Group B . . . . . Group D (also on behalf of Mongolia) . . . . .	310 311
120 (V)	Participation of developing countries in world shipping and the development of their merchant marines Group B . . . . . Group D . . . . . Liberia . . . . .	201-202 200 199
121 (V)	Ship financing and technical assistance Group B . . . . . Netherlands . . . . . Norway . . . . . Sweden . . . . .	203 204 205 206
122 (V)	Comprehensive New Programme of Action for the Least Developed Countries Group D . . . . . Switzerland . . . . . United Kingdom of Great Britain and Northern Ireland . . . . . United States of America . . . . .	213-214 217 216 215
123 (V)	Specific action related to the particular needs and problems of land-locked developing countries Group B . . . . .	229
124 (V)	Integrated Programme for Commodities Group of 77 . . . . . Group B (on behalf of the large majority of States members of Group B)	48 40

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129 (V)	The transfer of real resources to developing countries	
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131 (V)	Protectionism and structural adjustment	
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**C. CHECK LIST OF RESOLUTIONS, RECOMMENDATIONS AND DECISIONS  
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<i>Number</i>	<i>Title</i>	<i>Agenda item</i>	<i>Page</i>
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103 (V)	Restrictive business practices Resolution of 30 May 1979 .....	11	12
104 (V)	Tungsten Resolution of 1 June 1979 .....	10	8
105 (V)	International food trade Resolution of 1 June 1979 .....	10	8
106 (V)	Developments pertaining to the Convention on a Code of Conduct for Liner Conferences Resolution of 1 June 1979 .....	14	24
107 (V)	Offer of the Republic of Cuba to host the sixth session of the United Nations Conference on Trade and Development Resolution of 1 June 1979 .....	20	44
108 (V)	Exploitation of the resources of the sea-bed Resolution of 1 June 1979 .....	20	44
109 (V)	Assistance to national liberation movements recognized by regional intergovernmental organizations Resolution of 1 June 1979 .....	20	45
110 (V)	Particular problems facing Zaire with regard to transport, transit and access to foreign markets Resolution of 3 June 1979 .....	20	46
111 (V)	Specific action related to the particular needs and problems of island developing countries Resolution of 3 June 1979 .....	16	34
112 (V)	Strengthening the technological capacity of developing countries including accelerating their technological transformation Resolution of 3 June 1979 .....	13	19
113 (V)	International code of conduct on the transfer of technology Decision of 3 June 1979 .....	13	24
114 (V)	Institutional issues Resolution of 3 June 1979 .....	19	42
115 (V)	Use of the Arabic language Resolution of 3 June 1979 .....	19	44
116 (V)	Trade relations among countries having different economic and social systems and all trade flows resulting therefrom Decision of 3 June 1979 .....	17	39
117 (V)	The economic situation of Tonga Recommendation of 3 June 1979 .....	20	47
118 (V)	The economic situation of the Republic of Djibouti Recommendation of 3 June 1979 .....	15	34
119 (V)	Protectionism in the services sector Resolution of 3 June 1979 .....	20	46

<i>Number</i>	<i>Title</i>	<i>Agenda item</i>	<i>Page</i>
120 (V)	Participation of developing countries in world shipping and the development of their merchant marines Resolution of 3 June 1979 .....	14	25
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122 (V)	Comprehensive New Programme of Action for the Least Developed Countries Resolution of 3 June 1979 .....	15	28
123 (V)	Specific action related to the particular needs and problems of land-locked developing countries Resolution of 3 June 1979 .....	16	36
124 (V)	Integrated Programme for Commodities Resolution of 3 June 1979 .....	10	9
125 (V)	Complementary facility for commodity-related shortfalls in export earnings Resolution of 3 June 1979 .....	10	11
126 (V)	United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as extended Resolution of 3 June 1979 .....	10	11
127 (V)	Economic co-operation among developing countries Resolution of 3 June 1979 .....	18	39
128 (V)	International monetary reform Resolution of 3 June 1979 .....	12	13
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130 (V)	Other financing issues related to trade Decision of 3 June 1979 .....	12	16
131 (V)	Protectionism and structural adjustment Resolution of 3 June 1979 .....	9	6
132 (V)	Multilateral trade negotiations Decision of 3 June 1979 .....	9	8
133 (V)	Credentials of representatives to the fifth session of the Conference Resolution of 3 June 1979 .....	5	6
134 (V)	Revised calendar of meetings for the remainder of 1979 Decision of 3 June 1979 .....	20	47
135 (V)	Expression of gratitude to the Government and people of the Philippines Resolution of 3 June 1979 .....	20	46

## Part two

### SUMMARY OF PROCEEDINGS

1. At the opening 146th plenary meeting of the fifth session of the United Nations Conference on Trade and Development, on Monday, 7 May 1979, the Conference was addressed by Mr. Kurt Waldheim, Secretary-General of the United Nations.<sup>1</sup>

2. For its consideration of the substantive items on its agenda, the Conference had before it the report of the Secretary-General of UNCTAD to the fifth session of the Conference, entitled "Restructuring the international economic framework" (TD/221 and Corr.1),<sup>2</sup> outlining the main issues before the Conference in the context of the need for structural changes in international economic relations and in the global economy. It also had before it the report of the Trade and Development Board on its tenth special session,<sup>3</sup> held in Geneva in March 1979 in preparation for the fifth session of the Conference. The Arusha Programme for Collective Self-Reliance and Framework for Negotiations (TD/236),<sup>4</sup> was presented to the Conference as constituting the position of the Group of 77 on the issues before it.

#### I. General debate

(Agenda item 7)

3. The general debate was opened by Mr. Gamani Corea, Secretary-General of UNCTAD,<sup>5</sup> at the 147th plenary meeting of the Conference, on Tuesday, 8 May 1979, and was concluded at the 168th plenary meeting on 21 May 1979. In the course of the general debate, the Conference was addressed by the heads of delegation of 125 States members of UNCTAD; statements were also made by the executive heads or representatives of a number of regional commissions and specialized agencies of the United Nations, and by heads of departments of the United Nations Secretariat, representatives of intergovernmental bodies and observers for non-governmental organizations, and other representatives and observers.<sup>6</sup> During the general debate, the representatives of a number of States made statements in exercise of the right of reply.<sup>7</sup> At the

167th plenary meeting, on 21 May 1979, the Conference heard a statement by Mr. Raúl Prebisch, first Secretary-General of UNCTAD.<sup>8</sup>

II. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD's necessary contribution to a new International Development Strategy for the third United Nations Development Decade

(Agenda item 8)

4. For its consideration of this item, the Conference had before it two reports by the UNCTAD secretariat, entitled "Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy" (TD/224 and Corr.1 and Add.1); and "Policy issues in the fields of trade, finance and money, and their relationship to structural changes at the global level" (TD/225).<sup>9</sup>

5. The Conference also had before it the position of the Group of 77, as set out in the Arusha Programme (TD/236),<sup>10</sup> and a document submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Cuba, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, and Viet Nam (TD/249).<sup>11</sup>

6. Agenda item 8 was referred, for consideration and report, to Negotiating Group I.<sup>12</sup>

#### Action by the Conference

7. At the 171st plenary meeting, on 3 June 1979, the Conference decided to remit item 8 of its agenda to the Trade and Development Board for further consideration.<sup>13</sup>

<sup>1</sup> The text of the statement was circulated to the Conference as TD/CRP/4 and is reproduced in volume II.

<sup>2</sup> Reproduced in volume III and issued as a United Nations publication, Sales No. E.79.II.D.12.

<sup>3</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15 (A/34/15)*, vol. I.

<sup>4</sup> Reproduced in annex VI below.

<sup>5</sup> The text of the statement was circulated to the Conference and is reproduced in volume II.

<sup>6</sup> For a list of the statements made during the general debate, see annex I below. The texts of the statements are reproduced in volume II.

<sup>7</sup> The texts of these statements are reproduced in volume II.

<sup>8</sup> The text of this statement was circulated to the Conference as TD/CRP/7 and is reproduced in volume II.

<sup>9</sup> These two reports are reproduced in volume III.

<sup>10</sup> See annex VI, section III, above, "Item 8 of the provisional agenda for the fifth session of the Conference".

<sup>11</sup> Reproduced in annex VII.A below.

<sup>12</sup> See part three, section G, below.

<sup>13</sup> See part one, section A.2, above, "Other decisions", (d).

8. The spokesman for Group D, speaking also on behalf of Mongolia, regretted that it had not been possible to adopt any decision of substance on agenda item 8 owing to radical differences between various groups of countries in the evaluation of the present world trade and economic situation and, above all, differences between the groups of developing countries and developed market-economy countries. The Group D countries and Mongolia wished to declare firmly once again that they had consistently favoured the adoption of a resolution which would have made a clear and unambiguous evaluation of the present world economic situation, indicating the true causes and sources of existing economic difficulties and disorders, providing, *inter alia*, an evaluation of principle of the role of transnational corporations, whose policy ran counter to the interests of the overwhelming majority of mankind, and outlining concrete ways and means of overcoming the difficulties which had arisen. This position was in full accord with the views these countries had expressed in document TD/249, which they wished to reaffirm. In the examination of agenda item 8, a great deal of time had been spent discussing the question of so-called global consultations on the interrelated economic problems of trade and development and on monetary and financial issues. It would be possible not to object to the holding of such consultations if they were to represent a further concretization of the already existing mandate of UNCTAD and a fuller and more effective utilization of the existing institutional frameworks for its activity, rather than the creation of a new negotiating mechanism within the framework of the United Nations system. In this connexion, the proposed convening of a special meeting of senior experts should ensure, within a previously fixed period, the detailed examination of the subject and content of general international consultations, the methods and procedures of holding them and the practical application of the results obtained. In any case, the holding of the above-mentioned consultations, like the activities of UNCTAD on a broader level, must assist in the creation of more favourable conditions for trade and development in the interests of the countries of the world at large and not of any one group of countries.

9. He added that the question of restructuring also deserved due attention, inasmuch as the existing system of the international division of labour, and the economic relations based upon it, no longer reflected the realities of the contemporary world, slowed down the process of economic decolonization of the countries of Asia, Africa and Latin America, and by no means took the interests of the socialist countries fully into account. The question of the review of the rules and principles governing international trade could also be of some practical importance, but only if such a review was carried out as part of a general process of normalization of international trade with a view to elaborating mutually acceptable recommendations taking account of the interests of all groups of countries and aimed at the elimination from world trade and economic relations of all manifestations of discrimination, diktat and inequality. The Group D countries and Mongolia would be guided by these basic views in the subsequent discussion of agenda item 8.

10. The spokesman for Group B, speaking on behalf of the States members of Group B other than Turkey regretted that it had not been possible in Negotiating Group I to

achieve agreement owing to the limited time available to cast differing conceptual approaches together in the same mould and the difficulty in deciding how to deal with certain key issues relating to trade and development. Beyond the negotiations as such, however, problems remained. The world economic situation, of which Group B had given in its view a balanced picture in the draft resolution it had submitted in Negotiating Group I, was far from satisfactory and was having negative repercussions on the growth possibilities of the developing countries. The world was an interdependent one in which the various economic problems were interrelated. It was also undergoing a dynamic process of structural adjustment which must be facilitated in the common interest—and on that point quite broad agreement had been reached within Negotiating Group I. This *de facto* unity of purpose must therefore be given tangible form in improvements to the machinery of international co-operation in a world marked by increasing interdependence in the fields of trade, monetary and financial relations, commodities, agriculture, energy and the transfer of resources and of technology. For co-operation to be effective, the problems must be identified, information must be exchanged and the important issues discussed. The idea of comprehensive consultations must therefore not be abandoned, quite the contrary. In the view of Group B, the Trade and Development Board, in considering item 8, should actively continue studying the problems involved, having regard to the views expressed at the Conference. It was Group B's belief that, within the framework of the Board and in the other appropriate forums of the United Nations system, discussion and consultation could and must be continued on the entire range of problems concerning the future of the world economy, and more specifically the development of developing countries.

11. The spokesman for the Group of 77 said his Group also regretted that it had not been possible to achieve a consensus text on agenda item 8, which the Group of 77 regarded as one of the most important elements in the negotiations at the Conference. The Group of 77 considered that structural change was the essential theme of the Conference, but by structural change it meant shifts in patterns of production, consumption and trade but not the kind of shift that would result from the free interplay of market forces. Structural change should be the result of a common endeavour at restructuring the institutional framework through conscious and concerted action by the States Members of the United Nations. As a result of the failure of developed countries to control their chronic balance-of-payments disequilibria, inflation, unemployment and protectionism—and these countries had referred to protectionist pressures but not to the protectionist measures which had been recognized by the competent international organizations as being detrimental to developing countries—the structural adjustments of the developed countries had been passed on to a certain extent to developing countries. These were issues which the Group of 77 would have wished to see addressed in a consensus text, as they felt it was necessary to make clear what kind of interdependence existed between the issues of trade, development, money and finance, and between short-term and long-term policies. They had also considered that new rules were required to govern international trade and related economic problems that would be responsive to the new

realities of the world, as the third world should not continue to be considered as an exception to a general rule. UNCTAD had been created in order to symbolize the preoccupation of the world community regarding the problem of development and of the widening gap between developed and developing countries. And yet, during the Conference, there had seemed to be a calling into question of the developmental dimension in the North/South dialogue, as well as a tendency to consider relations between North and South as being symmetrical, leading to approaches whereby all countries were to be called upon on the same basis to combat the same economic ills of unemployment, inflation and slow growth, rather than to act in order to narrow the widening income gap between developed and developing countries. That would lead to a new situation in which the problems of development encountered by third world countries would once again, as they had before the creation of UNCTAD, become *de jure* an exception to the rule although *de facto* that was the rule. Furthermore, the Group of 77 had gained the impression that the policies of some developed countries were shifting away from the consensus achieved at the seventh special session of the General Assembly, and that this shift was tending to accelerate. For example, the developed countries had not agreed to recognize the substantial deterioration of the terms of trade of the developing countries, on the grounds that the actual concept of terms of trade was not a reliable concept. All these issues should have found expression in the preambular part of a consensus text.

12. Turning to what the Group of 77 would have liked to have seen included in the operative part of the consensus text, he said that, in spite of the fact that several resolutions adopted in UNCTAD, and in particular Trade and Development Board resolution 144 (XVI), of 23 October 1976, had recognized the interdependence of the problems of trade, development, money, finance and the international monetary system, and despite the fact that it had been recognized in the course of the general debate that the policies of the major developed countries had an obvious impact on the world economy, and in particular on the economies of developing countries, it had not been accepted that a commitment should be undertaken except on the principle of engaging in global consultations concerning the policies of the developed countries, as it had been felt that there should not be a different approach to the policies of developed and developing countries. The Group of 77 regretted this position. Furthermore, some developed countries had not agreed that the purpose of such global consultations was to seek consistency between short-term and long-term policies, nor was the search for such consistency to be connected, in the view of some developed countries, to any restructuring which would aim at promoting the new international economic order. The Group of 77 had felt that it could not agree that the Board should not adopt recommendations on policy issues relating to trade and related economic problems in the light of such consultations. As regards the review by UNCTAD of the evolution of the rules of and principles governing international economic relations, it had not been possible to secure the agreement of the developed countries to the principle that the report of the Secretary-General of UNCTAD on this subject should include recommendations on the further evolution of those rules and principles,

although the elaboration of such principles was clearly within the competence of UNCTAD. Certain questions had been raised in the course of the discussions which had not been of a constructive nature. The Group of 77 felt that the issues involved in agenda item 8 had to be faced fairly in order to promote fruitful co-operation for development between North and South rather than seeking scapegoats or resorting to divisive tactics. When the issues came up for discussion at the Board, more positive solutions should be sought in the spirit which had presided over the seventh special session of the General Assembly.

### III. Developments in international trade

(Agenda item 9)

13. Item 9 of the agenda was referred, for consideration and report, to Negotiating Group II.<sup>14</sup>

#### A. Protectionism: trends and short-term and long-term policies and actions to deal with the problem (item 9 (a))

14. Under this sub-item, the Conference had before it a report by the UNCTAD secretariat entitled "Implications for developing countries of the new protectionism in developed countries" (TD/226).<sup>15</sup>

15. In its resolution 33/196 of 29 January 1979, the General Assembly had, *inter alia*, stressed the widespread and growing concern about the growth of protectionism in developed countries against the exports of developing countries and had called upon the developed countries to adhere strictly to the commitment concerning the standstill on new tariff and non-tariff barriers or intensification of existing ones against the exports of developing countries. It had also called upon these countries to carry out structural changes with respect to less competitive sectors of their economies and had urged them to eliminate speedily all forms of protectionist measures and practices against the exports of developing countries.

16. The Conference also had before it the position of the Group of 77 on this sub-item as set out in the Arusha Programme (TD/236),<sup>16</sup> and a document submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic, and Union of Soviet Socialist Republics (TD/257).<sup>17</sup>

17. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution (TD/L.188) on protectionism and structural adjustment, submitted by the Chairman of Negotiating Group II.

#### Action by the Conference

18. At the same meeting, the Conference, having first noted the statement of financial implications (TD/L.188/Add.1),<sup>18</sup> adopted draft resolution TD/L.188<sup>19</sup> without dissent.

<sup>14</sup> See part three, section G, below.

<sup>15</sup> Reproduced in volume III.

<sup>16</sup> See annex VI, section III, below, "Item 9 of the provisional agenda for the fifth session of the Conference".

<sup>17</sup> Reproduced in annex VII.B below.

<sup>18</sup> See annex X, section O, below.

<sup>19</sup> For the text adopted, see resolution 131 (V).



19. The spokesman for the Group of 77 said that his Group was disappointed with the resolution just adopted, which fell far short of its expectations. However, the Group of 77, in a constructive effort to reach some results with respect to the important issue of protectionism and structural adjustment had agreed to accept the text. With reference to part B, paragraph 5, of the resolution, it was the understanding of the Group of 77 that procedures would be evolved so that cases of protective action against exports of developing countries not members of GATT would also be examined, and that the body that would undertake such an examination would be open-ended.

20. The spokesman for Group D said that his Group supported the resolution just adopted in the light of the views expressed in document TD/257 and the following considerations. Group D countries supported the struggle against the growth of protectionism and were in favour of effective international efforts to eliminate protectionist measures with a view to ensuring the steady development of international trade in all fields. Group D countries had refrained from introducing any protectionist measures, but their own exports were suffering from the negative effects of the new wave of protectionism. Accordingly, while they supported the provisions of the resolution that served the interests of the developing countries, they believed that international measures against protectionism could be effective only if they were not confined to promoting the interests of a single group of countries. Group D agreed with the developing countries that the struggle against the growth of protectionism was closely linked with the question of structural change. The Group D countries were assisting the developing countries in attaining independent economic, social and political development, consolidating their sovereignty over their national resources and expanding and diversifying their production and exports. The provision of such assistance was based on methods appropriate to the socio-economic system of the socialist countries, in other words, assistance provided for the creation of new enterprises and the improvement of existing enterprises in the developing countries and also for the establishment of links with enterprises in the Group D countries was based on planning. Such co-operation was based on voluntary and equal relations and on the exploitation of the relative strengths of national economies; account was also taken of differences in national methods of economic management. Experience had shown that long term agreements and the intergovernmental commissions established by the parties to such agreements had proved to be reliable mechanisms for this purpose. In making their contribution to the establishment of mutually beneficial economic structures, the Group D countries assumed it was understood that there were major differences between their countries and the developed market-economy countries, including differences in their approach to the problem of protectionism and their methods of solving it. In the light of the foregoing, the Group D countries supported the objectives of the resolution just adopted.

**B. Multilateral trade negotiations: evaluation and further recommendations arising therefrom (item 9 (b))**

21. For its consideration of this sub-item, the Conference had before it a report by the UNCTAD secretariat

entitled "Multilateral trade negotiations: evaluation and further recommendations arising therefrom" (TD/227 and Corr.1 and Add.1).<sup>20</sup>

22. In paragraph 3 of its resolution 33/154 of 20 December 1978, the General Assembly had considered that the fifth session of the Conference would provide an important and timely occasion, *inter alia*, for a review of progress and developments relating to the major ongoing negotiations and agreement on appropriate further action.

23. Also before the Conference in connexion with this sub-item was the position of the Group of 77, as set out in the Arusha Programme (TD/236).<sup>21</sup>

24. The Conference also had available to it, under cover of document TD/251, copies of a report by the Director-General of GATT entitled "*The Tokyo Round of Multilateral Trade Negotiations*".<sup>22</sup>

25. At the 171st plenary meeting, on 3 June 1979, the President announced that agreement had been reached in informal consultations on a draft decision concerning the multilateral trade negotiations whereby the Conference would request the Trade and Development Board to make a global evaluation of the multilateral trade negotiations on the basis of a report by the Secretary-General of UNCTAD together with other relevant documentation.

*Action by the Conference*

26. At the same meeting, the Conference adopted the draft decision referred to by the President without dissent.<sup>23</sup>

27. The spokesman for the Group of 77 said that his Group regretted that it had not been possible to adopt a resolution on the multilateral trade negotiations. The Group of 77 had submitted in Negotiating Group II a draft resolution which brought out the deficiencies in the procedures followed in those negotiations and the shortfalls in the areas of major concern to the developing countries. It had urged that efforts be made before the close of the negotiations to rectify those deficiencies and that the negotiations should be continued until the objectives of the Tokyo Declaration<sup>24</sup> had been realized. As it had not been possible for the Conference to agree upon a resolution, the Group of 77 had adopted the following declaration:

**Multilateral trade negotiations**

*Declaration by the Group of 77*

We, the representatives of the developing countries, members of the Group of 77, at the fifth session of the United Nations Conference on Trade and Development, held at Manila, from 7 May to 3 June 1979, having reviewed the progress made in the multilateral trade negotiations so far:

*Recognizing* the vital role of international trade for the economic development of developing countries,

<sup>20</sup> Reproduced in volume III.

<sup>21</sup> See annex VI, section III, below, "Item 9 (b) of the provisional agenda for the fifth session of the Conference".

<sup>22</sup> GATT publication, Sales No. GATT/1979-3.

<sup>23</sup> For the text, see part one, section A, above, decision 132 (V).

<sup>24</sup> Declaration of Ministers approved at Tokyo on 14 September 1973. See GATT, *Basic Instruments and Selected Documents, Twentieth Supplement* (Sales No. GATT/1974-1), p. 19.

*Considering* the relevant provisions of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 on the Declaration and the Programme of Action on the Establishment of a New International Economic Order; 3281 (XXIX) of 12 December 1974 on the Charter of Economic Rights and Duties of States; 3362 (VII) of 16 September 1975 on development and international economic co-operation; and 33/199 of 29 January 1979 on multilateral trade negotiations,

*Recalling* Conference resolutions 82 (III) of 20 May 1972 and 91 (IV) of 30 May 1976 in which it recognized the importance of the multilateral trade negotiations for the developing countries,

*Recalling* in particular the Declaration of Ministers approved at Tokyo on 14 September 1973 (Tokyo Declaration) setting forth the framework, the principles and the objectives of the multilateral trade negotiations, especially the objectives and commitments in favour of developing countries,

*Recalling* also that one of the major objectives of the multilateral trade negotiations was to secure additional benefits for the international trade of developing countries so as to enable them to accelerate the rate of growth of their exports and expand their share of world trade,

*Stressing* that the Ministers had recognized the importance of the application of differential measures to developing countries in ways which will provide special and more favourable treatment for them in areas of the negotiations where this was feasible and appropriate, the need to ensure special treatment in favour of the least developed among them, and to maintain and improve the generalized system of preferences,

*Considering* that developing countries had submitted specific proposals as to how special and more favourable treatment could be accorded to them in all the areas of negotiations, including that a legal framework should be established to provide that differential and more favourable treatment would constitute a permanent basis for future trade relations between developed and developing countries,

*Expressing grave concern* over the rising trend in protectionist policies and measures in developed countries and the consequences of such measures on world trade and development particularly of the developing countries,

*Stressing* the need for international policy measures to be taken in favour of the developing countries to enable the developing countries to expand their trade and production and to accelerate the rate of their economic development,

*Reaffirming* the concern expressed by the developing countries in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations that the developed countries had failed to respond to the interests and concerns of the developing countries, including the least developed countries, consistent with the commitments undertaken in the Tokyo Declaration,

## I

*Note* with regret the mechanics of the conduct of the negotiations which led to a lack of transparency, compromised the multilateral character of the negotiations and afforded little scope for effective participation by developing countries; the lack of procedures of adoption of instruments to ensure that they had the support of the majority of participants in the negotiations so that the emerging trading system fully corresponds with the interests and needs of developing countries;

*Note* with regret that many of the proposals submitted by the developing countries, including the least developed among them, for special and more favourable treatment for them were not accepted. Thus, while certain provisions for special and more favourable treatment have been included in some instruments, the commitments made in the Tokyo Declaration in this regard remain far from being fully met. And note furthermore that the commitment with regard to non-reciprocity has not been observed;

*View* with particular concern that the negotiations aimed at establishing an improved legal framework for the conduct of international trade more responsive to the needs and aspirations of developing countries have had disappointing results. The objective that differential and more favourable treatment should constitute the guiding principle in trade relations between developed and developing countries has not been achieved; provisions in develop-

ment of the economies of the developing countries, in particular for their industrialization have not been built in, and the contractual framework for the conduct of international trade relations still remains based on relative economic power and thus inadequate to protect the rights of developing countries;

*Observe* with concern that certain important products, including tropical products, of export interest to the developing countries, and products from several industrial sectors in which they have the capability, the advantage and potential for growth, have been virtually excluded from the tariff concessions made by developed countries; and that no attempt to tackle the problem of tariff escalation has been made,

*Note* with disappointment that in the "Special and Priority" sector of tropical products the results fall short of those achieved on a general basis and that offers in some cases were made conditional upon reciprocity and remained unimplemented;

*Express* profound dissatisfaction that there has been no multilateral solution to the problem of quantitative restrictions faced by the products of developing countries, and that restrictions in many important sectors such as textiles have not even been discussed;

*Note* with grave concern that no safeguards code has emerged as part of the final package so far which might protect the interests of developing countries and ensure their uninterrupted growth, and that the lack of success in this area is mainly due to the insistence of a few developed countries to secure unfettered freedom to take selective safeguard action which would enable them to discriminate against developing country exports.

## II

*Accordingly declare*

1. That the developed countries must ensure that the commitments under the Tokyo Declaration to provide special and differentiated treatment are effectively implemented, and that mechanisms be established in this respect taking fully into account the trade, development and financial needs of developing countries, and their small share in world trade;

2. That the developed countries, before the final instruments relating to the multilateral trade negotiations are adopted, must take urgent action to rectify the following situations:

(a) No liberalization was achieved on quantitative restrictions affecting the exports of developing countries or measures having a similar effect, such as "voluntary" export restraints and "orderly marketing arrangements". These measures remain widely prevalent, especially in the agricultural, textiles and leather goods sectors where they present a serious impediment to the exports of developing countries. A programme for the liberalization and elimination within a defined and short time-frame of measures not liberalized in the negotiations should be established immediately taking into account the interests and proposals of developing countries;

(b) Many tropical products, including their processed forms, continue to face tariff and non-tariff barriers. The developed countries, in conformity with the commitments in the Tokyo Declaration, should treat tropical products as a special and priority sector, and respond favourably to requests on tropical products from developing countries to improve the developed countries' offers; developed countries which have not implemented their offers should do so immediately;

(c) In the tariff field many important products of interest to developing countries have either been completely excluded or subjected to insignificant tariff cuts. Multilateral trade negotiations must be continued to achieve substantial tariff reductions on these items. Action should also be taken to eliminate tariff escalation and related non-tariff measures, especially those which impede the processing of raw materials in developing countries prior to export;

(d) A multilateral safeguard system should be evolved which would lead to greater discipline, objectivity, transparency and better surveillance in order to further trade liberalization and preserve its results and to provide smooth structural transformation in such a way as to enable the developing countries to develop and diversify their economies. As a rule safeguard action should be taken on a most-favoured-nation basis under strictly defined conditions of market injury. It should not be used to discriminate against exports of developing countries, in particular on such grounds as low costs

or prices, and should in no case be taken unless all bilateral or multilateral consultation procedures have been exhausted. There should be no unilateral selective safeguard action. There should be early termination of all discriminatory measures, whether national or under multilateral arrangements. Safeguard action by developed countries should be time-bound and accompanied by adjustment measures. In no case should safeguard action result in the roll-back or freezing of the exports of developing countries. There should be special and differentiated treatment for developing countries in the context of a safeguard code, and as a measure of such treatment the newcomer and small supplier developing countries should be exempted from safeguard action;

(e) The right of developing countries to use export and other subsidies, to diversify their economies, to achieve their socio-economic objectives of development and to overcome the structural disadvantages from which their economies and export sectors suffer, should not be diluted by other provisions of the Agreement on the subject. Countervailing duties may not be levied against subsidized imports of developing countries except in exceptional cases and only after determination of "material injury" on the basis of objective criteria and when all bilateral and multilateral consultation procedures have been exhausted. No action shall be taken on the basis of displacement of exports of developed countries by subsidized exports of developing countries in relation to a third country market, by developed countries. The use of subsidies by developed countries on products directly competing with products of developing countries should not be allowed. It is emphasized that in developing countries governments normally participate in economic activities and such participation cannot be construed as amounting to subsidization. There should be no discrimination between value-added tax and other systems of taxation in regard to permitted remission of taxes, duties and charges; nor should any discriminatory treatment be accorded in favour of practices followed by the developed countries in the matter of credits for exports or other forms of subsidies;

(f) Improvements should be effected in certain of the important agreements on non-tariff measures especially:

(i) Products of export interest to developing countries must be included by the developed countries in the list of items, the procurement of which by the scheduled entities would fall under the disciplines of the Agreement on Government Procurement, and for products subject to any quantitative restrictions or tariff quotas the quantities purchased by entities should be outside such limitation.

(ii) There should be one Agreement for Customs Valuation which should incorporate the proposals made by the developing countries.

(g) In respect of all provisions proposed above, the developed countries should effectively and urgently implement the provisions of paragraph 6 of the Tokyo Declaration;

3. That there should be advance implementation of tariff cuts for products of particular interest to developing countries. However, the developing countries having a substantial interest and which are affected by tariff reductions may seek exclusion of specific products from such advance implementation;

4. That the legal framework of international trade should respond directly and effectively to the trade interests and economic development needs of the developing countries and should in no case impose additional burdens or constraints on the developing countries. The trade of no developing country shall be placed at a disadvantage compared to the trade of any developed country;

5. Their rejection of the concept of "graduation", sought to be introduced by developed countries in the trading system which would allow developed countries to discriminate among developing countries in a unilateral and arbitrary manner;

6. That Agreements, arrangements or rules multilaterally negotiated in the multilateral trade negotiations can be considered as final only when the essential concerns of the developing countries have been incorporated;

7. That the countries participating in the multilateral trade negotiations should continue negotiations until the objectives and commitments contained in the Tokyo Declaration are fully realized in so far as they relate to the interests of developing countries.

28. The spokesman for Group B, speaking on behalf of Austria, Belgium, Canada, Denmark, Finland, France,

Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Sweden, Switzerland, United Kingdom and United States, said that these countries considered the multilateral trade negotiations to be an important landmark in efforts to maintain and improve the system of open world trade and considered that the negotiations had had special significance for the trade of all countries, including the developing countries. They regretted that it had not been possible to arrive at an agreed conclusion at the Conference after long and intensive discussion. In this regard, it should be noted that Group B had attempted to meet the concerns of developing countries and had informally circulated a possible compromise text. Unfortunately the Group of 77 had felt it lacked sufficient time to consider that text adequately.

29. He added that the multilateral trade negotiations had been launched at the Tokyo Ministerial Meeting which had concluded with the Tokyo Declaration setting forth the aims, framework and basic negotiating principles of the Tokyo Round. It included provisions to assure special attention to the trade needs of the developing countries, and in particular the least developed among them. The negotiations had been opened to participation by all countries and some 99 had taken part, including many developing countries. The negotiations were to be continued on a safeguards agreement and on certain bilateral matters. On most other matters, the negotiations had been completed, which was an important achievement considering the difficult economic environment in which they had been conducted. The very existence of the negotiations had played a useful role in constraining protectionist measures in recent years. The implementation of the results would bring benefits for all trading countries.

30. He noted that the negotiations had taken place under the auspices of GATT and, with the improvements resulting from the negotiations, GATT would continue to be an important positive factor for the world economy in the future. A strong world economy was important for developing country exports and in respect of the ability to resist protectionism and promote structural adjustment. The multilateral trade negotiations had been the most comprehensive trade negotiations ever held; in addition to the negotiation of tariff cuts and bindings, it had included for the first time negotiation of several "codes" or agreements on non-tariff measures, and modifications to the GATT framework itself. It would thus result in a major reinforcement and bring international trading rules in line with present-day realities and provide widespread benefits for all trading countries. That achievement was particularly timely in view of the increasing importance of disciplining, and avoiding, the use of protectionist policies. Developing countries were certainly aware of the benefits of tariff reductions and increased bindings under the trade negotiations, both directly as exporters and indirectly because of the positive effects those reductions would have on the world economy as a whole. The reductions, as they had been negotiated, would result in reduced tariff escalation. Developing countries would further benefit from the codes, not only from the harmonizing of trade rules and improved disciplines which would help all countries expand and diversify their exports, but also from the provisions for special and differential treatment in favour of developing countries. It was in the interest of the developing countries

to subscribe to those codes so that they would participate fully in their implementation and future evolution. In addition, the results achieved in negotiations on the legal framework would be of significance to the developing countries in several fields, namely preferences and other special treatment, safeguard action for balance-of-payments or development purposes, and dispute settlement. The various tariff, non-tariff and framework benefits for developing countries had been negotiated in response to the terms of the Tokyo Declaration. This had been the first time that widespread special provisions for developing countries had featured in a trade negotiating round. The result would be an international trading régime which would better reflect the concerns shared by all regarding the position of developing countries in the international economic system.

31. He went on to say that no-one could claim that the results of the multilateral trade negotiations were fully satisfactory. No single member of Group B was fully satisfied with the results, for example, but that was inevitable in a negotiation in which all results were necessarily compromises. However, the multilateral trade negotiations had already had positive effects. The fact that the negotiations were in progress had strengthened the determination of Governments to resist protectionist pressures. That was particularly significant at a time of considerable economic difficulty. Moreover, many developed country contributions to developing countries on tropical products had already been implemented. Failure of the multilateral trade negotiations would have been most serious and would have had especially grave consequences for all countries. Tariff and non-tariff results would have been forgone, and protectionist forces unleashed. Not only would the opportunity for an improved trading system, with fewer barriers and more discipline, have been lost, but there would have been a deterioration of the present situation. It was most heartening that the attitude of the participating Governments had been sufficiently constructive, and that a willingness to compromise had been sufficiently forthcoming, for failure to be avoided and for a result to be achieved which, while not completely satisfying anyone, had been creditable considering the prevailing economic circumstances. Group B countries now looked forward to working with as many developing countries as possible in order to implement the results of the negotiations successfully.

32. The representative of Australia said that his country could not support the remarks made by the spokesman for Group B in their entirety. Australia's attitude during discussions of the multilateral trade negotiations at the Conference had been that in some important respects the results of the negotiations had been unbalanced in that the benefits had fallen unevenly both as to countries and as to sectors. For that reason, Australia had benefited unevenly in many sectors of the negotiations and therefore found difficulty in supporting the outcome as enthusiastically as many Group B countries.

#### IV. Commodities (Agenda item 10)

33. Item 10 of the agenda was referred, for consideration and report, to Negotiating Group III.<sup>25</sup>

<sup>25</sup> See part three, section G, below.

#### A. *Integrated Programme for Commodities: Review of implementation and follow-up action, including the on-going preparatory work and negotiations* (item 10 (a))

34. Under this subitem, the Conference had before it two reports by the UNCTAD secretariat, one entitled "Integrated Programme for Commodities: Review of implementation and follow-up action, including the on-going preparatory work and negotiations" (TD/228 and Add.1),<sup>26</sup> and the other entitled "Action on export earnings stabilization and developmental aspects of commodity policy" (TD/229),<sup>27</sup> accompanied by the following supporting papers: "Compensatory financing: issues and proposals for further action" (TD/229/Supp.1 and Corr.1); "The processing before export of primary commodities: Areas for further international co-operation" (TD/229/Supp.2 and Corr.1),<sup>28</sup> and "Marketing and distribution of primary commodities: Areas for further international co-operation" (TD/229/Supp.3 and Corr.1).<sup>29</sup>

35. Also before the Conference under this subitem was the report of the *Ad hoc* Intergovernmental Committee for the Integrated Programme for Commodities on its eighth session (TD/B/IPC/AC/27) which the Trade and Development Board, at its tenth special session, had decided to transmit to the Conference for consideration.<sup>30</sup>

36. The Conference also had before it the position of the Group of 77 on this subitem, as set out in the Arusha Programme (TD/236),<sup>31</sup> and two documents submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics, entitled "Considerations of socialist countries on the implementation of the Integrated Programme for Commodities" (TD/259 and Corr.1), and "Role of transnational corporations in the commodity trade of the developing countries" (TD/261).<sup>32</sup>

37. The Conference also had available to it, under cover of note TD/252, copies of a document containing comments prepared by the Research Department of IMF on chapter II of the UNCTAD secretariat report on compensatory financing (TD/229/Supp.1), and a note by the UNCTAD secretariat (TD/252/Add.1) dealing with some of the points raised in the IMF comments.

#### 1. *Integrated Programme for Commodities*

38. At the 171st plenary meeting, on 3 June 1979, the President announced that a consensus had been reached in the Contact Group on a draft resolution on the Integrated Programme for Commodities (issued subsequently as TD/L.193).

<sup>26</sup> Reproduced in volume III.

<sup>27</sup> *Idem*.

<sup>28</sup> *Idem*.

<sup>29</sup> *Idem*.

<sup>30</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15 (A/34/15)*, vol. 1, para. 86.

<sup>31</sup> See annex VI, section III, below, "Item 10 of the provisional agenda for the fifth session of the Conference".

<sup>32</sup> Both documents are reproduced in annex VII.C below.

### *Action by the Conference*

39. At the same meeting, the Conference, having first noted a statement of the financial implications thereof,<sup>33</sup> adopted draft resolution TD/L.193 without dissent.<sup>34</sup>

40. The spokesman for Group B, speaking on behalf of the large majority of States members of Group B, said that the acceptance by these countries of section II, paragraph 7, of the resolution did not imply an acceptance of differential pricing schemes. He added that, in the view of Group B, the established procedures mentioned in paragraph 2 of section II referred to the procedures laid down in the decision of the Committee on Commodities reproduced in paragraph 45 of the report of that Committee on its fifth session.<sup>35</sup>

41. The representative of the Federal Republic of Germany said that, while his country had not opposed the adoption of the resolution by consensus, it considered the linking of commodity prices with the price trend of manufactures or world inflation, in other words indexation, not only to be a mistake from the economic standpoint but also harmful, as was borne out by the experience of several countries in recent years which had experimented with such mechanisms, which in every case had boosted inflation. His country was of the opinion that the price ranges of commodity agreements should be fixed exclusively according to the state of the respective market; any price range established by administrative procedures would not be in anyone's interests, at least in the long term. His country also considered that, within the scope of the Integrated Programme for Commodities no measures should be taken which would adversely affect importing countries. Consequently, any provision to protect the developing countries from such effects would be superfluous. His country also considered that government interference with the commodity processing structure, in the form either of adjustment assistance or of measures to harmonize the manufacture of synthetic products, or any other kind of intervention, would be neither expedient nor acceptable. His Government was decidedly in favour of expanding the processing of commodities in the developing countries and supported investment to this end in the form of guarantees and tax relief, while advocating a further lowering of trade barriers. In its view, those were the most appropriate means of achieving the desired objective.

42. The representative of the United States of America said that, while his country was pleased to join in the consensus on the resolution, it could not accept that it was thereby committed to the specific courses of action or the principles implied or suggested in section III of the resolution. On the stabilization of commodity markets, his country continued to believe that effective arrangements should aim at stabilization of prices around the long-term trend and apply to all producers. The studies suggested under the resolution represented a major undertaking and his country believed that further discussion would be necessary on their precise terms of reference. In this regard,

<sup>33</sup> For the statement of financial implications, issued at the Conference as document TD(V)/CG/CRP.8/Add.1, see annex X below, appendix 2, section K.

<sup>34</sup> For the text adopted, see resolution 124 (V).

<sup>35</sup> *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 3 (TD/B/317)*.

it would encourage the UNCTAD secretariat to consult with Governments. On the question of processing, the United States believed that increasing the developing countries' share of processing and marketing should continue to be a function of market forces.

43. The representative of Canada recalled his delegation's interpretative statement made at the fourth session of the Conference in connexion with the adoption of resolution 93 (IV)<sup>36</sup> concerning natural products competing with synthetic products, which also applied to the relevant provisions of the resolution just adopted. Canada also associated itself with the remarks made by the spokesman for Group B concerning paragraphs 2 and 7 of section II of the resolution.

44. The representative of Austria, welcoming the consensus achieved on the resolution, said that his country was ready to participate in a constructive manner in the pursuit of its objectives. However, in its view, certain parts of the resolution, in particular paragraphs 2 (b), 2 (c) and 2 (e) of section III, would need to be studied and interpreted in greater detail.

45. The representative of the Netherlands welcomed the adoption of the resolution, noting in particular that section I, paragraph 3, of the resolution urged States members of UNCTAD as well as international organizations to indicate their intentions on pledging voluntary contributions to the second window of the common fund before the fourth session of the United Nations Negotiating Conference.

46. The representative of Japan associated his delegation with the statement made by the spokesman for Group B, adding that Japan's acceptance of paragraph 7 of section II did not imply an open commitment in the interest of producing developing countries, although it was prepared to do the best it could where possible and appropriate. With regard to paragraphs 1 and 2 of section III of the resolution, it was important, in considering the processing of primary commodities and the export of processed goods, to maintain the commodity approach in order to assess the possible scope for international co-operation in this area, reflecting the interests of both producers and consumers concerned. In taking into account the elements listed in paragraph 2 of section III, especially subparagraph 2 (e), Japan believed that due consideration should be given to the characteristics of each commodity and to the economic, social and security objectives of individual countries.

47. The spokesman for Group D said that the Group D countries in general supported the resolution just adopted. However, the provisions of section II, paragraph 2, concerning assistance in respect of the organization of preparatory meetings were inappropriate and might lead to an unjustified proliferation of UNCTAD activities, with all the attendant financial consequences. The Group D countries did not consider themselves bound by this provision, and if it had been put to the vote separately they would have voted against it.

48. The spokesman for the Group of 77 welcomed the fact that the resolution on the Integrated Programme for Commodities had been adopted by consensus following

<sup>36</sup> *Proceedings...*, Fourth Session, vol. I, part two, para. 27.

rather difficult and delicate negotiations. The Group of 77 consequently regretted that a number of developed countries had found it necessary to make statements of interpretation of the resolution. Such statements could only dilute the sense of the consensus that had been achieved after strenuous efforts and after goodwill on all sides. The Group of 77 considered that the text adopted did not require explanations or interpretations. The term "established procedures" clearly referred to the procedures in operation in UNCTAD and in the United Nations system as a whole. Furthermore, the Group of 77 remained fully committed to Conference resolution 93 (IV). Therefore, it could only interpret terms such as "stabilization" in the context of that resolution, in which stabilization was explicitly described as being in line with the objectives set out in paragraph 1 of section I of that resolution.

49. The representative of the Ivory Coast welcomed the consensus achieved on the resolution just adopted. However, he expressed surprise concerning the interpretative statements just made concerning certain paragraphs of the resolution, in particular regarding paragraph 7 of section II concerning the revision of price ranges in the negotiation and renegotiation of international commodity agreements or arrangements. He hoped that such statements would not have serious consequences for the implementation of the Integrated Programme for Commodities.

## *2. Pledges of voluntary contributions to the second window of the common fund*

50. During the course of the general debate, a number of countries made specific pledges of voluntary contributions to the second window of the common fund under the Integrated Programme for Commodities, as follows: Philippines (\$25 million); Norway (\$22 million); Sweden (\$5.5 million); Belgium (\$3 million); Austria and Finland (\$2 million each) and Malaysia (\$1 million).

51. In addition to the countries which made specific pledges, a number of other countries indicated during the general debate that they would contribute to the second window without specifying the amount. These countries were: Australia, Canada, China, Denmark, Germany, Federal Republic of India, Indonesia, Ireland, Japan, Luxembourg, Mexico, Netherlands, Republic of Korea, Switzerland, United Arab Emirates, Venezuela, Yugoslavia.

52. At the 171st plenary meeting, on 3 June 1979, the President invited further announcements concerning pledges of voluntary contributions to the second window of the common fund.

53. The representative of Indonesia announced that his country would make a voluntary contribution of \$1 million to the second window, which would be over and above that part of its minimum equal contribution to the common fund to be allocated to the second window. Furthermore, Indonesia stood ready to make an additional voluntary contribution to the second window at a later time should there be insufficient pledges to reach the agreed target of \$350 million.

54. The representative of Thailand announced that his Government had decided to pledge \$1 million as its voluntary contribution to the second window.

55. The representative of the Netherlands said that his country had taken a particular interest from the outset in

the negotiations on the establishment of the common fund. In line with this interest, it would contribute \$17 million, which was roughly four times its share, to the second window, as soon as the negotiations on the common fund were concluded successfully.

56. The representative of Yugoslavia said that his country had pledged a contribution of \$30 million to the common fund. The amount of its contribution to the second window would be determined subsequently in the light of the political and economic importance that his country attached to the operations of the second window. His Government had also decided to make a special contribution in favour of the least developed countries within its announced contribution of \$30 million to the common fund.

57. The representative of India said that as early as May 1976, during the fourth session of the Conference, the Indian delegation had announced the decision of the Government of India to participate in the common fund for financing commodity stocks or any other necessary measures within the framework of commodity arrangements and to make a contribution in accordance with the formulas to be established by the Conference, which at that time had been estimated at \$25 million. Since then, the fund had undergone a substantial change. While continuing to adhere to the commitment made at Nairobi, his Government intended to contribute \$5 million exclusively to the second window of the common fund after it had been established.

58. The representative of Singapore said that the major responsibility for contributing to the second window of the common fund rested with the developed countries. The ASEAN countries had, however, decided to contribute to the second window and Singapore intended to make a voluntary contribution of \$250,000.

59. The representative of Denmark stated that, subject to parliamentary approval, the Danish contribution to the second window of the common fund would be in the order of 12-15 million Danish kroner, corresponding to \$2-3 million.

60. The representative of Japan said that his country considered it vital that the common fund should begin to operate at the earliest possible date and with the participation of as many countries as possible. His country was prepared to give an adequate amount in voluntary contributions to the second window of the fund. It also believed it important that the fund's first window, which was to support buffer-stock financing, should be able to fulfil the major task.

## *3. Proposal concerning a complementary facility for commodity-related shortfalls in export earnings*

61. At the 171st plenary meeting, on 3 June 1979, the spokesman for the Group of 77 requested that the proposal of the Group of 77 on a complementary facility for commodity-related shortfalls in export earnings (subsequently issued as TD/L.194), on which agreement had not been reached in the Contact Group, should be put to the vote.

62. In connexion with this proposal, a representative of the Secretary-General of UNCTAD made an oral statement of financial implications.<sup>37</sup>

#### *Action by the Conference*

63. At the same meeting, the Conference, having noted the statement of financial implications, adopted the proposal in TD/L.194 by 73 votes to 12, with 14 abstentions.<sup>38</sup>

64. The representative of the Federal Republic of Germany said that his country favoured a system designed to stabilize the export earnings of commodities of the developing countries. It therefore agreed with the proposal that the Secretary-General of UNCTAD prepare a study in close co-operation with the Development Committee of IMF and the World Bank.<sup>39</sup> The study should explore several possible solutions to the problem, including a proposal by his country which in important respects envisaged arrangements which differed from those contained in the resolution just adopted. In particular, his country felt that such a system should not provide for compensation in real terms, nor should it compensate for shortfalls in export earnings on a commodity-by-commodity basis.

65. The representative of Sweden said that his country had voted in favour of the resolution in view of the importance it attached to the issue of stabilizing the export earnings from commodities of developing countries. It hoped that the study to be undertaken would form part of the ongoing process of improving facilities for export earnings stabilization. In this regard, Sweden considered that the Secretary-General of UNCTAD, in conducting his study, should take into account the need to co-ordinate his work with the examination of this issue by the Development Committee, and also have regard to the different modalities governing such facilities.

66. The representative of Finland said that his country, in voting for the resolution just adopted, wished to recognize the importance of the stabilization of commodity export earnings for the economic development of the developing countries. However, in supporting the resolution, Finland had not taken a position on any future decision regarding the revision of existing facilities or on the possible establishment of any new facility, nor on any possible modalities of such arrangements. It was to be hoped that, in undertaking his study, the Secretary-General of UNCTAD would, to the greatest possible extent, avoid duplication with the ongoing work of the World Bank and IMF.

67. The representative of Norway observed that compensatory financing was one of the elements in the Integrated Programme for Commodities which had been mentioned in Conference resolution 93 (IV). Norway therefore considered it normal and appropriate that the Sec-

retary-General of UNCTAD should now be given a mandate to make a study on the possibility of the establishment of such a commodity-oriented facility.

68. The spokesman for Group B, speaking on behalf of the majority of the States members of Group B, said that these countries had taken part in Negotiating Group III in a useful and frank discussion on the proposal by the Group of 77 that the Secretary-General of UNCTAD should carry out a study on improvement of existing facilities for compensatory financing, in the context of a global draft resolution on the Integrated Programme. During those discussions, the members of Group B had demonstrated on many occasions their desire to understand the view of the Group of 77 on this issue. However, the Group of 77 had not responded to this desire and had refused to consider the approach suggested by Group B. The Group of 77 had finally demanded that their proposal be artificially separated from the text of a draft resolution, the general aim of which would have been to further the implementation of the objectives agreed in common at the fourth session of the Conference, objectives for which the co-operation of Group B was necessary. The countries of Group B deeply regretted such an attitude.

69. The representative of the United States said that his country viewed the stabilization of export earnings as a very important objective, particularly for the developing countries. A facility for that purpose already existed and consideration was being given in IMF to its possible improvement. The United States supported such activity, but did not believe that new measures aimed exclusively at stabilizing earnings from commodity exports were appropriate. In addition, it had difficulty with the combination of stabilization and resource transfers in the resolution. Accordingly, it had voted against it.

70. The representative of Canada said that his country had voted against the resolution just adopted. Canada's position on the question of stabilizing export earnings was that:

(a) The question was basically one of short- or medium-term balance-of-payments financing and must therefore be treated as such rather than as a problem of development financing;

(b) A short- or medium-term balance-of-payments problem resulting from the instability of commodity trade was conceptually and fundamentally different from the longer term problem of the decline of export earnings for commodities. The former reflected cyclical factors whereas the latter reflected such factors as the introduction of substitutes and the discovery of new sources of supply, etc. and would require a long-term transfer of resources in order to be corrected;

(c) From the economic point of view, the question of stabilization of export earnings should therefore be treated as a problem of short-term balance-of-payments financing and hence by IMF, and particularly by its Compensatory Financing Facility;

(d) A restriction of the definition of compensable shortfalls in export earnings to cover only certain commodities would run counter to the general balance-of-payments criteria by not recognizing the possible compensatory effects on total earnings deriving from exports of other commodities. Furthermore, such a restriction would

<sup>37</sup> For the statement of financial implications, issued at the Conference as TD/L.194/Add.1, see annex X below, appendix 2, section L.

<sup>38</sup> For the text adopted, see resolution 125 (V) above.

<sup>39</sup> Joint Ministerial Committee of the Boards of Governors of the World Bank and the Fund on the Transfer of Real Resources to Developing Countries.

overlook the benefits from exports of finished or semi-finished products and would therefore tend to channel relatively too great an amount of financial resources to those developing countries that had a diversified export structure. The developing countries which would benefit most would therefore be the most advanced ones, rather than the poorest and the least developed, which in general depended more on earnings from only a few commodities;

(e) Canada was also unconvinced by the arguments used in paragraphs 10 and 11 of the study by the secretariat on compensatory financing (TD/229/Supp.1), namely, that the problems of adjustment for shortfalls in commodity export earnings were greater than they were with respect to total exports, and secondly that a scheme covering individual shortfalls of each commodity export was necessary in order to cover the income and employment adjustments necessitated by such shortfalls. It felt that, since the purpose of any financing facility was to attempt to cover a shortfall in export earnings, and hence in foreign currency, the existence of such a shortfall could be evaluated only at the aggregate level, that is, in terms of balance of payments, for if the balance of payments of a producer country was not in deficit, there seemed no reason why the facility should finance in foreign currency the earnings shortfall in a particular sector of the country's economy or, *a fortiori*, why it should compensate for a possible reduction in the terms of trade, i.e., accept to take into account the purchasing power of earnings in a given sector of the economy. In Canada's view, that would be the responsibility of internal arrangements for adjustment and financing, if such financing was deemed necessary by the country concerned. The international facility should intervene only when internal financing was impossible, i.e., when a country faced difficulties in terms of its foreign currency earnings, hence, when the financing of balance of payments posed a problem;

(f) The type of facility proposed, to the extent that it would be accessible to developing producer countries only, would be extremely discriminatory as it would cover products exported in large quantities by developed producer countries. Producers in such countries would then be subject to unfair competition which would have adverse effects on their production, sales, employment and investment. This would also have a distorting effect on the flow of trade and would run counter to a rational division of international production capacity;

(g) On the other hand, Canada supported the idea of improving the existing IMF Facility in a way which would preserve the objectives and principles of the Fund, including non-discrimination, while providing larger-scale assistance to countries genuinely in need of it and which suffered from large shortfalls in their export earnings. The type of improvement which might be envisaged would obviously require discussion;

(h) Once the common fund began its operations, it might be expected to have a stabilizing effect on prices, which would then have an effect on earnings and thereby reduce the calls made on a facility for financing export earnings shortfalls;

(i) Canada would have been able, if this had been generally agreed, to support a study by the UNCTAD secretariat on the general problem of shortfalls in total export earnings. Unfortunately, there had been no oppor-

tunity to negotiate further on the resolution, and Canada had therefore been obliged to vote against it. In that connexion, Canada endorsed the statement made on behalf of the majority of the States members of Group B.

71. The representative of Spain said that while, in substance, his country could have fully supported the resolution, it had been obliged to vote against it because one of the technical issues, namely which system should be used to stabilize the commodity prices in real terms, had still not been determined. A profound analysis of the commercial, economic and financial implications of the various systems would be required before his country could take a position in the matter.

72. The representative of the Netherlands said that his country had abstained in the voting because it did not want to oppose a study on a complementary facility. However, at the present moment, his country would prefer the IMF Development Committee to take into consideration the work undertaken by UNCTAD so as to see which elements could eventually be incorporated in the IMF Compensatory Financing Facility.

73. The representative of Denmark said that his country recognized the importance of international schemes for export income stabilization which constituted a necessary supplement to the price stabilization aimed at in the negotiations under the Integrated Programme. It also felt that improvements were needed, in particular in order to give developing countries a higher degree of compensation for their actual export shortfalls. It was thus with regret that it had abstained on the resolution just adopted, because it did not feel that the role assigned to the Secretary-General of UNCTAD in this field was appropriate, in particular in the light of the study at present being undertaken by the Development Committee. If instead the Secretary-General of UNCTAD had been asked to contribute to the work of this Committee, he would have been able, on the basis of his own and the secretariat's vast experience, to highlight points of particular concern to countries participating in the Conference. He added that, in any study of this nature, it was necessary to examine all relevant solutions to problems which were either identical or closely related. If this was not done – and in this respect the terms of reference of the study showed certain shortcomings – the outcome of the study would hardly be considered a suitable basis for future political action.

74. The representative of Japan said that his Government had abstained in the voting, not because it was opposed to the proposal that the Secretary-General of UNCTAD study a scheme to compensate shortfalls in commodity export earnings, but because it believed that such a study should be undertaken by taking into account the outcome of work on the Compensatory Financing Facility of IMF. It also believed that an assessment of the scheme should be undertaken on the basis of the outcome of the proposed study and thus his country could not subscribe to a proposal which presupposed the necessity or desirability of a scheme of a particular type.

#### 4. Statements on sugar

75. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a statement on sugar



(TD/L.177) submitted by Cuba on behalf of the States members of the Group of 77.<sup>40</sup>

76. In response to this statement, the spokesman for the European Economic Community made a statement.<sup>41</sup>

77. The representative of Australia said that his country had already made known its views on the consequences of non-membership of the International Sugar Agreement, which would suggest that Australia could support much of what was contained in the statement submitted by Cuba.

### B. Other elements (item 10 (b))

78. Under this subitem, the attention of the Conference was drawn to the UNCTAD secretariat report entitled "The world commodity situation and outlook" (TD/B/C.1/207), and to a report prepared by the FAO secretariat, entitled "The agricultural commodity outlook and development/investment needs" (TD/B/C.1/208).

79. In this connexion, the Arusha Programme (TD/236) contained a recommendation concerning the expansion of the share of developing countries in exports of food and food products, the acceleration of food production in these countries, and the strengthening of world food security.<sup>42</sup>

80. The Conference also had available to it, under a covering note TD/256, copies of a document submitted by FAO containing a Plan of Action on World Food Security.

#### 1. Tungsten

81. At the 170th plenary meeting, on 1 June 1979, the President drew attention to a draft resolution on tungsten (TD/L.166), which Negotiating Group III had recommended for adoption by the Conference.

#### Action by the Conference

82. At the same meeting, the Conference adopted draft resolution TD/L.166 without dissent.<sup>43</sup>

83. The representative of the United States of America said that his delegation had joined in the consensus on the resolution without reservation. However, he referred to the statement of reservation made by the United States at the eighteenth session of the Trade and Development Board in connexion with the adoption of Board decision 175 (XVIII),<sup>44</sup> in which the United States had stated its view that it was premature to suggest that discussions on tungsten should move to the negotiating stage. His Government continued to hold that view.

#### 2. International food trade

84. At the 170th plenary meeting, on 1 June 1979, the President drew attention to a draft resolution on international food trade (TD/L.167), which Negotiating

Group III had recommended for adoption by the Conference.

#### Action by the Conference

85. At the same meeting, the Conference adopted draft resolution TD/L.167 without dissent.<sup>45</sup>

### 3. United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement, 1971, as extended

86. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on the United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement, 1971, as extended (TD/L.180), which had been submitted by the Chairman of Negotiating Group III.

#### Action by the Conference

87. At the same meeting, the Conference adopted draft resolution TD/L.180 without dissent.<sup>46</sup>

### 4. Draft resolution on transnational corporations and international commodity trade

88. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on transnational corporations and international commodity trade (subsequently issued as TD/L.195) which had been submitted in Negotiating Group III by the German Democratic Republic on behalf of Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic, and Union of Soviet Socialist Republics.

#### Action by the Conference

89. At the same meeting, the Conference decided to remit draft resolution TD/L.195 to the permanent machinery of UNCTAD for further consideration.<sup>47</sup>

## V. Manufactures and semi-manufactures

### (Agenda item 11)

90. Item 11 of the agenda was referred, for consideration and report, to Negotiating Group II.<sup>48</sup>

### A. Comprehensive measures required to expand and diversify the export trade of developing countries in manufactures and semi-manufactures (item 11 (a))

91. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Comprehensive measures required to expand and diversify the export trade of developing countries in manufactures and semi-manufactures" (TD/230),<sup>49</sup> accompanied by a

<sup>40</sup> Text reproduced in annex VIII.A below.

<sup>41</sup> Text reproduced in annex VIII.B below.

<sup>42</sup> See annex VI, section III, below, "Item 10 (b) of the provisional agenda for the fifth session of the Conference".

<sup>43</sup> For the text adopted, see resolution 104 (V).

<sup>44</sup> *Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. II, para. 274.*

<sup>45</sup> For the text adopted, see resolution 105 (V).

<sup>46</sup> For the text adopted, see resolution 126 (V).

<sup>47</sup> See part one, section A.2, above, "Other decisions" (e). The text of this draft resolution is reproduced in annex I.D below.

<sup>48</sup> See part three, section C, below.

<sup>49</sup> Reproduced in volume III.

supporting paper entitled "The industrial policies of the developed market-economy countries and their effect on the exports of manufacture and semi-manufactures by the developing countries" (TD/230/Supp.1).<sup>50</sup>

92. The Conference also had before it the position of the Group of 77 on this subitem, as set out in the Arusha Programme (TD/236).<sup>51</sup>

#### *Action by the Conference*

93. At the 171st plenary meeting, on 3 June 1979, the Conference decided to remit agenda item 11 (a) to the permanent machinery of UNCTAD.<sup>52</sup>

94. The spokesman for the Group of 77 said that his Group was deeply disappointed regarding the failure to reach agreement on agenda items 11 (a), 11 (c) and 11 (d).<sup>53</sup> Despite lengthy negotiations and an ample display of flexibility on the part of the Group of 77, it had been impossible to reach agreement owing to a lack of political will on the part of the developed countries to draw closer to the position of the Group of 77. The draft resolutions which had been put forward by the Group of 77 had reflected the legitimate aspirations and interests of their peoples and were extremely important for the establishment of the new international economic order. Continuous efforts would have to be made within the permanent machinery of UNCTAD until just and equitable agreements were reached. Within this context, the Arusha Programme for Collective Self-Reliance and Framework for Negotiations constituted an appropriate basis for the achievement of such objectives.

95. In response, the spokesman for Group B said that his Group believed that there had been substantial areas of agreement as well as differences in the discussions on agenda items 11 (a), 11 (c) and 11 (d). Group B considered that it had shown a positive attitude and considerable flexibility in the negotiations and had made a number of proposals which had gone beyond its original proposals. Group B would be prepared to continue discussion on these issues in the permanent machinery of UNCTAD in a positive manner.

#### **B. Principles and rules and other issues relating to restrictive business practices (item 11 (b))**

96. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Principles and rules and other issues relating to restrictive business practices" (TD/231).<sup>54</sup>

97. On the recommendation of the Trade and Development Board in its resolution 178 (XVIII), of 20 December 1978, the General Assembly had decided to convene, in its resolution 33/153, under the auspices of

UNCTAD, a United Nations Conference on Restrictive Business Practices "to negotiate, on the basis of the work of the Third *Ad hoc* Group of Experts, and to take all decisions necessary for the adoption of, a set of mutually agreed equitable principles and rules for the control of restrictive business practices having adverse effects on international trade, particularly that of developing countries, and on the economic development of those countries, including a decision on the legal character of the principles and rules". Moreover, the General Assembly had authorized the United Nations Conference on Trade and Development to take appropriate action at its fifth session for the Conference on Restrictive Business Practices, including decisions on relevant issues and, in particular, the determination of the precise dates for the Conference, within the period September 1979 to April 1980. The Board, at its tenth special session, in taking note of the General Assembly's resolution and of the action required in this regard by the United Nations Conference on Trade and Development at its fifth session, authorized the Third *Ad hoc* Group of Experts on Restrictive Business Practices to submit its report on its sixth session to the United Nations Conference on Trade and Development for consideration at its fifth session.<sup>55</sup> The report of the Third *Ad hoc* Group of Experts on its sixth session was circulated at the Conference as TD/250.

98. The Conference also had before it the position of the Group of 77 on this subitem, as set out in the Arusha Programme (TD/236).<sup>56</sup>

99. At the 169th plenary meeting, on 30 May 1979, the President drew attention to a draft resolution on restrictive business practices (TD/L.157), which Negotiating Group II had recommended for adoption by the Conference.

100. The Chairman of Negotiating Group II stated that paragraph 4 (b) of draft resolution TD/L.157 gave a mandate to the Secretary-General of UNCTAD to continue the work on the model law or laws taking into account any agreement on this matter in the context of the principles and rules and the views expressed in the Third *Ad hoc* Group of Experts on Restrictive Business Practices.

#### *Action by the Conference*

101. At the same meeting, the Conference, having first noted the statement of financial implications (TD/L.157/Add.1 and Corr.1),<sup>57</sup> adopted draft resolution TD/L.157 without dissent.<sup>58</sup>

102. The spokesman for Group D, referring to the financial implications of the resolution, said that the cost of holding the Conference on Restrictive Business Practices should be covered from the budgetary provision already made for that purpose. As to the UNCTAD secretariat's views concerning additional expenditure under individual paragraphs of the resolution, it seemed to Group D that the work in question was not an entirely new departure for the secretariat. In this regard, he referred to the fact that for

<sup>50</sup> TD/230/Supp.1/Rev.1, issued as United Nations publication, Sales No. E.79.II.D.13.

<sup>51</sup> See annex VI, section III, above, "Item 11 (a) of the provisional agenda for the fifth session of the Conference".

<sup>52</sup> See part one, section A.2, above, "Other decisions" (f).

<sup>53</sup> For action by the Conference on items 11 (c) and 11 (d), see paras. 106 and 109 below.

<sup>54</sup> Reproduced in volume III.

<sup>55</sup> *Official Records of the General Assembly, thirty-fourth session, Supplement No. 15 (A/34/15)*, vol. I, para. 43 (c).

<sup>56</sup> See annex VI, section III, below, "Item 11 (b) of the provisional agenda for the fifth session of the Conference".

<sup>57</sup> See annex X below, appendix 2, section B.

<sup>58</sup> For the text adopted, see resolution 103 (V).

several years the secretariat had been responsible for preparing material for the various *ad hoc* groups of experts on restrictive business practices. Group D therefore considered that the preparation of documentation for the forthcoming Conference represented a continuation of the secretariat's work in that field. Group D proceeded from the premise that work connected with the preparation of documentation should be carried out using not only the staff and financial resources already at UNCTAD's disposal under the budget for activities aimed at the promotion of trade in manufactures and semi-manufactures, but also from what appeared, in its view, to be reserves available in the Division in question. The nature of such reserves could be judged from the simple fact that the Director of that Division had been on mission for almost two years. In view of the proposals which had been submitted at the present session of the Conference for improving the efficiency of UNCTAD, and particularly that of its secretariat, Group D considered it necessary to reserve its position on the financial calculations submitted by the secretariat.

103. The spokesman for Group B said that his Group had noted with interest the statement of financial implications (TD/L.157/Add.1 and Corr.1) concerning the estimated direct costs of the resolution, but had not yet had an opportunity fully to examine the statement which, in some instances, reflected contingencies which might not arise. Group B Governments, however, would be giving the financial implications of this and other resolutions adopted by the Conference serious consideration over the coming months with a view to ensuring the most effective use of the financial resources available to UNCTAD, and to the United Nations as a whole. Therefore, approval of this and other resolutions by Group B did not constitute an endorsement of the estimates contained in the statements of financial implications.

### C. Review and evaluation of the generalized system of preferences (item 11 (c))

104. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Review and evaluation of the generalized system of preferences" (TD/232 and Corr.1 and 3).<sup>59</sup> In this connexion, the attention of the Conference was drawn to a report by the UNCTAD secretariat entitled "A comprehensive review of the generalized system of preferences" (TD/B/C.5/63).

105. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236),<sup>60</sup> and a joint statement by Bulgaria, Czechoslovakia, Hungary, Poland and Union of Soviet Socialist Republics on the elaboration of unified rules for determining the origin of goods from the developing countries (TD/260).<sup>61</sup>

<sup>59</sup> Reproduced in volume III.

<sup>60</sup> See annex VI, section III, below, "Item 11 (c) of the provisional agenda for the fifth session of the Conference".

<sup>61</sup> Reproduced in annex VII.D below.

### Action by the Conference

106. At the 171st plenary meeting, on 3 June 1979, the Conference decided to remit agenda item 11 (c) to the permanent machinery of UNCTAD.<sup>62</sup>

### D. Review of the implementation of Conference resolutions 96 (IV) and 97 (IV) (item 11 (d))

107. In connexion with this subitem, the Conference had before it, in the annex to the report by the UNCTAD secretariat entitled "Comprehensive measures required to expand and diversify the export trade of developing countries in manufactures and semi-manufactures" (TD/230),<sup>63</sup> a review of the implementation of Conference resolutions 96 (IV) and 97 (IV).

108. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236),<sup>64</sup> and a document entitled "Review of the implementation of Conference resolution 97 (IV): Transnational corporations and expansion of trade in manufactures and semi-manufactures" submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics (TD/262 and Corr.1).<sup>65</sup>

### Action by the Conference

109. At the 171st plenary meeting, on 3 June 1979, the Conference decided to remit agenda item 11 (d) to the permanent machinery of UNCTAD.<sup>66</sup>

## VI. Monetary and financial issues

### (Agenda item 12)

110. Item 12 of the agenda was referred, for consideration and report, to Negotiating Group IV.<sup>67</sup>

### A. Consideration of requirements of the international monetary system which would foster world trade and development, compatible with the needs of a satisfactory international adjustment process, taking account of the adverse effects of fluctuating exchange rates and world inflation, and in particular taking into account the development of developing countries and their needs for balance-of-payments support (item 12 (a))

<sup>62</sup> See part one, section A.2, above, "Other decisions" (f). For statements made by the spokesmen for the Group of 77 and Group B in this connexion, see paras. 94 and 95 above.

<sup>63</sup> Reproduced in volume III.

<sup>64</sup> See annex VI, section III, below, "Item 11 (d) of the provisional agenda for the fifth session of the Conference".

<sup>65</sup> Reproduced in annex VII.E below.

<sup>66</sup> See part one, section A.2 above, "Other decisions" (f). For statements made by the spokesmen for the Group of 77 and Group B in this connexion, see paras. 94 and 95 above.

<sup>67</sup> See part three, section G, below.

111. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "International monetary issues" (TD/233).<sup>68</sup> In this connexion, the attention of the Conference was drawn to a report prepared by the UNCTAD/UNDP project on monetary issues for the Group of Twenty-Four entitled *The balance of payments adjustment process in developing countries: Report to the Group of Twenty-Four*,<sup>69</sup> and to a note by the UNCTAD secretariat entitled "Compensatory financing for export fluctuations" (TD/B/C.3/152/Rev.1 and Corr.1 and 2).

112. The Conference also had before it the position of the Group of 77 on this subitem, as set out in the Arusha Programme (TD/236).<sup>70</sup>

113. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on international monetary reform (TD/L.184) which the Chairman of Negotiating Group IV had submitted to the Contact Group.

114. In this connexion, a representative of the Secretary-General of UNCTAD made an oral statement of financial implications (subsequently issued as TD/L.184/Add.1).<sup>71</sup>

#### *Action by the Conference*

115. At the same meeting, the Conference, having first noted the statement of financial implications, adopted draft resolution TD/L.184 by 69 votes to 17, with 13 abstentions.<sup>72</sup>

116. The spokesman for Group B said that the resolution just adopted contained a statement of principles and procedural proposals with which Group B could not associate itself. Many members of Group B doubted in particular that the international monetary system could by itself serve to promote the flow of real resources to the developing countries. No member of Group B could agree that the Conference should interfere in the methods and timetable for reviewing the quotas of States members of IMF. Group B considered that the resolution called into question, in certain of its provisions, the autonomy, competence and statutes of IMF. It felt in general that the study of the problems that might arise with respect to medium-term financing should be undertaken without prejudging the solutions to be chosen. The majority of the Group B countries did not believe in the usefulness of the group of experts established by the resolution. For these and similar reasons, most Group B countries had either voted against the resolution or had abstained.

117. The representative of the United States of America said that his country had voted against the resolution because it could not accept the preambular and the operative paragraphs. Furthermore, it was disturbed by the procedure followed in adopting the resolution particularly as the positions of the various groups had been so far apart. It felt that a much better course of action would have been to remit the agenda item, together with the draft resolu-

tions submitted under it, to the Trade and Development Board for further discussion.

118. The representative of Italy said that his country had abstained in the voting as it had found it difficult to accept some of the assertions and concepts in the resolution, although it shared its general purpose. In particular, Italy could not accept paragraph 1 (d) concerning the maintenance of the real value of financial assets of developing countries as this might amount to a dangerous form of indexation. As far as the establishment of an *ad hoc* intergovernmental high level group of experts under paragraph 11 was concerned, his country felt that a group of experts established under the framework of agenda item 8 might have been able to perform a more useful task within a more general context than a group of experts whose mandate was limited only to the monetary aspects of the economic situation. Italy also considered that certain paragraphs of the resolution might be interpreted as interference in the activity of other international institutions, whose autonomy must be preserved.

119. The representative of the Netherlands said that, although his country was in agreement with part of the statement made by the spokesman for Group B, it had nevertheless abstained in the voting because of the importance it attached to further discussion on the subjects dealt with in the resolution. Furthermore, the Netherlands could accept the establishment of the *ad hoc* intergovernmental high-level group of experts.

120. The representative of Norway said he felt the resolution just adopted contained a number of valuable points, in particular that an *ad hoc* intergovernmental high-level group of experts should examine some essential issues in the area of international monetary reform. Such a group, without infringing upon the mandate of IMF, might do useful work. Norway also thought that the concept of the "development link" should be actively kept alive. However, there were other points in the resolution which Norway felt would interfere inappropriately with ongoing work in other international institutions, and in certain respects the text was drafted in too categorical a tone. For these reasons Norway had abstained in the voting.

#### **B. Measures to augment the net flow and improve the conditions of resource transfers from**

- (i) *Official bilateral and multilateral finance*
- (ii) *Private capital flows*

(item 12 (b))

121. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "International financial co-operation for development: current policy issues" (TD/234),<sup>73</sup> in particular chapters I-III thereof. The attention of the Conference was also drawn to a report by the UNCTAD secretariat entitled "International financial co-operation for development: capital flows to developing countries" (TD/B/C.3/158).

122. The attention of the Conference was also drawn to the agreed conclusions of the Committee of the Whole Established under General Assembly resolution 32/174 at

<sup>68</sup> Reproduced in volume III.

<sup>69</sup> New York, Pergamon Press, 1980.

<sup>70</sup> See annex VI, section III, below, "Item 12 (c) of the provisional agenda for the fifth session of the Conference".

<sup>71</sup> See annex X below, appendix 2, section N.

<sup>72</sup> For the text adopted, see resolution 128 (V).

<sup>73</sup> Reproduced in volume III.

its resumed first session,<sup>74</sup> requesting developed countries to consider various proposals for modifying the definition of official development assistance.

123. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236),<sup>75</sup> and a document submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics, entitled "The negative consequences of the activities of foreign private capital in the developing countries" (TD/266).<sup>76</sup>

124. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on the transfer of real resources to developing countries (TD/L.185), which the Chairman of Negotiating Group IV had submitted to the Contact Group, and introduced a number of amendments thereto.

125. The President also drew attention to a draft resolution concerning the establishment of a multilateral guarantee facility (TD/L.186), which had been submitted by Cuba on behalf of the States members of the Group of 77.

#### *Action by the Conference*

126. At the same meeting, the Conference adopted draft resolution TD/L.185, as amended, without dissent.<sup>77</sup>

127. The Conference also decided to remit draft resolution TD/L.186 to the permanent machinery of UNCTAD.<sup>78</sup>

128. The representative of Belgium said that his country would have preferred a separate vote on section III of the resolution just adopted concerning private flows. The fact that that section failed to make any mention of direct private investment, its advantages for development and the mutual obligations of parties to such investment, was so incomprehensible that Belgium would have voted against that section. It had now become obvious that private flows, which had more than doubled since the beginning of the decade, constituted a major means of transferring resources to the developing countries, particularly as many of those countries were encountering problems of debt servicing. Moreover, private investment not only provided financial resources but also resulted in the transfer of technology and of management skills. Belgium had hoped that agreement would be reached at the Conference on general principles for the encouragement of private investment, including acceptance of new forms of investment respecting the interests and the new needs of developing countries, and also recognition that there should be sufficiently attractive and stable conditions for exploitation in the host countries.

<sup>74</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 34 (A/34/34)*, part one, para.13. Also reproduced in TD/234, annex (see foot-note 73).

<sup>75</sup> See annex VI, section III, below, "Item 12 (b) of the provisional agenda for the fifth session of the Conference".

<sup>76</sup> Reproduced in annex VII.F below.

<sup>77</sup> For the text adopted, see resolution 129 (V).

<sup>78</sup> See part one, section A.2, above, "Other decisions" (g). For the text of the draft resolution, see annex I below, section D.

It therefore deeply regretted this omission, which introduced a note of unreality into that section of the resolution.

129. The representative of the United Kingdom said that the Conference had adopted resolutions relating to increases in the total of official development assistance, both to developing countries in general and to the least developed in particular. His country's concern for the developing world had been reflected in recent years in steady increases in the volume of its aid, in an increasing concentration of its aid on both the poorest countries and the needs of the poorest people within them, and on an improvement in the terms of its aid, culminating in its decision in 1978 to implement Trade and Development Board resolution 165 (S-IX) relating to the retroactive adjustment of terms of aid. His Government regretted that it was unable at this time to join with other countries in Group B in accepting new expenditure commitments, either in relation to aid in general or for aid to particular groups of countries. This might also be the case with specific new expenditure proposals that appeared in a number of other resolutions adopted by the Conference. His new Government had been in office less than a month and one of its first priorities was to review all aspects of public expenditure. Although the review was being undertaken as a matter of urgency, his Government was unable to enter into any commitments in anticipation of the results of it. He was, however, in a position to announce that the United Kingdom was in principle willing to contribute to the second window of the Common Fund. He also wished to confirm that the United Kingdom would be maintaining an effective aid programme. The allocation of this aid between recipients and the application of certain measures referred to in resolutions 129 (V) and 122 (V) remained to be determined but, in so doing the United Kingdom Government would bear closely in mind the variety of issues and problems that had been discussed at the Conference.

130. The representative of the Federal Republic of Germany regretted that section III of the resolution just adopted did not reflect the entire scope of the transfer of private resources and their contribution to the industrialization of the developing countries. As decisions regarding private investment abroad were made by private enterprises and not by his Government, an economically viable environment was a necessary pre-condition for investment. The admission of direct investment was of course a matter that was within the sovereign right of the host country. If developing countries wished to receive co-operation in the form of private investment, they should promote clarity and predictability in their national investment laws and policies.

131. The spokesman for Group D said that the members of his Group considered that a resolution drafted in the light of the features and characteristics of economic and financial relations between developed capitalist States and the developing countries could not be applied to financial relations between socialist and developing countries. Group D could not agree with attempts to group the socialist countries together with developed capitalist countries in terms of responsibility for and the material cost of eliminating the consequences of colonialism and neo-colonialism and the crisis in the trade and financial sectors of the capitalist economy. In view of their well

known position of principle with regard to the flow of resources from the developed capitalist countries to the developing countries, the members of Group D considered that the recommendations contained in the resolution just adopted did not apply to them.

132. The spokesman for Group D requested that the text of a draft resolution submitted to Negotiating Group IV by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland and Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics, entitled "Flow of private capital: the outflow of financial resources from developing countries as the result of the activities of foreign private capital" be included in the *Proceedings* of the Conference.<sup>79</sup>

133. The representative of Switzerland said that his authorities fully recognized the importance of transfers of financial resources within all the measures taken in favour of the developing countries, and in particular the role of official development assistance. Acceptance by his country of the resolution just adopted, and of resolution 122 (V), should not be taken as implying that Switzerland was committing itself at present to increase its ODA to 0.7 per cent of its gross national product. However, Switzerland would be taking measures effectively to increase its ODA substantially in the coming years and was determined to make a special and important effort in favour of the poorest and most disadvantaged countries within the framework of its bilateral and multilateral policies for financial co-operation for development. In conclusion, he regretted that it had not been possible for lack of time to include in the resolution just adopted a provision concerning the essential question of co-operation in the field of private investment.

134. The representative of New Zealand said that, while his country accepted the targets mentioned in section I, paragraph 3, of the resolution just adopted and was moving towards them, it could not accept the language of that paragraph as a binding commitment.

135. The representative of Austria said his country had joined in the consensus on the resolution just adopted and would make great efforts effectively to increase its ODA with a view to reaching the 0.7 per cent target. However, it would also have to give due consideration to its own economic and budgetary situation. While convinced of the usefulness of ODA planning on a multi-year basis, his country's present legal system did not permit the establishment of legally binding ODA targets in economic plans or programmes on a multi-year basis. Nevertheless, the likely continuity of the flow of Austrian ODA might be gauged from the fact that Austria had faithfully and promptly committed funds for all contributions assigned to it by global and regional international financial institutions and had been able to comply with other targets such as the annual increase of its contribution to UNDP.

136. The representative of the United States of America said that his country, while joining in the consensus on the resolution just adopted, did have certain reservations. When the United States had joined in endorsing the agreed

conclusions of the Committee of the Whole on resource transfers,<sup>80</sup> it had made a concurrent statement to emphasize certain constraints upon its commitments, particularly in respect of targets and dates for aid performance. His Government had not accepted the 0.7 per cent ODA target and did not contemplate so doing. Hence it could not accept paragraphs 1, 2 and 3 of section I of the resolution. Secondly, the United States was concerned regarding the provisions in the resolution dealing with the administrative arrangements made by the World Bank and regional development banks in respect of such matters as programme assistance, bidding on procurement and access to lending facilities. In their regular reviews of their operations, those institutions would as a matter of course follow policies designed for optimal use of their resources, and such matters should be under review by the organizations regularly. Thirdly, the resolution just adopted did not address itself to certain basic issues concerning foreign direct investment. The United States believed that such investment had made and could continue to make an important and positive contribution to the economic development of the developing countries. It believed that the Governments of those countries which wished to attract such investments should create a climate favourable to them by promoting clarity and predictability in their national laws and policies. The objectives of all parties—investors and host Governments—should be well understood so that there might be productive co-operation and fair and equitable treatment of all parties' interests and requirements.

137. The representative of Australia said that his Government had reaffirmed on many occasions and at the highest level its intention of expanding co-operation with developing countries and in that context was committed to increasing the volume and quality of its ODA. Accordingly, it had been able to join in the consensus on the resolution just adopted. However, it would have difficulty in accepting binding future commitments as regards ODA, particularly in the current and prospective economic circumstances and with continuing Government policies of budget restraint.

138. The representative of Finland said that his country had supported the resolution just adopted because it was convinced that the transfer of resources to developing countries was a key element in international development co-operation. As an increase in the volume of ODA remained a priority in his country's development aid policy, his Government had set an intermediate target to increase its ODA to at least double the 1977 level by 1982. That decision had been taken in order to move more effectively to the 0.7 per cent target to which his Government remained committed, but with respect to which Finland had not made a time-bound commitment.

### C. Other financing issues related to trade

(item 12 (c))

139. Pursuant to resolution 15 (VIII) of the Committee on Invisibles and Financing related to Trade, of 3 November 1978, the Trade and Development Board, at its tenth special session, had considered the issue of export

<sup>79</sup> For the text of this draft resolution, issued at the Conference as TD(V)/NG.IV/CRP.7, see annex VII.F below.

<sup>80</sup> See foot-note 74 above.

credits as a means of promoting exports from developing countries, together with a report prepared by the UNCTAD secretariat entitled "An Export Credit Guarantee Facility"—Part I "Main policy issues"; Part II: "Report on consultations with member States and international financial institutions" (TD/B/739, Part I and Part II). At that session, the Board took note of the relevant part of the report of the Committee<sup>81</sup> and of the secretariat report and decided to transmit them to the Conference for consideration and necessary action.<sup>82</sup>

140. In this connexion, the attention of the Conference was drawn to chapter V of the UNCTAD secretariat report entitled "International financial co-operation for development: current policy issues" (TD/234).<sup>83</sup>

141. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236).<sup>84</sup>

142. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft decision on other financing issues related to trade (TD/L.187), which the Chairman of Negotiating Group IV had submitted to the Contact Group.

#### *Action by the Conference*

143. At the same meeting, the Conference adopted draft decision TD/L.187 without dissent.<sup>85</sup>

#### **D. (i) Review of implementation and further action that may be required pursuant to Trade and Development Board resolution 165 (S-IX), section A**

##### **(ii) Detailed features for future operations relating to debt problems of interested developing countries (Trade and Development Board resolution 165 (S-IX), section B)**

(item 12 (d))

144. Under this subitem, the Conference had before it a note by the UNCTAD secretariat entitled "Review of measures taken in pursuance of Board resolution 165 (S-IX)" (TD/234/Add.1,<sup>86</sup> Add.2 and Add.3). In this connexion, the attention of the Conference was drawn to chapter IV of the UNCTAD secretariat report entitled "International financial co-operation for development: current policy issues" (TD/234).<sup>87</sup>

145. At its tenth special session, the Board took note of the report of the Intergovernmental Group of Experts on Debt and Development Problems of Developing Countries

<sup>81</sup> *Official Records of the Trade and Development Board, Tenth Special Session, Supplement No. 3* (TD/B/733), paras. 48-60.

<sup>82</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15* (A/34/15), vol. I, para. 46.

<sup>83</sup> Reproduced in volume III.

<sup>84</sup> See annex VI, section III, below, "Item 12 (c) of the provisional agenda for the fifth session of the Conference".

<sup>85</sup> For the text adopted, see decision 130 (V) above.

<sup>86</sup> Reproduced in volume III.

<sup>87</sup> *Idem.*

(TD/B/730),<sup>88</sup> together with the informal note of the Chairman annexed thereto, and decided to transmit it to the Conference for consideration.<sup>89</sup>

146. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236).<sup>90</sup>

#### *Action by the Conference*

147. At the 171st plenary meeting, on 3 June 1979, the Conference decided to remit agenda item 12 (d) to the permanent machinery of UNCTAD together with a draft resolution on debt problems of developing countries (subsequently issued as TD/L.196) submitted by Cuba on behalf of the States members of the Group of 77.<sup>91</sup>

#### **E. Review of the present system of international financial co-operation in the context of world trade and development and consideration of ways and means within this context to make it more effective in contributing to the development of developing countries (item 12 (e))**

148. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Towards an effective system of international financial co-operation" (TD/235).<sup>92</sup>

149. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236).<sup>93</sup>

#### *Action by the Conference*

150. At the 171st plenary meeting, on 3 June 1979, the Conference decided to remit agenda item 12 (e) to the permanent machinery of UNCTAD together with a draft resolution on an effective system of international financial co-operation (subsequently issued as TD/L.197) submitted by Cuba on behalf of the States members of the Group of 77.<sup>94</sup>

#### **F. The effects of the world inflationary phenomenon on the development process**

151. In connexion with this issue, the Conference had before it the report of the Group of High-Level Governmental Experts on the Effects of the World Inflationary Phenomenon on the Development Process (TD/B/704 and Corr.1),<sup>95</sup> established by the Secretary-General of

<sup>88</sup> Reproduced in *Official Records of the Trade and Development Board, Tenth Special Session, Annexes*, agenda item 3.

<sup>89</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15* (A/34/15), vol. I, paras. 51 and 96.

<sup>90</sup> See annex VI, section III, below, "Item 12 (d) of the provisional agenda for the fifth session of the Conference".

<sup>91</sup> See part I, section A.2, above, "Other decisions" (h). For the text of the draft resolution, see annex I.C below.

<sup>92</sup> Reproduced in volume III.

<sup>93</sup> See annex VI, section III, below, "Item 12 (e) of the provisional agenda for the fifth session of the Conference".

<sup>94</sup> See part one, section A.2, above, "Other decisions" (i). For the text of the draft resolution, see annex I.C below.

<sup>95</sup> Reproduced in *Official Records of the Trade and Development Board, Eighteenth Session, Annexes*, agenda item 5.

UNCTAD pursuant to General Assembly resolution 32/175 of 19 December 1977.

152. The General Assembly, in its resolution 33/155 of 20 December 1978, had taken note of the report of the Group of High-Level Governmental Experts, and requested the Conference at its fifth session to recommend international policy measures to combat the world inflationary phenomenon, as apparent in the decline of some of the major currencies, and to eliminate the economic and social effects of internationally transmitted inflation on developing countries, taking into account the conclusions and recommendations contained in the report of the Group of Experts.

## VII. Technology

### (Agenda item 13)

153. Item 13 of the agenda was referred to Negotiating Group V for consideration and report.<sup>96</sup>

#### A. International code of conduct on the transfer of technology (item 13 (a))

154. Under this subitem, the Conference had before it the relevant part of a report by the UNCTAD secretariat entitled "Technology: restructuring the legal and juridical environment: issues under negotiation" (TD/237), and an addendum thereto (TD/237/Add.1) updating the main report with specific reference to the negotiations on an international code of conduct on the transfer of technology.<sup>97</sup> The Conference also had available to it the text of the draft International Code of Conduct as at 9 March 1979 (TD/CODE TOT/14 and Corr.1).

155. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236).<sup>98</sup>

156. At the 171st plenary meeting, on 3 June 1979, the Chairman of Negotiating Group V introduced a draft decision concerning the international code of conduct on the transfer of technology (TD/L.173), which Negotiating Group V had recommended for adoption by the Conference. He expressed regret that it had not proved possible in the Negotiating Group to reach agreement on the substantive aspects of the issue and that the draft decision now before the Conference was therefore only procedural in nature.

#### Action by the Conference

157. At the same meeting, the Conference, having first noted the statement of financial implications (TD/L.173/Add.1),<sup>99</sup> adopted draft decision TD/L.173 without dissent.<sup>100</sup>

<sup>96</sup> See part three, section G, below.

<sup>97</sup> The two reports are reproduced in volume III.

<sup>98</sup> See annex VI, section III, below, "Item 13 (a) of the provisional agenda for the fifth session of the Conference".

<sup>99</sup> See annex X, below, appendix 2, section E.

<sup>100</sup> For the text adopted, see decision 113 (V) above.

158. The spokesman for the Group of 77 expressed regret that no progress had been made during the Conference with respect to the international code of conduct on the transfer of technology. A major factor contributing to the absence of progress had not been an inability to reach agreement on issues but rather a refusal by one regional group to discuss any topic except one, and its insistence that only its own position should be discussed and accepted. While the Group of 77 respected the right of others to hold divergent views and realized that agreement was not always possible, it considered that a refusal to discuss was certainly not conducive to concurrence. For lack of progress at the Conference, the position of the Group of 77 remained as set out in the Arusha Programme, as updated in the light of negotiations at the resumed first session of the United Nations Conference on an International Code of Conduct on the Transfer of Technology.

159. The spokesman for Group D, speaking also on behalf of Mongolia, said these countries shared the disappointment voiced by the spokesman for the Group of 77 regarding the lack of substantive progress on the main outstanding issues relating to the elaboration of the code of conduct. Group D and Mongolia had come to the Conference with the aim of negotiating positively and had submitted various substantive proposals on outstanding issues. They were willing to collaborate further with a view to contributing constructively to the fulfilment of the mandate given by the General Assembly to the United Nations Conference on an International Code of Conduct.

160. The spokesman for Group B said that his Group shared the disappointment of the Group of 77 that it had not proved possible to make substantive progress towards an agreement on the code of conduct. However, there had been a useful exchange of views on a number of important aspects of the code. These discussions would pave the way towards a satisfactory conclusion of the resumed negotiating Conference, where Group B hoped it would be possible to reach final agreement on all outstanding issues. In this connexion, he drew attention to a statement made by the States members of Group B other than Turkey in Negotiating Group V to the effect that these States continued to believe that a code consisting of voluntary guidelines, coupled with an effective international institutional machinery and provision for review and revision of the code, represented a serious and substantial compromise proposal by the States members of Group B. In conclusion he stated that the preparatory meeting that was now to precede resumption of the United Nations Conference on an International Code of Conduct should provide a useful basis for further work in this area.

#### B. Contribution of UNCTAD to the economic, commercial and development aspects of the industrial property system in the context of its ongoing revision (item 13 (b))

161. Under this subitem, the Conference had before it the relevant part of a report by the UNCTAD secretariat entitled "Technology—Restructuring the legal and juridical environment: issues under negotiation" (TD/237).<sup>101</sup>

<sup>101</sup> Reproduced in volume III.



162. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236).<sup>102</sup>

163. At the 169th plenary meeting, on 30 May 1979, the President drew attention to a draft resolution on this issue (TD/L.152), which Negotiating Group V had recommended for adoption by the Conference.

#### *Action by the Conference*

164. At the same meeting, the Conference adopted draft resolution TD/L.152 without dissent.<sup>103</sup>

165. The Chairman of Negotiating Group V stated, with respect to the resolution just adopted, that it had been the understanding of all representatives in the Negotiating Group that the reaffirmation of Conference resolution 88 (IV) in paragraph 1 of the text meant the reaffirmation of that resolution as a whole.

#### *C. Strengthening the technological capacity of the developing countries including accelerating their technological transformation (item 13 (c))*

166. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Towards the technological transformation of the developing countries" (TD/238 and Corr.1), accompanied by a supporting document entitled "Technology planning in developing countries" (TD/238/Supp.1).<sup>104</sup>

167. At its tenth special session, the Trade and Development Board had taken note of a document prepared by the UNCTAD secretariat in response to paragraph 6 of resolution 6 (II) adopted on 15 December 1978 by the Committee on Transfer of Technology at its second session,<sup>105</sup> entitled "Transfer and development of technology in individual sectors and areas" (TD/B/741), and decided to transmit it to the Conference for consideration.<sup>106</sup>

168. Also before the Conference was a document prepared in response to paragraph 10 of resolution 6 (II) of the Committee on Transfer of Technology, reporting on the activities and future resource requirements of the Advisory Service on Technology (TD/238/Supp.2 and Corr.1), and containing proposals, as called for by the Board at its tenth special session,<sup>107</sup> regarding ways and means, including from within existing resources, of making the Advisory Service more effective.

169. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236).<sup>108</sup>

<sup>102</sup> See annex VI, section III, below, "Item 13 (b) of the provisional agenda for the fifth session of the Conference".

<sup>103</sup> For the text adopted, see resolution 101 (V).

<sup>104</sup> The two documents are reproduced in volume III.

<sup>105</sup> *Official Records of the Trade and Development Board, Tenth Special Session, Supplement No. 4* (TD/B/736), annex I.

<sup>106</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15* (A/34/15), vol. I, para. 54.

<sup>107</sup> *Ibid.*, para. 55.

<sup>108</sup> See annex VI, section III, below, "Item 13 (c) of the provisional agenda for the fifth session of the Conference".

170. At the 171st plenary meeting on 3 June 1979, the Chairman of Negotiating Group V introduced a draft resolution on strengthening the technological capacity of developing countries including accelerating their technological transformation (TD/L.172), which Negotiating Group V had recommended for adoption by the Conference.

#### *Action by the Conference*

171. At the same meeting, the Conference, having first noted the statement of financial implications (TD/L.172/Add.1),<sup>109</sup> adopted draft resolution TD/L.172 without dissent.<sup>110</sup>

172. The spokesman for Group B, speaking on behalf of the States members of Group B other than Turkey, said that Group B welcomed the consensus reached on the resolution just adopted, as it believed that strengthening the technological capacity of developing countries was an essential element in the economic development of such countries. It also believed that the resolution provided opportunities for practical development-oriented co-operation in the field of technology. If further work on this issue within the United Nations system was to proceed effectively, it would be important to avoid duplication of work within the system and to preserve the competence of each body.

173. He added that, in affirming its support for the resolution, Group B wished to record its views regarding certain of the provisions of the resolution. With respect to paragraphs 23 and 24, Group B's position regarding the possible approval by the Trade and Development Board or by the Committee on Transfer of Technology of the convening of groups of experts would be determined by its judgement, based on documentation submitted to those bodies, as to the need, priority, feasibility and financial implications of convening such expert groups. With respect to paragraph 27, Group B expected that the study called for in that paragraph would not include examination of the feasibility of setting up a technology fund. With respect to paragraphs 37 and 38, Group B remained convinced that the elaboration of a comprehensive global strategy for the technological transformation of developing countries would not be a feasible undertaking. Thus, the only operational implication of those paragraphs was that, in co-operation with other United Nations bodies and in the light of the forthcoming United Nations Conference on Science and Technology for Development, the Secretary-General of UNCTAD should submit to the Board his proposals for an outline of UNCTAD's contribution to the technology aspects of the Third United Nations Development Decade. With respect to paragraph 36, Group B attached importance to the Advisory Service being provided with sufficient resources to enable it to perform its functions efficiently within its mandate. In this connexion, voluntary financial and other contributions could play a significant part and certain Group B countries were making such contributions. However, acceptance by consensus of that paragraph did not imply acceptance of a commitment by the States members of Group B.

<sup>109</sup> See annex X, below, appendix 2, section D.

<sup>110</sup> For the text adopted, see resolution 112 (V).

174. Group B had noted with interest the statement of financial implications (TD/L.172/Add.1) of the resolution but had not had time to examine it fully. The statement contained cost estimates for staff and other requirements which appeared excessive and also in some instances reflected contingencies which might not arise. Accordingly, Group B reserved its position in the matter which it would pursue in due course with a view to ensuring the most effective use of the limited financial resources available to UNCTAD and to the United Nations as a whole. Consequently Group B's approval of the resolution should not be taken as constituting an endorsement of the estimates contained in the statement of financial implications.

175. The spokesman for Group D, speaking also on behalf of Mongolia, said that those countries supported the resolution just adopted, which marked an important contribution towards strengthening the technological capability and accelerating the technological transformation of developing countries. They were, however, concerned regarding the extremely high level of financial implications reported by the secretariat in its statement (TD/L.172/Add.1), as they were convinced that the main part of the work called for in the resolution could be performed within existing financial and staff resources and that additional expenditure under the United Nations budget should be minimized through more active efforts to secure outside funds, including voluntary contributions. Accordingly, they urged the UNCTAD secretariat to revise its estimates and adjust them to the real needs arising in connexion with the implementation of the resolution, and to report thereon to the Board at its nineteenth session. He added that the successful implementation of the resolution depended to a large extent on the effectiveness of the secretariat's work and on closer co-ordination and co-operation with the other bodies of the United Nations system mentioned therein. The Advisory Service should be an integral part of United Nations machinery in the area of technology.

176. He added that the Group D countries and Mongolia were guided by the approach outlined above with respect to all the statements of financial implications circulated in connexion with the draft resolutions before the Conference.

#### **D. Development aspects of the reverse transfer of technology (item 13 (d))**

177. Under this subitem, the Conference had before it a study by the UNCTAD secretariat entitled "Development aspects of the reverse transfer of technology" (TD/239).<sup>111</sup>

178. At its tenth special session, in decision 183 (S-X) of 27 March 1979, the Trade and Development Board had taken note of resolution 7 (II) of the Committee on Transfer of Technology, in which the Committee had endorsed the agreed conclusions and recommendations of the Group of Governmental Experts on Reverse Transfer of Technology,<sup>112</sup> and endorsed the recommendations contained in paragraphs 3, 4 and 5 of that resolution, bearing in mind General Assembly resolution 33/151 of 20

December 1978, in which, *inter alia*, the Assembly had urged all member States to give urgent consideration at the fifth session of the Conference to the elaboration of measures on the development aspects of the reverse transfer of technology.

179. The Conference also had before it under this subitem the position of the Group of 77 as set out in the Arusha Programme (TD/236).<sup>113</sup>

180. At the 169th plenary meeting, on 30 May 1979, the President drew attention to a draft resolution on development aspects of the reverse transfer of technology (TD/L.155), which Negotiating Group V had recommended for adoption by the Conference.

#### *Action by the Conference*

181. At the same meeting, the Conference, having first noted the statement of financial implications (TD/L.155/Add.1),<sup>114</sup> adopted draft resolution TD/L.155 without dissent.<sup>115</sup>

182. The Chairman of Negotiating Group V stated that the representatives of the States members of Group D and of Mongolia in the Negotiating Group had asked him to inform the Conference that they accepted draft resolution TD/L.155 guided by the strong conviction that all recommendations embodied in the resolution should be considered in the context of their constant approach to the final United Nations goal in this area, namely, eventual international recognition of the principle of compensation for the developing countries that experienced an outflow of their skilled professionals, by the countries admitting such immigrants. To that end, they felt that the substance and language of the resolution might have been stronger, more specific and far-reaching, particularly taking into account that the mandate given by the General Assembly to the Conference in its resolution 33/151 was to elaborate practical measures in this area, and not simply consider the appropriateness of such measures.

183. The Chairman of Negotiating Group V also stated, on behalf of the spokesman for the Group of 77 on this subitem, that the adoption of the resolution by consensus marked an important turning-point in the area of the reverse transfer of technology. It represented a recognition by the international community of the importance of the issues involved and the need for evolving a comprehensive approach to the subject. The Group of 77 recognized that the problem of the reverse transfer of technology was multi-dimensional; but the adoption of the resolution by consensus also underscored the fact that the issues impinged on developmental questions as well. It was in the area of development aspects of the reverse transfer of technology that the Group of 77 felt that UNCTAD had a major role to play. This had also been recognized by the General Assembly in its resolution 33/151. Furthermore, the Group of 77 was glad to note that an attempt had been made in the resolution to spell out in some detail measures that were required to deal with the problems by the developed countries, the developing countries and the

<sup>113</sup> See annex VI, section III, below, "Item 13 (d) of the provisional agenda for the fifth session of the Conference".

<sup>114</sup> See annex X below, appendix 2, section A.

<sup>115</sup> For the text adopted, see resolution 102 (V).

<sup>111</sup> Reproduced in volume III.

<sup>112</sup> TD/B/C.6/28, para. 70.

international community, and expected that, in the period ahead, UNCTAD's work would concentrate on elaborating measures that needed to be taken and examining their feasibility.

184. The spokesman for Group B, speaking on behalf of the States members of Group B other than Turkey, recognized the problems that the brain drain raised for several developing countries, and recognized a role for UNCTAD in the area of development aspects of the reverse transfer of technology. But, in view of the multifaceted nature of the issue, Group B continued to doubt whether UNCTAD should undertake a leading role within the United Nations system in further consideration of the matter. As regards paragraph 9 (b) (ii) of the resolution, he stated that measures related to social security, pension rights, currency control, tax policies and remittances were matters within national competence, and that the appropriateness, feasibility and usefulness of these measures would be considered in the light of States' legislation and internal social and economic policies. He added that the adoption of the resolution by consensus should not lead to the assumption that the position of Group B had changed in so far as the question of compensation for the brain drain was concerned. Group B did not believe that this highly complex phenomenon—the full dimensions of which had not yet been determined—could be remedied by compensatory means.

185. The spokesman for Group B, referring to the statement of financial implications (TD/L.155/Add.1) concerning the estimated direct cost of the resolution, reiterated his Group's general reservation in this regard (see para. 103 above).

### VIII. Shipping (Agenda item 14)

186. Item 14 of the agenda was referred to Negotiating Group V for consideration and report.<sup>116</sup>

#### A. *Developments pertaining to the Convention on a Code of Conduct for Liner Conferences* (item 14 (a))

187. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Status of the Convention on a Code of Conduct for Liner Conferences" (TD/223).

188. In this connexion, the attention of the Conference was drawn to the declaration made by the Group of 77 in support of the entry into force of the Convention, as set out in the Arusha Programme (TD/236).<sup>117</sup>

189. At the 170th plenary meeting, on 1 June 1979, the President drew attention to a draft resolution on development pertaining to the Convention on a Code of Conduct for Liner Conferences (TD/L.163), which Negotiating Group V had recommended for adoption by the Conference.

<sup>116</sup> See part three, section G, below.

<sup>117</sup> See annex VI, section III, below, "Item 14 (a) of the provisional agenda for the fifth session of the Conference".

#### *Action by the Conference*

190. At the same meeting, the Conference, having first noted the statement of financial implications (TD/L.163/Add.1),<sup>118</sup> adopted draft resolution TD/L.163 without dissent.<sup>119</sup>

#### B. *Participation of developing countries in world shipping and the development of their merchant marines* (item 14 (b))

191. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Merchant fleet development" (TD/222), accompanied by the following supporting papers: "Beneficial ownership of open-registry fleets" (TD/222/Supp.1); "Merchant fleet development: statistical annexes on cargo flows" (TD/222/Supp.2); "The maritime transport of hydrocarbons" (TD/222/Supp.3);<sup>120</sup> "Comparative labour costs" (TD/222/Supp.4); "Trade routes of open registry vessels" (TD/222/Supp.5); and "Review of trends 1977/78" (TD/222/Supp.6).

192. In accordance with the decision of the Trade and Development Board at its eighteenth session,<sup>121</sup> the Conference also had before it the report of the *Ad hoc* Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry (TD/B/C.4/177), under cover of a note by the UNCTAD secretariat (TD/L.139).

193. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236),<sup>122</sup> and a statement submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic, and Union of Soviet Socialist Republics (TD/267).<sup>123</sup>

194. At the 171st plenary meeting, on 3 June 1979, the representative of Cuba introduced a draft resolution on the participation of developing countries in world shipping and the development of their merchant marines (subsequently issued as TD/L.191), and a draft resolution on ship financing and technical assistance (subsequently issued as TD/L.192), which he had submitted on behalf of the States members of the Group of 77.

195. The spokesman for the Group of 77, recalling the statement made by the President of the Ivory Coast that the path to economic liberation passed across the sea, said that, for the third world, the question of shipping was not just one aspect of general economic life, as it was in many developed countries; it was one of the basic foundations and vital mechanisms that must be approached in an effective manner. Otherwise the elaboration and implemen-

<sup>118</sup> See annex X below, appendix 2, section C.

<sup>119</sup> For the text adopted, see resolution 106 (V).

<sup>120</sup> TD/222 and Supp. 1-3 are reproduced in volume III.

<sup>121</sup> *Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15)*, vol. II, para. 447.

<sup>122</sup> See annex VI, section III, below, "Item 14 (b) of the provisional agenda for the fifth session of the Conference".

<sup>123</sup> Reproduced in annex VII.G below.

tation of national planning and development policies on consistent and viable bases would be endangered. In the developing countries, which, for the most part, were open to the international market and in which the domestic or subregional market was either too small or insufficiently integrated, the development effort was greatly dependent on the outside: the developing countries still exported most of what they produced and imported most of what they consumed for development needs. Since the horizontal economic relationships between the developing countries were still very weak, these countries, which historical accident had placed mainly in the southern hemisphere, were for the most part dominated by vertical north/south relationships which necessarily operated over great distances across the ocean. Hence the establishment of adequate and effective shipping links suited to the needs of their economies, and the building up of the necessary structures, were urgently necessary for the developing countries, as without them the over-all operation of their economies could not be assured. In this connexion, he recalled Conference resolution 70 (III) in which the Conference had noted the objective that shipping lines of developing countries should have an increasing and substantial participation in the carriage of cargoes generated by their foreign trade. The new order which that resolution had aimed at establishing on the sea was inseparable from the New International Economic Order. Moreover, the General Assembly, in its resolution 3202 (S-VI) of 1 May 1974, had emphasized the efforts to be undertaken in order to promote the harmonious maritime development of the third world.

196. He went on to say that while developing country exports accounted for 61 per cent of world sea-borne cargo, the developing countries owned only 8 per cent of world tonnage. In this connexion, a distinction must be made between liner traffic, which accounted for 20 per cent of world cargo, and dry and liquid bulk traffic which accounted for the remaining 80 per cent. The Convention on a Code of Conduct for Liner Conferences adopted in April 1974,<sup>124</sup> which was soon to enter into force, in particular as a result of the decision taken by the Soviet Union and the German Democratic Republic to become contracting parties, and given the likelihood of early ratification by the States members of the EEC and other industrialized countries, provided the general framework within which the liner fleets of the third world should develop harmoniously while respecting the legitimate interests of all partners. He noted that the share of the developing countries in bulk traffic, in respect of which they accounted for one third of dry bulk cargo and 90 per cent of liquid bulk cargo, represented barely 6 per cent of world tonnage. That represented a situation of disequilibrium which was harmful to the developing countries and should be corrected in accordance with the relevant resolutions adopted by the international community, on the basis of a frank dialogue among the partners and a pragmatic and flexible approach of the kind required by the special nature of bulk traffic. Draft resolution TD/L.191 now before the Conference was aimed at laying the

foundations for fair and long-term co-operation between the third world and the industrialized countries in order to make it possible to increase the developing countries' share in bulk carriage in a gradual manner through dialogue and "concertation" and with respect for mutual interests. Any notion of unilateral action was fundamentally absent from the draft, as the third world wished to promote its shipping with, rather than against, its developed country partners. Draft resolution TD/L.191 also dealt with the question of open registry, as open-registry fleets currently represented one third of world shipping and were growing at an annual rate of 6 per cent. Given the desire expressed by a number of countries, including developing countries, for the gradual phasing out of the open-registry regime, in particular by the gradual increase of participation by flag States in effective ownership of, and the provision of national crews for, open-registry shipping, it seemed advisable to undertake the necessary studies, the conclusion of which should enable the international community to take a final decision on the question of the phasing out of the open-registry system. The other draft resolution (TD/L.192) before the Conference concerned measures to be taken at the international, financial and multilateral levels in regard to technical and financial assistance for the promotion of the development of the fleets of the developing countries. The countries of the third world were particularly concerned by the issues raised in this draft resolution and in draft resolution TD/L.191 because they were convinced that the New International Economic Order, which should enable them to enjoy a better standard of living, necessarily passed across the sea. They felt that a new balance in international shipping activities would serve the interests of the entire international community, in so far as it would promote the expansion of trade in both directions between developing countries and the industrialized nations. Without the development in depth of the developing countries—and such development was inseparable from the promotion of their shipping activities, in other words, the new international maritime order—there could not be an effective and durable revival of the world economy and of world trade which was necessary for the expansion and redeployment of the economies of the developed countries.

#### *Action by the Conference*

197. At the 171st plenary meeting, on 3 June 1979, the Conference, having first noted the statement of financial implications,<sup>125</sup> adopted draft resolution TD/L.191 by a roll-call vote of 81 votes to 23, with 9 abstentions.<sup>126</sup>

<sup>125</sup> For the statement of financial implications, issued at the Conference as TD(V)/CG/CRP.1/Add.1, see annex X below, appendix 2, sect. H.

<sup>126</sup> The result of the voting was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Barbados; Bhutan; Brazil; Burma; China; Colombia; Comoros; Congo; Cuba; Democratic Kampuchea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; Ethiopia; Fiji; Gabon; Ghana; Guatemala; Guinea; Guinea-Bissau; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritius; Mexico; Morocco; Mozambique; Nepal; Niger; Nigeria; Oman; Pakistan; Peru; Philippines; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Singapore; Somalia; Sri Lanka; Sudan; Swaziland; Syrian Arab Republic; Thailand; Togo; Trinidad and Tobago; Tunisia; Turkey;

<sup>124</sup> *United Nations Conference of Plenipotentiaries on a Code of Conduct for Liner Conferences*, vol. II, *Final Act (including the Convention and resolutions) and tonnage requirements* (United Nations publication, Sales No. E.75.II.D.12).

198. At the same meeting, the Conference, having first noted the statement of financial implications,<sup>127</sup> adopted draft resolution TD/L.192 by a roll-call vote of 91 votes to 0, with 23 abstentions.<sup>128</sup>

199. The representative of Liberia said that his country had supported resolution 120 (V) just adopted on the understanding that paragraph 10 (a) thereof was designed to give a mandate to the UNCTAD secretariat to conduct studies with a view to taking a decision on the desirability of phasing out open-registry operations, and that paragraph 10 (b) mandated the UNCTAD secretariat, in consultation with other related agencies, to study the feasibility of establishing, but did not mandate the UNCTAD secretariat to establish, a legal mechanism for regulating the operations of open-registry fleets. Liberia realized that such studies had been requested owing to the concern of some developing countries regarding the impact of open-registry operations on their economies and as a result of certain unfortunate experiences involving sub-standard open-registry vessels. His Government would not hesitate to review its maritime laws should it be conclusively and objectively proved that open-registry operations were detrimental to the economies of developing countries and to international sea-borne trade as a whole.

Uganda; United Arab Emirates; United Republic of Tanzania; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

*Against:* Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany, Federal Republic of; Greece; Ireland; Israel; Italy; Japan; Luxembourg; Netherlands; New Zealand; Norway; Portugal; Spain; Sweden; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America.

*Abstentions:* Bulgaria; Byelorussian Soviet Socialist Republic; Czechoslovakia; German Democratic Republic; Hungary; Mongolia; Poland; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics.

fr the text adopted, see resolution 120 (V).

For the text adopted, see resolution 120 (V).

<sup>127</sup> For the statement of financial implications, issued at the Conference as TD(V)/CG/CRP.2/Add.1, see annex X below, appendix 2, section I.

<sup>128</sup> The result of the voting was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Barbados; Bhutan; Brazil; Bulgaria; Burma; Byelorussian Soviet Socialist Republic; China; Colombia; Comoros; Congo; Cuba; Czechoslovakia; Democratic Kampuchea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; Ethiopia; Fiji; Gabon; German Democratic Republic; Ghana; Guatemala; Guinea; Guinea-Bissau; Hungary; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Nepal; Niger; Nigeria; Oman; Pakistan; Peru; Philippines; Poland; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Singapore; Somalia; Sri Lanka; Sudan; Swaziland; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkey; Uganda; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Republic of Tanzania; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

*Against:* None.

*Abstaining:* Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany, Federal Republic of; Greece; Ireland; Israel; Italy; Japan; Luxembourg; Netherlands; New Zealand; Norway; Portugal; Spain; Sweden; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America.

For the text adopted, see resolution 121 (V).

200. The spokesman for Group D said that the members of his Group had abstained in the voting on resolution 120 (V) in line with their views as set out in document TD/264 and Corr.1.<sup>129</sup> Discussions under agenda item 14 (b) had shown that the monopolization of the carriage of commodities by the fleets of transnational corporations under open-registry flags continued to expand. Shipowners operating under open-registry flags also dominated freight markets beyond the confines of the transport activities of transnational corporations. Such negative factors, which created difficulties for the developing countries in developing their own merchant fleets to a level capable of guaranteeing the independence, in terms of transport, of their foreign trade, were aggravated by the surplus crisis of the world merchant fleet. Shipowners in the developed capitalist countries and the transnational corporations at present controlled some 85 per cent of world tonnage through national fleets and through open-registry flags. There was thus no doubt that the depression in the freight market was a direct result of uncontrollable processes of the capitalist method of production which were seriously harming the development of international relations in world shipping. Clearly, the present circumstances, which prevented the equitable participation of the developing countries in international shipping, would not improve of their own accord. UNCTAD's task was to stimulate positive changes in international economic relations in shipping on a just and equitable basis. While the Group D countries supported, on the whole, the developing countries' rightful aspiration for wider participation in international shipping, they emphasized that unilateral action by separate States or groups of States might have negative consequences both for other participants in international shipping and for the initiators of such action themselves. Measures aimed at bringing about an increasing and more substantial participation of developing countries in international shipping must be based on mutually agreed decisions guaranteeing their universal application. Unilateral actions in the area of shipping policy could only lead to the development of protectionism and restrictive business practices, which would cause additional harm both to shipping and to international trade as a whole. While they had abstained in the voting on resolution 120 (V), the Group D countries did feel it appropriate to continue discussions within UNCTAD on the question of bringing about an increasing and more substantial participation of developing countries in shipping, with a view to reaching a universal solution and developing a mechanism for its implementation.

201. The spokesman for Group B stated that, in the opinion of the States members of Group B, the most productive way in which the Conference could work was through consensus decisions. To that end, Group B had submitted a draft resolution on merchant fleet development in the Contact Group thus demonstrating its commitment to the objective of increasing competitiveness of developing country fleets. That draft had contained positive measures of assistance and co-operation in a number of maritime activities. In addition, Group B had indicated its willingness to discuss with the developing countries any specific barriers they had encountered in seeking to enter the tramp and bulk trades. Group B deeply regretted that a decision

<sup>129</sup> Reproduced in annex VII.H below.

through consensus had not been possible in this area. Group B had been compelled to vote against resolution 120 (V) because its proposals were in direct opposition to the freely competitive environment which was an essential feature of the bulk market. The introduction of cargo-sharing in the bulk trade would substantially increase transportation costs and would have a serious effect on the trading interests of all countries, including developing countries. Group B had also felt that the proposals on air transport in the resolution were inappropriate under this agenda item.

202. Group B had noted that the growth of open-registry fleets was a subject of concern to many developing and developed countries and had called on the UNCTAD secretariat, in consultation with other related agencies, to study the repercussions of phasing out open registries, the economic and social impact on the economies of developing countries, the effects on world shipping, and how the phasing out of open registries would ensure simultaneous development of the merchant fleets of the developing countries, with a view to taking a decision on the desirability of phasing out, and, without prejudice to the outcome of these studies, to study the feasibility of all possible legal mechanisms for regulating the operations of open-registry fleets, stressing the need to adopt such legislative measures as might enable all countries to ensure that sub-standard vessels did not operate to their disadvantage. Group B had also requested the Secretary-General of UNCTAD to reconvene the *Ad hoc* Intergovernmental Working Group for the purpose of considering these studies and submitting a report to the Committee on Shipping.

203. The spokesman for Group B added that his Group strongly supported in principle the provision of financial and technical measures to help developing countries to compete effectively in international shipping, as outlined in the Group B draft resolution on merchant fleet development submitted in the Contact Group. However, it had withheld its support from resolution 121 (V) on ship financing and technical assistance because of that resolution's close relationship to the proposals for cargo-sharing in the bulk trades upon which the regional groups had been unable to agree.

204. The representative of the Netherlands said that in the field of liner shipping, there had no doubt been a major development at the Conference. However, on the issue of bulk fleet development it had not been possible to find a solution for the divergences of view. The negotiating situation had resulted in the position taken by the Group B countries on the two resolutions just adopted, including their abstention in the voting on resolution 121 (V). The abstention of the Netherlands, however, did not mean that it had changed its positive attitude towards granting technical and financial assistance for fleet development. His Government would wish to assure developing countries that it considered financial and technical assistance for shipping as a major contribution to assisting developing countries to achieve an increasing participation in world bulk and tanker shipping.

205. The representative of Norway, said that his country, like other Group B countries, had abstained in the voting on resolution 121 (V) on ship financing and technical assistance, for the reasons expressed by the

Group B spokesman. However, Norway regarded technical and financial assistance and the transfer of know-how to the developing countries in the maritime field as an essential element in promoting greater participation by these countries in world shipping. It had already made considerable efforts to this end and was determined to continue to do so in the future.

206. The representative of Sweden associated himself with the comments by the representative of Norway regarding the importance of specific measures of assistance to the developing countries within the shipping sector.

## IX. Least developed among developing countries

### *Special measures in favour of the least developed among developing countries and further action aimed at improving their economic situation and accelerating their development*

(Agenda item 15)

207. Under item 15 of the agenda, the Conference had before it a report by the Secretary-General of UNCTAD entitled "Outline for a substantial new programme of action for the 1980s for the least developed countries" (TD/240), accompanied by a supporting paper containing a compilation of basic data on the least developed countries (TD/240/Supp.1).<sup>130</sup>

208. At its tenth special session, the Trade and Development Board had taken note of the report of the *Ad hoc* Group of Experts on the External Trade of the Least Developed Countries (TD/B/735)<sup>131</sup> and decided to remit the basic conclusions and recommendations of the Group, summarized in paragraphs (i)-(xxiii) of its report, to the Conference for its consideration.<sup>132</sup>

209. The Conference also had before it the position of the Group of 77 on this item, as set out in the Arusha Programme (TD/236),<sup>133</sup> and a document (TD/264 and Corr.1) submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics (TD/264 and Corr.1).<sup>134</sup>

210. Item 15 of the agenda was referred to Negotiating Group VI for consideration and report.<sup>135</sup>

211. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on a comprehensive new programme of action for the least developed countries (TD/L.175), which Negotiating Group VI had recommended for adoption by the Conference, and introduced a number of amendments to the text.

<sup>130</sup> Both reproduced in volume III.

<sup>131</sup> Reproduced in *Official Records of the Trade and Development Board, Tenth Special Session, Annexes, agenda item 3.*

<sup>132</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15 (A/34/15), vol. I, para. 90.*

<sup>133</sup> See annex VI, section III, below, "Item 15 of the provisional agenda for the fifth session of the Conference".

<sup>134</sup> Reproduced in annex VII.H below.

<sup>135</sup> See part three, section G, below.

### *Action by the Conference*

212. At the same meeting, the Conference having first noted the statement of financial implications (TD/L.175/Add.1),<sup>136</sup> adopted draft resolution TD/L.175, as amended, without dissent.<sup>137</sup>

213. The spokesman for Group D said that the Group D countries had supported the resolution just adopted, in line with their understanding of the difficult situation of the least developed countries and consistent with their activities in granting co-operation and assistance, on the basis of respect of sovereignty and non-interference in domestic affairs, for the development of the economies of the least developed countries, as reflected in the document they had submitted on this subject to the Conference (TD/264). However, Group D wished to reserve its position on a number of provisions of the resolution. Section IV of the resolution did not take into account the position of principle and the approach of the Group D countries with respect to co-operation with the least developed countries. The Group D countries could not, for reasons of principle, assume any general financial obligations as to the granting of assistance to developing countries, including the least developed countries, over and above the obligations arising within the framework of agreements concluded between them and developing countries. This was the meaning which the Group D countries attached to the reference to the support of the international community for the economic development of the least developed countries used in particular in this section of the resolution. The future action of the Group D countries would be based on this position.

214. He added that, with respect to section X, Group D countries were of the opinion that the question of strengthening the unit of the UNCTAD secretariat dealing with the least developed countries and of making available "the necessary additional resources", and the proposal to transform this unit into a separate division could be examined only within the context of paragraph 12 of resolution 114 (V). With respect to the use in paragraphs 3 (a), 3 (c), 5, 6 and 7, of the term "social needs", Group D countries felt that this term was defined in a very limited fashion and gave ground for different interpretations. The Group D countries considered that "social needs" included, in addition to such universal human requirements as nutrition, housing, education, public health, and employment, such social matters as the implementation of progressive social and economic reforms, the creation and development of an independent national economy, the raising of the living standards of the poorest strata of the populations of least developed countries, and the broad involvement of the popular masses in solving the whole range of problems of national socio-economic development.

215. The representative of the United States of America said that his country supported the objectives and most of the specific proposals contained in the resolution just adopted. His Government attached great importance to the problems of the least developed countries and had taken major steps in recent years to increase its bilateral and multilateral assistance to these countries and to implement

other measures to benefit them. It therefore welcomed the agreement reached on a comprehensive new programme of action for the 1980s for those countries and looked forward to participating actively in the formulation and implementation of that programme. It did, however, have reservations regarding paragraph 13 of the resolution in view of its well-known position regarding the 0.7 per cent target for official development assistance. While the United States was prepared to exert all efforts within its current budgetary constraints and constitutional system to increase its ODA, it could not commit itself to specific targets. The United States recognized that special, energetic and effective measures must be taken to ensure accelerated development of the least developed countries and expected rapidly to expand its assistance to those countries in the near future. In conclusion, he emphasized the importance attached by the United States to the integration of the preparation of the comprehensive new programme of action with the International Development Strategy for the 1980s and the special session of the General Assembly on development to be held in 1980.

216. The representative of the United Kingdom, referring to section IV of the resolution relating to financial assistance requirements and policies, said that his country had the same reservations in this regard as it had with respect to resolution 129 (V) (see para. 129 above).

217. In this connexion, the representative of Switzerland had referred to resolution 122 (V) in his comments made in connexion with the adoption of resolution 129 (V) (see para. 133 above).

### *Economic situation of the Republic of Djibouti*

218. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft recommendation on the economic situation of the Republic of Djibouti (TD/L.181), submitted by the Chairman of Negotiating Group VI.

### *Action by the Conference*

219. At the same meeting, the Conference adopted draft recommendation TD/L.181 by 88 votes to none, with 20 abstentions.<sup>138</sup>

220. The representative of Australia said that his country had supported the recommendation just adopted because of its concern for Djibouti's economic future. However, it did not regard UNCTAD as the appropriate United Nations body to take a decision on the inclusion of Djibouti in the category of the least developed countries. Furthermore, it considered that the wording of the recommendation was not fully in conformity with its views regarding the proper procedure in such matters. Therefore, its support for the recommendation had been given on the understanding that its practical effect was a request that the appropriate United Nations body, namely the Committee for Development Planning, should examine sympathetically and make a decision on Djibouti's case for inclusion in the category of the least developed countries, in accordance with its established and objective criteria at the earliest possible time.

<sup>136</sup> See annex X below, appendix 2, section J.

<sup>137</sup> For the text adopted, see resolution 122 (V).

<sup>138</sup> For the text adopted, see recommendation 118 (V) above.

221. The representative of New Zealand associated himself with the comments of the representative of Australia.

222. The spokesman for Group D said that his Group considered the recommendation just adopted as a recommendation to the appropriate organ of the United Nations system to examine the question of including Djibouti in the category of the least developed countries in strict accordance with existing rules and procedures in the United Nations.

223. The spokesman for Group B said that, while his Group had the deepest sympathy for the grave economic problems of Djibouti, they had abstained in the voting because the eligibility of new applicants for inclusion in the category of the least developed countries was determined on the basis of complex and established criteria by the General Assembly upon the recommendation of the Committee for Development Planning. Group B hoped that the competent organs would consider the case of Djibouti with the greatest urgency, and would be guided by their conclusions.

## X. Land-locked and island developing countries

(Agenda item 16)

224. Item 16 of the agenda was referred to Negotiating Group VI for consideration and report.<sup>139</sup>

### A. Specific action related to the particular needs and problems of land-locked developing countries

(item 16 (a))

225. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Specific action related to the particular needs and problems of land-locked developing countries: issues for consideration" (TD/241).<sup>140</sup>

226. The Conference also had before it the position of the Group of 77 on this subitem as set out in the Arusha Programme (TD/236).<sup>141</sup>

227. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on specific action related to the particular needs and problems of land-locked developing countries (TD/L.179), which had been submitted by the Chairman of Negotiating Group VI for adoption by the Conference, and introduced a number of amendments thereto.

#### Action by the Conference

228. At the same meeting, the Conference adopted draft resolution TD/L.179, as amended, without dissent.<sup>142</sup>

229. The spokesman for Group B said that in agreeing to the resolution just adopted, Group B recognized the right of any country desiring to do so to contribute to the Special Fund for Land-locked Developing Countries. In this connexion, he recalled that with the exception of one member, Group B had consistently abstained on General Assembly resolutions 31/177, 32/113 and 33/145, dealing with that Special Fund, as they intended to channel their assistance to the land-locked developing countries through other existing bilateral and multilateral channels.

### B. Specific action related to the particular needs and problems of island developing countries

(item 16 (b))

230. Under this subitem, the Conference had before it a report by the UNCTAD secretariat entitled "Specific action related to the particular needs and problems of island developing countries: issues for consideration" (TD/242).<sup>143</sup>

231. The Conference also had before it the position of the Group of 77 as set out in the Arusha Programme (TD/236).<sup>144</sup>

232. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on specific action related to the particular needs and problems of island developing countries (TD/L.170), which Negotiating Group VI had recommended for adoption by the Conference.

233. The representative of Malta introduced a number of amendments to the draft resolution.

#### Action by the Conference

234. At the same meeting, the Conference adopted draft resolution TD/L.170, as amended, without dissent.<sup>145</sup>

235. The spokesman for Group D, speaking also on behalf of Mongolia, said that these countries supported the resolution just adopted and had an understanding attitude towards the particular needs and problems of island developing countries. The concrete and constructive suggestions on this question made by them in Negotiating Group VI were reflected in the text of the resolution. As regards paragraph 2 (c) of the resolution, the position of Group D countries and Mongolia on the question of foreign private investment was reflected in the document they had submitted under item 12 (b) on the negative consequences of the activities of foreign private capital in developing countries (TD/266).<sup>146</sup>

<sup>139</sup> See part three, section G, below.

<sup>140</sup> Reproduced in volume III.

<sup>141</sup> See annex VI, section III, below, "Item 16 (a) of the provisional agenda for the fifth session of the Conference".

<sup>142</sup> For the text adopted, see resolution 123 (V).

<sup>143</sup> Reproduced in volume III.

<sup>144</sup> See annex VI, section III, below, "Item 16 (b) of the provisional agenda for the fifth session of the Conference".

<sup>145</sup> For the text adopted, see resolution III (V).

<sup>146</sup> Reproduced in annex VII.F below.



**XI. Trade relations among countries  
having different economic and social systems  
and all trade flows resulting therefrom:**

*Appropriate bilateral and multilateral action to expand and diversify further the trade flows among these countries and, in particular, measures which would contribute to the development of developing countries*

(Agenda item 17)

236. The Conference had before it under item 17 of the agenda a report by the UNCTAD secretariat entitled "Trade relations among countries having different economic and social systems and all trade flows resulting therefrom" (TD/243 and Corr.1),<sup>147</sup> accompanied by the following supporting papers: "Statistical review of trade among countries having different economic and social systems" (TD/243/Supp.1 and Corr.1); "Trade and economic relations between Latin American countries and countries members of CMEA" (TD/243/Supp.2); "Co-operation mechanism among countries having different economic and social systems" (TD/243/Supp.3); "Co-operation in planning between socialist countries of Eastern Europe and developing countries: the experience of the USSR" (TD/243/Supp.4 and Corr.1); "Tripartite industrial co-operation and co-operation in third countries" (TD/243/Supp.5 and Corr.1).<sup>148</sup>

237. The Conference also had before it the position of the Group of 77 as set out in the Arusha Programme (TD/236).<sup>149</sup>

238. Agenda item 17 was referred to Negotiating Group VII for consideration and report.<sup>150</sup>

239. At the 171st plenary meeting, on 3 June 1979, the Chairman of Negotiating Group VII introduced a draft decision on trade relations among countries having different economic and social systems and all trade flows resulting therefrom (TD/L.176), which he had submitted as a result of informal consultations following the completion of the work of Negotiating Group VII.

*Action by the Conference*

240. At the same meeting, the Conference adopted draft decision TD/L.176 without dissent.<sup>151</sup> Under this decision, *inter alia*, the Conference referred to the Trade and Development Board at its nineteenth session two draft resolutions (subsequently issued as TD/L.189 and TD/L.190) which had been submitted in Negotiating Group VII.<sup>152</sup>

241. The representative of China, referring to the decision just adopted, reaffirmed the reservation made by his country in connexion with the adoption of Conference resolution 95 (IV).<sup>153</sup>

<sup>147</sup> Reproduced in volume III.

<sup>148</sup> *Idem*.

<sup>149</sup> See annex VI, section III, below, "Item 17 of the provisional agenda for the fifth session of the Conference".

<sup>150</sup> See part three, section G, below.

<sup>151</sup> For the text adopted, see decision 116 (V).

<sup>152</sup> For the texts of these two draft resolutions, see annex I.A below.

<sup>153</sup> See *Proceedings...*, Fourth Session, vol. I, part two, paras. 197-198.

**XII. Economic co-operation among developing countries**

(a) *Consideration of UNCTAD's work programme on measures for strengthening economic co-operation among developing countries*

(b) *Recommendations for improved institutional arrangements to promote and strengthen economic co-operation among developing countries*

(c) *Measures of support for closer economic co-operation among developing countries*

(Agenda item 18)

242. Under item 18 of the agenda, the Conference had before it a report by the UNCTAD secretariat entitled "Economic co-operation among developing countries: priority areas for action—issues and approaches" (TD/244 and Corr.2), accompanied by a supporting paper entitled "Economic co-operation among developing countries: supplementary material and considerations relating to priority areas for action" (TD/244/Supp.1).<sup>154</sup>

243. At its tenth special session, the Trade and Development Board had taken note of an oral report by the Secretary-General of UNCTAD on the consultations he had undertaken pursuant to paragraph 7 of General Assembly resolution 33/195 of 29 January 1979 concerning the organizing and convening during 1979 of meetings in order to promote the objectives of economic co-operation among developing countries.<sup>155</sup>

244. The Conference had before it the Arusha Programme for Collective Self-Reliance (TD/236) containing a First Short Medium-Term Action Plan for Global Priorities on Economic Co-operation among Developing Countries.<sup>156</sup>

245. The position of the Group of 77 with respect to this agenda item was also before the Conference as set out in the Arusha Programme.<sup>157</sup>

246. Under this item, the Conference also had before it a proposal submitted by the Government of Israel on "A Forum for Trade with Developing Countries" (TD/248).

247. Item 18 of the agenda was referred for consideration and report to Negotiating Group VIII.<sup>158</sup>

248. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on economic co-operation among developing countries (TD/L.182), which Negotiating Group VIII had recommended for adoption by the Conference, and introduced a number of amendments thereto.

*Action by the Conference*

249. At the same meeting, the Conference, after having noted the statement of financial implications (TD/L.182/

<sup>154</sup> Both reproduced in volume III.

<sup>155</sup> *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 15 (A/34/15)*, vol. I, para. 61.

<sup>156</sup> See annex VI, section II, below.

<sup>157</sup> *Idem*, section III, "Item 18 of the provisional agenda for the fifth session of the Conference".

<sup>158</sup> See part three, section G, below.

Add.1),<sup>159</sup> adopted draft resolution TD/L.182, as amended, without dissent.<sup>160</sup>

250. The spokesman for Group D said that Group D countries were sympathetic to the concept of collective self-reliance, primarily as an instrument for economic decolonization. They considered that measures to develop mutual economic co-operation among developing countries must be based on respect for sovereignty, and that the involvement of UNCTAD in such measures must take place within the limits of its competence and without prejudice to its work on other issues. While in general Group D supported the resolution just adopted, it had substantive reservations with respect to certain provisions which concerned the programme of work of UNCTAD and the role of the UNCTAD secretariat in organizing meetings on questions related to economic co-operation among developing countries. In particular, paragraph 13 of the resolution contained a vague provision concerning measures to be taken by the Secretary-General of UNCTAD, the scope and nature of which were not defined sufficiently clearly. In addition, paragraph 15 requested the Board to decide on the convening and the organization of an undefined number of meetings of governmental experts of developing countries, as well as of other countries if they so wished. Because these provisions were not sufficiently well-defined, Group D feared an unjustified proliferation of secretariat activities, some of which might not be necessary and might even be inconsistent with the basic principles of the concept of collective self-reliance. Furthermore, the cost of such activities would place an additional burden on the already strained budget of UNCTAD. Accordingly, Group D did not consider itself bound by the provisions in paragraphs 13 and 15 of the resolution and would have voted against them had they been put to the vote separately.

### XIII. Institutional issues

#### *Consideration of measures to enable UNCTAD to carry out its role more effectively, including the rationalization and restructuring of its permanent machinery*

(Agenda item 19)

251. Under item 19 of the agenda, the Conference had before it a report by the UNCTAD secretariat entitled "Measures to enable UNCTAD to carry out its role more effectively" (TD/245 and Corr.1).<sup>161</sup>

252. The Conference also had before it a draft resolution and a draft proposal submitted on behalf of the States members of the Group of 77, entitled "Rationalization and structuring of the permanent machinery of UNCTAD" (TD/B/L.512), and "Documentation problems and their effect on the work programme of UNCTAD" (TD/B/L.520) respectively,<sup>162</sup> which were referred by the

Trade and Development Board at its tenth special session to the Conference for consideration under this item.<sup>163</sup>

253. Also before the Conference under this item was the position of the Group of 77 as set out in the Arusha Programme (TD/236).<sup>164</sup>

254. Item 19 of the agenda was referred to Negotiating Group I for consideration and report.<sup>165</sup>

#### 1. Institutional issues

255. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on institutional issues (TD/L.174 and Corr.1), which had been recommended by Negotiating Group I for adoption by the Conference.

256. Draft resolution TD/B/L.512 was withdrawn by its sponsors.

#### *Action by the Conference*

257. At the same meeting, the Conference, having first noted the statement of financial implications (TD/L.174/Add.1),<sup>166</sup> adopted draft resolution TD/L.174 and Corr.1 without dissent.<sup>167</sup>

258. The Conference also decided to remit the draft proposal submitted on behalf of the Group of 77 (TD/B/L.520) to the Trade and Development Board for its consideration.<sup>168</sup>

259. The representative of Belgium said that his country considered that the resolution just adopted marked an important step forward in increasing the effectiveness of UNCTAD as an organ of the General Assembly. The role of UNCTAD as a major forum for deliberation, negotiation, review and implementation in the field of international trade and related issues of international economic co-operation had continued to increase in recent years. UNCTAD had been able to exercise such a role owing to the flexible mandate conferred on it by General Assembly resolution 1995 (XIX) and Conference resolution 90 (IV). Belgium also welcomed the fact that the measures outlined in sections II and III of the resolution concerning rationalization and operational flexibility were in line with the spirit of General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations, for Belgium attached particular importance to the fair implementation of that resolution.

#### 2. Use of the Arabic language

260. At the 171st plenary meeting, on 3 June 1979, the President drew attention to a draft resolution on the use of the Arabic language (TD/L.171), which Negotiating Group I had recommended for adoption by the Conference.

<sup>163</sup> *Ibid.*, *Thirty-fourth Session, Supplement No. 15 (A/34/15)*, vol. I, paras. 63 and 99.

<sup>164</sup> See annex VI, section III, below, "Item 19 of the provisional agenda for the fifth session of the Conference".

<sup>165</sup> See part three, section G, below.

<sup>166</sup> See annex X below, appendix 2, section F.

<sup>167</sup> For the text adopted, see resolution 114 (V).

<sup>168</sup> See part one, section A.2, above, "Other decisions" (c) and annex I.B, below.

<sup>159</sup> See annex X below, appendix 2, section M.

<sup>160</sup> For the text adopted, see resolution 127 (V).

<sup>161</sup> Reproduced in volume III.

<sup>162</sup> For the texts of these two drafts, see *Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15)*, vol. II, annex IV.A.

### *Action by the Conference*

261. At the same meeting, the Conference, having first noted the statement of financial implications thereof (TD/L.171/Add.1),<sup>169</sup> adopted draft resolution TD/L.171 without dissent.<sup>170</sup>

262. The representative of the United States of America said that, while his country had joined in the consensus on the resolution just adopted, it wished to reiterate its reservation concerning General Assembly resolution 32/205, a reservation which reflected its broad policy position on United Nations budgetary considerations.<sup>171</sup>

## **XIV. Other business**

(Agenda item 20)

### **A. Particular problems facing Zaire with regard to transport, transit and access to foreign markets**

263. At the 169th plenary meeting, on 30 May 1979, the representative of Cuba introduced a draft resolution on the above issue (TD/L.156), which he had submitted on behalf of the States members of the Group of 77.

264. At the 171st plenary meeting, on 3 June 1979, the representative of Cuba introduced a number of amendments to draft resolution TD/L.156.

### *Action by the Conference*

265. At the same meeting, the Conference adopted draft resolution TD/L.156, as amended, without dissent.<sup>172</sup>

### **B. The economic situation of Tonga**

266. At the 170th plenary meeting, on 1 June 1979, the representative of Cuba introduced a draft recommendation on the economic situation of Tonga (TD/L.165), which he had submitted on behalf of the States members of the Group of 77.

### *Action by the Conference*

267. At the 171st plenary meeting, on 3 June 1979, the Conference adopted draft recommendation TD/L.165 by 85 votes to none, with 20 abstentions.<sup>173</sup>

268. The representative of Australia said that his country had supported the recommendation just adopted because of its concern for Tonga's economic future. However, it did not regard UNCTAD as the appropriate United Nations body to take a decision on the inclusion of Tonga in the category of the least developed countries. Furthermore, it considered that the wording of the recommendation was not fully in conformity with its views regarding the proper procedure in such matters. Therefore,

<sup>169</sup> See annex X below, appendix 2, section G.

<sup>170</sup> For the text adopted, see resolution 115 (V).

<sup>171</sup> "Proposed programme budget for the biennium 1978-1979: report of the Fifth Committee" (*Official Records of the General Assembly, Thirty-second Session, Annexes, agenda item 100, document A/32/490*), para. 72.

<sup>172</sup> For the text adopted, see resolution 110 (V).

<sup>173</sup> For the text adopted, see recommendation 117 (V).

its support for the recommendation had been given on the understanding that its practical effect was a request that the appropriate United Nations body, namely the Committee for Development Planning, should examine sympathetically and make a decision on Tonga's case for inclusion in the category of the least developed countries, in accordance with its established and objective criteria, at the earliest possible time.

269. The representative of New Zealand associated himself with the comments of the representative of Australia.

270. The spokesman for Group D said that his Group considered the recommendation just adopted as a recommendation to the appropriate organ of the United Nations system to examine the question of including Tonga in the category of the least developed countries in strict accordance with existing rules and procedures in the United Nations.

271. The spokesman for Group B said that, while his Group had the deepest sympathy for the grave economic problems of Tonga, they had abstained in the voting because the eligibility of new applicants for inclusion in the category of the least developed countries was determined on the basis of complex and established criteria by the General Assembly upon the recommendation of the Committee for Development Planning. Group B hoped that the competent organs would consider the case of Tonga with the greatest urgency, and would be guided by their conclusions.

### **C. Offer of the Republic of Cuba to host the sixth session of the Conference**

272. At the 170th plenary meeting, on 1 June 1979, the representative of Cuba introduced a draft resolution concerning the offer of his country to host the sixth session of the Conference (TD/L.160/Rev.2), which he had submitted on behalf of States members of the Group of 77.

### *Action by the Conference*

273. At the same meeting, the Conference adopted draft resolution TD/L.160/Rev.2 without dissent.<sup>174</sup>

### **D. Exploitation of the resources of the sea-bed**

274. At the 170th plenary meeting, on 1 June 1979, the representative of Cuba introduced a draft resolution on the exploitation of the resources of the sea-bed (TD/L.159), which he had submitted on behalf of the States members of the Group of 77.

### *Action by the Conference*

275. At the same meeting, the Conference adopted draft resolution TD/L.159 by a roll-call vote of 107 to 9, with 13 abstentions.<sup>175</sup>

<sup>174</sup> For the text adopted, see resolution 107 (V).

<sup>175</sup> The result of the vote was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Barbados; Bhutan; Botswana; Brazil; Bulgaria; Burma; Byelorussian Soviet Socialist Republic; Central African Empire; Chile; China; Colombia; Comoros; Congo; Costa Rica; Cuba; Cyprus; Czechoslovakia; Democratic Kampuchea; Democratic People's

276. The spokesman for Group D said that the Group D countries had voted for the resolution just adopted as they had also voted in favour of Trade and Development Board resolution 176 (XVIII). Group D attached great importance to the question of the commercial exploitation of the resources of the sea-bed and its subsoil. Any unilateral action directed towards the exploitation of the mineral resources of the international region of the sea-bed would be unacceptable and would constitute a violation of the relevant General Assembly resolutions and the basic principles of the international régime for the sea-bed beyond the limits of the continental shelf, which could serve as a basis for a universal convention on the law of the sea.

277. The representative of Switzerland said that, at the eighteenth session of the Board, his country had voted for the resolution adopted on the exploitation of the resources of the sea-bed and the ocean floor. In so doing, it had wished to indicate that it understood the concerns referred to in the text, and to which its authorities had continually drawn attention at the Third United Nations Conference on the Law of the Sea. Nevertheless, Switzerland regretted that the resolution had been put to the vote before being discussed in a negotiating group which would in particular have made it possible to replace the term "warns" in paragraph 3, which did not correspond to the spirit of multilateral co-operation, by the term "emphasizes". Moreover, it did not feel bound by an interpretation of paragraph 1 of the resolution to the effect that non-observance of the provisions of a resolution was tantamount to a violation of international law.

278. The representative of the United Kingdom, speaking also on behalf of Belgium, France, Germany, Federal Republic of, Italy, Japan, Luxembourg, Netherlands and the United States of America recalled the statement made on behalf of these countries in connexion with the adoption of Trade and Development Board resolution 176 (XVIII).<sup>176</sup> He added that the views of these countries remained unchanged on the substance of

the matter in question, as did the reasons which had led them to vote against the resolution just adopted.

279. The representative of Australia said that his delegation had abstained in the voting on the draft resolution, not because it was not in sympathy with many of the views expressed in it, but because it believed that the appropriate forum for discussions of such questions was the United Nations Conference on the Law of the Sea (UNCLOS).

280. The representative of Austria said that while his delegation found itself in agreement with the substance of the draft, it had abstained in the voting owing exclusively to procedural considerations relating to the negotiations in UNCLOS, which had to consider the issues further, and also owing to his country's specific position in those ongoing negotiations.

281. The representative of Canada said that her delegation had abstained in the voting on the draft resolution. As it had stated at UNCLOS, Canada recognized the pressures on industrialized States to enact national sea-bed mining legislation. It also recognized and sympathized with the concerns of the developing countries on this issue, particularly regarding the implications that unilateral action regarding the exploitation of the deep sea-bed might have. Such considerations argued eloquently for redoubled efforts to achieve a successful conclusion to UNCLOS when it resumed its eighth session. Canada distinguished between the right to develop ocean technology and related deep sea-bed activities directed to that end in the absence of a law of the sea treaty, and actual exploitation of the sea bed in the absence of such a treaty. Canada supported the former, but not the latter. As Canada saw no urgency in having such legislation in place, it had urged industrialized States to be patient in the light of the significant progress achieved to date at UNCLOS. It was Canada's view that all States must be guided by the need to ensure that the law of the sea negotiations continued to progress to a successful achievement of a global treaty on ocean use which benefited all nations. Anything which might be perceived as inconsistent with the common heritage concept could interrupt the negotiating momentum and should be avoided. In conclusion, she said that, while Canada could support some of the paragraphs in the draft resolution, it had abstained in the voting because, in its view, UNCTAD was not the appropriate forum to consider law-of-the-sea issues in the light of the continuing negotiations in UNCLOS.

282. The representative of Denmark, recalling the statements made on behalf of his country at the eighteenth session of the Trade and Development Board,<sup>177</sup> said that his delegation had abstained in the vote because it considered that UNCTAD was not the appropriate forum for dealing with substantive issues relating to UNCLOS, which should be left to that Conference. Its abstention, however, should not be taken as prejudging Denmark's position on the substance of the resolution just adopted.

283. The representative of Finland said that his delegation, in voting in favour of General Assembly resolution 2574 D (XXIV), had expressed its basic attitude on the question of a moratorium on the exploitation of the

Republic of Korea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; El Salvador; Ethiopia; Fiji; Gabon; Gambia; German Democratic Republic; Ghana; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Hungary; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Kuwait; Lebanon; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Niger; Nigeria; Oman; Pakistan; Panama; Papua New Guinea; Peru; Philippines; Poland; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Sierra Leone; Singapore; Somalia; Sri Lanka; Sudan; Suriname; Swaziland; Switzerland; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkey; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Republic of Tanzania; Upper Volta; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

*Against:* Belgium; France; Germany, Federal Republic of; Italy; Japan; Luxembourg; Netherlands; United Kingdom of Great Britain and Northern Ireland; United States of America.

*Abstentions:* Australia; Austria; Canada; Denmark; Finland; Greece; Ireland; Israel; New Zealand; Norway; Portugal; Spain; Sweden.

For the text adopted, see resolution 108 (V).

<sup>176</sup> *Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. II, paras. 304-305.*

<sup>177</sup> *Ibid.*, para. 313.

sea-bed. It had also expressed, at the seventh session of UNCLOS, its deep concern regarding the situation in which that Conference would find itself if participating countries were now to enact unilateral legislation permitting deep sea mining. It was Finland's opinion that the substance of the resolution just voted on should be dealt with by UNCLOS, and it had been on that basis that his delegation had abstained in the voting. This should not be considered as an expression of its position on the matters of substance.

284. The representative of Greece said that his delegation had abstained in the voting, as it had in respect of Trade and Development Board resolution 176 (XVIII), solely because it believed that the issues raised were within the purview of UNCLOS.

285. The representative of Ireland stated that his delegation had abstained in the voting as it considered that UNCLOS was the appropriate forum for consideration of the matter.

286. The representative of Israel said that his delegation had abstained in the voting because the issues raised were still under discussion in UNCLOS, which was the appropriate forum to deal with the subject. Israel had also abstained in the voting on Trade and Development Board resolution 176 (XVIII). Its abstention, however, did not prejudice its position on the substance of the matter.

287. The representative of New Zealand said that his delegation had abstained in the voting as it did not believe it was procedurally appropriate to consider such matters within the UNCTAD context when they were formally within the mandate of UNCLOS. However, his Government fully supported the concept that the deep sea-bed was the common heritage of mankind and it also supported the general thrust of the resolution just adopted.

288. The representative of Norway said that, as to the substance of the resolution just adopted, his Government shared the view that unilateral national legislation on the exploitation of the sea-bed and the ocean floor beyond the limits of national jurisdiction might have undesirable consequences, and was not planning such legislation. It felt that matters relating to the law of the sea should be dealt with by UNCLOS, which had been entrusted with such tasks. Norway did not consider UNCTAD to be the appropriate forum for this issue, and had accordingly abstained in the voting.

289. The representative of Portugal said that his delegation had abstained in the voting because it considered that the issues raised in the resolution fell within the mandate of UNCLOS. Its abstention, however, did not prejudice its position as regards the substance of the matter, as defined in the appropriate forum.

290. The representative of Spain said that his delegation had abstained in the voting owing to its view, which had been expressed at the eighteenth session of the Trade and Development Board, that UNCTAD was not the appropriate forum for dealing with matters relating to the exploitation of the resources of the sea-bed. The appropriate forum for discussion of such issues was UNCLOS, which was shortly to resume its work.

291. The representative of Sweden said that the issues raised in the resolution just adopted had recently been considered by UNCLOS. As it had stated at that Conference, Sweden shared the concern regarding the situation in

which UNCLOS would find itself as a result of unilateral legislation permitting deep-sea mining. Sweden had also voted in favour of General Assembly resolution 2574 D (XXIV). It considered, however, that the question raised in the resolution just adopted should be considered in UNCLOS. The fact that Sweden had abstained in the voting did not in any way prejudice its position on the substance of the matter.

292. At the 171st plenary meeting, on 3 June 1979, the representative of Nepal stated that, had his delegation been present during the voting, it would have voted in favour of resolution 108 (V).

#### *E. Assistance to national liberation movements recognized by regional intergovernmental organizations*

293. At the 170th plenary meeting, on 1 June 1979, the representative of Cuba introduced a draft resolution on assistance to national liberation movements recognized by regional intergovernmental organizations (TD/L.162), which he had submitted on behalf of the States members of the Group of 77.

294. Speaking in explanation of vote before the vote, the representative of Israel said it was no secret that part of draft resolution TD/L.162 had been inspired and initiated by the so-called Palestine Liberation Organization (PLO). He regretted the attempt of certain countries to involve the Conference in sensitive political matters which were outside the scope and competence of UNCTAD, although he was aware that certain countries, which were truly concerned that the process of peace in the Middle East should be successful, had fought against the introduction of disruptive political elements into the Conference. Draft resolution TD/L.162 went against the positive tradition built up in UNCTAD over the years of dealing with economic and social issues of great importance to developing countries and avoiding references to political disputes. Some of the paragraphs of the draft were clearly politically motivated and the operative part requested the Secretary-General of UNCTAD to initiate studies in collaboration with the so-called PLO, without mentioning that organization by name. The aims of the PLO were destructive; its nature was vicious; its method was terror. Accordingly, Israel rejected draft resolution TD/L.162 and objected to any kind of collaboration with the PLO. Moreover, it would not co-operate in any action emanating from the draft resolution.

#### *Action by the Conference*

295. At the 170th plenary meeting, on 1 June 1979, The Conference adopted draft resolution TD/L.162 by a roll-call vote of 91 votes to 16, with 14 abstentions.<sup>178</sup>

<sup>178</sup> The result of the vote was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Botswana; Brazil; Bulgaria; Burma; Byelorussian Soviet Socialist Republic; China; Colombia; Comoros; Cuba; Cyprus; Czechoslovakia; Democratic Kampuchea; Democratic People's Republic of Korea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; Ethiopia; Gabon; Gambia; German Democratic Republic; Ghana; Guinea; Guinea-Bissau; Guyana; Haiti; Hungary; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Kuwait; Lebanon; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malaysia; Mali; Malta; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Nigeria; Oman; Pakistan; Panama; Peru;

296. The spokesman for Group D said that the members of Group D had voted in favour of the resolution in line with their position of principle on this important and critical question. They had always consistently and resolutely supported the struggle of peoples for national and social liberation and were taking practical measures, including economic measures, to that end. In this connexion, he recalled that it had been the members of Group D that had taken the initiative with regard to General Assembly resolution 1514 (XV), of 14 December 1960, containing the Declaration on the Granting of Independence to Colonial Countries and Peoples. At the resumed thirty-third session of the General Assembly, on the question of Namibia, the members of Group D had spoken in favour of taking drastic measures against the *apartheid* régime in South Africa and providing all necessary assistance to the peoples struggling for national liberation in southern Africa. The Group D States also supported the demands set out in the draft resolution on the need to prevent transnational corporations from providing any further assistance to the *apartheid* régime in South Africa, which the Commission on Transnational corporations at its fifth session, had recommended for adoption by the Economic and Social Council.<sup>179</sup> Furthermore they condemned the attempts being made to impose on the peoples of Zimbabwe, Namibia and South Africa neo-colonialist solutions that were alien to them and that might engender new conflicts in that part of the world. True to their position of principle, the Group D states reiterated their support for measures directed towards the realization of the inalienable right of the Palestinian people to self-determination and the establishment of its own State. In this connexion, they were in favour of a comprehensive political settlement in the Middle East, something that could be attained only through the participation of all parties concerned, including the PLO. The Group D States considered that the implementation of the resolution just adopted would represent a further step towards the complete liberation of peoples living under colonial domination and foreign occupation.

297. The representative of Brazil said that his country fully supported the resolution just adopted. It did, however, consider that the sixth preambular paragraph was drafted in an excessively broad way since colonial domination and foreign occupation were separate phenomena

which did not always occur together and should thus be considered separately.

298. The representative of Iraq said that he had voted in favour of the resolution just adopted and believed that the subject of the resolution related to the core of UNCTAD work, as one of the fundamental issues before UNCTAD related to the restrictive business practices of the transnational corporations belonging to the Governments of those colonial countries which claimed that the issue was non-political. It was well known that transnational corporations were now supplying the Governments of racist South Africa and the Zionist entity with oil at high prices that was not being offered to the countries concerned. Moreover, the world's peoples knew that Zionism and the Smith racist Government were co-operating with transnational corporations in exploiting developing countries' resources. UNCTAD must concentrate on trade practices and on the activities of transnational corporations of the colonial countries, which always claimed that UNCTAD was not concerned with political matters.

299. The representative of Jamaica said that her country had voted in favour of the resolution because it strongly supported the notion of assistance to national liberation movements recognized by regional intergovernmental organizations. It did, however, have a reservation concerning some of the implications of the wording of the sixth preambular paragraph.

300. The representative of Mexico said that his country had voted for the resolution as it was in line with Mexico's position on the issue. However, it did have certain doubts regarding the wording of the sixth preambular paragraph. Moreover, its vote for the resolution did not affect the position taken by Mexico when the General Assembly had adopted resolution 3236 (XXIX).

301. The representative of Romania said that his country had voted in favour of the resolution because it had always supported the struggle of the peoples of Zimbabwe and Namibia for freedom and national independence, as well as the struggle of the majority of the population in South Africa against racist policies and *apartheid*. Romania had consistently and firmly stood for the withdrawal of Israel from the Arab territories occupied in 1967 and for the solution of the problem of the Palestinian people, including the creation of an independent Palestinian State and recognition of the PLO as the authentic and legitimate representative of the Palestine people.

302. The representative of the Syrian Arab Republic said that he had voted in favour of the resolution because of Zionism's racist practices vis-à-vis the Arab Palestinian people, and also because of the racist practices to which some African peoples were subjected. No wonder that the representatives of the Zionist racist entity—the usurper of Arab Palestine—defied and objected to this resolution, while continuing to defy the will of the international community, as embodied in United Nations resolutions dealing with the question of the Middle East. Those resolutions upheld the rights of the Palestinian people who had been displaced from their own homeland by racist Zionism which had replaced them with individuals brought from the various corners of the globe. Racist Zionism subjected the Palestinian people and the inhabitants of occupied Arab territories to the worst kind of exploitation

Philippines; Poland; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Sierra Leone; Singapore; Somalia; Sudan; Suriname; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkey; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Republic of Tanzania; Upper Volta; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaïre; Zambia.

*Against:* Australia; Austria; Belgium; Canada; Denmark; France; Germany, Federal Republic of; Israel; Italy; Luxembourg; Netherlands; New Zealand; Norway; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America.

*Abstentions:* Chile; Costa Rica; El Salvador; Fiji; Finland; Greece; Guatemala; Ireland; Japan; Malawi; Portugal; Spain; Sweden; Uruguay.

For the text adopted, see resolution 109 (V).

<sup>179</sup> *Official Records of the Economic and Social Council, 1979, Supplement No. 8 (E/1979/38), para. 1.*

humanity had ever witnessed, and exploited Arab material and human wealth, falsified history, violated Arab individual basic human rights, and desecrated Arab and Islamic holy places, thereby disregarding Arab, Christian and Moslem sensibilities, within, as well as outside, the occupied Arab territories. Occupying Zionism combined all forms of colonialism, old and new, such as exploitation and plundering of resources, and the subjugation of developing nations. Having secured a so-called treaty with an Arab political régime, giving it an absolute right to invade, plunder and occupy Arab territories, and to deny the Palestinian people their legitimate rights which had been upheld by the international community, the Zionist entity was now legalizing its colonial expansion.

303. The spokesman for the States members of the European Economic Community said that these States had not been able to support the resolution just adopted. Apart from the fact that they deplored the introduction of questions which were alien to the purposes of the Conference, and which were in any case under discussion elsewhere in the United Nations, they felt that the text of the resolution was based on a confusion, pure and simple, of situations which were by their nature completely different, both politically and legally. The position of the States members of the Community, whether regarding the right of the Palestinian people to a homeland, or the basic condemnation of *apartheid*, or regarding efforts to find a peaceful settlement to the problems of Rhodesia and Namibia, were sufficiently well known as to require no repetition. In these circumstances, they felt it was particularly inappropriate to attempt, by means of a resolution whose practical implications were far from clear, to merge two different problems in a completely artificial manner.

304. The representative of Canada said that her country had voted against the resolution just adopted because it considered that UNCTAD was not the appropriate forum to examine questions of a political nature.

305. The representative of the United States of America said that his country strongly opposed the resolution just adopted, which had marked an unfortunate interruption in the negotiations at the Conference and had caused it to divert its attention from the important economic issues before it. UNCTAD was not the proper place to raise such a fundamental political issue as was contained in the resolution but rather a place to find solutions to the problems associated with trade and development. The resolution clearly called into question the legitimacy and sovereignty of Israel. This was particularly unfortunate at the present time when so much important progress had been made towards the objective of achieving a just peace in the Middle East and when talks were under way on autonomy for the West Bank and the Gaza Strip. The resolution also called into question the legitimacy of South Africa and raised questions relating to the issues of permanent sovereignty over natural resources and economic activities, on which the views of the United States were well known. It would be regrettable if the issues raised in the resolution were to be brought to the Trade and Development Board and thus divert that body's attention from its basic task which was the enhancement of the economic and social development of all peoples. Furthermore, adoption of the resolution at the present time was almost certain to have an

adverse impact on world-wide public opinion regarding the work of the Conference and of UNCTAD itself.

306. The representatives of Chile, Costa Rica and El Salvador said that their countries had abstained in the voting because they considered that UNCTAD was a forum that should concentrate on technical and economic issues of concern to the developing countries and not on political issues, for which there were other fora within the United Nations system.

307. The observer for PLO expressed his appreciation to the delegations that had voted in favour of the resolution, and had thereby expressed their solidarity with the national liberation movements, not only in Palestine, but also in Zimbabwe and Namibia. It seemed that some people considered the Palestinian nation to be a fictitious entity that had no economic or social existence. However, the economic submissiveness that the Palestinian nation was experiencing, the plundering of its economic and natural resources, and the social persecution it was being subjugated to would not affect the Palestinian nation. The Palestinian people was one endowed with political rights which they had defended with the assistance of many friends both within and outside United Nations fora dealing basically with political problems and liberation and nationalistic questions. They did have economic interests and economic wealth that was daily being spoliated. They did have a land that was daily being usurped, besides the occupied territories and the sacred places that were desecrated every day. They had social rights of which they were deprived as a Palestinian people. On that premise, they had presented—jointly with the African liberation movements—the draft resolution just adopted, asking that UNCTAD undertake—within the scope of its competence—studies devoted to the situation of the peoples of South Africa, Namibia, Zimbabwe and Palestine, to bring to the fore the wretched living conditions of these peoples as a result of foreign occupation and colonial domination. They had not asked that UNCTAD talk about the people's right to self-determination, nor about the Palestinian people's right to live freely on their soil and to the establishment of an independent Palestinian State. He regretted that those who claimed that UNCTAD was not a political forum were the same people who had inserted a political element into the debate at the present meeting, and who had referred to the political situation in the region. He had wished to limit the discussion to the Palestinian people's socio-economic rights. Those who did not want political matters to be introduced were the same people that refused to recognize the Palestinian people's legitimate rights in the political fora in which this question was discussed. All knew which were the countries that were fighting against that people's right to independence and self-determination.

#### F. Protectionism in the services sector

308. At the 171st plenary meeting, on 3 June 1979, the representative of Cuba introduced a draft resolution on protectionism in the services sector (TD/L.168), which he had submitted on behalf of the States members of the Group of 77.

*Action by the Conference*

309. At the same meeting, the Conference adopted draft resolution TD/L.168 by a roll-call vote of 91 votes to 23, with 1 abstention.<sup>180</sup>

310. The spokesman for Group B said that the members of his Group had voted against or abstained on the resolution on procedural grounds as they considered the International Civil Aviation Organization to be the appropriate forum for consideration of civil aviation matters. The members of Group B had no common position on the substance of the issues involved.

311. The spokesman for Group D, speaking also on behalf of Mongolia, said that the position of these countries on problems of protectionism and restrictive business practices had been made clear in the relevant documents of the Conference and in statements by their representatives. The provisions contained in paragraph 1 of the resolution just adopted could not be applied to the organizations of the Group D countries operating in the services sector, e.g., airlines. The overwhelming majority of flights of their countries' airlines included three to five landings along the same route, although the airlines of their countries often experienced the same difficulties as airlines of other countries. In particular, in making a large number of regular flights to the developing countries of Africa and Asia, the airlines of the Group D countries did so on a reciprocal basis, thereby contributing towards the expansion of the network of airlines which crossed these countries and also to the development of transport between them.

*G. Role of the public sector in the expansion of the share of the developing countries in international trade*

312. At the 171st plenary meeting, on 3 June 1979, the President announced that, in view of the lack of adequate time to consider the matter, Mongolia, which was the sponsor of a draft decision on the role of the public sector in the expansion of the share of the developing countries in international trade (TD/L.158), had decided to withdraw the draft decision.

<sup>180</sup> The result of the vote was as follows:

*In favour:* Afghanistan; Algeria; Argentina; Bahrain; Bangladesh; Barbados; Bhutan; Brazil; Bulgaria; Burma; Byelorussian Soviet Socialist Republic; Chile; China; Colombia; Comoros; Congo; Cuba; Czechoslovakia; Democratic Kampuchea; Democratic Yemen; Djibouti; Dominican Republic; Ecuador; Egypt; Ethiopia; Fiji; Gabon; German Democratic Republic; Ghana; Guatemala; Guinea; Guinea-Bissau; Hungary; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Kenya; Lesotho; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Nepal; Niger; Nigeria; Oman; Pakistan; Peru; Philippines; Poland; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Saudi Arabia; Senegal; Singapore; Somalia; Sri Lanka; Sudan; Swaziland; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Uganda; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Republic of Tanzania; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

*Against:* Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany, Federal Republic of; Greece; Ireland; Israel; Italy; Japan; Luxembourg; Netherlands; New Zealand; Norway; Portugal; Spain; Sweden; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America.

*Abstentions:* Turkey.

For the text adopted, see resolution 119 (V).

*XV. Statements made at the closing meeting of the session*

313. The spokesman for the Group of 77 said that the States members of the Group of 77 had come to the Conference determined to achieve agreements that would be satisfactory for the international community. At their regional meetings and, most recently, at the Arusha meeting, the members of the Group of 77 had demonstrated their constructive attitude in approaching the serious problems of the international economy in a realistic manner, reflecting the fact that the world economy was at present in its most severe crisis since the Second World War. The Group of 77 could not, of course, fail to express its concern regarding the poor results of the negotiations that had been undertaken since the fourth session of the Conference, and regarding the virtually complete halt of the process aimed at the implementation of the Declaration and the Programme of Action on the Establishment of a New International Economic Order<sup>181</sup> owing to the lack of political will on the part of most of the developed countries. Now that the fifth session of the Conference was drawing to a close, it was necessary to ask what contribution it had made to solving the problems confronting the world as regards the unjust distribution of resources and the inefficient and discriminatory use of those resources, which were factors that fuelled the world crisis and maintained three-quarters of the world's population in a state of underdevelopment. On this occasion, as it had in Arusha, the Group of 77 wished to stress that the present crisis was a symptom of structural maladjustments and not a cyclical phenomenon, and that, consequently, the measures required to cure this profound illness must be suited to the problems being confronted and not just superficial and temporary remedies. Working out solutions designed to bring about adjustments that were only temporary, and that were developed piecemeal and without the effective participation of the developing countries was certainly not the way to take a serious approach to the dramatic situation of those countries—quite the reverse. Such a manner of proceeding, in an international economic context of the kind existing at present, and given the rapid and inevitable changes that were taking place in international economic relations, not only stood in the way of the necessary structural changes but also heightened the impact of the crisis on the developing countries.

314. He added that the problems faced by the developing countries owing to the pressure exerted by the constant increase in the costs of their imports remained without solution, as did the continued fluctuation in commodity prices, the closure of foreign markets through protectionism and the general deterioration of the terms of trade of the developing countries, together with the adverse impact on the purchasing power of their depreciated monetary reserves caused by the increase in their balance-of-payments deficits and the growth of their external indebtedness. The Group of 77 had expected a greater degree of co-operation from the developed countries in fulfilling their international commitments to contribute to the establishment of the New International Economic Order. Certain delegations had referred during the Conference to the question of energy. It had been shown that it

<sup>181</sup> General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.



was incorrect to ascribe responsibility for the acceleration of world inflation to the oil-exporting countries. It had to be said that the recent increases in oil prices were attributable to the squandering of energy in the richest industrialized countries, seven of which accounted for well over half of world consumption of oil. This problem had to be tackled as a whole, and as a matter of urgency. The impact of this situation on the developing countries that were totally or partially lacking in energy resources could not be hidden. Their balances of payments had become worse owing to the deterioration in their terms of trade, protectionist policies against their manufactured exports, excessive costs of their imports of goods and services from the industrialized countries owing to inflation in these countries, monetary fluctuations, and the decline in the prices of the commodities exported by developing countries, among other factors.

315. In this context, he continued, economic co-operation among developing countries took on even greater importance, although it was no replacement for negotiations with the developed countries and it could not release those countries from their responsibilities for the fulfilment of their international obligations. Collective self-reliance involved support for mutual efforts in order to defend, *inter alia*, the price of developing countries' exports of commodities, including oil and manufactures, and, since the question of energy was crucial for development, the Group of 77 considered that, within the framework of co-operation, due attention should be paid to this together with trade, the transfer and development of technology, and monetary and financial issues. All this would strengthen the negotiating position of the developing countries, reduce dependence and bar the way to diversionary manoeuvres. In expressing these truths, the States members of the Group of 77 wished to reiterate their readiness to negotiate at any time, as in the past and during the present Conference. They also reiterated their solidarity as regards the principles that inspired them and reaffirmed their decision not to flag in their efforts to achieve the establishment of a new international economic order.

316. The spokesman for the Group of 77 also stated that his Group had agreed on the following decision at a meeting held during the Conference:

*The Group of 77,*

*Recognizing* the urgent need to find means of achieving the strategy of collective self-reliance as one of the key elements in the New International Economic Order, thus fulfilling the Mexico City Action Programme for Economic Co-operation among Developing Countries of 1976 and the Arusha Programme for Collective Self-Reliance, exploring all the multilateral possibilities for economic co-operation within the Group of 77, in particular in favour of the least developed countries, and in order to exchange information on the existing programmes of the least developed countries,

*Taking note* with deep appreciation and welcoming the important initiative of President Marcos of the Philippines in proposing the immediate establishment of a mechanism to implement such co-operation, in which the States members of the Group of 77 would participate in a suitable manner,

*Recommends* that the Ministerial Meeting of the Group of 77 scheduled to be held during the thirty-fourth session of the General Assembly should consider the establishment of an *ad hoc* committee for the purposes mentioned above.

317. In conclusion, the spokesman for the Group of 77 expressed the gratitude and appreciation of his Group to the President and the First Lady of the Philippines, and to the Government and people of the Philippines, for the

excellent facilities provided for the Conference and for the warm hospitality which participants had enjoyed. He also paid a tribute to the work of the President of the Conference.

318. The spokesman for Group B said that the three years since the fourth session of the Conference had been characterized by wide and increasing international co-operation between developed and developing countries, expressed in a number of specific decisions or accords. Recognizing this, Group B had approached the Conference with the political objective of signalling to the world its wish to make further progress at the Conference, and to continue this process through the programme of negotiations which had already been scheduled for the coming year. Before the Conference, many observers had pointed to the fact that there was no central issue or issues, as there had been at the previous sessions of the Conference, and that the range of the agenda and the volume of previous negotiations made it unrealistic to expect anything that might be characterized by the word "break-through". Despite this, some observers had persisted at the outset in presenting the issues in what, it was to be hoped, were the outmoded terms of confrontation. The host Government had certainly not adopted that viewpoint. President Marcos and Mrs. Marcos in their speeches to the Conference and in their discussions with many representatives in recent days had urged participants in the Conference to agree where they could, but also to continue to work further in a good spirit where it was not possible immediately to find the basis for agreement. This, in the view of Group B, was what had been done. He expressed concern that he could not at the present moment analyse and respond to the statement just made by the spokesman for the Group of 77, which contained interesting points. He expected that, once Group B had seen the text of that statement, it would wish to revert to the matters raised in it at the nineteenth session of the Trade and Development Board.

319. In conclusion, he expressed the thanks of Group B to the Government of the Philippines; to its President and First Lady, to the President of the Conference, and to the people of the Philippines who had accomplished the difficult task of preparing and managing such a large Conference with such perfection.

320. The spokesman for Group D said that the fifth session of the Conference was taking place at a time when serious difficulties were being encountered in the field of international economic co-operation. The crisis that had been affecting the free-market economy more and more in recent years had seriously impeded the development of international trade and socio-economic progress in the developing countries. The views of the Group D countries with regard to the current state of the world economy were set out extensively in document TD/249<sup>182</sup> and had also been reflected in the statements made by their representatives during the general debate. Those statements had dealt both with the unfavourable trends in contemporary inter-State economic relations and with the positive achievements of the 1970s, namely the further reduction of international tension as a major element in contemporary international relations and the strengthening of détente as a necessary condition for the solution of modern problems in

<sup>182</sup> Reproduced in annex VII.A below.

the field of world trade and socio-economic development. One of the important achievements of the 1970s had been the strengthening of the historical process of the national liberation of peoples in Asia, Africa and Latin America; the further development of this process was an inseparable part of profound socio-economic changes directed towards the complete mobilization of internal resources, the introduction of State economic planning, industrialization, agricultural reform and the development of equitable international co-operation. Recognizing the important role played by UNCTAD in the development of such co-operation, the members of Group D had taken an active part in the work of the Conference and had tried to work out mutually acceptable decisions for all items on the agenda. In this connexion, they had made a number of proposals concerning the role of transnational corporations in trade in commodities, manufactures and semi-manufactures, the limitation of the negative consequences of the activities of foreign private capital in developing countries, the protectionist measures taken in recent years by the leading capitalist States, including measures directed against the socialist countries, and co-operation with the least developed countries.

321. He added that, in the course of the Conference, Group D had made specific proposals directed towards the further expansion and strengthening of international trade and economic co-operation. Those proposals had related to such fields as the implementation of the Integrated Programme for Commodities, the rapid conclusion of a code of conduct for the transfer of technology, trade relations among countries having different socio-economic systems, the activities of transnational corporations, the use of "flags of convenience" in world shipping, and the limitation of the adverse consequences of the activities of foreign private capital in developing countries. However, the Conference had been unable to arrive at constructive decisions on a number of important questions; in particular, it had been unable to take any decision on agenda item 8 because of fundamental disagreements among the various groups of countries, and above all between the Group of 77 and Group B, as to the evaluation of the current trade and economic situation. Group D, which had been the originator of the item, had consistently spoken in favour of the adoption of a resolution which would have provided a clear and unambiguous evaluation of the current trade and economic situation in the world, indicated the real reasons and sources of the current economic difficulties and disorders and, in particular, provided a fundamental evaluation of the role of transnational corporations, the policies of which went against the interests of the vast majority of mankind; such a resolution would also have indicated real ways and means of overcoming the difficulties that had arisen.

322. In general, he continued, the fifth session of the Conference could have achieved much more than it had, in particular with respect to the major and urgent problems that lay behind the current state of trade and economic relations in the world. For Group D, these problems included the development of trade relations among countries having different economic and social systems. The draft resolution submitted by Group D on this question had been transmitted to the permanent machinery of UNCTAD for consideration. In this connexion, Group D declared its intention to continue the policy of broadening and

strengthening trade, economic, scientific and technical co-operation with countries having different economic and social systems, for which the principal prerequisites were the consolidation of the process of international détente, the reduction of military expenditure and the limitation and cessation of the arms race. Thanks to the spirit of Helsinki, relations with the developed capitalist States had in many respects received a new impetus and had developed rapidly. The Group D countries intended to develop these relations further on the basis of equality and mutual benefit.

323. He added that trade and economic co-operation between the socialist countries of Eastern Europe and the developing countries had been one of the most dynamic sectors of world economic relations throughout UNCTAD's existence. Those socialist countries were prepared to increase still further the assistance they were giving to developing countries in order to strengthen their economic independence, establish modern economic structures, introduce progressive socio-economic change and, in short, expand the entire range of their trade, economic, scientific and technical co-operation in ways that were as consistent as possible with the socio-economic structure of the socialist countries. Group D countries were ready to co-operate with other countries in the future in order to deal with such urgent issues as the fight against protectionism and the elimination of discrimination in international economic relations, the control and limitation of the activities of transnational corporations, the completion of measures outlined by UNCTAD with regard to regulating the markets for commodities and manufactures, the transfer of technology, restrictive business practices, shipping, economic co-operation among developing countries, special measures in favour of the least developed countries and other problems. A number of useful decisions had been taken at the Conference, problems requiring further attention had been identified and the various points of view on current international economic problems had been compared. UNCTAD must promote efforts to deal with the problems that now confronted it as a result of the latest developments in the world economy and international trade.

324. In conclusion, he expressed the appreciation of Group D for the efforts made by the people and Government of the Philippines, and the personal interventions of the President and the First Lady of the Philippines, which had contributed to the positive results of the Conference. He added that the experience and energy of the President of the Conference had greatly assisted the Conference in resolving crucial issues.

325. The representative of China said that, from the outset, the fifth session of the Conference had received the strong support of President Marcos of the Philippines who had created a most favourable atmosphere for the session. The statements made by the First Lady of the Philippines, on behalf of the Philippines delegation, had generated the momentum for the session. China expressed its profound appreciation to the host country for all the facilities and assistance offered to the Conference. As a result of intensive consultations and after overcoming many obstacles the Conference had adopted a number of resolutions which, to a certain extent, reflected the demands of the developing countries. Proceedings at the present session

had demonstrated the urgent need of the developing countries for the transformation of the existing unfair and inequitable international economic relations and their desire for the early establishment of the New International Economic Order. On the basis of the Arusha Programme, the Group of 77 had submitted a series of draft resolutions on structural changes in the fields of industry and trade, reform of the international economic system, modification of the principles and rules governing international economic relations, commodities, manufactures, trade, finance, shipping, and the transfer of technology. The proposals of the Group of 77 had been justified, reasonable, and in conformity with the requirements for the establishment of the New Economic Order and China had expressed its clear support for those proposals. During the Conference, China had also made clear its commitment to both the first and the second windows of the common fund. Some of the developed countries which sympathized with the demands of the developing countries had also made useful efforts during the session. China regretted, however, that a number of important proposals tabled by the developing countries had not been adopted because of the obstacles posed by the super-Powers. At present, one serious problem in international trade was the intensification of protectionism. The agreement reached on this issue fell short of the demands of the developing countries. China was obliged to point out that the super-Power which claimed to be a supporter of the developing countries had made no commitments to either window of the common fund. On the issue of the economic development and trade of the developing countries it had stubbornly refused to undertake any responsibility. In defiance of the wish of the majority of participants to concentrate the discussion on economic problems, that super-Power had repeatedly tried to peddle its sham disarmament and sham détente. Such interference with the proceedings of the Conference had provoked opposition from many delegations. The representative of this same super-Power, confusing black with white, had also attacked China by innuendo. Facts indicated clearly that it had been the big hegemonist which had backed up the small

hegemonist to provoke border conflicts with China, obliging China to counter-attack in self-defence. China's action had been entirely just—it did not want a single inch of foreign territory, nor had it stationed a single soldier on foreign soil. Thus China could not be charged with committing aggression. As was known to all, it had been the big hegemonist which had helped the small hegemonist to launch a massive armed invasion against Kampuchea. Its more than 100,000 troops were still in Kampuchea where the flames of war continued to spread, thus seriously threatening the peace and security of South-East Asia and the Asian-Pacific region as a whole. The invading army must be withdrawn from Kampuchea. The attempts by the big and small hegemonists to divert attention and cover up their crime of aggression would come to no avail.

326. He added that the numerous difficulties and obstacles which had been encountered during the session testified to the fact that the task of establishing the New International Economic Order was an arduous one. China believed, however, that the common and just goal would inevitably be reached as long as the developing countries strengthened their unity and co-operation and relied on their collective force and their own unremitting efforts.

327. In conclusion, he expressed the gratitude of China to the Government and people of the Philippines for their warm hospitality during the session, and expressed China's appreciation of the work done by the President of the Conference.

328. The representative of the Union of Soviet Socialist Republics, speaking in exercise of the right of reply, said that the intervention by the representative of China contained a number of absurd issues. His delegation rejected all the arrogant fabrications in that statement which showed once again that China was striving to undermine proceedings within the UNCTAD framework which should be concerned with real problems of international economic relations and be aimed at co-operation and the mutual understanding of peoples.

## Part three

### ORGANIZATIONAL AND PROCEDURAL MATTERS

#### A. Opening of the Conference

(Agenda item 1)

1. The fifth session of the United Nations Conference on Trade and Development was held at the Philippine International Convention Center, Manila, Philippines. The session was opened on Monday, 7 May 1979, under the temporary presidency of Mr. Eliud T. Mwamunga (Kenya), President of the Conference at its fourth session.

#### B. Election of the President

(Agenda item 2)

2. At its 146th plenary (opening) meeting, on 7 May 1979, the Conference elected as its President Mr. Carlos P. Rómulo, Minister for Foreign Affairs of the Republic of the Philippines.

#### C. Report of the Pre-Conference Meeting

3. At its 146th plenary meeting, on 7 May 1979, the Conference took note of the report of the Pre-Conference Meeting, held at Manila on 4 May 1979 (TD/247), submitted by Mr. D. L. Castellanos (Venezuela), President of the Trade and Development Board, in his capacity as Chairman of that Meeting, and accepted the recommendations contained therein.

#### D. Election of Vice-Presidents and the Rapporteur

(Agenda item 4)

4. At its 146th plenary meeting, on 7 May 1979, the Conference elected Mr. D. Laloux (Belgium) as its Rapporteur.

5. At the same meeting, the Conference elected the representatives of the following 33 States as Vice-Presidents: Argentina; Austria; Bangladesh; Bulgaria; Chile; China; Cuba; El Salvador; Finland; France; German Democratic Republic; Germany, Federal Republic of; Haiti; Honduras; Hungary; Iraq; Italy; Japan; Liberia; Libyan Arab Jamahiriya; Madagascar; Malaysia; Mexico; Saudi Arabia; Senegal; Somalia; Spain; Sri Lanka; Thailand; Union of Soviet Socialist Republics; United States of America; Zaire; Zambia.

#### E. Adoption of the agenda

(Agenda item 6)

6. At its 146th plenary meeting, on 7 May 1979, the Conference adopted the following agenda (TD/253) for its fifth session.

1. Opening of the Conference.
2. Election of the President.
3. Constitution of sessional bodies.
4. Election of Vice-Presidents and the Rapporteur.
5. Credentials of representatives to the Conference:
  - (a) Appointment of the Credentials Committee;
  - (b) Report of the Credentials Committee.
6. Adoption of the agenda.
7. General debate.
8. Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD's necessary contribution to a New International Development Strategy for the Third United Nations Development Decade.
9. Developments in international trade:
  - (a) Protectionism: trends and short-term and long-term policies and actions needed to deal with the problems;
  - (b) Multilateral trade negotiations: evaluation and further recommendations arising therefrom.
10. Commodities:
  - (a) Integrated Programme for Commodities:

Review of implementation and follow-up action, including the ongoing preparatory work and negotiations;
  - (b) Other elements.
11. Manufactures and semi-manufactures:
  - (a) Comprehensive measures required to expand and diversify the export trade of developing countries in manufactures and semi-manufactures;
  - (b) Principles and rules and other issues relating to restrictive business practices;
  - (c) Review and evaluation of the generalized system of preferences;
  - (d) Review of the implementation of Conference resolutions 96 (IV)\* and 97 (IV).\*\*
12. Monetary and financial issues:
  - (a) Consideration of requirements of the international monetary system which would foster world trade and development, compatible with the needs of a satisfactory international adjustment process, taking account of the adverse effects of fluctuating exchange rates and world

\* Conference resolution 96 (IV): "A set of interrelated and mutually supporting measures for expansion and diversification of exports of manufactures and semi-manufactures of developing countries".

\*\* Conference resolution 97 (IV): "Transnational corporations and expansion of trade in manufactures and semi-manufactures".

- inflation, and in particular, taking into account the development of developing countries and their needs for balance-of-payments support;
- (b) Measures to augment the net flow and improve the conditions of resource transfers from developed to developing countries:
- (i) Official bilateral and multilateral finance;
  - (ii) Private capital flows;
- (c) Other financing issues related to trade;
- (d) (i) Review of implementation and further action that may be required pursuant to Trade and Development Board resolution 165 (S-IX), section A;\*\*\*
- (ii) Detailed features for future operations relating to debt problems of interested developing countries (Trade and Development Board resolution 165 (S-IX), section B);
- (e) Review of the present system of international financial co-operation in the context of world trade and development and consideration of ways and means within this context to make it more effective in contributing to the development of developing countries.
13. Technology:
- (a) International code of conduct on the transfer of technology;
  - (b) UNCTAD's contribution to economic, commercial and development aspects of the industrial property system in the context of its on-going revision;
  - (c) Strengthening the technological capacity of the developing countries including accelerating their technological transformation;
  - (d) Development aspects of the reverse transfer of technology.
14. Shipping:
- (a) Developments pertaining to the Convention on a Code of Conduct for Liner Conferences;
  - (b) Participation of developing countries in world shipping and the development of their merchant marines.
15. Least developed among developing countries:  
Special measures in favour of the least developed among developing countries and further action aimed at improving their economic situation and accelerating their development.
16. Land-locked and island developing countries:
- (a) Specific action related to the particular needs and problems of land-locked developing countries;
  - (b) Specific action related to the particular needs and problems of island developing countries.
17. Trade relations among countries having different economic and social systems and all trade flows resulting therefrom.  
Appropriate bilateral and multilateral action to expand and diversify further the trade flows among these countries and, in particular, measures which would contribute to the development of developing countries.
18. Economic co-operation among developing countries:
- (a) Consideration of UNCTAD's work programme on measures for strengthening economic co-operation among developing countries;
  - (b) Recommendations for improved institutional arrangements to promote and strengthen economic co-operation among developing countries;
  - (c) Measures of support for closer economic co-operation among developing countries.

\*\*\* Board resolution 165 (S-IX): "Debt and development problems of developing countries".

19. Institutional issues:  
Consideration of measures to enable UNCTAD to carry out its role more effectively, including the rationalization and restructuring of its permanent machinery.
20. Other business.
21. Adoption of the report of the Conference to the General Assembly.

7. At the same meeting, the Conference decided to allocate items 8-19 of its agenda to the Negotiating Groups for consideration and report (see section G below).

## F. Credentials of representatives to the Conference (Agenda item 5)

### 1. Appointment of the Credentials Committee

8. The Conference, at its 146th plenary meeting, on 7 May 1979, established a Credentials Committee composed of the same nine States as had been members of the Credentials Committee of the General Assembly at its thirty-third session, namely: China, Denmark; India; Sierra Leone; Suriname; Thailand; Union of Soviet Socialist Republics; United States of America; Zaire.

### 2. Report of the Credentials Committee

9. At its 171st plenary meeting, on 3 June 1979, the Conference, having considered the report of the Credentials Committee (TD/265),<sup>1</sup> adopted without dissent a resolution approving that report.<sup>2</sup>

## G. Constitution of negotiating groups (Agenda item 3)

10. The Conference, at its 146th plenary meeting, on 7 May 1979, established eight negotiating groups open to the participation of all members of the Conference, among which the items not dealt with by the Conference in the plenary were distributed as follows:

### Negotiating Group I

Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD's necessary contribution to a New International Development Strategy for the Third United Nations Development Decade (item 8)

Institutional issues (item 19)

### Negotiating Group II

Developments in international trade (item 9)  
Manufactures and semi-manufactures (item 11)

### Negotiating Group III

Commodities (item 10)

<sup>1</sup> Reproduced in annex IX below.

<sup>2</sup> See resolution 133 (V).

*Negotiating Group IV*

Monetary and financial issues (item 12)

*Negotiating Group V*

Technology (item 13)  
Shipping (item 14)

*Negotiating Group VI*

Least developed among developing countries (item 15)  
Land-locked and island developing countries (item 16)

*Negotiating Group VII*

Trade relations among countries having different economic and social systems and all trade flows resulting therefrom (item 17)

*Negotiating Group VIII*

Economic co-operation among developing countries (item 18)

11. At its 146th and 147th plenary meetings, on 7 and 8 May 1979, the Conference elected the following representatives as the officers of the Negotiating Groups:

*Negotiating Group I*

*Chairman:* Mr. M. Pérez Guerrero (Venezuela)  
*Vice-Chairman:* Mr. M. Taniguchi (Japan)

*Negotiating Group II*

*Chairman:* Mr. C. de Geer (Sweden)  
*Vice-Chairman:* Mr. T. Spencer (Trinidad and Tobago)

*Negotiating Group III*

*Chairman:* Mr. J. Cuttat (Switzerland)  
*Vice-Chairman:* Mr. G. Doh (Ivory Coast)

*Negotiating Group IV*

*Chairman:* Mr. L. Jayawardene (Sri Lanka)  
*Vice-Chairman:* Mr. B. G. Crowe (United States of America)

*Negotiating Group V*

*Chairman:* Mr. J. R. Sanchis Muñoz (Argentina)  
*Vice-Chairman:* Mr. D. Popov (Bulgaria)

*Negotiating Group VI*

*Chairman:* Mr. A. J. Nsekela (United Republic of Tanzania)  
*Vice-Chairman:* Mr. W. Jóźwiak (Poland)

*Negotiating Group VII*

*Chairman:* Mr. T. Fábán (Hungary)  
*Vice-Chairman:* Mrs. R. Haresco (Philippines)

*Negotiating Group VIII*

*Chairman:* Mr. J. V. Gbeho (Ghana)  
*Vice-Chairman:* Mr. K. E. Tygesen (Denmark)

**H. Bureau of the Conference**

12. In accordance with rule 22 of the rules of procedure of the Conference, the Bureau of the Conference consisted of the following 35 members: the President and the 33 Vice-Presidents of the Conference, and the Rapporteur of the Conference.

13. At its 146th plenary meeting, on 7 May 1979, the Conference decided that the Chairmen and Vice-Chairmen of the Negotiating Groups, as well as the co-ordinators of regional groups, would be fully associated with the work of the Bureau of the Conference.

**I. Appointment of "Friends of the Rapporteur"**

14. At its 146th plenary meeting, on 7 May 1979, the Conference agreed that the Rapporteur of the Conference should be assisted in the preparation of his draft report by a group of eleven "Friends of the Rapporteur", composed of two members each from Africa, Asia and Latin America, two members each from Groups B and D, and one member from China.

**J. Establishment of a Contact Group of the President of the Conference**

15. At its 169th plenary meeting, on 30 May 1979, the Conference established a Contact Group of the President with the following composition: 9 members from the Group of 77 (3 from Africa; 3 from Asia; 3 from Latin America); 6 from Group B; 3 from Group D; and China. It was understood that, in line with traditional practice, the Contact Group would be open-ended.

**K. Membership and attendance<sup>3</sup>**

16. The following 144 States members of UNCTAD were represented at the fifth session of the Conference: Afghanistan; Algeria; Angola; Argentina; Australia; Austria; Bahrain; Bangladesh; Barbados; Belgium; Benin; Bhutan; Bolivia; Botswana; Brazil; Bulgaria; Burma; Burundi; Byelorussian Soviet Socialist Republic; Canada; Cape Verde; Central African Empire; Chile; China; Colombia; Comoros; Congo; Costa Rica; Cuba; Cyprus; Czechoslovakia; Democratic Kampuchea; Democratic People's Republic of Korea; Democratic Yemen; Denmark; Djibouti; Dominican Republic; Ecuador; Egypt; El Salvador; Ethiopia; Fiji; Finland; France; Gabon; Gambia; German Democratic Republic; Germany, Federal Republic of; Ghana; Greece; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Holy See; Honduras; Hungary; India; Indonesia; Iran; Iraq; Ireland; Israel; Italy; Ivory Coast; Jamaica; Japan; Jordan; Kenya; Kuwait; Lao People's Democratic Republic; Lebanon; Lesotho; Liberia; Libyan Arab Jamahiriya; Luxembourg; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritania; Mauritius; Mexico; Mongolia; Morocco; Mozambique; Nepal; Netherlands; New Zealand; Nicaragua; Niger; Nigeria; Norway; Oman; Pakistan; Panama; Papua New Guinea; Peru; Philippines; Poland; Portugal; Qatar; Republic of Korea; Romania; Rwanda; Samoa; Sao Tome and Principe; Saudi Arabia; Senegal; Sierra Leone; Singapore; Somalia; Spain; Sri Lanka; Sudan; Suriname; Swaziland; Sweden; Switzerland; Syrian Arab Republic; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkey; Uganda; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Kingdom of Great Britain and Northern Ireland; United Republic of Cameroon; United Republic of Tanzania; United States of America; Upper Volta; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia.

17. The Office of the Director-General for Development and International Economic Co-operation of the United Nations, the Department of International Economic and Social Affairs of the United Nations, the Department of

<sup>3</sup> For the full list of participants in the fifth session of the Conference, see TD/INF.18.

Technical Co-operation for Development of the United Nations, the United Nations Centre on Transnational Corporations, and the United Nations Centre for Human Settlements were represented.

18. The Economic and Social Commission for Asia and the Pacific, the Economic Commission for Africa, the Economic Commission for Europe, the Economic Commission for Latin America, the Economic Commission for Western Asia, the United Nations Industrial Development Organization, the United Nations Environment Programme and the World Food Council were represented.

19. The United Nations Development Programme and the United Nations Institute for Training and Research were represented.

20. The United Nations Conference on Science and Technology for Development was represented.

21. The United Nations Council for Namibia was represented.

22. The following specialized agencies were represented: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; World Bank; International Monetary Fund; Inter-Governmental Maritime Consultative Organization; World Intellectual Property Organization; International Fund for Agricultural Development. The General Agreement on Tariffs and Trade was also represented.

23. The following 29 intergovernmental bodies were represented: African, Caribbean and Pacific Group of States; African Development Bank; African Groundnut Council; Arab Bank for Economic Development in Africa; Central African Customs and Economic Union; Commonwealth Secretariat; Council for Mutual Economic Assistance; Council of Arab Economic Unity; Customs Co-operation Council; European Economic Community; Inter-American Development Bank; Intergovernmental Council of Copper Exporting Countries; International Bank for Economic Co-operation; International Cocoa Organization; International Tin Council; International Wheat Council; Islamic Conference; Islamic Development Bank; Latin American Economic System; Mano River Union; OPEC Special Fund; Organisation for Economic Co-operation and Development; Organization of African Unity; Organization of American States; Organization of Arab Petroleum Exporting Countries; Organization of the Petroleum Exporting Countries; Permanent Secretariat of the General Treaty on Central American Economic Integration; Regional Co-operation for Development; World Tourism Organization.

24. The following 20 non-governmental organizations were represented:

*General category:* Afro-Asian People's Solidarity Organization; Christian Democratic World Union; Commission of the Churches on International Affairs; Friends World Committee for Consultation (Quakers); International Chamber of Commerce; International Christian Union of Business Executives; International Confederation of Free Trade Unions; International Co-operation for Socio-Economic Development; International Foundation for Development Alternatives; International Law Association; International Organization for Standardiz-

ation; International Organization of Employers; World Confederation of Labour; World Federation of Trade Unions; World Peace Council.

*Special category:* Baltic and International Maritime Conference; Council of European and Japanese National Shipowners' Associations; International Cargo Handling Co-ordination Association; International Federation of Pharmaceutical Manufacturers Associations; Latin American Shipowners' Association.

25. The Palestine Liberation Organization was represented pursuant to General Assembly resolution 3237 (XXIX) of 22 November 1974.

26. The Patriotic Front and the African National Congress were represented pursuant to General Assembly resolution 3280 (XXIX) of 10 December 1974.

27. The South West Africa People's Organization was represented pursuant to General Assembly resolution 31/152 of 20 December 1976.

## L. Other business

(Agenda item 20)

1. *Periodic review by the Conference of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)*<sup>4</sup>

28. At the 146th plenary meeting, on 7 May 1979, the President of the Conference welcomed the Kingdom of Tonga as the 159th State member of UNCTAD.

29. In conformity with paragraph 6 of General Assembly resolution 1995 (XIX), the Conference, at its 146th plenary meeting on 7 May 1979, reviewed the lists of States contained in the annex to that resolution, as amended. The Conference approved the inclusion, in the appropriate lists of States, of the following countries which had become members of UNCTAD since the fourth session of the Conference:

*In list A:* Djibouti; Seychelles; Solomon Islands; Tonga.

*In list C:* Dominica.

2. *Designation of intergovernmental bodies for the purposes of rule 80 of the rules of procedure of the Conference and rule 78 of the rules of procedure of the Trade and Development Board*<sup>5</sup>

30. At its 146th plenary meeting, on 7 May 1979, the Conference decided that the Association of Natural Rubber Producing Countries, which had applied for designation under rule 80 of the rules of procedure of the Conference and rule 78 of the rules of procedure of the Trade and Development Board,<sup>6</sup> should be so designated.

31. At its 155th plenary meeting, on 11 May 1979, the Conference decided that the Andean Reserve Fund, which had applied for designation under rule 80 of the rules of procedure of the Conference and rule 78 of the rules of

<sup>4</sup> See part one, section A, 2, above, "Other decisions" (a).

<sup>5</sup> *Ibid.*, "Other decisions" (b).

<sup>6</sup> The application by the Association of Natural Rubber Producing Countries, together with information on its history, structure and functioning, is contained in document TD/L.140.

procedure of the Trade and Development Board,<sup>7</sup> should be so designated.

### 3. Review of the calendar of meetings

32. At the 171st plenary meeting, on 3 June 1979, the Conference adopted the revised calendar of meetings for the remainder of 1979, as contained in a note by the UNCTAD secretariat (TD/L.178), with a number of amendments,<sup>8</sup> on the understanding that it would be reviewed at consultations to be held in July 1979 pursuant to Board decision 143 (XVI).

### 4. Expression of gratitude to the Government and people of the host country

33. At the 171st plenary meeting, on 3 June 1979, the spokesman for the Group of 77 submitted a draft resolution expressing gratitude to the Government and people of the Philippines, the host country of the Conference at its fifth session. The Conference adopted this resolution by acclamation.<sup>9</sup>

### M. Reports of the Trade and Development Board

34. At its 168th plenary meeting, on 21 May 1979, the Conference took note of the reports of the Trade and Development Board on its sessions held since the fourth session of the Conference, brought to its attention in a note by the UNCTAD secretariat (TD/246).

### N. Financial implications of the actions of the Conference

35. At the 171st plenary meeting, on 3 June 1979, the Conference took note of a summary statement of financial implications of the actions of the Conference (TD/L.183), on the understanding that it would be updated to take account of the decisions of the Conference at its closing meeting,<sup>10</sup> and decided to submit it to the General Assembly through the Secretary-General of the United Nations for appropriate action by him and the competent legislative bodies of the United Nations.

36. The spokesman for Group B said that his Group welcomed paragraph 2 of the summary statement on the

<sup>7</sup> The application by the Andean Reserve Fund, together with information on its history, structure and functioning, is contained in document TD/L.141.

<sup>8</sup> See decision 134 (V).

<sup>9</sup> See resolution 135 (V).

<sup>10</sup> This summary statement, as subsequently updated, is reproduced in annex X below.

meaning of statements of financial implications issued at the Conference. It noted in that connexion that the financial implications given were not necessarily additional to existing resources and thus did not take into account existing resources that might be redeployed. The summary statement also indicated that the full impact of all resolutions and decisions of the Conference would be reviewed by the Secretary-General of UNCTAD and would be reflected in the proposed programme budget for 1980-1981 and would relate the new tasks given to the secretariat by the Conference to existing resources. Like other Groups, Group B was seriously concerned about the most efficient use of the resources available. It therefore considered it important to make maximum use of the redeployment of available and programmed resources for the implementation of the work programme now outlined. Group B looked forward to considering the full budgetary implications of the work programme of UNCTAD in the normal proceedings of the Working Party on the Programme Budget and Medium-Term Plan.

37. In this connexion, the spokesman for Group D and Mongolia had made a statement under item 13 concerning the approach of the Group D countries and Mongolia with respect to the statements of financial implications circulated in connexion with the draft decisions before the Conference.<sup>11</sup>

### O. Adoption of the report of the Conference to the General Assembly

(Agenda item 21)

38. At the 171st plenary meeting, on 3 June 1979, the Conference adopted the draft report on its fifth session (TD/L.164 and Add.1), subject to the customary editorial changes to be approved by the Rapporteur and on the understanding that the Rapporteur was authorized, in consultation with the group of the "Friends of the Rapporteur", to complete the report as appropriate.

### P. Closure of the fifth session of the Conference

39. At the 171st plenary meeting, on 3 June 1979, the President of the Conference made a statement<sup>12</sup> and declared the fifth session closed.

<sup>11</sup> See part two, paras. 175-176, above.

<sup>12</sup> Text reproduced in annex IV below.



## Annex I

### TEXTS REMITTED FOR FURTHER CONSIDERATION WITHIN THE PERMANENT MACHINERY OF UNCTAD

#### *A. Draft resolutions referred to the Trade and Development Board for consideration at its nineteenth session<sup>a</sup>*

**Trade relations among countries having different economic and social systems, and all trade flows resulting therefrom**

*Draft resolution submitted by  
Union of Soviet Socialist Republics on behalf  
of States members of Group D*

[TD/L.189]

*The United Nations Conference on Trade and Development,*

*Noting* the beneficial effect of détente, the limitation of the arms race and the improvement of the international climate on the intensification of the international division of labour, the benefits of which could be enjoyed by all its participants, on all world trade flows and on the expansion of economic and scientific and technical co-operation between all groups of States,

*Bearing in mind* the fact that, in the period between the fourth and fifth sessions of the United Nations Conference on Trade and Development, trade between countries having different economic and social systems continued to be one of the most dynamic flows in international trade, and that in this sector of international economic relations there is considerable potential for the expansion and intensification of co-operation in all its aspects,

*Convinced* that relations between countries having different economic and social systems should be developed on the basis of equality and mutual advantage, of the relevant provisions of the recommendations of the United Nations General Assembly, of the Charter of Economic Rights and Duties of States, of the decisions adopted at the sixth and seventh special sessions of the United Nations General Assembly, of resolutions 15 (II), 53 (III) and 95 (IV) of the Conference, and should be free of discrimination, artificial barriers and all manifestations of inequality,

*Noting* the great importance of the Final Act of the Conference on Security and Co-operation in Europe for the development of international co-operation,

*Considering* that differences in economic systems and in the organization of external economic relations in countries having different economic and social systems cannot serve as justification for discrimination and a selective approach in world trade and the international division of labour,

*Bearing in mind* that, in organizing mutual co-operation, countries having different economic and social systems will continue to take account of the development interests of the developing countries with a view to strengthening their economy and national sovereignty,

#### I

1. *Calls* on the partners in East-West trade to endeavour to intensify and expand co-operation further on the basis of equality and mutual advantage, to promote the elimination of discriminatory economic, administrative, commercial and political obstacles in economic relations between these groups of countries, and not to permit the introduction of new restrictions or an increase in protectionism;

2. *Recommends* to the partners in this area of international economic relations that they should make greater use of such new large-scale forms of co-operation as long-term agreements and programmes of commercial, economic, industrial and scientific and technical co-operation, and in so doing to ensure that the implementation of such agreements and programmes has a stimulating effect on the development of trade and economic relations of both groups of countries with developing States;

3. *Recommends* that steps should be taken to develop tripartite co-operation and to embark upon tripartite projects with the participation of the socialist countries of eastern Europe, the market economy countries and the developing countries in the fields of industry, energy, agriculture, infrastructure and other sectors;

4. *Calls on* the partners in East-West trade to make efforts to diversify trade flows in both directions in order to eliminate the unbalanced nature of export-import patterns as well as growing imbalances in such trade, which might, in a number of instances, constitute an obstacle to an expansion of imports from the developing countries;

#### II

5. *Calls upon* the socialist countries of Eastern Europe and the developing countries to give new impetus to their mutually beneficial co-operation and to continue to expand the volume thereof by increasing the reliability of their mutual relations and by promoting their development on the basis of a long-term stable international division of labour;

<sup>a</sup> See part one, decision 116 (V).

6. *Considers* that the expansion of trade and the further shaping of a mutually beneficial division of labour between these countries, taking into account the specific needs and problems of the developing countries, can be achieved through the intensification by the partners of the forms of co-operation already in use and also through the introduction of new forms of co-operation, to which end it recommends:

(a) The extension of the practice of concluding long-term intergovernmental agreements covering trade, credit relations, technical assistance, scientific and technical co-operation, and various forms of industrial co-operation and of specialization;

(b) The elaboration on a bilateral basis of long-term programmes of economic, commercial and scientific and technical co-operation for periods of 10-15 years, the distinguishing features of which are that they encompass a wide range of sectors, define the largest projects to be carried out, and include, together with those that are now traditional, new spheres and forms of co-operation, including industrial co-operation and specialization, compensatory agreements, joint participation in the planning and construction of projects in third countries, and co-operation in the fields of planning and science and technology;

(c) The adoption of measures to ensure that the execution of such programmes for co-operation on a long-term planned basis: contributes to the further expansion of reciprocal trade and to greater balance in its composition through the extension, in accordance with the needs and possibilities of the partner countries, of the range of goods delivered in each direction; and provides opportunities for a determined search for the best ways of intensifying the division of labour through means including the expansion in the developing countries of certain types of production for which local conditions are conducive;

(d) The uniting of efforts with interested developing countries in the integrated achievement of their main economic objectives, that is, not merely in the creation of individual enterprises and branches, but also in the establishment of territorial-industrial (industrial and agro-industrial) complexes as organic parts of the national economic systems of individual developing countries, in keeping with the specific conditions obtaining in them;

(e) The expansion in assistance to developing countries in the exploitation of their natural resources under conditions which guarantee genuine sovereignty and respect for the legitimate rights of the co-operating parties;

(f) The encouragement on the basis of, *inter alia*, the extension to the developing countries of non-reciprocal tariff preferences, of purchases of the manufactures and semi-manufactures produced by the national industries of those countries; the continuation of efforts to improve and perfect the national systems of preferences in operation in the socialist countries of Eastern Europe, particularly through the elaboration and application of unified rules of origin in respect of goods from developing States and the introduction of duty-free importing of goods from the least developed countries;

(g) The continuation of the practice of including in agreements and contracts when this is mutually acceptable and feasible, provisions on the repayments of loans by

deliveries and the purchase on commercial terms of the output of enterprises which are built in developing States with the assistance of the socialist countries of Eastern Europe;

(h) The continuation of: efforts to improve the work of bilateral intergovernmental commissions (committees) on commercial, economic and scientific and technical co-operation, with a view to further enhancing their role in the organization and administration of mutual co-operation and in the determination of prospects for its development; the adjustment and expansion of contacts between the planning organs of the socialist and the developing countries; and the provision to interested developing countries of assistance in the preparation of economic development plans and programmes in fields including that of foreign trade;

(i) When specific problems arise, the conduct on a bilateral basis with the developing country concerned, and with due regard for mutual interests, of a search for mutually acceptable solutions to questions of the volume and conditions of economic and technical co-operation and the related credits, including the repayment of such credits;

(j) Co-operation between the interested socialist and developing countries, when this is expedient and mutually acceptable, in the creation of joint companies, particularly construction, design and consultancy firms, to carry out engineering work or provide engineering services on a contractual basis, with extensive employment of national firms as sub-contractors;

(k) The strengthening of the multilateral components of trade and economic relations through, in particular, assistance in the arrangement of multilateral co-operation between the Council for Mutual Assistance and individual developing countries and their economic organizations;

(l) The continued expansion of co-operation in the execution of UNCTAD programmes of technical assistance to developing countries through, *inter alia*, the provision of the services of experts and the organization of seminars with a view to a better understanding of the characteristic features of the socialist countries' foreign trade;

### III

7. *Notes* the willingness of the socialist countries of Eastern Europe to continue, on the basis of the principles which guide them in their relations with other countries, to develop economic and technical co-operation with the developing countries which is aimed at the strengthening of the State sector in those countries, the execution of integrated projects, and the development in the developing countries of their own infrastructure, science and arrangements for the training of specialists, so as to ensure that such co-operation makes a greater contribution to the development of the developing countries' national economies, the strengthening of their economic independence, and the enhancement of their industrial and scientific and technical potential, and that it also contributes to the further expansion of commercial and economic relations and the intensification of the division of labour with the socialist countries of Eastern Europe on a long-term, stable and mutually beneficial basis;

## IV

8. *Recommends* that, in order to expand their commercial and economic co-operation with the socialist countries of Eastern Europe, the developing countries should intensify their efforts to study and exploit the potential market opportunities in those countries and to create conditions for trade with the socialist countries which are no less favourable than those granted to market economy countries;

## V

9. *Invites* the Secretary-General of UNCTAD to expand the technical assistance activities of UNCTAD, in its capacity as an executing agency for the United Nations Development Programme, in the field of trade between the developing countries and the socialist countries of Eastern Europe, by organizing courses for the training of specialists, consultancy services and the dissemination of information. To this end, the United Nations Development Programme should continue to finance UNCTAD technical assistance projects in this field on an interregional, regional and national basis;

10. *Further invites* the Secretary-General of UNCTAD to take steps to strengthen the services of the UNCTAD secretariat with a view to ensuring support for the technical assistance projects, including the comprehensive programme for the period 1979-1981 on which agreement has been reached between UNCTAD, the United Nations Development Programme, the regional economic commissions and the International Trade Centre UNCTAD/GATT;

11. *Calls upon* the socialist countries of Eastern Europe and the developing countries to take an active part, and upon the United Nations Development Programme, UNCTAD, the regional economic commissions and the International Trade Centre UNCTAD/GATT to provide all possible assistance, in the execution of that comprehensive programme.

**Trade relations among countries having different economic and social systems and all trade flows resulting therefrom**

*Draft resolution submitted by Cuba on behalf of States members of the Group of 77*

[TD/L.190]

*The United Nations Conference on Trade and Development,*

*Recalling* the importance and relevance of Conference resolution 95 (IV) to this agenda item and the need to implement it,

*Taking into account* the specific proposals of developing countries members of the Group of 77 as contained in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations,

*Noting* that, although progress has been made in trade and economic relations between the developing countries and the socialist countries of Eastern Europe, nevertheless those relations could be greatly increased and improved,

*Considering* the urgent and important need for the developing countries to diversify, increase and improve

their over-all economic and trade relations, and taking into account the present situation of the international economy, as well as the growing protectionism, it is necessary for the economic and trade relations between developing countries and the socialist countries of Eastern Europe to be developed and strengthened in conformity with the objectives of the New International Economic order,

*Emphasizing* that among some of the elements which could contribute to the achievement of a greater and better economic relationship between developing countries and socialist countries of Eastern Europe are, *inter alia*, the need for planning trade by means of long-term agreements and contracts; consideration of comprehensive approaches to economic relations instead of attention focused exclusively on trade; the greater capacity of the developing countries to formulate policies for foreign economic relations and to achieve their implementation; attaining a mutual expansion of trade based on the principle of non-reciprocity; and a greater impact of multilateral approaches,

1. *Urges* the socialist countries of Eastern Europe to play an increasingly more active role in bringing about the early establishment of the New International Economic Order;

2. *Decides* to adopt a comprehensive programme on trade and economic relations among countries having different economic and social systems. Such a programme should embody the establishment of new and improvement of existing instruments for the promotion of economic and trade relations and should embody *inter alia* the following measures:

*A. Expansion and improvement of preference schemes*

- (i) The socialist countries of Eastern Europe should expand and improve without delay their schemes of generalized preferences. A preferential duty free entry should be granted to all manufactured products of developing countries, particularly those based on processing of their commodities and raw materials as well as on all tropical products;
- (ii) Action should be taken by the socialist countries of Eastern Europe to remove all forms of tariff and non-tariff barriers, on the basis of non-reciprocity and non-discrimination;
- (iii) Such expansion and improvements should, *inter alia*, aim at increased imports of manufactured and semi-manufactured products from developing countries;

*B. Payments arrangements*

Bearing in mind the limited progress made in the field of payments the following measures should be implemented:

- (i) All payments should be made in convertible currency, except in those cases where developing countries express a preference for or interest in other special arrangements like the clearing account system;
- (ii) If a clearing agreement is discontinued, repayment by the developing countries of credits foreseen to be effectuated in products should continue to be made

on the basis of the previous terms and at equitable and remunerative prices;

- (iii) Improvement in the payments arrangements between developing countries and socialist countries of Eastern Europe by *inter alia*, the use of transferable roubles, so that developing countries if they wish can use their surplus balances in transactions with other countries members of the Council for Mutual Economic Assistance, or transfer such balances into convertible currencies;

#### C. Trade development potentials for exports of developing countries

- (i) The socialist countries of Eastern Europe should take the necessary measures to identify and accommodate in their medium and long-term plans the potential areas of trade development with developing countries; particularly in the field of manufactured and semi-manufactured products, without prejudice to developing countries' traditional exports. In this manner, developing countries would be aware of the import potential that the socialist countries of Eastern Europe would have for their exports, particularly in sectors where developing countries have a comparative advantage;
- (ii) The socialist countries of Eastern Europe should adopt other policy measures which would ensure the growth of demand in their countries for products of developing countries and the consequent imports from the latter. These policy measures should result in reserving and increasing the share for the developing countries in the markets and import programmes of the socialist countries of Eastern Europe, especially in the import market for processed and semi-processed goods. Special measures could also include subcontracting and tripartite ventures;

#### D. Establishment of joint ventures

- (i) Where developing countries consider it to be advantageous, joint ventures among countries having different economic and social systems should be promoted and established, particularly in the field of industry, agriculture and trade. The socialist countries of Eastern Europe should encourage and participate in such efforts. Such joint ventures should include effective participation of nationals of developing countries and greater utilization of local materials;
- (ii) The objectives of such joint ventures should be to promote the industrialization of developing countries and to increase the exports of manufactured and semi-manufactured products from these countries;

#### E. Financial assistance

- (i) The socialist countries of Eastern Europe should accelerate their financial assistance to developing countries with a view to meeting the target of 0.7 per cent of official development assistance set out in the International Development Strategy for the

Second United Nations Development Decade before the end of 1980;

- (ii) The socialist countries of Eastern Europe should adopt the necessary measures which would make the Special Fund of the International Investment Bank effective, so that its available resources should be provided to developing countries for the identification and financing of national, subregional and regional projects directly or through the regional development banks;
- (iii) Through this bank, the socialist countries of Eastern Europe should arrange and improve the use of resources earmarked for financial assistance to developing countries by, *inter alia*, increasing the share of convertible currencies therein and lowering the rates of interest levied on borrowing in convertible currency by developing countries;

#### F. Multilateral co-operation and technical assistance

The Conference urges the encouragement of multilateral approaches which will make possible relations between one or several countries of one group and one or several countries of the other group through the corresponding secretariats of their economic groupings.

In this context, action should be taken to set up joint intergovernmental commissions between developing countries and socialist countries of Eastern Europe in order to facilitate trade and economic co-operation, the exchange of information, mutual knowledge and contacts and to promote co-operation between their chambers of commerce.

The Conference invites developing countries and socialist countries of Eastern Europe to take measures to improve the flow of information through UNCTAD and other available channels on the characteristics and structures of their corresponding external sectors in order to create and improve appropriate institutional arrangements between them to solve the difficulties which their economic relations might face as well as for promotion, considering broad participation of the economic agents involved. To this effect:

- (i) The socialist countries of Eastern Europe should increase the level of technical assistance given to developing countries, in particular for the training of high-level staff from the developing countries in the technical and scientific fields and assistance in the establishment of technical and scientific institutions or centres in these countries;
- (ii) The socialist countries of Eastern Europe, with technical advice from the UNCTAD secretariat if so requested, should assist interested developing countries in the effective utilization of trade, economic and technical co-operation agreements between the developing countries and the socialist countries of Eastern Europe;
- (iii) The International Investment Bank and its member countries should submit concrete proposals on effective utilization of the Special Fund for financing programmes of economic and technical assistance to interested developing countries.

### G. Institutional matters

The Conference reaffirms the provisions of the Conference resolution 95 (IV) and recommends to the Trade and Development Board that it evaluates regularly the implementation of the present resolution.

- (i) The Intergovernmental Group of Experts on Trade Opportunities should be reconvened to consider, *inter alia*, the adoption and implementation of the proposals of the Group of 77 submitted to it;
- (ii) The Intergovernmental Group of Experts to study a multilateral system of payments between socialist countries of Eastern Europe and developing countries should also be reconvened, the terms of reference of which should be defined by the Trade and Development Board at its twentieth session taking fully into account the relevant provisions of this resolution, after appropriate consultations to be undertaken by the Secretary-General of UNCTAD with member countries.

The Conference requests the Secretary-General of UNCTAD:

- (i) To intensify the actual technical assistance activities in order to respond more effectively to the requests

and needs of the developing countries in this field. In this respect more specific training courses, wider dissemination of practical trade and economic information should be further arranged in close co-operation with the United Nations regional commissions;

- (ii) To improve the advisory services to the developing countries which so request in order to assist them in the formulation and implementation of specific policies aimed at promoting and developing trade and economic co-operation with the socialist countries of Eastern Europe;
- (iii) UNCTAD should upon request continue to organize bilateral and multilateral consultations not only at regular sessions of the Board, but also outside its framework on specific issues;
- (iv) To report to the appropriate sessions of the Trade and Development Board on action undertaken in implementing the various recommendations and requests contained in this resolution.

The Conference requests the United Nations Development Programme to increase its support of the activities mentioned in this resolution.

### B. Draft proposal remitted to the Trade and Development Board for its consideration<sup>b</sup>

#### Documentation problems and their effect on the work programme of UNCTAD<sup>c</sup>

*Draft proposal submitted by the Philippines and sponsored by the States members of the Group of 77*

<sup>b</sup> See part one, section A.2, above, "Other decisions" (c), and part two, para. 258.

<sup>c</sup> The text of this draft proposal is contained in the report of the Trade and Development Board on its eighteenth session (*Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15)*, vol. II, annex IV.A).

### C. Draft resolutions remitted to the permanent machinery of UNCTAD in connexion with the remittal of agenda items 12 (d) and 12 (e) <sup>d</sup>

#### Debt problems of developing countries<sup>e</sup>

*Draft resolution submitted by Cuba on behalf of the States members of the Group of 77*

[TD/L.196]

*The United Nations Conference on Trade and Development,*

*Noting with grave concern the rising debt service payments and current account deficits of developing*

countries stemming from maladjustments in the world economy, inadequate flows of development assistance and balance-of-payments finance on appropriate terms and conditions, high costs of loans from private capital markets, deterioration in the terms of trade and loss of export revenues caused by protectionist policies in developed countries,

*Stressing that the rising debt service payments have jeopardized the development process in many developing countries,*

*Convinced that the strengthening of international financial co-operation with respect to the debt problems of developing countries is one of the most important tasks before the international community,*

<sup>d</sup> See part one, section A.2, above, "Other decisions" (h) and (i), and part two, paras. 147 and 150.

<sup>e</sup> Draft resolution submitted under agenda item 12 (d).

*Recognizing* in this context the specially difficult circumstances of the least developed and most seriously affected countries,

*Noting with satisfaction* the adoption of resolution 165 (S-IX) by the Ministerial session of the Trade and Development Board,

*Stressing*, however, that the adoption of this resolution will be of little purpose unless it is fully implemented in letter and spirit,

*Noting with appreciation* that several developed donor countries have announced their intention to implement the resolution,

*Noting*, however, with concern that a few developed donor countries have not extended the benefit of their actions to all the poorer developing countries, but have restricted it to a narrower group,

#### A. *Retroactive terms adjustment—section A of resolution 165 (S-IX)*

1. *Invites* developed countries which have already taken some actions in favour of some developing countries affected by resolution 165 (S-IX) to extend these actions to cover the official development assistance debt of all the poorer developing countries described in the resolution without discrimination on any ground;

2. *Urges* developed countries which have not yet done so, to take, as early as possible, the necessary steps to fully implement section A of the above-mentioned resolution; to benefit all the poorer developing countries covered by the resolution without discrimination,

3. *Further invites* the Secretary-General of UNCTAD to keep this matter under close and continuous review and report to the Trade and Development Board on the coverage, degree of adjustment and speed of implementation of actions taken by developed donor countries in pursuance of section A of Resolution 165 (S-IX);

#### B. *Multilateral framework for future debt operations—section B of resolution 165 (S-IX)*

1. *Agrees* that the detailed features negotiated in the light of the basic concepts contained in section B of resolution 165 (S-IX) (as contained in the annex to this resolution) should serve as international guidelines for future debt operations of interested developing countries;

2. *Decides to establish* an International Debt Commission comprising eminent public figures with recognized knowledge and experience of debt problems and economic development. Any interested developing country which believes it has, or may have a debt problem could address itself to the Commission;

*The Commission will:*

(a) Examine the debt and development problems exclusively at the initiative of the requesting country;

(b) In the light of such examination and in accordance with the modalities of the detailed features, make recommendations on measures required to deal with the debt problem in the broader context of development including measures of debt reorganization and additional bilateral and multilateral finance;

(c) Convene a meeting of all parties concerned with a view to implementing the recommendations under paragraph 2 above;

In carrying out its work, the Commission will be assisted throughout by relevant international organizations including UNCTAD. This procedure and the detailed features drawn up in terms of resolution 165 (S-IX) will assure a global approach in which countries in similar situations will be treated similarly;

3. *Urges* concerned developed countries and relevant international institutions to co-operate fully with the working of the International Debt Commission and so ensure that the objectives defined in the detailed features are realized in each case;

4. *Requests further* the Secretary-General of UNCTAD to bring into operation as soon as possible the International Debt Commission and the detailed features.

#### An effective system of international financial co-operation<sup>f</sup>

*Draft resolution submitted by Cuba on behalf of the States members of the Group of 77*

[TD/L.197]

*The United Nations Conference on Trade and Development,*

*Recognizing* the role played by the transfer of resources to developing countries in accelerating their development process,

*Reiterating* the international community's commitment to provide sufficient volume of resources on appropriate terms and conditions to meet the needs of external finance of developing countries in order to obtain internationally-agreed development objectives,

*Deploring* the failure of concessional financial transfers to rise in conformity with the 0.7 per cent target established in resolution 2626 (XXV) of the General Assembly on the International Development Strategy for the Second United Nations Development Decade,

*Noting* the development of new sources of financial inflows to developing countries, in particular the active role played by international capital markets,

*Noting however with concern* the failure of multilateral financial institutions to provide adequate financial transfers in appropriate forms, particularly in non-project lending, to meet the needs of developing countries,

*Noting further with grave concern* the failure of existing arrangements for compensatory finance and balance-of-payments support to offset fully the losses in purchasing power of exports of developing countries due to maladjustments in the international economy and the conditionality on balance-of-payments resources which often compromises the development process of developing countries,

*Convinced* that there should be a global approach to the transfer of resources as an issue encompassing as it does official development assistance, trade, flow of private capital and investment and other international payments in

<sup>f</sup> Draft resolution submitted under agenda item 12 (e).

view of the interrelationship between these flows and of the necessity of avoiding that some flows cancel or otherwise adversely affect others,

1. *Agrees* that an effective system of international financial co-operation should meet, *inter alia*, the following objectives:

(a) Ensure the transfer of real resources to developing countries adequate to meet the external capital needed to achieve the development objectives;

(b) The form and composition of these capital flows shall be consistent with the development plans of recipient developing countries and fully responsive to their investment and development priorities including sectoral allocations: these capital flows should have *inter alia*, the following characteristics: quickly disbursing, untied, programme, so as to enable their rapid and effective utilization;

(c) This transfer of real resources shall be on terms commensurate with the debt servicing capacity of the developing countries and their own development objectives. This would imply that notwithstanding the importance of private flows the bulk of the resource transfer shall be in the form of concessional flows;

(d) In order to achieve this, the developed countries that have failed so far to reach the official development assistance target, should sharply increase their official development assistance to reach this internationally accepted target;

(e) Private capital flows to developing countries shall be sustained on improved terms and conditions. Capital market regulations in developed countries should be liberalized in order to ensure the improved access of developing countries to these markets;

(f) In the context of transfer of real resources to developing countries the need for more concessional transfers to least developed, most seriously affected, landlocked and island developing countries shall receive special attention;

(g) In addition to securing adequate long-term capital flows, the system of international financial co-operation shall provide necessary financial resources, including Fund quota increases, longer-term balance-of-payments financing and compensatory finance to offset shortfalls in the purchasing power of exports and to meet unforeseen import needs of individual developing countries. These

financial resources shall be available on appropriate terms and conditions and should be fully supportive of the country's development programme;

(h) This system of financial co-operation shall also provide for a multilateral framework for future debt operations of interested debtor developing countries that safeguards their development programmes on the basis of Trade and Development Board resolution 165 (S-IX);

(i) The transfer of real resources shall be placed on an increasingly assured, continuous and automatic basis, providing reasonable certainty to recipient countries in making their development and investment programmes. There should be an assessment at an international level of the necessary contributions of developed donors and multilateral financial institutions. Means should be found in the form of an international covenant to ensure that transfer of resources take place in a way consistent with this international assessment;

(j) The policies of multilateral financial and monetary institutions and their treatment of individual countries should be fully consistent with the priorities and development objectives of the countries concerned and those established by the international community in the United Nations General Assembly;

(k) Developing countries should enjoy an equitable share in the decision-making process at the international level on matters affecting the international monetary and financial systems including decision-making in specialized agencies competent in these areas;

(l) There should be regular monitoring to ensure that inadequate functioning of any of the components of the system of international financial co-operation is remedied promptly;

(m) The transfer of resources should be adequate in volume, terms and conditions to meet the development finance needs of all developing countries.

2. *Decides* that the aforementioned basic elements should constitute, amongst others, a system of international financial co-operation, in the strong belief that it will reflect the interests of the international community as a whole and requests the Secretary-General of UNCTAD to convene an intergovernmental group of experts to consider how a system of financial co-operation based on these principles can be evolved.

#### D. Draft resolutions remitted to the permanent machinery of UNCTAD<sup>g</sup>

##### Transnational corporations and international commodity trade<sup>h</sup>

*Draft resolution submitted by the German Democratic Republic on behalf of Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics*

[TD/L.195]

<sup>g</sup> See part one, section A.2, above, "Other decisions" (e) and (g), and part two, paras. 89 and 127.

<sup>h</sup> Draft resolution submitted under agenda item 10 (a).

*The United Nations Conference on Trade and Development,*

*Recalling* the Declaration on the Establishment of a New International Economic Order, and in particular paragraph 4 (d) thereof, the Programme of Action on the Establishment of a New International Economic Order, and in particular section V thereof on regulation and control over the activities of transnational corporations, as well as the Charter of Economic Rights and Duties of States,

*Bearing in mind* the appeal addressed to the Commission and the Centre on Transnational Corporations to take particular account of the results of UNCTAD activities relevant to their work,

1. *Recognizes* that transnational corporations constitute the material basis of neo-colonialism, namely, the system of international economic relations based on inequality, diktat and exploitation;

2. *Recognizes* that transnational corporations, through their significant impact on world trade in commodities, bear the main responsibility for the difficulties encountered in implementing the Integrated Programme for Commodities;

3. *Reaffirms* the sovereign right of each country to full and inalienable sovereignty over its natural resources;

4. *Reaffirms* the right of each country to exercise effective control over its natural resources and over their exploitation, including the right to nationalization;

5. *Reaffirms once again* the right of each country to regulate and control the activities of transnational corporations by the adoption of measures in the interests of the national economy of the countries in which transnational corporations operate;

6. *Recommends* that measures should be taken at the national and international level to increase the independent participation of national enterprises in expanding the production and processing of, and foreign trade in, commodities, thereby reducing the sphere of activities of transnational corporations in the interest of the more effective development of the national economy;

7. *Requests* the Secretary-General of UNCTAD:

(a) To initiate studies of the activities of transnational corporations, including methods of monopolistic price formation and restrictive business practices in markets for commodities covered by the Integrated Programme;

(b) To formulate, on the basis of the above studies, recommendations aimed at strengthening the sovereignty of the developing countries over their national resources, also taking into account the further development of the State sector and the consolidation of the position of the developing countries in their negotiations with transnational corporations on the conclusion of agreements on the production, processing, transport and export of commodities of the developing countries;

In this connexion it is considered desirable that the UNCTAD secretariat should prepare analyses, on a systematic and long-term basis, of the structure of transnational corporations trade in respect of each commodity, paying particular attention to products covered by the Integrated Programme for Commodities;

(c) To formulate, within the framework of UNCTAD, measures and recommendations for the control of the activities of transnational corporations and their subsidiaries, particularly in respect of processing, marketing and price formation, which adversely affect trade in commodities from the developing countries, paying particular attention to control over transactions effected through intra-corporations channels by means of the transfer price system.

8. *Invites* UNCTAD to co-operate fully with the Commission and the Centre on Transnational Corporations with a view to contributing effectively to their work.

### **The transfer of real resources to developing countries<sup>1</sup>**

*Draft resolution submitted by Cuba on behalf of States members of the Group of 77*

[TD/L.186]

Attention should be given to the establishment of a separate multilateral guarantee facility for the borrowings of interested developing countries and to the amendments of appropriate articles of agreement of multilateral financial institutions in order to enable them to provide guarantees more easily, including partial guarantees on the borrowings of interested developing countries from private capital markets. These steps should be taken in such a way so as to ensure that they bring additional capital flows to the developing countries concerned and do not in any way adversely affect the access to capital markets already enjoyed by some developing countries as well as by multilateral financial institutions.

<sup>1</sup> Draft resolution submitted under agenda item 12 (b).



## Annex II

### LIST OF HEADS OF DELEGATION, CHIEF EXECUTIVE OFFICERS OF INTERGOVERNMENTAL BODIES AND OTHER REPRESENTATIVES AND OBSERVERS WHO MADE STATEMENTS DURING THE GENERAL DEBATE\*

#### States members of UNCTAD

		<i>Date</i>	<i>Number of plenary meeting</i>
Afghanistan	Mr. Abdul Qudus Ghorbandi	15.5.79	159
Algeria	Mr. Abdelghani Akbi	17.5.79	163
Angola	Mr. Roberto de Almeida	15.5.79	160
Argentina	Mr. Alejandro Estrada	9.5.79	149
Australia	Mr. J. Malcolm Fraser	9.5.79	150
Austria	Mr. Georg Reisch	8.5.79	147
Bangladesh	Mr. M. Saifur Rahman	9.5.79	149
Barbados	Mr. H. B. St. John	18.5.79	165
Belgium	Mr. Mark Eyskens	10.5.79	152
Benin	Mr. André Atchade	21.5.79	167
Bhutan	Mr. Om Pradhan	16.5.79	161
Bolivia	Mr. Xavier Caballero Tamayo	16.5.79	162
Brazil	Mr. George A. Maciel	8.5.79	147
Bulgaria	Mr. Hristo Hristov	10.5.79	152
Burma	U Tun Tin	9.5.79	149
Burundi	Mr. Tércence Sanzé	21.5.79	167
Byelorussian Soviet Socialist Republic	Mr. Mikhail F. Zavorotnyi	18.5.79	165
Canada	Mr. L. A. H. Smith	9.5.79	150
Central African Empire	Mrs. Marie José Kossi Maythongol	9.5.79	151
Chile	Mr. Enrique Valdes Puga	11.5.79	156
China	Mr. Liu Xiwen	10.5.79	153
Colombia	Mr. Alfonso Palacio Rudas	14.5.79	158
Comoros	Mr. Abdellahi Mohamed	21.5.79	167
Costa Rica	Mr. Fernando Altmann Ortíz	17.5.79	164
Cuba	Mr. Marcelo Fernandez Font	14.5.79	157
Czechoslovakia	Mr. Richard Hlavaty	10.5.79	153
Democratic Kampuchea	Mrs. Ieng Thirith	17.5.79	163
Democratic People's Republic of Korea	Mr. Li Song Rok	17.5.79	164
Democratic Yemen	Mr. Ahmed Obaid Fadhle	14.5.79	157
Denmark	Mrs. Lise Oestergaard	10.5.79	152
Ecuador	Mr. Rodrigo Valdez	18.5.79	166
Egypt	Mr. Ali Gamal El Nazer	18.5.79	165
Ethiopia	Mr. Ashagre Yigletu	16.5.79	162
Fiji	Mr. Epeli Kacimaiwai	15.5.79	160
Finland	Mr. Eero Rantala	9.5.79	150
France	Mr. René Monory <sup>a</sup>	8.5.79	148
Gabon	Mr. Thierry Moussavou	18.5.79	166
German Democratic Republic	Mr. Horst Soelle	14.5.79	158
Germany, Federal Republic of	Otto Graf Lambsdorff	9.5.79	150
Ghana	Colonel K. A. Quarshie	11.5.79	155
Greece	Mr. Stavros Dimas	11.5.79	156
Guatemala	Mr. Valentín Solórzano Fernández	16.5.79	161
Guinea	Mr. Daouda Kourouma	21.5.79	167
Guinea-Bissau	Mr. Vasco Cabral	16.5.79	162

\* The texts of the statements are reproduced in volume II.

<sup>a</sup> Spoke also in his capacity as President of the Council of Ministers of the European Economic Community.

		<i>Date</i>	<i>Number of plenary meeting</i>
Guyana	Mr. Rashleigh E. Jackson	14.5.79	158
Haiti	Mr. Guy Bauduy	14.5.79	157
Holy See	Reverend Father Roger Heckel	15.5.79	160
Hungary	Mr. István Török	15.5.79	160
India	Mr. Mohan Dharia	8.5.79	147
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General Agreement on Tariffs and Trade	Mr. Olivier Long	11.5.79	156

<sup>b</sup> Spoke on behalf of the Group of 77.

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World Federation of Trade Unions	Mr. Zdenek Gregor	18.5.79	165
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African National Congress <sup>d</sup>	Mr. Sidney Molifi	21.5.79	168
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<sup>c</sup> Spoke in his capacity as President of the Tenth Islamic Conference of Ministers for Foreign Affairs.

<sup>d</sup> Invited to participate in the Conference pursuant to General Assembly resolution 3280 (XXIX).

<sup>e</sup> Invited to participate in the Conference pursuant to General Assembly resolution 3237 (XXIX).

<sup>f</sup> Invited to participate in the Conference pursuant to General Assembly resolution 31/152.

### Annex III

## ADDRESSES DELIVERED AT THE INAUGURAL CEREMONY ON 7 MAY 1979

### *A. Welcoming address by the Hon. Imelda Romuáldez Marcos, First Lady and Minister for Human Settlements of the Republic of the Philippines, Governor of Metro Manila*

#### HUMAN SURVIVAL: OUR COMMON CAUSE

It is my privilege and joy to welcome you to our city of Manila.

This is an old city, many hundreds of years old, over which four sovereign flags have flown for four centuries, and which has harboured travellers and traders from all over the world.

Now it welcomes you as representatives of all nations. But this is also a young city, a growing city, as befits the capital of a young developing country. It is a rich city and a poor city. It is a poor city because we have our share of slums.

But within the limits of our resources, we are pleased to eliminate and eradicate them, in a great communal effort to provide our poor with a livelihood, and the needy, the ill-housed, with habitations worthy of their dignity as human beings.

We are committed to rebuild our city into a City of Man. Ours is also a rich city, rich because of its people. Manila is, above all, a people's city.

When your heavy tasks leave you some free time, put aside the cares of our conference and meet the people of Manila—in the streets, the food stalls, the schools and churches, the offices and playgrounds. Perhaps we cannot boast of many skyscrapers, palaces and supermarkets, but we are proud of our people. They are a people who, in the common struggle for survival and betterment, have not lost the ability to smile and to please.

This is the spirit which characterizes Filipino social relationships; whatever our differences—and at times, they are many—our smiles convey the feeling that nothing is intractable when the common good is at stake. This is the feeling which pervades as the Filipino negotiates through life.

It is my fervent hope that such a spirit may find itself a place in our Conference where delegates to the fifth session of the United Nations Conference on Trade and Development can have a positive atmosphere for creativity and productivity where one senses from the other sincerity, justice and brotherhood, where our humanity can prevail so that humanity can survive.

For I believe that the fifth session of the Conference is, above all, about people, over and beyond commodity

agreements, tariff preferences, currency fluctuations and such weighty matters. UNCTAD is for people, for human beings.

It is for the people of all our countries, but more urgently for the developing and disadvantaged. It is for the farmers toiling under the sun, who must be given a fair and equitable reward for their labour.

It is for the women in mills and factories, whose products must not be shut out from the market-place; and most of all it is for the children whose name is tomorrow.

This year has been proclaimed the International Year of the Child. And UNCTAD must see to it that the children of the world have a brighter future, a culture where they will have an opportunity to grow and work and live lives of dignity and fulfilment.

Our meeting, therefore, has a special urgency, one that calls for an enlightened approach on the part of those who have much and a courageous spirit on the part of those who have too little.

Courage and the spirit of solidarity can go a long way in meeting the problems which confront all of humankind. Indeed, let us confront those problems instead of confronting each other.

We of the poor nations need time and opportunity; many of our problems are historically rooted and for that matter require the understanding of the rich. On the other hand, we are not blind to the difficulties of the rich nations.

It will be unrealistic to suggest that issues which arise from these can be resolved without some sacrifices. But if we are one race of humankind, all must make sacrifices for our common good.

A long-range perspective from one side and more determination from the other can advance the dialogue between rich and poor, for whatever our differences we are all talking of the same thing: human survival.

Distinguished fellow delegates, I ask you not to forget the people—mankind itself. As head of my country's delegation I can assure you that they are our paramount objective.

And now permit me a personal note, a subjective sentiment.

I am aware of the international practice and tradition of according the chief representative of the host country the distinct honour of presiding over deliberations such as ours. Allow me now to forestall and decline this honour for myself, for the tradition itself is honour enough; above all, I am profoundly grateful that you have elected to meet in Metro Manila where I am privileged to be its Governor, and as First Lady you have graced the Philippines with your

presence. Certainly all these constitute a recognition that the Filipino people, the President and I shall always cherish.

I have declined only to affirm my allegiance and commitment to our common purpose for humankind.

Distinguished delegates and friends, please accept my deep appreciation and may I once again bid you welcome to our city, to our country, into our homes, and into our hearts. To each and everyone, thank you and *mabuhay* !

### ***B. Keynote address by His Excellency Ferdinand E. Marcos, President and Prime Minister of the Republic of the Philippines***

#### **UNCTAD AND THE REVOLUTION OF THE POOR**

I am deeply honoured to be able to welcome you on behalf of our people and the Republic of the Philippines.

It is indeed a singular and unprecedented honour for us, for from my point of view you represent all of humankind. I say advisedly that you are representatives of humankind, for, naive as it may sound, I do believe that in your deliberations in this conference, you will act, feel and think, first and foremost, as delegates of a common human race and not as representatives of this or that country, or this or that group of interests, or this or that social or economic system.

Perhaps while in flight to Manila from your respective homes, you must have seen through the window that only the natural and permanent configurations of the earth are discernible—the land, the seas, the rivers, the mountain ranges, the green valleys, the yellow deserts, and occasionally the habitations of man, sad or proud, miserable or majestic. From that height one can no longer tell the outward difference of one man from another. One cannot see whether the man is brown or white, or yellow, or black. Nor can one hear the languages they use, or know the gods and the philosophies they believe in. One cannot say whether they are poor or rich, primitive or sophisticated, bound or free. For from that height, frontiers disappear, and disparate allegiances, the rancorous grievances, the ambitions, the failings and discontent—all these are lost. And one single elemental fact of real significance remains, and that is the men and women who have an equal share of a common fate and destiny.

It is this fundamental truth that I hope will inspire the deliberations of this Conference. For I am certain that we are done with platitudes, with the angry demands and the arrogant refusals, the exhortations, the dramatic declarations, the sweeping programmes. We are done with all of these, and after twenty years we must now settle down to some hard and strenuous bargaining.

It is our hope that all the preparations that we have made for this Conference are to your satisfaction. For as has been said, we are a small and poor developing country, but we have strained our limited resources in order to demonstrate to you the hospitality of our people, and also because we realize the crucial importance of this Conference.

You also come in the midst of a resolute effort on the part of our people to restructure our nation and our society. It is our hope that you will see in this a paradigm of your own task to design and build a new world economic order. For, not too many years ago, our people were enmeshed in a bitter and seemingly insoluble conflict between those who had too little and those who had too much and yet wanted more. We were slowly sinking in the morass of indecision, in destructive divisiveness, in arrogant hostility, until we realized it was bringing us to only one conclusion: disintegration and national suicide.

We decided then with this realization to put an end to this arid and useless anguished struggle and arrived at a common consensus over and above individual party and ideological differences, a consensus to create a new society of social justice and nobility and dignity, with equal opportunities for the resources of our country as well as the obligations, and equal opportunity to determine our common fate.

A comparable vision is what I commend to the common interest of all the delegations, the nations represented here—a common interest in the restructuring of an antiquated economic order. For indeed, this is the very purpose of UNCTAD. This is the fifth Conference, and the first four Conferences have left a record which somehow makes it difficult for us to escape the conclusions that we are not moving anywhere after twenty years.

The less developed nations in their predicament are moving from bad to worse, and if there are any marginal advances by the other developed countries, this is due to their resolute individual efforts against the handicaps imposed by an antiquated and mostly irrelevant and unworkable economic system. And now almost everyone must face this common difficulty of resurgent protectionism.

Yes, this is the fifth session of the United Nations Conference on Trade and Development. We have had four Conferences before this. And the record may speak of ambivalence, nay, of ambiguity. Perhaps of slow, reluctant advances but more of stubborn stalemates, and the impression that there has been consistent frustration of the cogent plans and programmes prepared by a dedicated and highly trained secretariat headed by Secretary-General

Corea and his predecessors, to whom I must now pay a well-deserved tribute.

Yes, notwithstanding all the constant reminders and all the gallant efforts of the other theoreticians and the activists of change, notwithstanding the deterioration of the national economies and the resulting international interaction, there seems to be some strange despondency, a mood of impotence. We are content to drift from day to day, from year to year, from one small emergency to another, from one local difficulty to another. If it is not currency, it is inflation. If it is not scarcity, it is stagnation.

And the answer to this is what UNCTAD is all about. UNCTAD is the instrument which was organized and created in order to attain and approximate some equality and balance in the international economic order.

The first session of the Conference was initially a success inasmuch as it established the instrumentality for the implementation of the policies seeking to attain this objective of equitable distribution of resources.

The second session, in New Delhi, established the generalized system of preferences for manufactures and semi-manufactures of developing countries, which unfortunately will soon expire.

The third session, in Santiago de Chile, established the Charter of Economic Rights and Duties of States. It was approved in the latter part of 1974 by the General Assembly.

The fourth session which was held in Nairobi in 1976, I personally attended, commissioned by the Group of 77 in the Third Ministerial Meeting here in Manila to present the Manila Declaration and the programme of action, including the establishment of a common fund, an integrated commodity programme for the commodities on which most of the developing countries depend.

And now we have the fifth session of the Conference and its agenda is impressively comprehensive for it attacks a broad front. It looks into an assessment of the world economic situation as well as trading and, more particularly, resurgent protectionism, the commodities programme, the monetary and fiscal policies, the diversification and increase in exports of the developing countries, the participation of developing countries in shipping, trade between countries of different economic and social systems. Even in the best of times, agreement on working arrangements or even on principles would have been most hazardous, and yet these are not the best of times. For every country feels this atmosphere of crisis. Slowly we are sinking and sinking in inaction. And I repeat, everybody feels the impotence that seems to bind our thoughts and minds, incapable of innovation, keeping us from working out practical solutions to our problems.

But the fifth session of the Conference seeks to attack this broad front of problems. Barely a few weeks ago, after three years of strenuous and arduous negotiations, most of the countries have agreed on some kind of a compromise agreement on the commodity fund, as to functions, objectives, and as to finance. Commitments in the form of pledges of \$400 million were made. Expected is an

additional \$280 million—in this Conference, I dare, I venture to hope for the fulfilment of these expectations.

UNCTAD was the answer to the panic that ensued as a response to crisis. For UNCTAD has always meant the noble pursuit of an equitable system throughout the world. It also is a system which grants the developing countries an opportunity to demonstrate that the proposals that they have submitted do not mean an outstretched hand on which the benevolent rich countries may deposit their charity. But rather, it is a programme of increasing self-reliance that can confer benefit even on the rich nations that may have a corresponding benefit to give.

UNCTAD was the answer to the panic that ensued after every crisis, for it meant courage—courage on the part of every nation and every country. Courage to realize that the old order established by the victorious western countries after the Second World War is no longer working. Courage to face the reality of a new world that followed the disintegration of the old metropolitan relationships, and the entry of new forces into the traditional equilibrium. Courage also to participate in this inescapable and common task of dismantling the remnants of the old order and creating a completely new one, instead of shoring up this creaky world machinery with emergency measures that will merely prolong our agony and our common embattlement.

Yes, UNCTAD also means vision, the capability of everyone, from the rich and poor nations alike, to lift themselves from the common, ordinary level of statements of immediate loss and profit, to the disregard of immediate benefit for future stability.

And so I end with the same thought. Naive as it may sound, I still think you represent all of humankind. Naive as it may sound, I trust that you will act as delegates of each and every man on earth, not of any country nor any interest, nor any social or economic system. Naive as it may sound, I know you realize the urgency of the task.

For the great number of deprived peoples in this world can no longer wait. They cannot stand on quibbles and reservations and exceptions and further study. The weary and weather-beaten farmers and their wives and their children who sometimes feel cheated because of falling prices beyond their control—they cannot wait. And neither can the black-lunged and black-faced miners who seem impotent before industrial forces. Perhaps the rich can wait. And the powerful, they will wait; they will bide their time. But the impoverished, forsaken peoples of our nations cannot wait.

The fifth session of the Conference must do its best to break this vicious cycle of crisis and impotence. And by one single pragmatic act of accommodation and not of arrogant confrontation, start a momentum of change and creativity which will solve our present distemper.

I am certain, I am confident that the delegates to this Conference will be such representatives, borne on the wings of the most exulted and noble aspirations of humanity, will act with greatness, with courage, with vision, with dignity.

This is my prayer. This is my hope. And I know it is the prayer and hope of all mankind. I expect it will also be your hope and prayer.

## Annex IV

### CLOSING STATEMENT BY THE PRESIDENT OF THE CONFERENCE

1. Before I formally close this fifth session of the United Nations Conference on Trade and Development, permit me to thank all of you for your patience, sympathetic co-operation and support all throughout these difficult and trying weeks. Like me, you must have sometimes felt that we were running over into the sixth session.

2. I should also like to thank my distinguished and respected colleagues in the Bureau of the Conference, and particularly the overworked members of the UNCTAD secretariat, not forgetting the Philippine secretariat of the Conference, for their unstinting devotion to duty. Without their dedicated assistance and advice, we might still be here next year.

3. I believe that I am expressing your unanimous sentiments in thanking and congratulating the Chairmen, Vice-Chairmen, and members of the eight Negotiating Groups, who have laboured long and hard, behind closed doors, sometimes, I am afraid, trying to open closed minds.

4. I have, of course, a personal debt of gratitude to the members of my Contact Group, who specialized in "close encounters of the third kind" with the First, Second and Third Worlds. I thank them for bringing us out of orbit to a safe landing.

5. I must really not bring this litany of appreciation to a close before I start thanking the limousine service—which I regret to inform you will cease at midnight tomorrow—but, speaking for my Government, and not as President of the Conference, I must acknowledge with sincere appreciation the kind words of several delegations. Their generous tributes to the hospitality of our Government and people will be conveyed to the President of the Philippines and the First Lady, the leader of our national delegation.

6. Let me assure you that the President and the First Lady have, from the very start of this session until this moment, taken an intense personal interest in its proceedings. As heads of delegations are aware, they have personally intervened in the process of accommodation between divergent interests. I like to think that our hospitality—their hospitality—has not been confined to creature comforts.

7. It has been a hospitality to ideas, to the various concepts of what our world is like, and what it should be and what it can be. That, I submit to you, is what UNCTAD is all about.

8. I am very much afraid that many people do not understand UNCTAD. UNCTAD, let it be said now clearly and unequivocally, is not an arena of confrontation between the rich and the poor of our world, between the industrialized and the developing nations, between the Group of 77 and Group B and Group D, between the so-called North and the so-called South.

9. I venture to suggest that the first, the second, the third, the fourth, and the fifth session here in Manila, have really been market-places of ideas, where the peoples of the world, our common world, have been enabled to understand one another's needs and aspirations, to reconcile them when they are divergent or even conflicting, and to agree as far as possible on a common theory of the future.

10. What must be realized is that UNCTAD is a continuing Conference. It is not a one-shot affair. Its value lies precisely in its continuity, in keeping alive and mutually stimulating—I shall not say a dialogue, which implies only two parties, but a conversation, an open-ended discussion by peoples in various stages of development, on what they need, on what they want, on what they hope to get.

11. UNCTAD is really, when we come down to it, an accommodation. It cannot be, and it should not be, a Conference aimed at bare confrontation leading to imposition by predictable majorities of an unbalanced theory and practice of trade and development in our world today.

12. It is, quite simply and frankly, not realistic or practical for us to imagine that we can dictate a new international economic order by resolution. It just cannot be done, and those who think so are bound to be disappointed.

13. Confrontations can make headlines. But, as you very well know, although those on the outside may not always have realized it, we have been engaged, in these wearying weeks, in the much more arduous but also much more meaningful and fruitful process of adjustment, the adjustment, on a realistic and equitable basis, of the vital economic interests of the nations represented here.

14. And, of course, that has not been easy. In some cases, it has not even been possible, anyway not possible at this time. The reconciliation of the interests of 159 nations in greatly varying stages of economic development, of widely divergent doctrines and beliefs—some committed to the free play of market forces, others to the intervention and direction of governments—would have been problematical in any case.

15. At a time like this, of profound economic dislocations, when even the richest, the most efficient, and the most disciplined economies are perplexed by seemingly contradictory and irreconcilable movements in world trade, currencies, commodity prices, unemployment, inflation and stagnation, then our task, when we look back on it, must appear to have been hopeless.

16. Yet something has been done, something has been accomplished against all odds. The hour is late, and I shall not tax your patience with an elaborate enumeration of the agreements which have happily been reached.



17. But I feel I would be remiss in the fulfilment of my duties as your President if I failed to close with the most emphatic reiteration of the purposes of UNCTAD. As I said earlier, UNCTAD is a continuing Conference. It is an exchange of ideas, an adjustment and accommodation of national economic interests.

18. There have been no victories at the fifth session, and there have been no defeats.

19. We have not been fighting each other here. We have been seeking to agree, even if in some cases we have only agreed to disagree.

20. And so, my dear colleagues, and by now I believe I can call you my old friends, I shall thank you once again for your forbearance and support. May we meet again, in the same spirit of mutual understanding and sympathy at the sixth session. And, let me add, if it should prove necessary to achieve our high and imperative objective of establishing a new international economic order, may we meet again and again until the tenth session.

21. I now hereby declare this fifth session of the Conference closed.

## Annex V

### MESSAGES RECEIVED BY THE CONFERENCE

#### A. Messages from heads of state or government

##### Message from Mr. Hua Guofeng, Premier of the State Council of the People's Republic of China<sup>a</sup>

On behalf of the Chinese Government and people, I would like to express our congratulations to the fifth session of the United Nations Conference on Trade and Development being held in Manila, capital of the Republic of the Philippines.

UNCTAD is an important forum for discussions on international economic and trade problems. It has been playing a useful part in helping the developing countries safeguard their national independence and develop their economies and in promoting the establishment of a new international economic order.

It is our hope on the basis of the past achievements, the current session will yield positive results towards solving through discussions major problems in the international economic and trade relations.

I wish the session every success.

##### Message from Mr. Fidel Castro Ruz, President of the Council of State and the Government of the Republic of Cuba<sup>b</sup>

Allow me to congratulate you on your appointment as President of such an important international meeting. Would you please transmit to the United Nations Conference on Trade and Development at its fifth session the best wishes of the people and Government of Cuba for the success of its work. The expansion of international trade will make a decisive contribution to the stability of the world economy and is also an essential factor in the process of détente, leading towards a peace from which all peoples and all countries of the world can benefit.

Hundreds of millions of men and women living in the developing countries demand the elimination of the inequality in the flows and terms of international trade from which their countries are suffering. The righting of this inequality is one of the bases for the establishment of the requisite new international economic order for which our peoples are struggling.

At its fifth session, the Conference must promote solutions designed to achieve this more equitable and just trade to which our peoples aspire.

<sup>a</sup> Issued at the Conference as TD/L.142.

<sup>b</sup> Issued at the Conference as TD/L.147.

##### Message from Mr. E. Honecker, General Secretary of the Central Committee of the Socialist Unity Party of Germany and Chairman of the Council of State of the German Democratic Republic<sup>c</sup>

On behalf of the Council of State and of the people of the German Democratic Republic I offer warmest greetings to you and to all participants in the fifth session of the United Nations Conference on Trade and Development.

The German Democratic Republic supports the development of international economic relations based on equal rights and mutual advantage, and all efforts to eliminate neo-colonialist exploitation, to ensure the unrestricted sovereignty of States over their natural resources and to abolish all discrimination in international trade. The implementation of the Charter of Economic Rights and Duties of States is a necessity of our age.

Life has furnished convincing proof that trade can be promoted and development can be furthered only under conditions of peace. The German Democratic Republic, which was itself born thirty years ago in the struggle against imperialism, stands resolutely in favour of international détente and genuine measures to end the arms race and bring about disarmament.

The peace and economic progress of peoples are threatened to an alarming extent by the intensified arms drive of the aggressive imperialist circles and by the big-power policy of those who do not shrink even from recourse to naked military aggression.

The German Democratic Republic is convinced that the fifth session of the United Nations Conference on Trade and Development will make a significant contribution to the normalization of international affairs and to the democratic restructuring of international economic relations.

I wish your session the best of success in this respect.

##### Message from His Holiness Pope John Paul II<sup>d</sup>

Human advancement, the upholding of the hope of peoples struggling in precarious and often crushing conditions, and helping humanity to regain control of its material and social universe: these are the subjects at the heart of the deliberations of the fifth session of the United Nations Conference on Trade and Development, meeting in Manila.

<sup>c</sup> Issued at the Conference as TD/L.146.

<sup>d</sup> Issued at the Conference as TD/L.143.

These preoccupations are also shared by the Holy See and the whole Church. I am writing to you, Mr. Secretary-General, in order to offer to this common task, together with my fraternal encouragement, a spiritual and ethical contribution drawn from the heritage of the Gospel.

It is our shared conviction that the courage of the concrete decisions that must be taken and the inspiration of new ideas for directing the future will come from people who have been made more aware of their unsurpassable dignity, more aware of the creative possibilities of their minds, more aware of the potential of their different cultures, more aware of the powerful moral dynamism which impels them to seek justice, peace and fraternal co-operation. These are realities that, in the eyes of a believer, have a depth and a guarantee that come from God. God has made us all in his own image and likeness, and his Son Jesus Christ, by becoming man himself, has in a certain manner united himself to every human being.

For development to be both effective and worthy, peoples have to count first of all on their work and on exchange. And this poses, at the basis of practically all the items on the agenda of the Conference, the fundamental questions of the just price and the just contract.

These are eminently human and moral questions, and they have to be considered in all their constitutive dimensions.

One of these dimensions is, of course, remuneration for the work actually done by each individual. It is not the only dimension. It is also important to take into account the right of each people to make use of the goods which are more directly entrusted to its management, and whose reasonable and farsighted utilization conditions its free development. In addition, since work concerns human beings, their remuneration must enable them to live as befits human beings, to face all the tasks that fall to them, all the needs of human existence, beginning with the need to create, through employment, the very possibility of working. Furthermore, individuals and peoples live in solidarity: their remuneration should manifest this solidarity, within each country and between countries, and it must be seen to be a fair sharing in the material and cultural goods which are produced at a given stage of human history and which always have a universal destination.

It is necessary that all these exigencies, without exception, should be taken into account concretely in the contractual processes which seek to determine the amount of just prices. These processes cannot simply be left to the play of the market forces—which in fact are never natural but always constructed by people—nor to the dominant influence of small groups or to that of number. Every contract is a human matter, conducted by people and directed towards serving people. Only then will the market forces, set up, and periodically revised and diversified, be able to play their beneficial role: for they will function under the responsibility of individuals and peoples who are free, equal and linked by solidarity, and under the regulation of moral norms that are binding upon everybody.

Healthy competition of this sort is in its turn conditioned by "a wider and more immediate redistribution of riches and of control over them" (*Redemptor Hominis*, 16). It is thus in this perspective that one must

clarify and resolve the painful problem of the debts that weigh upon the poorer countries, the problem of common funds, the problem of a more adequate and more effective institutional framework of worldwide solidarity.

While the universal destination of goods is effected in part through the medium of responsible appropriations and of exchanges, it also calls for institutions that more immediately express solidarity and sharing. What still exists, often in such an exemplary way, in the practice of hospitality and mutual help by the less advanced peoples, what has been reinstated elsewhere through national budgets and social security systems—namely, the desire to set aside an important part of wealth in order to make it directly available for common use and needs, quite apart from any logic of competition and exchange—all this must likewise find its place in the development of the world-wide human community. It is up to the Manila Conference to explore and stimulate, with realism and generosity, all the opportunities now available for advancing along this path, in the order of production as well as in that of distribution.

Mr. Secretary-General, I express the earnest hope that this fifth session of the United Nations Conference on Trade and Development, which you have prepared with such care and breadth of view, will produce the resolute decisions that the less privileged peoples and indeed all humanity await. May this exceptional meeting be at the same time the place where new ideas germinate, mature and spread, and where these ideas succeed in defining a new long-term strategy, able to halt the gigantic development of the situation referred to in the parable in the Bible concerning the rich banqueter and the poor man Lazarus (cf. *Redemptor Hominis*, 16). May this exceptional meeting succeed in eliminating a situation which now humiliates mankind and stores up threats for the future, and thus infuse new hope into countless human beings.

I pray that God, our common Father, will bless the Manila Conference.

**Message from Mr. William R. Tolbert Jr.,  
President of the Republic of Liberia<sup>e</sup>**

On the occasion of the convening of the fifth session of the United Nations Conference on Trade and Development, it gives us great pleasure to convey sincere greetings and felicitations to you in the name of the Government and people of Liberia and in our own name. We express the hope that your deliberations will focus upon alleviating the plight of mankind's poor, who constitute by far the great majority of our one world's populations. The third United Nations Development Decade, which soon will be upon us, must urgently challenge all nations both large and small to bring into reality all programmes and fundings necessary to cushion the increasing hardships and raise the economic standards of all peoples. Mankind is our greatest challenge. No rounds of talks should postpone its enrichment. No series of conferences should defer its upliftment. For too long we have waited. The time is now for basic accommodations and specific actions which will fulfil the hopes of mankind. Let the fifth session of the Conference lead a waiting world into more fruitful years of industrialization and trade. Let the fifth session of the Conference share in

<sup>e</sup> Issued at the Conference as TD/L.149.

new stairways to the attainment of the New International Economic Order. And may Almighty God bring goodwill, guidance and blessings upon all your deliberations.

**Message from Mr. Nicolae Ceaușescu, President of the Socialist Republic of Romania<sup>f</sup>**

I take great pleasure in extending to the participants in the fifth session of the United Nations Conference on Trade and Development a cordial message of greeting, together with my best wishes for the success of the proceedings of this important international meeting.

Romania attaches great importance to this session of the Conference, which will have to discuss and adopt measures to resolve one of the major problems of our times, of world peace and security, namely that of eradicating underdevelopment and establishing a new international economic and political order, and new relations based on full equality and equity among States.

The fact that, in the age of the world's greatest-ever technical and scientific revolution and of advances in science, civilization and human knowledge, a large part of mankind still lives, as a result of the old imperialist and colonialist policy of exploitation and oppression, in a state of underdevelopment, poverty and hunger and that the world is still divided into poor and rich countries is a serious aberration in contemporary social and political life. It causes great suffering to dozens of peoples, depriving them of the most elementary prerequisites for a civilized existence and of the opportunity to assert their creative potential, to express their true nature and to participate in international life and efforts to promote the progress of mankind as a whole.

The continued existence of wide economic and social gaps between the developing countries and the developed countries is also one of the permanent factors of tension in inter-State relations, of instability in the world economy, and of the aggravation of economic, energy and monetary crises, which have profound adverse effects on the development of all States and on international life as a whole. That is why the eradication of underdevelopment is a basic imperative of our times, involving a burning need for the establishment of international justice and equity and the very cause of progress and civilization on our planet.

Naturally, the developing countries' own efforts are essential to the hastening of their economic and social development, as are the expansion of co-operation among those countries and their assistance of each other in the endeavours to form a new technical and material base, consolidate their economic and political independence, and raise the level of living of the masses. The establishment of the new international economic order, which should lead to relations of equality and equity, to respect for each nation's right to full mastery over its own national wealth and to its exploitation in strict accordance with its own interests, to the resolute eradication of imperialist and colonialist policy, and to the strengthening of support from the economically developed States for the developing nations is also of paramount importance.

Proceeding from those considerations, Romania has consistently striven for the implementation of the pro-

grammes drawn up in recent years at the international meetings of the Group of 77 and at the previous sessions of the Conference which have set out measures providing for more equitable bases for international economic relations and contributing to the elimination of underdevelopment and the hastening of socio-economic progress in the developing countries. We consider the agenda for the present session of the Conference to be particularly important, since it will make possible discussion of the fundamental problems of the new international economic order and the adoption of measures for the speedier elimination of the gaps between the developed and the developing countries.

I deem it of the utmost importance that the Conference should produce, at this session a set of concrete, practical measures aimed at solving certain acute problems of international economic life and accelerating the socio-economic development of the developing countries, with special emphasis on the following:

1. The elaboration of a long-term programme—up to 2000, with a first stage ending in 1990—containing measures for more intensive development of the economies of developing States.

In this context, it is imperative that there should be a special agricultural development programme based on greater use of irrigation systems, soil improvement and mechanization which will ensure that the food requirements of the masses are met and that those peoples receive adequate supplies. I also have in mind the elaboration of a programme for the development of industry, particularly the food and textile industries and other branches for which the countries concerned have the requisite raw materials. The elaboration and application of a programme for the development of communications, particularly railways and inland waterways transport, would be of very great significance for the economic progress of the developing countries.

2. Romania also proposes the adoption of a programme for the development of education and the training of national experts in all areas of activity, in keeping with the requirements of the countries concerned for progress in many fields.

3. In view of the great variety of new problems with which the developing countries are confronted, Romania considers that there is a need to set up, by geographical region, study and research bodies which will analyse the specific economic and social tasks and objectives of developing countries and make concrete proposals for their achievement.

4. In view of the need for the developing countries to receive more substantial and concrete material support in their efforts to close socio-economic gaps, we propose the urgent establishment of an international development fund, which should be formed by the participation of the industrialized countries from the reduction of military expenditure.

Romania proposes that all States should reduce such expenditure by 10-15 per cent, half of which should be earmarked for the least developed countries. The fund should be made available to developing countries having an annual *per capita* income of up to 500-600 dollars and should be used effectively for the implementation of

<sup>f</sup> Issued at the Conference as TD/L.145.

development programmes in industry, agriculture, communications and other branches of their national economies.

Furthermore, assistance should be granted primarily to countries which themselves allocate a large part of their national income—at least 20 per cent—to their own development and which do not spend more than 4 or 5 per cent of their national income on armaments. That unquestionably entails the renunciation of the threat or use of force in any form in international affairs and the provision of firm guarantees, including guarantees within the framework of the United Nations, that countries which devote themselves to their own socio-economic development and do not increase their military expenditure will not be the victims of any aggression or outside interference and that their sovereignty and national independence will be strictly respected. It is also imperative to finalize and bring into force the Integrated Programme for Commodities at the earliest possible date and to speed up the creation of the common fund which will finance it.

5. The eradication of underdevelopment calls for firm and urgent measures to establish fair ratios between the prices of raw materials and those of industrial products, and between the prices of fuel and energy and those of other products, in order to prevent any arbitrariness in this field and the emergence of economic difficulties that ultimately affect the developing countries.

Agreement should also be reached on measures allowing for the unhampered expansion of exports of industrial and other products from the developing countries on the world market at profitable prices.

6. The breathless pace of the world technical and scientific revolution makes it imperative that the developing countries should have easy access to modern technology, as a prerequisite for the elimination of major economic gaps. In this respect, measures should be adopted to increase the amount of technical assistance provided by the developed countries and to make available the latest scientific and technical achievements on advantageous terms so as to enable the developing nations to advance more rapidly along the road of their economic and social progress.

7. Romania considers that the fair regulation of the conditions on which foreign companies carry on their activity in the developing countries is of particular importance. In this context, national control should be ensured not only as regards the exploitation of the various natural resources belonging to these countries but also as regards the sharing of profits. We think that it would be right and equitable for the developing countries to have a real equity of at least 50 per cent in the capital of such companies.

8. We attach special importance to the strengthening of the unity and solidarity of the developing countries and to the intensification of collaboration, co-operation and mutual assistance among them with a view to solving, through joint efforts, urgent problems connected with their social and economic progress.

Being convinced of the need to strengthen the unity of action of the developing countries for the promotion of their vital economic interests, Romania considers it to be of the utmost importance that a permanent organ of these countries should be set up to negotiate from a common position the problems of their relations with the developed

countries within an organized framework and on an equal footing.

9. In Romania's view, the United Nations should play a far more dynamic role in all activities aimed at the establishment of a new international economic order. We deem it necessary in this respect that a special United Nations body consisting of developing, socialist and advanced capitalist countries should be created to work out specific programmes for the elimination of underdevelopment and the establishment of a new international economic order, and to submit these programmes to the United Nations General Assembly at its special session in 1980 for examination and approval. That body should also draw up a charter setting forth the new principles of international economic relations which would govern fully equal and equitable co-operation among all States. Such a charter would similarly have to be submitted to the General Assembly for adoption.

10. Public opinion and, above all, the peoples of the developing countries which comprise the majority of mankind, expect the fifth session of the United Nations Conference on Trade and Development to be a turning point in efforts to eliminate underdevelopment and to establish the new international economic order. In our opinion, this session of UNCTAD should, as a matter of urgency, embark upon the preparation of a unified programme of action on the basis of proposals submitted by participating States. The time has come to go beyond the stage of general discussion of these problems so vital to mankind, and to adopt practical and concrete measures for their solution. It is clear that the present situation cannot continue any longer, and that all States must do their utmost to resolve in the immediate future these serious problems confronting mankind.

As a socialist country and as a developing country, Romania develops relations based on broad collaboration and co-operation in various fields—including production—with the developing and the non-aligned countries on a mutually advantageous basis with a view to the fastest possible development of industry, agriculture and transport in those States, and contributes to the training of their national experts and to the development of their technical, scientific and cultural activities. Moreover, Romania continuously strengthens its solidarity with those States as part of its general policy of combating imperialism and colonialism, and fighting for the cause of the independence and sovereignty of peoples, and for their right to a free and prosperous life. The struggle for economic and social development, for the strengthening of the independence and sovereignty of the developing and non-aligned countries, and of all States, is one of the essential goals of socialist Romania's foreign policy as a whole.

We shall endeavour to promote this policy firmly and consistently in the future as well, in the conviction that it corresponds to the vital interests of these peoples and of mankind as a whole, of the general cause of progress and peace, and of building a better and more just world on our planet.

Being confident that the work of the fifth session of the Conference will make a further and important contribution to the efforts of peoples to eradicate underdevelopment and to speed up the process of establishing a new

international economic order, I wish your Conference complete success.

**Message from Mr. A. N. Kosygin, Chairman of the Council of Ministers of the Union of Soviet Socialist Republics<sup>g</sup>**

On behalf of the Government of the Union of Soviet Socialist Republics and on my own behalf I extend greetings to the participants in the fifth session of the United Nations Conference on Trade and Development.

The period after the fourth session of the United Nations Conference on Trade and Development was one of unabating struggle for peace, against colonial and neo-colonial oppression, for an end to the arms race and for real disarmament, for the continuation of détente, and for freedom and social progress. The restructuring of international economic relations on a just and democratic basis, which became one of the principal tasks in the activities of UNCTAD, is closely related to the search for solutions to these urgent problems of the contemporary world.

The fifth session of the Conference is called upon to provide answers to many questions raised by the current development of world trade and international economic relations.

The crisis which struck the capitalist economy in the 1970s gave rise to trends at variance with demands for the normalization of international trade and economic relations and with the desires of countries which have achieved freedom to consolidate their economic independence, to affirm their sovereignty over their national resources, and to speed up the economic development process. The situation calls for a redoubling of efforts in the struggle to restructure international economic relations on a just and democratic basis, and this would contribute to the more rapid development of countries which have achieved freedom, to the progress of mankind as a whole and to the establishment of a new international economic order based on respect for national sovereignty and on the principles of equality and mutual benefit.

Constructive initiatives taken in this direction by the developing countries, including those taken at this session of the Conference, are actively supported by the Soviet Union, which consistently advocates the normalization of international trade and economic relations, the eradication of all forms of discrimination on political and social grounds, the elimination of inequality, diktat and exploitation from international economic relations, and genuinely equal and mutually advantageous co-operation between

<sup>g</sup> Issued at the Conference as TD/L.144.

States, with strict observance of the principle of non-interference in each other's internal affairs.

The Soviet Union expresses the hope that the fifth session of the Conference will make a contribution to the achievement of these noble goals and wishes its participants success in their work.

**Message from Mr. Jimmy Carter, President of the United States of America<sup>h</sup>**

The United States and, I believe, most countries acknowledge the increasing interdependence of our economies. At this and other international conferences and negotiations we should work toward an international economy that is more efficient and equitable. I recognize fully that this course will involve our nations in a process of change that will profoundly affect the lives of our peoples, but I believe it is a course that is clearly in our interest. We must all have the courage to make the decisions that will implement our shared responsibilities for the evolution of the global economy.

Our natural and financial resources are limited. We must plan common endeavours carefully and order our priorities sensibly. In my view, our top priority must be the elimination of the poverty endured by the world's poorest people. We should focus our efforts on increasing global production of food and improving its distribution to those who have too little. We should help developing countries increase the energy protection that is so necessary for their well-being. We should strive to assure that everyone enjoys adequate health and has access to education. To the best of our ability we must assure that everyone has the opportunity to improve his or her economic situation. The United States will continue—as it has for many years—to contribute to the realization of these goals. In recent years progress toward them has been considerable, but insufficient. All of us must do more.

Replenishments of the development banks, the conclusion of the Tokyo Round of the multilateral trade negotiations, and agreement on a framework for the Common Fund are outstanding examples of progress within international economic institutions that will strengthen relations between developed and developing countries. Continued progress toward meeting the economic, social, and political aspirations of our peoples will require dedication, courage, and patience. But I am confident it can be achieved.

You, the delegates to this Conference, have a unique opportunity to contribute to these efforts by focusing global attention on crucial development issues. I wish you every success.

<sup>h</sup> Issued at the Conference as TD/L.148.

## B. Other messages

### Message from the Tenth Islamic Conference of Ministers for Foreign Affairs<sup>i</sup>

The Tenth Islamic Conference of Ministers for Foreign Affairs, at its current meeting in Fez, Kingdom of Morocco, wishes to express, on the occasion of the fifth session of the United Nations Conference on Trade and Development at Manila, the deep interest which the world takes in your work, at a time when the international economic situation is extremely critical.

The imbalance between peoples and nations, the refusal of the industrialized countries to apply a new international economic system governed by principles of justice, complementarity and human dignity, and their tendency to impose even more protectionism and obstacles to trade between States are abominable blemishes in a contemporary world which has already made great progress in the scientific and technological fields.

While wishing you every success in your work, the Islamic Conference reaffirms its deep conviction that the present international economic situation must be modified and that the necessary changes could be effected if the industrialized countries were to understand the absolute necessity for more effective participation by the developing countries in economic, financial and monetary affairs.

A situation in which these countries are debarred from decisive negotiations, refused the right to obtain the capital and technology they require for their development, and are not called upon to help overcome the negative impact of monetary inflation and the world economic crisis carries with it a danger of confrontation between the industrialized countries and the third world and also represents an immediate danger to international peace and security.

While seeking to promote solidarity and development between the Islamic peoples and to bring about economic complementarity between its member States, the Organization of the Islamic Conference is deeply convinced that the success of these efforts would be a success for all developing countries, since the Islamic community is an inseparable part of the Group of 77.

It is also in this spirit that it invites the developing countries to work towards the implementation of the programme of work for the application of the principle of self-reliance adopted at Arusha.

The Organization of the Islamic Conference, which is following your work with interest and appreciates your efforts, expresses the hope that your meetings will yield the best possible results for the good of mankind as a whole.

### Message from the Ministers for Foreign Affairs of the States signatories to the Cartagena Agreement<sup>j</sup>

We the Ministers of Foreign Affairs of the States signatories to the Cartagena Agreement, currently meeting at Quito to assess progress in the integration process and prepare for the meeting of the Presidents of our respective countries, convey our cordial greetings to His Excellency

Carlos P. Romulo and our congratulations on his election as President of the United Nations Conference on Trade and Development.

We note with the greatest interest and concern this new opportunity for dialogue between the developing countries and the industrialized world, and hope that positive results will be achieved in the common endeavour to transform the principles and procedures governing the inequitable structure of international economic relations which is still in force.

The present stage reached in the North-South dialogue obliges our countries to make substantial efforts to strengthen and consolidate their unity and their capacity for joint negotiation.

The Cartagena Agreement is, in point of fact, based on the principles of solidarity and collective self-reliance which underlie horizontal co-operation as an essential condition for independent, balanced and harmonious development.

### Message from Mr. Edem Kodjo, Secretary-General of the Organization of African Unity<sup>k</sup>

Wish to assure you that Organization African Unity follows with interest and attaches very great importance work fifth session Conference. Also express to you concern and preoccupation Organization African Unity in light of intransigence developed countries in maintaining their advantages and of dissension emerging in third world. Sincerely hope that fifth session Conference can reach at Manila historic turning-point in establishment new international economic order by revising relationship between UNCTAD members in order to build new relations founded on greater justice between developed and poorer countries. The crisis cannot be pretext for rejection by rich countries of just claims third world. Deterioration world economic situation and its impact on Africa are dramatic. Certain rich countries claim third world countries and particularly Africa have withstood effects of crisis better than expected. This deliberately ignores catastrophic situation and very severe constraints prevailing in these countries. The general situation therefore requires mutual efforts to evolve new philosophy for a harmonized policy of expansion at the global level and to accept reciprocal compensation in order to establish new platform for genuine international co-operation necessary to stabilize international relations and international peace and security. Are convinced and maintain firm hope that Manila Conference will be able to satisfy expectations of Africa by preventing non-solution of economic problems and inadequate functioning defective international economic system from triggering situations of conflict and thus endangering international peace and security. Lastly we hope that gap between industrialized and developing countries will be narrowed at Manila so that raw materials prices, trade flow arrangements, investments, technology, transport, etc. can be established on an egalitarian basis and in accordance mutual advantage. Reiterate to you on behalf Organization African Unity wishes for complete success work of fifth session Conference.

<sup>i</sup> Issued at the Conference as TD/L.150.

<sup>j</sup> Issued at the Conference as TD/L.151.

<sup>k</sup> Issued at the Conference as TD/L.153.

**Message from the Latin American Energy Organization<sup>l</sup>**

We hope this meeting industrialized nations northern hemisphere and developing countries attains short-term objectives positive solutions in order eliminate growing protectionist barrier industrialized nations. Our position calls for fair treatment in commodities to bring about new international economic order.

**Message from the Secretary-General of the Organization of American States<sup>m</sup>**

On behalf Secretariat Organization of American States and self I transmit to your Excellency warm congratu-

<sup>l</sup> Issued at the Conference as TD/L.154.

<sup>m</sup> Issued at the Conference as TD/L.161.

lations on your election as President fifth session Conference. I convey to delegates, participants and United Nations staff through you sincere wishes for best success discussions. We follow with great interest debates between industrialized and developing countries. We cherish hope of achieving positive results in efforts aimed at more open international trade and reduction protectionist trends prejudicial to legitimate interests countries American continent. We have strong expectations concerning increased flow resources to developing countries and improvement terms of transfer under reformed international monetary and financial system. We consider these elements fundamental to acceleration economic social development our region and eradication extreme poverty in least developed countries.



## Annex VI

### ARUSHA PROGRAMME FOR COLLECTIVE SELF-RELIANCE AND FRAMEWORK FOR NEGOTIATIONS

*Adopted by the Fourth Ministerial Meeting of the Group of 77, held at Arusha  
(United Republic of Tanzania) from 6 to 16 February 1979\**

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\* Text issued at the Conference under the symbol TD/236.

## I. The setting

1. We, the representatives of the developing countries, members of the Group of 77, having met in our fourth ministerial session at Arusha, United Republic of Tanzania, from 12 to 16 February 1979, to reaffirm our spirit of solidarity and collective self-reliance and to decide on a collective negotiating strategy for the fifth session of the United Nations Conference on Trade and Development to be held in Manila in May 1979, as well as on a programme of action on collective self-reliance and mutually beneficial co-operation among ourselves,

2. *Recognizing* that our meeting takes place in the midst of the severest crisis of the world economy after the Second World War,

3. *Conscious* of the responsibility placed on the developing countries to find effective solutions to the acute social and economic problems facing them and to work out strategies which will promote self-reliance and effect basic structural changes, permanently remove the conditions of underdevelopment and accelerate the rapid socio-economic and technological transformation of our societies,

4. *Recalling* General Assembly resolutions 3201 (S-VI) and 3202 (S-VI), of 1 May 1974, on the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX), of 12 December 1974, on the Charter of Economic Rights and Duties of States, and 3362 (S-VII), of 16 September 1975, on Development and International Economic Co-operation,

5. *Recalling also* the Manila Declaration and Programme of Action adopted by the Third Ministerial Meeting of the Group of 77, which consolidated the negotiating positions of developing countries for the fourth session of the United Nations Conference on Trade and Development, held at Nairobi in May 1976,

6. *Recalling* the initiatives taken at the fourth session of the Conference and subsequent decisions of that Conference to commence international negotiations on a wide range of issues in the field of trade and development, as part of the effort of developing countries to restructure economic relations with developed countries and to work towards the establishment of the New International Economic Order,

7. *Convinced* that a just peace is not only the absence of war but also must provide conditions for political freedom, the sustained and accelerated development of developing countries and for the promotion of world orderly development,

8. *Convinced also* that economic and social consequences of the arms race are so detrimental that its continuation is obviously incompatible with the implementation of the New International Economic Order and that resources released as a result of the implementation of disarmament measures should be used in a manner which will help to promote the well-being of all peoples and to improve the economic conditions of the developing countries,

9. *Having reviewed* the recent developments in the world economy and evaluated the results so far achieved in the negotiations initiated, especially at the fourth session of the Conference,

10. *Express* deep disappointment and grave concern that the negotiations undertaken since the fourth session of the Conference have not yielded the expected results so far and that no significant progress has been achieved in the implementation of the Programme of Action on the Establishment of a New International Economic Order owing to the lack of political will on the part of most of the developed countries;

11. *Record* profound dissatisfaction at the failure to make adequate progress and produce concrete results in the negotiations on the Integrated Programme for Commodities, primarily owing to the persistent intransigence on the part of most of the developed countries and their refusal to adopt constructive positions on the basic objectives and goals of the programme;

12. *Express further* our profound dissatisfaction that, despite the commitment made at the fourth session of the Conference and in many other fora, most developed countries have not yet evinced the political will necessary for the successful conclusion of the negotiations on a Common Fund which will serve as a key instrument to attain the objectives of Conference resolution 93 (IV) and express the hope that a discernible change of attitude will be shown at the resumed negotiating session so that the negotiations will be successfully concluded;

13. *View with deep concern* the trends in the Multilateral Trade Negotiations which indicate that, unless corrective measures are introduced the outcome of these negotiations will fall far short of the objectives set forth for the trade of developing countries by the Tokyo Declaration<sup>1</sup> and may result in the continuation of a trading system which would be increasingly unfavourable to developing countries;

14. *Express* profound disappointment that the negotiations on the adoption of the International Code of Conduct for the Transfer of Technology have not yet reached a successful conclusion and hope that the forthcoming resumed session will achieve positive results;

15. *Strongly urge* that developed countries should adopt a more constructive approach and co-operate to bring the on-going negotiations to a successful conclusion before the fifth session of the Conference, to enable the fifth session to meet in a positive atmosphere and chart the course for more constructive and fruitful international co-operation in trade and development in the 1980s;

16. *Express grave apprehension* that failure to achieve concrete results in on-going negotiations before the fifth session of the Conference could lead to a serious loss of confidence in the international negotiating process and seriously jeopardize the prospect for international co-operation;

17. *View with growing concern* the persistent crisis in the international economic order, which is manifested in the developed countries, such as in their inability to control the chronic imbalances in their international payments, in the continuing high levels of unemployment and inflation,

<sup>1</sup> Declaration of Ministers, approved at Tokyo on 14 September 1973. GATT, *Basic instruments and selected documents, Twentieth Supplement* (Sales No. GATT/1974-1), p. 19.

combined with new structural rigidities in the economies and long-term prospects of low growth, and whose features in the developing countries include mainly the continuing deterioration in the terms of trade, new barriers to exports of their manufactures and consequently new constraints on export earning capacity, the growing burden of external indebtedness, persistent mass poverty and inadequate level of transfer of real resources;

18. *View with deep concern* the inequities and injustices in the prevailing order which have cast an avoidable and intolerable proportion of the global burden of readjustment on the developing countries and seriously retarded their development effort;

19. *Express alarm* at the serious disruptive impact which the disorder in the international monetary system, global inflation and the high degree of instability in exchange rates of major currencies continue to have on the developing countries, especially in the heavy loss of revenues on their raw materials and other exports and the consequent effect on the management of the economies;

20. *Strongly deplore* the policies adopted by developed countries in the field of trade, specifically the intensification of protectionism and their attempts to formulate arbitrary concepts, such as graduation, selectivity and access to supplies, which constitute serious obstacles to the development of developing countries;

21. *Emphasize* that the continuing malaise in the international economic system cannot be regarded as a cyclical phenomenon but needs to be recognized as the manifestation of a deep-seated structural mal-functioning which, therefore, calls for fundamental structural changes in the international economic system;

22. *Stress* that the existing international economic order not only fails to support the development process of the developing countries but is also functioning inefficiently;

23. *Reaffirm* the urgent need to greatly enhance the transfer of resources from the developed countries to the developing countries so as to promote rapid economic development and thus enable them to eradicate mass poverty and improve the standard of living of the people of the developing countries;

24. *Underscore* the need for developed countries to recognize the structural nature of the current economic crisis and the ineffectiveness of pursuing policies which assume that their economic recovery can be achieved independently of the structural reform of the international economic system;

25. *Recognize* that on the part of both developed and developing countries there is the emerging perception of the interdependence of nations and the close interrelationship of issues in the fields of trade, money, finance and development;

26. *Consider*, therefore, that it is necessary to promote genuine mutuality of interests in the structural changes that are needed in the international economic system and to recast the world order within a framework of independence, equity and genuine sovereign equality;

27. *Consider* it imperative therefore that the international community accelerate the implementation of the

Programme of Action on the Establishment of the New International Economic Order;

28. *Consider* that the essential economic elements of such an accelerated implementation of the Programme of Action include negotiated shifts in the prevailing patterns of trade and production which eliminate protectionism in manufacturing agricultural and other sectors, promote an equitable global distribution of productive capacity and accelerate the industrialization of developing countries; the restructuring and development of the primary commodity sector in the world economy; with improved terms of trade and greater shares for developing countries in processing, marketing and distribution; an international framework conducive to the rapid growth of technological capacity of developing countries and an effective framework for international financial co-operation which ensures to developing countries vastly increased access to resources;

29. *Reaffirm* that the preparation and implementation of the new International Development Strategy for the third United Nations Development Decade should come within the framework of the implementation of the Programme of Action on the Establishment of the New International Economic Order;

30. *Consider further* that the basic structural and economic problems facing the least developed countries are so severe that extraordinary additional measures, especially designed in a comprehensive programme as an essential feature of the New International Economic Order, are required;

31. *Consider also* that there is a need for specific action to overcome economic problems arising from the geographical handicaps facing the land-locked and island developing countries as well as the economic problems facing the most seriously affected countries;

32. *Reiterate* the vital importance of basing the restructured world economic order and international economic relations within it on full respect for the principles of sovereign equality among independent States, non-intervention in internal affairs, respect for different economic and social systems and the right of each State to exercise full and permanent control over its own natural resources and all its economic activities without suffering any kind of economic aggression or discrimination;

33. *Emphasize* that the Governments and peoples of developing countries shall continue to mobilize their resources in support of their common struggle against colonialism, foreign aggression and occupation, racism, *apartheid* and all forms of foreign domination and exploitation, so as to put an immediate end to these major obstacles to development. They reiterate their unswerving support for the heroic struggles of the peoples of Namibia, Zimbabwe, Azania and Palestine to achieve their liberation and to regain effective control over their natural resources and economic activities. They are determined to exercise full permanent sovereignty over their wealth, natural resources and economic activities and the right to restitution and full compensation for the exploitation and depletion of and damages to the natural and all other resources of the peoples, countries and territories subjected to those practices.

34. *Recognize* that developing countries need to enhance their collective bargaining strength and exercise

their countervailing power, thereby creating the compulsions which would make the developed countries willing to negotiate the desired changes in the international economic system;

35. *Reaffirm* that such countervailing power flows from the individual and collective self-reliance of developing countries, and that the basis of collective self-reliance rests on the intensification and strengthening of economic linkages among developing countries;

36. *Underline* the vital importance of initiatives which member Governments of the Group of 77 take to accelerate the development and transformation of their economies through the process of collective self-reliance which include an intensification of their joint and concerted efforts to mobilize their resources and markets for building a structure of genuine economic interdependence and complementarity between their economies and explore areas of communality of interest as well as the strengthening of their solidarity in their negotiations with the developed countries for the establishment of the New International Economic Order;

37. *Resolve* therefore to give the highest priority to implementing economic co-operation among developing countries based, *inter alia*, on the Mexico City Programme,<sup>2</sup> as well as on the Buenos Aires Plan of Action and resolutions adopted by the United Nations Conference on Technical Co-operation among Developing Countries,<sup>3</sup> as an essential element in the establishment of the New International Economic Order and to consider the development of an appropriate institutional framework to help in its implementation, as well as strengthen the negotiating capacity of developing countries;

38. *Reaffirm* our commitment to the solidarity of the developing countries which makes it possible to harmonize diversity of interests, evolve unified positions and strengthen the collective bargaining power of developing countries;

39. *Emphasize* that developed countries need to undertake a restructuring of their economies which enable them to adjust speedily and smoothly to the shifting patterns of comparative advantage in the international division of labour, and at the same time should seek to initiate more basic reorientations in their patterns of consumption growth and development to create the conditions for a more rational and more equitable use of the earth's resources;

40. *Reaffirm* that developing countries perceive the structural changes in the international economic system as being significant and essential for creating the external environment conducive to carrying through the socio-economic and institutional transformation within their societies which will rapidly modernize and expand their production system, increase their technological capability, promote their self-reliance, eliminate mass poverty, and establish an equitable social order;

41. *Consider* it imperative, as a key element of the reform of the institutional framework of international economic relations, that developing countries should have an equitable share in global decision-making and management of the world economy, and for this purpose, they need to participate more effectively in the management of the international economy to ensure not only that policies in the field of trade, money and finance are mutually consistent and are supportive of development, but also that they promote the movement towards long-term restructuring;

42. *Consider*, at the same time, that with the breakdown of the monetary and trading system established after the Second World War and the emergence of major new elements in the international system, there is urgent need to recast the existing rules and principles governing international trade and economic relations and to align them with the requirements of a restructured world economic order;

43. *Urge* that, in order to ensure that the international negotiating process functions effectively and facilitates the implementation of the structural reform of the international economic order, the machinery for negotiations within the United Nations system should be adequately strengthened;

44. *Recognize* the evolving role of UNCTAD as a major forum for the evaluation and review of world economic developments in the context of its mandate, for initiating discussions on new concepts and policies and even more for negotiations on a wide range of issues relevant to international economic relations and, in this context, the need to enhance its capacity to perform its evolving functions effectively;

45. *Recognize further* UNCTAD as the principal instrument of the General Assembly for international economic negotiations on international trade and development particularly in the context of negotiations on the establishment of the New International Economic Order; and reaffirm this role;

46. *Therefore unanimously adopt, inter alia*, the following Programme for Collective Self-reliance and Framework for Negotiations.

<sup>2</sup> Adopted by the Conference on Economic Co-operation among Developing Countries (Mexico City, 13-22 September 1976).

<sup>3</sup> Held at Buenos Aires from 30 August to 12 September 1978.

## II. Programme for Collective Self-Reliance

*Strongly aware* that the attainment of collective self-reliance among developing countries calls for meaningful implementation measures over a sustained period of time,

*The Fourth Ministerial Meeting of the Group of 77,*

*Recalling* General Assembly resolutions 1995 (XIX) of 30 December 1964, as amended, 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974, 3442 (XXX) of 9 December 1975, 31/119 of 16 December 1976, 32/180 of 19 December 1977 and 33/195 of 29 January 1979 on Economic Co-operation among Developing Countries,

*Reaffirming* the principles established in the Declaration and the Programme of Action on the Establishment of a New International Economic Order, contained in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974; the Charter of Economic Rights and Duties of States, adopted in General Assembly resolution 3281 (XXIX) of 12 December 1974; and the provisions of General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

*Reaffirming further* the principles contained in Concerted Declaration 23 (II) adopted by the United Nations Conference on Trade and Development on 26 March 1968; Conference resolution 48 (III) of 18 May 1972 on trade expansion, economic co-operation and regional integration among developing countries, as well as Conference resolutions 90 (IV) and 92 (IV) of 30 May 1976 and Trade and Development Board decisions 142 (XVI) of 23 October 1976, on the establishment of the Committee on Economic Co-operation among Developing Countries, and 161 (XVII) of 2 September 1977, on the terms of reference of the Committee on Economic Co-operation among Developing Countries,

*Recalling also* the Action Programme on Economic Co-operation and the pertinent resolutions approved by the Fifth Conference of Heads of State or Government of Non-Aligned Countries held in Colombo from 16 to 19 August 1976, relative to co-operation among developing countries,<sup>4</sup> as well as the recommendations on this item made by the Conference of Ministers of Foreign Affairs of the Non-Aligned Countries, held at Belgrade from 25 to 30 July 1978,<sup>5</sup>

*Recalling* its programme on economic co-operation among developing countries contained in the resolution adopted at the Third Ministerial Meeting of the Group of 77 held at Manila from 26 January to 7 February 1976, which provided a basic framework for the development of further action to turn into reality the objectives of economic self-reliance of the developing countries,<sup>6</sup>

*Recalling further* the Buenos Aires Plan of Action and resolutions adopted at the United Nations Conference on

Technical Co-operation among Developing Countries, held from 30 August to 12 September 1978,<sup>7</sup>

*Mindful* that a strategy of collective self-reliance should be viewed as an integral part of a global economic system, specifically as an essential element of an over-all strategy for development encompassing the restructuring of international economic relations, and that economic co-operation among developing countries is a key element in a collective self-reliant strategy and thus becomes both an essential part of and an instrument for the necessary structural changes required for a balanced and equitable process of world economic development, ushering in a new set of relationships based on mutual interests and accommodations,

*Aware* that a strategy of collective self-reliance embodies the potential for joint action by developing countries that will strengthen their capacity to negotiate with developed countries and reduce their dependency on them and that intensifying trade and economic linkages among developing countries is part of the structural change needed for a more rational international division of labour, leading to a more efficient use of world resources,

*Convinced* that more intensive economic co-operation among developing countries is beneficial to the entire international economy,

1. *Welcomes with great satisfaction* the decisions adopted at the Conference on Economic Co-operation among Developing Countries, held at Mexico City from 13 to 22 September 1976,<sup>8</sup> which developed further the programme for economic co-operation among developing countries in accordance with paragraph 14 of resolution No. 1 adopted at the Third Ministerial Meeting of the Group of 77;

2. *Takes note* of the recommendations made by the Working Party on Trade Expansion and Regional Economic Integration among Developing Countries,<sup>9</sup> pursuant to decision A.I.1 of the Mexico City Conference on Economic Co-operation among Developing Countries;

3. *Takes note* of the measures of support and co-ordination of activities undertaken within the United Nations system in the field of economic co-operation among developing countries, as reported by the Secretary-General of the United Nations to the thirty-third session of the General Assembly;<sup>10</sup>

4. *Welcomes* the establishment of the UNCTAD Committee on Economic Co-operation among Developing Countries;

5. *Welcomes further* the substantive work carried out by UNCTAD in pursuance of the work programme adopted

<sup>7</sup> *Report of the United Nations Conference on Technical Co-operation among Developing Countries (A/CONF.79/13/Rev.1 and Corr.1)* (United Nations publication, Sales No. E.78.II.A.11), part one.

<sup>8</sup> See TD/B/628, part one, sect. A.

<sup>9</sup> See TD/B/702, part two.

<sup>10</sup> "Economic co-operation among developing countries: report of the Secretary-General" (A/33/367).

<sup>4</sup> See A/31/197, annex III.

<sup>5</sup> See A/33/206 and Corr.1.

<sup>6</sup> *Proceedings... Fourth Session*, vol. I, annex V, annex I.A, resolution 1.

by the Committee on Economic Co-operation among Developing Countries;

6. *Considers* that, in accordance with the Manila Declaration and Programme of Action and the Mexico City Conference, the time has now come for concrete action;

7. *Considers furthermore* that during the last three years considerable progress has been made in elaborating further the details of the programme on economic co-operation among developing countries and that the technical information already available justifies the adoption of detailed operational guidelines and objectives for implementation of the economic co-operation among developing countries over the next few years;

8. *Decides* therefore, on the implementation of the following first Short Medium-Term Action Plan for Global Priorities on Economic Co-operation among Developing Countries, which should be reviewed regularly at future Ministerial Meetings of the Group of 77 and at least once at senior officials' level in the period between the Ministerial Meetings, acting on the principle that economic co-operation among developing countries constitutes a long-term process where progress should be sought on all fronts as opportunities for co-operation are detected on the basis of sound and technically justified proposals.

#### **First Short Medium-Term Action Plan for Global Priorities on Economic Co-operation among Developing Countries**

1. A first Short Medium-Term Action Plan for Global Priorities on Economic Co-operation among Developing Countries is adopted, to be reviewed at the Fifth Ministerial Meeting of the Group of 77, calling for specific action in the following priority areas of economic co-operation among developing countries and in accordance with the following principles and objectives.

2. Economic co-operation among developing countries is a basic component of their efforts towards the establishment of the New International Economic Order.

3. Owing to the fact that economic co-operation among developing countries is a matter that chiefly concerns the developing countries, it should be formulated and implemented by them, at the subregional, regional, interregional and global levels.

4. In this context, the developed countries and the organizations of the United Nations system should give a strong support to this process in fulfilment of the different General Assembly and UNCTAD resolutions.

#### *A. A global system of trade preferences among developing countries*

5. *The Ministers recommend that:*

(a) A long-term objective on a global system of trade preferences must be established among developing countries;

(b) As a first step, priority should be given to the strengthening and linking up of the existing subregional, regional and interregional preferential schemes, as well as expanding the scope of bilateral arrangements;

(c) The following principles, pending the completion of the meetings proposed in paragraph (iv) below, should provide guidelines for work in this field:

(i) The recognition that a global system of trade preferences would constitute a major instrument for the promotion of trade, production and employment among developing countries;

(ii) The recognition of the complexities and difficulties involved in the creation of a global system of trade preferences, which calls for a realistic step-by-step approach on the part of all interested Governments;

(iii) That a global system of trade preferences should not rely only on traditional tariff concessions, but in addition to covering non-tariff barriers it ought to be progressively interrelated with other measures in the field of production, marketing, payments, finance and transport;

(iv) The strengthening of existing and the establishment of new subregional and regional trade preferences among developing countries;

(v) The global system of trade preferences would need to be based on the principle of mutuality of advantages, so as to yield benefits to all participants; taking into account the respective levels of economic and industrial development, trade patterns and trade regimes of individual developing countries;

(vi) In addition to non-reciprocal trade preferences, effective special treatment would be required in favour of products of export interest to least developed countries, land-locked and island developing countries on a non-reciprocal basis;

(vii) Subregional, regional and interregional groupings of developing countries could participate as such, whenever they consider it desirable, in the negotiations for a global system of trade preferences;

(viii) The global system of trade preferences should be open to the participation of all interested developing countries;

(ix) The gradual establishment of a global system of trade preferences should be accomplished by a parallel strengthening of subregional, regional and interregional integration groupings, which have a highly important role to play in this respect;

(x) The global preferential trading arrangement should consist of a coherent set of closely related components, including such elements as the adoption of indicative targets for increasing mutual trade, special techniques and modalities on preferential negotiations and for concessions on quantitative restrictions, agreements on direct trade measures and the use of long-term contracts, recourse to sectoral negotiations when appropriate, provisions on rules of origin and safeguards, and other essential provisions of preferential trade arrangements. The global system of trade preferences should furthermore incorporate appropriate mechanisms and regular medium-term reviews for evaluating progress;

- (xi) Product coverage should include not only manufactures but also commodities and agricultural products in their raw and processed forms;
- (xii) In addition to the global system of trade preferences, all other appropriate means of expanding trade should be considered by developing countries, including the use of bilateral arrangements;
- (xiii) A trade information system in support of the global system of trade preferences should be established;
- (d) (i) The studies on the Global System of Trade Preferences, prepared by UNCTAD, should be duly analysed as a first step by each Government;
- (ii) Subsequent to these analyses, during the fourth quarter of 1979, there shall be a regional evaluation by means of meetings of government experts with the support of the relevant regional economic organizations as appropriate;
- (iii) After the above stages, an interregional meeting of government experts of the Group of 77 should be held within the framework of UNCTAD before the end of 1979 to prepare recommendations on the studies set forth in (i) above.

#### B. Co-operation among State-trading organizations

##### 6. The Ministers recommend that:

(a) Specific open-ended meetings of State-trading organizations should be convened by the Group of 77 with the assistance of UNCTAD, regional economic commissions and subregional groupings of developing countries to discuss the essential features of co-operation arrangements among themselves. UNCTAD and the regional economic commissions should co-operate with international centres for public enterprises in developing countries such as that established in Ljubljana;

(b) The above meetings should also consider studies already undertaken by the UNCTAD secretariat and the Action Programme for Economic Co-operation among Non-Aligned and other Developing Countries (trade, transport, industry) in this area;

(c) The following measures should be adopted by the international community:

- (i) The compilation of a comprehensive and regularly updated handbook of state-trading organizations of developing countries, which could serve as a tool for the promotion of their mutual business contacts, should be undertaken by UNCTAD on a priority basis. This handbook should become a significant means of providing information on State-trading organizations;
- (ii) In view of the universally-stressed need for organizing intensive training facilities for state-trading organizations, it is recommended that the needs of state-trading organizations at the national, subregional and regional levels should be evaluated with a view to the organization of seminars and longer-term training programmes for senior and middle-level managerial personnel

respectively, tailored to include the specific needs for the co-operation process;

- (iii) Advisory and consultancy services to individual state-trading organizations should be provided on request by international agencies with a capacity in the field of international marketing and procurement. Special regional units for training and consultancy services to state-trading organizations should be created and located at a central point in each region, initially for one year, to extend the above services. Among the services to be extended by such units are in-depth studies of those strategic commodities which must lend themselves to joint action.
- (d) (i) The studies on the State-trading organizations, prepared by UNCTAD, regional economic commissions and the Action Programme for Economic Co-operation among Non-Aligned and other Developing Countries (trade, transport, industry) should be duly analysed as a first step by each Government.
- (ii) Subsequent to these analyses, during the fourth quarter of 1979, there shall be a regional evaluation by means of meetings of government experts with the support of the relevant regional organizations as appropriate.
- (iii) After the above stages, an interregional meeting of government experts of the Group of 77 may be held within the framework of UNCTAD before the end of 1979, to prepare recommendations on the subjects set forth in (i) above.

#### C. Establishment of multinational marketing enterprises

7. The Ministers recommend that the following action programme for the promotion of multinational marketing enterprises should be implemented:

(a) Support to initiatives generated by public and private promotional schemes (e.g. proposals emerging from State-trading organizations, producers' associations, the Council of Producers' Associations, subregional and regional integration and co-operation schemes, regional and subregional chambers of commerce and industry, and other private and public, national and multinational promoters). Such support would consist of the provision of technical and financial assistance, when requested, to projects for multinational marketing arrangements emerging from such organizations;

(b) Undertaking direct promotional action through sectoral studies and promotion of open-ended sectoral and multi-sectoral meetings of producers and exporters to detect opportunities and promote new initiatives for multinational marketing action at the subregional, regional and interregional levels, as the case may be, for the commodities identified by the UNCTAD secretariat on the basis of consultations with Governments and public and private enterprises;

(c) The UNCTAD secretariat should expand its research programme to include the analysis of opportunities for the establishment of marketing ventures concerned with import procurement and with the provision of services, with a view

to identifying opportunities for expanding the action programme to include such type of activities;

- (d) (i) The studies on multinational marketing enterprises, prepared by UNCTAD, should be duly analysed as a first step by each Government.
- (ii) Subsequent to these analyses, during the fourth quarter of 1979, there shall be a regional evaluation by means of meetings of government experts with the support of the relevant regional economic organizations as appropriate;
- (iii) After the above stages, interregional meetings of government experts of the Group of 77 may be held within the framework of UNCTAD before the end of 1979, to prepare recommendations on the subjects set forth in (i) above.

#### D. *Strengthening of subregional, regional and interregional economic integration and co-operation*

8. The member Governments of the subregional and regional economic groupings of the developing countries should analyse the report of the meeting of the Working Group on the Expansion of Trade and Regional Economic Integration among Developing Countries,<sup>11</sup> composed of representatives of the secretariats of the subregional and regional economic groupings of the developing countries, to evaluate its conclusions and within the regional organizations and groupings to which they belong, to give guidelines for possible work in the future by the inter-secretariat consultative group proposed in the said report, including a statement about its possible institutionalization. The results of the meeting of these economic groupings would subsequently be compiled in a sufficiently high level meeting of the Group of 77 so that final recommendations may be adopted;

9. The Ministers recommend that a meeting of the secretariats of economic co-operation groupings of developing countries on subregional, regional and interregional economic co-operation and integration among developing countries be sponsored in due course by UNCTAD.

#### E. *Co-operation in the transfer and development of technology*

10. The Ministers recommend that:

(a) UNCTAD should provide support and assistance not only for the strengthening or establishment of sectoral, national, subregional and regional centres for the transfer and development of technology, but also in the establishment of links among such centres in order to elaborate joint policies, plans, institutional structures and skill exchange required for accelerating the technological capacity of developing countries in accordance with their needs, in terms of employment, production and income, and with their specific requirements in sectors of critical importance to them;

(b) In the light of activities being undertaken in the pharmaceutical sector, UNCTAD could assist developing countries in identifying and undertaking specific action at

the subregional and regional levels with respect to other sectors of great importance to developing countries;

(c) Account should be taken of UNCTAD's studies concerning the following sectors: petrochemicals, fertilizers, capital goods in the iron and steel sector, electronics, consultancy design and engineering services and food processing;

(d) Co-operation among developing countries for the exchange of skills should be expanded and in this respect UNCTAD in co-operation with other United Nations agencies could assist *inter alia* in the creation of skilled manpower pools; co-ordination among developing countries in education and manpower training on a medium-term and long-term basis; creation of institutions of developing countries in education and training; initiation of technological co-operation programmes funded and managed directly by the developing countries, establishment of joint consultancy agencies, and establishing a link between skill flows and capital transfer;

(e) Adequate resources should be made available in order to enable UNCTAD to assist actively developing countries in their endeavours;

(f) The UNCTAD secretariat should assist developing countries, *inter alia* in the elaboration of schemes of preferential treatment among developing countries for the exchange of technology;

(g) The Advisory Service on Technology of UNCTAD should have the means commensurate with its task in order to enable it to actively assist developing countries in the above endeavours. In carrying out these tasks, the UNCTAD secretariat should co-operate closely with other United Nations agencies to ensure co-ordination and avoid duplication.

#### F. *Least developed countries*

11. The Ministers recommend that:

(a) In addition to the major steps to be taken by the developed countries in support of the efforts of the least developed countries, the developing countries themselves should provide important support in a number of areas, within the framework of economic co-operation among developing countries;

(b) A new programme of action for the 1980s for the least developed countries should be launched at the fifth session of the Conference, as recommended by the Inter-governmental Group on the Least Developed Countries with the following elements:

(i) In addition to non-reciprocal trade preferences, under a global system of trade preferences, effective special treatment would be required in favour of products of export interest to least developed countries, including land-locked and island developing countries on a non-reciprocal basis;

(ii) Within regional co-operation schemes among developing countries, arrangements should be made: (a) for the establishment of multinational ventures in the least developed countries with a guaranteed regional market; (b) for joint exploitation of common river-basin or other resource potentials, with special support provisions for participating

<sup>11</sup> TD/B/702.



least developed countries; (c) for regional and sub-regional training programmes, with special attention to the needs of the least developed countries in a regional grouping;

- (iii) Developing countries should whenever ready to do so substantially expand the flow of financial and/or technical assistance support to the least developed countries;
- (iv) Developed countries and international institutions should assist the flow of technical and commodity assistance from other developing countries to the least developed countries by helping to offset the foreign exchange costs of such flows;
- (v) The Secretary-General of UNCTAD, as part of the preparations for the new programme of action for the 1980s for the least developed countries, should convene a meeting of the developing countries to consider the various measures they can provide in support of this programme. Progress and problems in this regard should be reviewed at subsequent meetings of this type.

#### G. Land-locked and island developing countries

##### *Land-locked developing countries*

12. In the context of economic co-operation among developing countries and in a spirit of collective self-reliance, activities among the developing countries should be intensified, wherever necessary at subregional, and regional and interregional levels, with a view to solving transit-transport problems keeping in mind the needs of the least developed countries and the land-locked among them. In this context, it was recognized that various studies had been conducted by UNCTAD and at the regional level, and that programmes and activities had been initiated for least developed countries and land-locked countries among them.

13. It was also recognized that measures to deal with transit problems of the land-locked countries require effective co-operation and close collaboration between the land-locked countries and their transit neighbours. Where any study is to be undertaken in any transit country, such study shall be undertaken with the approval or consent of the transit country concerned. Where any programme or action is to be undertaken in or in relation to any transit country, such programme or action will be undertaken with the approval or consent of that transit country. Any proposals in relation to special measures to reduce the transit costs shall be given due consideration by the transit country.

14. The Ministers recommend that the adoption of the integrated planning approach to the transit countries should be based on the following elements:

- (a) Full co-operation between land-locked countries and their transit neighbours;
- (b) Clear recognition that major efforts to reduce the cost of access to the sea and to world markets facing land-locked developing countries may necessitate improved procedures and new investments both in land-locked and in transit countries and therefore needed supportive financial assistance by the international community should be normally extended on especially concessional terms;

(c) The need to look at and compare all aspects of the problem of transit transport, including procedures and regulations, pricing policies, management, training, legal and organizational arrangements, maintenance of existing infrastructure and new infrastructure requirements. Past studies have tended to focus on one or another of these elements, but seldom on their interrelations as alternative or as complementary ways of reducing real transit costs;

(d) Possibility of alternative routes wherever this is feasible, for each land-locked developing country, in order to ensure against any difficulties that may arise on other transit routes;

(e) The need for providing planners from land-locked and transit countries with basic information on all the available options.

##### *Island developing countries*

15. The Ministers recommend that co-operative arrangements in favour of island developing countries should be intensified in areas such as the development of shipping, air services, telecommunications, tourism, insurance and re-insurance.

#### H. Subregional, regional and interregional insurance and re-insurance schemes among developing countries

16. The Ministers recommend that a medium-term action plan for enhanced support should be aimed at intensifying present efforts in order to:

- (a) Strengthen national insurance markets in developing countries, as particularly called for in Conference resolution 42 (III);
- (b) The UNCTAD secretariat should intensify its work programme in the field of insurance and report on progress of work to the Committee on Invisibles and Financing related to Trade;
- (c) Increase reciprocal exchange of re-insurance business aimed at a corresponding decrease of the existing dependence of developing countries on outside developed re-insurance markets;
- (d) Promote technical and institutional mechanisms, adequate professional skills and operational methods with a view to generating insurance service fully adapted to the increasing needs and specific requirements of developing countries.

#### I. Monetary and financial co-operation

17. The Ministers recommend that:

- (a) *Multilateral payments and credit arrangements*
  - (i) The strengthening of the existing arrangements is considered to be a priority task. It is to be expected that, as more experience is gained in the operation of multilateral schemes, the scope of these mechanisms will be widened. Furthermore, the setting up of new payments arrangements needs to be encouraged;
  - (ii) The establishment and development of subregional payments arrangements has shown that they constitute an appropriate starting point to foster a gradual approach towards the creation of a global network

of multilateral schemes open to all developing countries, the expectation being that at a later stage, an important element of reciprocal credits to support mutual trade flows will be incorporated. Fundamental importance is attached to the need for adopting all necessary steps aimed at promoting a gradual but prompt linking up of multilateral payments arrangements within a global strategy for the expansion of trade;

- (iii) The creation of the Co-ordination Committee on Multilateral Payments Arrangements and Monetary Co-operation as the first forum of monetary co-operation at the interregional level among arrangements of developing countries is a most positive step and its objectives deserve strong support. The Committee, without being a formal institution, is capable of bringing together the technical expertise required and has an open-ended membership which allows for universal coverage of the developing countries in their objectives of improving existing arrangements, establishing new ones and then progressively creating links among them. The Group of 77 should invite the Co-ordination Committee to prepare a balanced strategy for the linkage of payments arrangements and to provide the necessary assistance through its technical secretariat to achieve this objective;
- (iv) UNCTAD can play an important role as technical secretariat of the Committee in the achievement of its goals in collaboration with economic regional commissions, IMF and other relevant international and regional institutions. The facilitation of the exchange of information and experience between the various multilateral arrangements with the financial support of UNDP and other sources should be continued and strengthened;

(b) *Trade financing*

- (i) The progress made in recent years in several developing areas in the establishment, strengthening and expansion of regional and subregional financial institutions as well as of national mechanisms that provide direct financing of exports of interested developing countries, deserves to be underlined. Developing countries should continue devising mechanisms to finance trade together with the reinforcement of the system for exchanging commercial information, including the availability and supply of goods, through national and regional export promotion institutions;
- (ii) Without prejudice to the efforts being made in regard to an export credit guarantee facility, and as a part of the programme of work on economic co-operation among developing countries, the Secretary-General of UNCTAD should be requested to present proposals for the setting up of a financing facility exclusively aimed at the expansion of trade among developing countries, with special attention to the situation of the least developed countries;

(c) *A bank of developing countries:* Consideration should be given to strengthening the importance of existing subregional and regional development banks to ensure that such institutions fully respond to the needs of developing

countries. In addition the UNCTAD secretariat should be requested to submit a report on the practical feasibility of establishing a bank for developing countries on sound banking practices taking into account existing institutions. The report should be submitted by the Secretary-General of UNCTAD to a group of governmental representatives of developing countries, for subsequent consideration;

(d) *Mobilization of resources among developing countries*

- (i) The UNCTAD secretariat should continue its efforts in the preparation of reports on financial flows among developing countries on an annual basis as a part of the work programme of economic co-operation among developing countries, covering all financial flows and contributions in accordance with section A.IV, paragraph 26, of the decisions of the Mexico City Conference;
- (ii) A special study of the capital markets of developing countries should be undertaken by the UNCTAD secretariat for the purpose of improving access by other developing countries to these markets. Furthermore, this study has to identify measures and the means of their implementation with a view to encouraging investment among developing countries on the basis of mutual benefits and sound commercial practice, as recommended in section A.IV, paragraph 25, of the decisions of the Mexico City Conference;
- (iii) The UNCTAD secretariat should continue to assist developing countries to strengthen the existing multilateral financial institutions by reinforcing their mutual links and co-ordinating their activities in order to enable them to identify, prepare, promote and finance large-scale projects in all fields of economic co-operation among developing countries (section A.I, paragraph 2, and section A.IV, paragraph 23 (e) and (g) of the decisions of the Mexico City Conference).

(e) *Preference in procurement:* International financial institutions should give preferential treatment to procurement from developing countries in implementing projects in other developing countries;

(f) *Monetary co-operation:* The monetary authorities of developing countries should strengthen their mutual exchange of information on monetary and financial matters in accordance with the rules of and regulations of the concerned countries, as well as on subjects dealing with the general monetary situation and its effects on developing countries.

18. The Ministers are of the view that member Governments of the Group of 77 should avail themselves of the occasion of the Annual Meeting of the World Bank and IMF at Belgrade in 1979 to convene a meeting of the Group of 77 at the level of Ministers of Finance or Economy and in this connexion request the Government of Yugoslavia to make appropriate arrangements for such a meeting in consultation with the Chairman of the Intergovernmental Group of 24 on International Monetary Problems.

*J. Multinational production enterprises among developing countries*

19. The Ministers recognize the need for:

(a) The formulation of long-term issues and policy guidelines for the identification and selection of multi-country production projects among developing countries, taking into consideration current trends and prospects in the international economy;

(b) Co-ordinating the supply of technical assistance from UNCTAD and other international organizations of the United Nations system, within their respective fields of competence, in support of the developing countries' efforts for strengthening their mutual co-operation for the establishment of multinational production enterprises;

(c) UNCTAD to formulate a clear definition of the concept of multinational production enterprises among developing countries and formulate any other proposals which might serve developing countries to promote production of multinational production enterprises, and to submit its report to a meeting of representatives of developing countries for consideration and action;

(d) Co-operation in production drawing significant benefits from (i) barter arrangements, i.e. payments by products obtained through joint enterprises; (ii) long-term contracts for the provision of goods essential for the national economies; and (iii) technical co-operation.

20. The Ministers recommend that on the basis of past experiences and the existing situation, the identification and establishment of multinational production enterprises could be based on the following:

(a) Projects physically located in one or more countries of significant economic interest to two or more countries;

(b) Projects which have either significant input or output linkages with new or existing facilities in more than one country and/or projects involving the location of complementary and similar facilities in one or more countries;

(c) Projects which could only be economically and efficiently developed on the basis of markets larger than any single country could provide.

21. The Ministers recommend that:

(a) Consideration be given to the following indicative list of sectoral investment possibilities:

(i) The production, marketing and distribution of social goods based on complementarities and suitable for the establishment of modular projects;

(ii) The rational development and processing of non-renewable resources, with special emphasis on petroleum projects and unwrought non-ferrous metals;

(iii) The optimal exploitation of natural resources for the efficient development of agro-business projects through the processing of primary products;

(iv) The development of basic industries;

(v) The development of the engineering industries, with special emphasis on capital goods;

(vi) The development of industries belonging to sectors with long-term growth and rapid growth potential;

(b) The nature of an institutional arrangement for the promotion of multinational production among developing countries should be left to the decision of the participating Governments;

(c) Regional development banks and private development financing institutions should play an important role in providing financing for the feasibility studies of selected projects, as well as equity and long-term financing;

(d) UNCTAD in collaboration with regional economic commissions and subregional economic groupings should concentrate its activities as follows:

(i) In the formulation and evaluation of sectoral studies leading to the identification and selection of multi-country projects among developing countries within the order of priorities established by interested countries;

(ii) In providing a forum for devising intergovernmental framework agreements for working out trade and related measures facilitating the negotiation and operation of industrial collaboration agreements among interested parties; and

(iii) In formulating sectoral studies in the field of basic industries, of which those on fertilizers, rubber products and pulp and paper should be completed at an early stage and should constitute a basis for consultation with interested Governments and inter-governmental bodies, in close collaboration with UNIDO, FAO and the regional commissions;

(iv) The over-all promotion of trade expansion and development through multinational production enterprises among developing countries and the linking of the latter with multinational marketing enterprises, joint ventures, integration arrangements and financial institutions.

*K. Other substantive items contained in the Mexico City Programme on Economic Co-operation among Developing Countries and in the programme of work established in resolution 1 (I) of the UNCTAD Committee on Economic Co-operation among Developing Countries*

22. As regards the other items included in resolution 1 (I) of the Committee on Economic Co-operation among Developing Countries and in the Mexico City Programme, procedures should be adopted to ensure that, where necessary, after the Governments have studied them there is a wide regional and interregional examination of those items, so that the appropriate measures may be recommended.

*L. Support measures*

23. In view of the fact that the programme of meetings on economic co-operation among developing countries, proposed by the Group of 77,<sup>12</sup> was not agreed on at the eighteenth session of the Trade and Development Board, nor at the second session of the Committee on Economic Co-operation among Developing Countries, due to the opposition of the developed countries, and considering that

<sup>12</sup> For the programme of meetings, see the appendix to this section.

the United Nations General Assembly, at its recent thirty-third session, instructed the Secretary-General of UNCTAD to continue consultations to decide on said programme, and taking into account paragraphs 81 and 82 of the provisional report of the Preparatory Committee of the Group of 77,

The Ministers recommend that:

(a) The position formally adopted by the Group of 77 be ratified and that the need for this programme be stressed and the intention to execute it be fully expressed;

(b) The developed countries be urged to abandon the negative attitude adopted up to the present and contribute to the implementation of the relevant resolutions of the United Nations General Assembly, thereby taking the first steps towards compliance with the concept of support measures, as stated in Conference resolution 92 (IV) and resolution 1 (I) of the Committee on Economic Co-operation among Developing Countries;

(c) The role of the Committee on Economic Co-operation among Developing Countries be strengthened to enable it to be a forum for the negotiation of support measures from developed to developing countries since such measures constitute a basic element of the whole process of economic co-operation among developing countries to which developed countries are expected to make meaningful contributions;

(d) (i) UNCTAD should upon request of developing countries, subregional, regional and interregional economic groupings of developing countries assist in preparing specific proposals for support measures as need arises;

(ii) Developed countries respond positively to such requests when they are made;

(iii) Any assistance extended on a subregional, regional or interregional basis should be in addition to assistance extended to individual developing countries.

24. The Ministers recommend that:

(a) The United Nations system, in particular UNCTAD and the regional and economic commissions, should strengthen and increase its assistance to economic co-operation among developing countries. In this regard, UNDP should intensify its assistance to subregional, regional and interregional projects, taking also into account the role foreseen for UNDP by the United Nations Conference on Technical Co-operation among Developing Countries. To this end, adequate resources should be made available.

(b) Specifically the Ministers recommend that:

(i) Measures should be taken by the United Nations to intensify the role of UNCTAD within the United Nations system in the promotion of economic co-operation among developing countries and its co-ordination and co-operation with other members of the United Nations system, as well as to strengthen its working arrangements with UNDP, with a view to enhancing joint operational strategies, taking into account the strong correlation between economic and technical co-operation among developing countries;

(ii) As a matter of priority, each developing country should consider drawing up, with the assistance of UNCTAD, a full national inventory of its own requirements and resources and contribute to the updating of the general inventory that UNCTAD should compile in order to match inputs and needs at the global level;

(iii) Developing countries should support, through individual or collective endorsement, project proposals addressed to UNDP in support of economic co-operation among developing countries. To this effect, they may wish to consider special contributions, including as appropriate earmarking of a proportion of their own UNDP indicative planning figures (IPFs);

(iv) Acknowledging that economic co-operation among developing countries is an important element of the New International Economic Order and, as such is based on interdependence, common interest and co-operation among all States, developing countries should invite, through the United Nations development system, contributions from developed countries for the implementation of economic co-operation among developing countries projects whose objectives are of interest to both categories of countries;

(v) Developing countries should urge the United Nations system, and particularly UNDP, to devote increasing IPF resources to result-oriented activities in support of economic co-operation among developing countries, with special stress on the need for substantially increasing UNDP resources for subregional, regional and interregional projects in this field;

(vi) Developing countries should request UNCTAD to intensify both its role within the United Nations system in the promotion of economic co-operation among developing countries and its co-ordination and co-operation among developing countries and co-operation with other members of the United Nations system, as well as to strengthen its working arrangements with UNDP, with a view to joint operational strategies, given the strong correlation between economic and technical co-operation among developing countries;

(vii) The restructuring process of the United Nations system should ensure that UNCTAD is strengthened and provided with all its necessary human and financial means to effectively carry out its tasks on economic co-operation among developing countries, which have increased significantly without any meaningful additions to its resources nor appropriate changes in its institutional set-up that could enhance its role as a lead agency in the establishment of the New International Economic Order;

(viii) The UNCTAD secretariat, in carrying out its tasks on economic co-operation among developing countries, should work in close consultation and co-operation with the regional economic commissions since they have a vital role in promoting and implementing subregional, regional and inter-

regional economic co-operation among developing countries.

#### M. Institutional matters

25. The Ministers recommend that consideration should be given to the nature of institutional arrangements for the organization and administration of economic co-operation among developing countries at national, subregional, regional and interregional levels. Further, the Ministers consider that the institutional profile needed to implement the programme of economic co-operation among developing countries could take the following forms:

(a) *Periodic meetings at the ministerial level for the Group of 77.* Such meetings would fall within the framework of the provisions of resolution No. 1 of the third Ministerial Meeting of the Group of 77, held at Manila,<sup>13</sup> and of section A. VI of the decisions of the Conference on Economic Co-operation among Developing Countries, held in Mexico,<sup>14</sup> for the purpose of defining economic co-operation, policy sectors and priority areas. Further the Ministers consider that to carry out the studies recommended by the Ministerial Meeting, the secretariats of the United Nations agencies, especially UNCTAD, UNDP, the regional commissions and the regional and subregional organizations for economic co-operation and integration of the developing countries, should give the necessary support to the Group of 77;

(b) *Action committees.* It is necessary to find a formula for participation open to all those developing countries interested in one specific aspect or area that will enable a project to be implemented among the interested countries. For the consideration of developing countries a novel formula for co-operation, called action committees, is presented. These are organs which could be established within a limited time to analyse and launch projects of common interest to three or more member countries but providing the opportunity for other developing countries to participate subsequently. The Group of 77 takes note with interest of the significant experience of one developing region concerning this instrument.

#### N. Technical co-operation and economic co-operation among developing countries

26. The Ministers recall that technical co-operation among developing countries, as conceived by the developing countries on several previous occasions and at Buenos Aires by the United Nations Conference on Technical Co-operation among Developing Countries, is a fundamental instrument in promoting economic co-operation among developing countries. They consider that:

(a) Prompt and effective implementation of the Buenos Aires Plan of Action and resolutions approved by the above-mentioned Conference<sup>15</sup> is required;

(b) Among the many important provisions contained in the Buenos Aires Action Plan in this context is the need to promote in the developing countries national research and training centres of multinational scope in the developing countries. This is also the subject of one of the resolutions adopted by the Conference;<sup>16</sup>

(c) In support of the implementation of the Plan of Action, the importance of the contribution of developed countries and international organizations to the increased national and collective self-reliance of developing countries, needs to be stressed, in order to implement, *inter alia*, the recommendations relating to agriculture and industry;

(d) As the first meeting of the United Nations inter-governmental forum, which has been assigned the responsibility of the over-all review of technical co-operation among developing countries, as agreed in Buenos Aires, will take place in 1980, the Group of 77 must take the necessary measures to adequately prepare for this meeting, so as to reach a common position prior to the above-mentioned meetings. To this end the Group of 77 should hold a preparatory meeting preceded by regional preparatory meetings.

#### APPENDIX

Programme of meetings to be convened by the UNCTAD secretariat by the end of 1979 for the Group of 77 as follows:

1. Regional meetings of subregional and regional economic co-operation groupings to consider action in pursuance of the objectives of the Mexico City Programme on Economic Co-operation among Developing Countries.
2. A meeting of the secretariats of economic co-operation groupings of developing countries on subregional, regional and interregional economic co-operation and integration among developing countries.
3. Three meetings of governmental experts of developing countries to examine and make proposals, bearing in mind the studies undertaken by the UNCTAD secretariat in compliance with paragraph 2 (a) of resolution I (I) adopted at the first session of the Committee on Economic Co-operation among Developing Countries.
4. A meeting of secretariats of economic co-operation groupings and multilateral financial institutions of developing countries on inter-country projects.

<sup>13</sup> See note 6 above.

<sup>14</sup> TD/B/628, part one.

<sup>15</sup> *Report of the United Nations Conference on Technical Co-operation among developing Countries...*, part one.

<sup>16</sup> *Ibid.*, chap. II, Conference resolution 2.

### III. Framework for negotiations

#### *Item 8 of the provisional agenda for the fifth session of the Conference*

Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD's necessary contribution to a New International Development Strategy for the third United Nations Development Decade

#### *A. Evaluation of the world trade and economic situation*

1. The world economy is currently in the most serious crisis since the end of the Second World War. The continuing economic malaise in the international economic system is not simply a phenomenon of cyclical nature, but primarily a symptom of underlying structural maladjustments. The inability of the developed market economy countries to control their chronic balance-of-payments imbalances, persistently high levels of inflation and unemployment, and the new market rigidities manifested in rising protectionism, that prohibit the structural changes needed for an efficient path of production, all point to new developments that do not augur well for a well-balanced and prosperous world economy in the coming decade. It is these new developments originating in the developed countries that raise new and profound concerns for the developing countries. Not only is the progress towards resolving those issues that have long been of concern to developing countries likely to be retarded; the fundamental problems themselves are currently being exacerbated by many of the new imbalances that have emerged in recent years. Not only have domestic inflationary pressures been strengthened with a loss of potential GDP; developing countries are being penalized as prospective markets of the developed countries are closed off by over-protectionism and industrial subsidies.

2. The international economy, after a series of events in the 1970s including the breakdown of the Bretton Woods monetary system in 1971, the world economic crisis of inflation/recession, the rising tide of protectionism in developed countries, is in a state of fundamental disequilibrium. Decisions are being made on an *ad hoc* basis and the specific policy measures which are taken in developed countries to protect their domestic producers, have resulted in their structural adjustment difficulties being transferred to developing countries. This transference, *inter alia*, manifests itself in disrupted markets for the developing countries and new balance-of-payments difficulties. Their deficits themselves are largely a reflection of the failure of developed countries to adjust; unless effective adjustment measures are taken by developed countries the developing countries would continue to bear the burden of adjustments. Contemporary institutional and other arrangements have done little to alleviate the burden for devel-

oping countries and in fact in some cases have contributed to aggravate it.

3. The failure of the existing international economic order to provide adequate and equitable support to the international development process has had serious repercussions on the economies of the developing countries, especially on the economies of the least developed countries. The volume and value of trade of the developing countries and the real value and purchasing power of their foreign exchange earnings have been adversely affected. At the same time a disproportionately large share of the burden of adjustment in the world economy has been thrown on the economies of these countries.

4. Moreover, recent developments in the world economy clearly demonstrate that the existing international economic order is not only inequitable but also is functioning inefficiently. Accelerated development of the developing countries and efficient functioning of the world economy requires a fundamental restructuring of the international economic order.

5. Also, in the existing international economic order developing countries have little say in the manner of its functioning. This is not surprising, in as much as the decision-making related to the management of the world economy, the designation of the rules of the game for international economic transactions and the power to initiate changes in such rules have been the exclusive domain of the major developed countries.

6. It is worth pointing out in this context that in the current economic crisis developed countries are wholly preoccupied by short-term economic policies aimed at their own economic recovery. A perception is emerging within some developed countries that the crisis cannot be resolved without structural changes in their own economies. But their actions so far have failed to demonstrate that for these changes to be viable, they must be consistent with the broader objectives of establishing the New International Economic Order and mindful of the causal link between the policies of developed countries and the development of developing countries. The emphasis should shift to concerted measures for restructuring as the primary means to achieve stable and sustained economic recovery. This also requires a recognition by the developed countries of the interrelationship between structural changes and measures designed to generate growth in aggregate demand and production capacities in the developing countries, to thus revive the process of growth in the global economy. A recognition of this interrelationship by the developed countries would greatly help towards injecting a new dynamism into the international negotiation process.

#### *B. Issues, policies and measures to facilitate structural changes*

7. In considering issues, policies and measures to facilitate structural changes in the international economy it is important, however, to recognize that the concept of structural change covers several distinct, though interrelated elements. First, structural change covers shifts in the patterns of production, consumption and trade in the world

economy. A second element, related more specifically to the international context, concerns the pattern of effective national control over the use of their own resources. The third element relates to restructuring of the institutional framework, including creation of new institutional framework, if necessary, to promote and support both the aspects of structural change referred to. One of the requirements of structural change would, of course, be a larger share for developing countries in the international decision-making process.

8. Since increased economic and technical co-operation between the developing countries constitute a key element in the restructuring of the present international economic order, further efforts must be made, on the principle of collective self-reliance, to strengthen and develop the economic links between the developing countries. A new dimension in a restructured international economy exists in the field of trade and economic co-operation between the developing countries and the socialist countries of Eastern Europe and these important links should be nurtured and further strengthened.

9. Furthermore, the various aspects of structural change in the economies of both developed and developing countries, which are called for in different areas under other items, are related to supporting changes in the international institutional framework. The Common Fund and international commodity agreements under the Integrated Programme for Commodities, the evolution of principles and policies to promote long-term industrial adjustments in developed countries, a reform of the international monetary system and an effective system of international financial co-operation for development, the code of conduct on transfer of technology, principles and rules on restrictive business practices are some of the elements of a new international institutional framework necessary to support and promote the structural changes that are required in the international economy.

10. There are, however, some further aspects of the international institutional framework which require careful consideration. Because of the close interrelationship that exists between the problems and issues in the areas of trade, development, money and finance, the rules and principles governing international relations in these areas as well as policies and measures in these areas need to be mutually supportive, and directed to the same basic objective. To ensure this, there are issues which require particularly urgent attention of the international community;

(a) There is a need for global consultation in the fields of trade, development, money and finance, in order to ensure not only their mutual consistency but also that short-term policies promote, and do not obstruct, the movement towards long-term restructuring of the international economy;

(b) How to set in motion further evolution of the rules and principles governing international trade and economic relations.

11. Generally speaking, the existing principles, rules and procedures governing international economic relations in the area of trade, money and finance, though they have been variously adapted to meet on an *ad hoc* basis changing conditions in the world economy and make provisions for accommodating some of the needs of the developing

countries, have not yet been restructured in order to provide firm support for the development process in the developing countries.

### C. Further evolution of the rules and principles governing international trade and economic relations

12. It is worth noting that under the pressure of imbalances in the world economy the framework established in the post-war period to govern international economic relations is threatened with disintegration and it is becoming increasingly difficult for Governments of even developed countries to solve their problems within the existing principles, rules and procedures. The most apparent evidence of this disintegration was a collapse in 1971 of the Bretton Woods system. Equally important are the increasing strains being placed on the principles and rules of the General Agreement on Tariffs and Trade. In the recent past there has been a clear tendency of many developed countries to adopt commercial policies that are against the spirit and letter of the General Agreement.

13. In addition to the requirements for the reform of the international monetary system, there is also a need to revise the existing principles, rules and procedures governing international trade. Rules and procedures having origin in the General Agreement were originally negotiated in the early post-war period without the participation of the present developing countries. Changes since then do not affect the underlying philosophy of the rules, which are not responsive to the trade, development and financial needs of the developing countries.

14. To sum up, the existing rules and principles governing international trade have become largely outmoded and ineffective. There is need for thorough revision, based on the new realities of the world economy to establish a system in which the development of the developing countries is a principal goal, with appropriate mechanisms to ensure that the system operates equitably and efficiently.

15. The existing trading rules need revision so as to extend them to cover the new protective devices falling outside the scope of the existing rules, intra-firm trade of transnational corporations, which is now a major segment of world trade and of the trade of developing countries, and which in effect, also evades the existing rules.

16. While the satisfaction of basic human needs of the people, and the eradication of mass poverty must have a high priority in economic and social development, the idea is unacceptable and erroneous that these goals can be achieved without the all-round and comprehensive economic development of the developing countries and the establishment of the New International Economic Order. It is necessary for developing countries to guard against the introduction of new concepts by developed countries, norms and principles, such as "basic needs" access to supplies, graduation, selectivity, etc. which are being suggested but are in fact totally incompatible with the development requirements and aspirations of developing countries. Initiatives seeking piecemeal solutions or fragmentary measures for international co-operation would not be substitutes for the urgent need to rewrite, in the

light of current world realities, the rules and principles governing international trade.

17. The need for concerted action for inducing structural changes and for reformulating and renegotiating the present unfair "rules of the game" is now fully recognized. This should not, however, divert the attention from serious issues requiring immediate implementation of the International Economic Order.

18. The Group of 77 recommend that the Conference at its fifth session request the Secretary-General of UNCTAD, according to the relevant resolutions of the Conference and the Board, to set up a high level inter-governmental group of experts:

(a) To examine the problems relating to the management of the world economy, especially policies in the fields of trade, development, money and finance;

(b) To recommend the adoption of concerted measures that would ensure that the policies of the developed countries are consistent with the requirements of the structural changes in the context of the New International Economic Order.

19. The Secretary-General of UNCTAD is requested to submit the reports of the above-mentioned group of experts for consideration at the Trade and Development Board and special attention should be given to these reports at the regular sessions of the Board to be held at ministerial level.

#### D. *New international development strategy*

20. The central element of the international development strategy for the third United Nations Development Decade should be the implementation of the Programme of Action on the Establishment of a New International Economic Order<sup>17</sup> and in this context action needs to be taken to enhance the share of developing countries in the international decision making for management of the world economy.

21. The new strategy should also stress that:

(a) The international economic policies of the developed countries, including economic groupings of the developed countries and their national policies having international implications, should contribute towards promoting the growth of the developing countries, taking into account their long-term and short-term development requirements;

(b) An important objective of industrial, social, trade, monetary, financial and regional policy initiatives by the developed countries should be to maintain and increase the production capacity and real purchasing power of the developing countries;

(c) The situation of the least developed countries should be given particular attention in the programme of action for the 1980s;

(d) Adequate attention should be paid to the eradication of mass poverty and to raising the living standards of people in the developing countries.

### *Item 9 the provisional agenda for the fifth session of the Conference*

#### Developments in international trade

##### *Item 9 a: Protectionism: trends and short-term and long-term policies and actions needed to deal with the problems*

The Group of 77, alarmed by the wave of protectionist measures introduced in the recent years by developed countries and affecting particularly exports of developing countries in the sectors based on their own raw materials and skills where the comparative advantage shifted in their favour and opened up important perspectives of growth of their industries, express their deep concern about the adverse effects of such measures on the process of restructuring of the world industrial production and trade consistent with their economic interests. The wave of protectionist measures taken by the developed countries with growing frequency over the past years is particularly affecting the developing countries by retarding the process of structural change in the industrial sectors referred to above and making it more difficult to achieve the substantial increase in the exports of manufactures and semi-manufactures by developing countries that would be required *inter alia*, to attain the Lima Target and development of the economies of the developing countries. The Group of 77 expressed their concern at the emergence in developed countries of cartels and use of new devices such as "trigger price mechanisms", voluntary export restraints and orderly marketing arrangements to restrain trade. They further expressed concern at attempts by the developed countries to find solutions to sectoral trade problems in exclusive fora instead of bodies with widest international representations. Viewing these developments with deep concern, the Group of 77 decides that at the fifth session of the Conference effective action should be taken to deal with this problem and to agree on a programme of co-ordinated international action focusing on the formulation of short-term policies and actions that curb protectionism and on long-term policies for world industrial restructuring.

1. To this end the Group of 77:

(a) Deplores the new protectionist trends in the developed countries, which have serious consequences for the developing countries;

(b) Reaffirms the conviction that the proper solution is to be found in world industrial restructuring consistent with the development objectives of the developing countries;

(c) Declares that when faced with proposed or adopted protectionist measures by a developed country or group of developed countries that affect the exports of the developing countries, including the conclusion or the extension of voluntary export restraints, the developing country or countries affected, without detriment to any bilateral action that it deems or they deem advisable, may consult with other interested developing countries, with a view to determining appropriate joint action. This joint action would include, *inter alia*, voluntary measures of economic, financial or commercial policies with a view to counter-acting the protectionist measures imposed by any devel-

<sup>17</sup> General Assembly resolution 3202 (S-VI) of 1 May 1974.



oped country or a group of developed countries against developing countries.

2. At the fifth session of the Conference agreement should be reached on the following measures and action:

*A. Long-term policies and action for world industrial restructuring*

Long-term policies for world industrial restructuring in the interest of an optimal over-all growth requires conscious efforts by the international community to establish rational production patterns in the world. In this connexion there is need to follow closely the evolution of the patterns of production and trade in the world, identifying in developed countries the sectors requiring adjustment in order to facilitate the movement of factors of production out of such sectors and in developing countries the sectors deserving special encouragement and support with a view to achieving the most effective international inter-industry and intra-industry specialization. The following policy measures and actions should be agreed to this effect:

(a) The setting up of a mechanism within UNCTAD which would allow for periodic review of the patterns of production and trade in the world economy and identify sectors needing structural adjustment with a view to achieving a better international division of labour and transference of production capacities to developing countries in the light of their comparative advantage and need to promote processing of their raw materials;

(b) An agreement on a framework for negotiations within UNCTAD to formulate, in co-operation with UNIDO and ILO, the measures and policies that need to be adopted by developed countries for encouraging the process of adjustment in the sectors so identified, and to facilitate the movement of factors of production out of such sectors;

(c) Constant monitoring should be undertaken:

(i) To avoid development of excessive and uneconomical capacities in the developed countries which may lead to demand for protection;

(ii) To ensure the implementation of policies and measures as referred to in sub-paragraph (b) above;

(d) The agreement on world restructuring should be linked *inter alia* to the target of 25 per cent share in world production of, and 30 per cent of world trade in, manufactures for developing countries by the year 2000. This should be based not only on inter-industry specialization which would leave labour intensive goods for production by developing countries but also on intra-industry specialization for different sectors and branches of an industry;

(e) UNCTAD should intensify its work on compiling and up-dating the inventory of barriers faced by exports of both agricultural and processed and manufactured products of developing countries in developed countries, with a view to holding consultations and negotiations for the dismantling of such barriers within a time-bound frame;

(f) Sectoral agreements which lead to restrictions on trade of developing countries should not be formulated and those in existence should be dismantled to provide for free access to the products of developing countries. Developed countries should not find solutions to trade problems of different sectors in exclusive forums without the participation of developing countries and outside bodies with

widest international representation. They should take steps to effectively discourage setting up cartels and for dismantling the existing ones which are having a restrictive effect on the trade of developing countries.

*B. Policy measures and action needed to deal with the immediate short-term problems*

Agreement should be reached with the developed countries, aimed at:

(a) The removal of existing restrictions imposed by developed countries against exports of developing countries within the shortest possible time-bound frame and the adoption of measures to attain a considerable increase in the imports of products exported by developing countries presently subject to restrictions;

(b) There should be a reaffirmation of the "standstill" by developed countries and a decision should be taken at the fifth session of the Conference to set up an effective intergovernmental body of experts to examine *suo moto* in each specific case of protective action by developed countries against imports from developing countries whether there are compelling reasons which make it impossible to avoid such an action against imports of developing countries. In this connexion, arrangements should be made to inform UNCTAD of such protective actions which do not take into account the developing countries' interests in foreign trade or are injurious to such trade;

(c) The safeguard action by developed countries when impossible to avoid, should be under strictly defined conditions as outlined below and arise out of unforeseen and sudden development:

(i) In any case, the restrictions imposed must be considered emergency action taken on a specific product and must be preceded by notification and subsequent negotiations with the developing countries which this affects;

(ii) Any restriction should be temporary and degressive over an agreed time period and should include provision for the increase of the imports affected and allow the entry of new suppliers of the imports affected from the developing countries;

(iii) The restrictions will be accompanied by appropriate adjustment measures that ensure the temporary nature of such restrictions;

(iv) Moreover, the restrictions imposed should under no circumstances be such as to result in reduction in exports or output of the developing countries and thereby have adverse effects on their economies;

(v) The developing countries whose exports are adversely affected as a result of safeguard action should be adequately compensated;

(vi) Safeguard action should be non-discriminatory. In no case shall the exports of developing countries be singled out for action, through various devices, particularly on grounds such as that they are low cost exports;

(d) Measures should be taken to ensure the elimination of tariff escalation so as to provide more improved access to exports of manufactures and semi-manufactures from the developing countries;

(e) A strategy for surveillance of the protectionist actions by the developed countries which will facilitate the organization of concerted action, must be defined. For this, it would be desirable to make intensive use of and strengthen the present mechanisms, and those which may be established, within the framework of UNCTAD, with a view to examining the problem of protectionism in its general and particular aspects in order to formulate recommendations for its reduction or elimination.

**Item 9 b: Multilateral trade negotiations:  
evaluation and further recommendations arising therefrom**

1. The Group of 77 reviewed the progress made in the multilateral trade negotiations so far and noted with grave concern that the developed countries have devoted most of their attention to their mutual trade and have failed to respond to the interests and concerns of the developing countries including the least developed countries consistent with the commitments undertaken in the Tokyo Declaration.<sup>18</sup> The Group of 77 apprehend that unless corrective measures are taken at this stage, the results of the negotiations for the developing countries would be negative. It was stressed that, in their present form the draft codes for establishing the new rules for international trade responded basically to the interests of the developed countries, did not give due consideration to those of the developing countries, including the least developed among developing countries, and tended to institutionalize the protectionist policies presently being applied by the developed countries. The Group of 77 calls upon the developed countries participating in the multilateral trade negotiations, to comply with the commitments undertaken in the Tokyo Declaration with respect to granting the developing countries special and more favourable treatment in each of the areas of negotiations. It emphasized that the developing countries, whose interests have so far received limited attention in the multilateral trade negotiations, should thoroughly examine the consequences which the results of the multilateral trade negotiations will have on their participation in future world trade and on the establishment of the New International Economic Order.

2. The Group of 77 expressed their disappointment with and deep concern over the mechanics of the negotiations which have led to a lack of transparency in the multilateral trade negotiations, compromised their multilateral character and afforded little scope for participation by the developing countries. Further, the developing countries are being asked to make concessions not consistent with their trade, development and financial needs. This makes it necessary to make a thorough evaluation of the process of negotiation for the future.

3. Decisions in the multilateral trade negotiations shall be taken by consensus and agreement of participating developing countries, especially in the case of codes which are sought to be adopted. No code should be considered to have been adopted in the multilateral trade negotiations or in GATT without the agreement of developing countries participating in the negotiations. No additional obligations should result for the developing countries from the codes to be adopted in the multilateral trade negotiations or in

GATT without the agreement of developing countries participating in them.

4. In this context the Ministers of the Group of 77 stress the following:

(a) *Tropical products*

Developed countries should respond favourably in conformity with the commitments in the Tokyo Declaration to request on tropical products from developing countries to improve the developed countries' offers. Developed countries which have not implemented their offers should do so immediately. All barriers to trade faced by all tropical products, including their processed forms, in developed countries should be removed. To the extent that this objective will not be achieved in the Tokyo Round, further endeavours will be needed and negotiations will have to be continued for the removal of these barriers.

(b) *Other agricultural products*

Developing countries note with concern that no results have been realized in the field of agricultural products, especially concerning the most stable and favourable treatment for the suppliers from developing countries.

(c) *Tariffs and non-tariff barriers*

The products of interest to developing countries should not be excluded from tariff-concessions especially in sectors like textiles, leather, rubber and wood products. However, developing countries having a substantial interest and which may be affected by tariff reductions may seek the exclusion of any specific products.

There should be advanced implementation of tariff cuts for products of particular interest to developing countries.

Developing countries also note with deep concern that no action has been taken by developed countries for the removal of quantitative restrictions faced by products of developing countries and that quantitative restrictions in certain sectors like textiles have not even been discussed in the negotiations. Therefore measures should be taken for the removal of such barriers immediately.

(d) *Safeguards*

Action should continue to be taken on a most-favoured-nation basis, under strictly defined conditions of market injury or threat thereof, and shall not be used to discriminate against exports of developing countries. Developing countries view with deep concern the continuing discriminatory treatment of their exports on grounds of lower costs or prices. They urge that the new code on safeguards should call for very early termination of all such discriminatory measures whether national or under multilateral arrangements. They reject attempts at giving legitimacy to such discriminatory treatment. The concept of unilateral selective action even on a provisional basis should be rejected. The so-called "voluntary export restraints" and "orderly marketing arrangements" should be brought under the discipline of the Code being evolved in the area of safeguards and be subjected to multilateral review. There should be special and differentiated treatment for developing countries in the context of the safeguard code. As a measure of such differential and more favourable treatment in favour of developing countries the newcomers and small

<sup>18</sup> See foot-note 1 above.

supplier developing countries should be excluded from safeguards. The safeguard action by developed countries against imports of developing countries should be time bound and accompanied by adjustment measures. Safeguard action should in no case result in the roll back of the exports of the developing countries.

(e) *Subsidies and countervailing duties*

The right of developing countries to use export and other subsidies to diversify their economies and to achieve their socio-economic objectives of development shall be recognized. The developing countries have the right to use export subsidies to overcome structural disadvantages from which their economies and export sectors suffer. Countervailing duties may be levied against subsidized imports of developing countries only in exceptional cases and only after determination of "material injury" on the basis of objective criteria and when all bilateral and multilateral consultation procedures have been exhausted. No action shall be taken on the basis of displacement of exports of developed countries by subsidized exports of developing countries in relation to a third country market, by developed countries. The use of subsidies by developed countries on products directly competing with products of developing countries should not be allowed.

(f) *Graduation*

The Group of 77 rejects the concept of "graduation" sought to be introduced by developed countries in the trading system, which would, *inter alia*, allow developed countries to discriminate among developing countries in a unilateral and arbitrary manner.

(g) *Legal framework*

Improvements in the legal framework of international trade should respond directly and meaningfully to the trade interests and economic development needs of the developing countries and should in no case impose on the developing countries additional burdens or constraints.

Bearing in mind that a principal objective of developing countries in this area was to establish a new legal framework for differential treatment in trade between developed countries and developing countries and thus to preserve the commitments of the Tokyo Declaration, the Group of 77 reiterates that it is necessary to obtain effective progress in this area before the end of the negotiations.

5. The fifth session of the Conference will present a very appropriate opportunity to analyse the economic and commercial effects of the multilateral trade negotiations on the developing countries and the extent to which the agreements contained in the Tokyo Declaration have been fulfilled.

The Conference, at its fifth session, should underline the need that after the end of the multilateral trade negotiations the developing countries would have the possibility to negotiate on a multilateral basis with the developed countries with a view to promote on a permanent basis the interests of developing countries in accordance with the requirements of the New International Economic Order.

6. Before the close of the multilateral trade negotiations, the developing countries should make an assessment with

the assistance of UNCTAD as to what additional benefits would flow for their trade from the negotiations and how far the objectives of the Tokyo Declaration have been achieved with a view to taking further steps for the achievement of these objectives before the negotiations are closed and final instruments are drawn.

7. The Group of 77 stressed the need that further technical assistance be provided for by relevant international organizations to help the developing countries to fully assess, and assist developing countries in realizing, any additional benefits that would flow for their trade from the multilateral trade negotiations.

**Item 10 of the provisional agenda for  
the fifth session of the Conference**

**Commodities**

**Item 10 a: Integrated Programme for Commodities**

Three main lines of action can be identified within the Integrated Programme for Commodities.

The first one relates to the measures to achieve the dynamic stabilization of commodity prices, thus avoiding excessive fluctuations.

The second, which follows from the first, is to obtain more security and stability for income derived from the export of commodities by developing countries, using additional measures such as complementary financing.

In the third place, greater participation by the developing countries in the economy of their commodities presupposes measures to increase local processing, as well as the participation of those same countries in marketing, transport and distribution, and to secure for them a greater and sure access to markets.

Consequently, it seems necessary to expedite the implementation of the strategy of the Integrated Programme for Commodities to achieve effective integration of the negotiations on the different measures which can be applied and thus achieve mutually harmonized solutions. To this end,

The Ministers decide:

To promote joint action by the developing countries in negotiating the Common Fund and individual commodities, expediting any pending agreements and ensuring the implementation of the new institution within a specific period.

**A. Common fund**

The Ministers affirm:

1. That the common fund, as a new entity, should serve as the key instrument for the attainment of the agreed objectives of the Integrated Programme for Commodities as embodied in Conference resolution 93 (IV). It should be an effective and economically viable institution for the financing of stocking arrangements and other measures relevant to commodities as provided in that resolution, whether those aiming at stabilizing commodity markets or those of a developmental nature. The over-all purpose of this institution should be to help to improve market

structures and international trade in commodities which are of interest to the developing countries, and to secure stable conditions in the commodity trade at price levels which are remunerative and fair to producers and equitable to consumers, taking into account, *inter alia*, movements in prices of imported manufactured goods, production costs and world inflation, and changes in the international economic and monetary situation;

2. That the common fund is one integral entity and there should be organic and functional links between its two windows which perform complementary functions and are established only for accounting purposes;

3. That the capital of the common fund should be of a magnitude adequate to enable it to effectively attain the objectives for which it is established;

4. That the a main source of capital for the common fund should be mandatory direct government contributions (cash and on call) with a meaningful minimum equal amount of \$US 1 million to be paid by each country and an assessed additional contribution based on an appropriately modified United Nations formula. The allocation of contributions should be in accordance with the principle of equitable burden sharing as between developed and developing countries;

5. That the common fund should have the necessary instruments to enable it to borrow on favourable terms from the capital market. Callable capital would be pledged directly to the fund by members of international commodity agreements to the value of the borrowing entitlements of each international commodity agreement and on modalities to be agreed;

6. That both the first and the second windows should be endowed, from the start, with adequate resources to allow them to provide appropriate finance for their respective measures. In particular, mandatory direct government contributions should be allocated in appropriate proportion between the two windows;

7. That the proportion of direct government contributions to the second window be complemented by voluntary contributions for which a minimum target figure should be set for the establishment of the common fund and mechanisms for frequent and regular replenishments should be considered and agreed upon in due time;

8. That the second window, singly or jointly with other financial institutions, should finance activities such as research and development, both quantitative and qualitative improvements in production, market promotion, marketing and distribution, and diversification;

9. That the common fund should also finance under specific conditions national stocks of commodities in developing exporting countries with a view to improving their market staying power and avoiding distress sales;

10. That cash deposits of international commodity agreements with the common fund should not be higher than 30 per cent of their total financial requirements for stocking, in order to facilitate the conclusion of new international commodity agreements, be attractive for international commodity agreements to join the common fund, and minimize the financial burden on the part of developing member countries. At the same time, the terms and conditions for the granting of loans by the common

fund to the international commodity agreements should be such as to be financially attractive for international commodity agreements to join the common fund;

11. In its operations, the common fund shall respect the autonomy of international commodity agreements and commodity organizations;

12. That the criteria for the definition of international bodies for commodities eligible for financing by the common fund should take into consideration the importance of adequate coverage of commodities of export interest to developing countries;

13. That developing countries should secure a decisive voice in the voting structure of the common fund, in particular by ensuring that as high a percentage as possible of total votes would be allocated to member countries on the basis of the equality principle;

14. That the forthcoming Conference in March 1979<sup>19</sup> should be held at a high level, including Ministerial level, from all participating countries in order to facilitate agreement and decision on the basic and fundamental elements of the common fund before the convening of the fifth session of the United Nations Conference on Trade and Development in Manila. They urge all participating Governments, in particular the developed countries, to exercise the requisite political will to ensure the successful outcome of the negotiating Conference.

15. The Ministers note that some of the measures provided in Conference resolution 93 (IV) are still outstanding and in this regard they affirm the importance they attach to the measures contained in the resolution, including paragraphs 3 and 4 in section III.

#### B. Action on individual commodities as contained in resolution 93 (IV)

16. The Ministers urge Governments to move from the stage of commitment to that of action and implementation, and in particular:

(a) Request the convening as soon as is practicable of negotiating conferences for commodities now in their preparatory phase and for which the technical stage of problem identification has made enough progress, on the basis of action programmes on the price stabilization and other measures; these negotiating conferences should be concluded within the extended time-frame of the Integrated Programme for Commodities. To facilitate the negotiating process, assistance should be given to developing producing countries in their efforts to strengthen and harmonize their negotiating positions through meetings among these countries or through the framework of commodity associations;

(b) Invite member governments of existing international commodity agreements, in accordance with the appropriate decision-making procedures thereof, to consider including other measures under the Integrated Programme for Commodities which may be relevant to such commodities and to consider the association of these international com-

<sup>19</sup> The third session of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities was held at Geneva from 12 to 19 March 1979 (see TD/IPC/CF/CONF/19).

modity agreements with the Common Fund, with a view to using the financial facilities available on its first and second windows as appropriate;

(c) Urge that early steps be taken for effective application of appropriate measures and procedures for stabilizing and improving in real terms the price of commodities exported by developing countries taking account of world inflation, and changes in the world international economic and monetary situation including exchange rates, terms of trade, return on investment and other relevant factors;

(d) Request the inclusion, where the developing countries deem appropriate, in the studies and specific negotiations of the processed and semi-processed products which are manufactured with the raw materials on the indicative list contained in Conference resolution 93 (IV);

(e) Decide to promote "horizontal" action which will enable agreements to be reached on specific products among producing countries. The agreement formulas which the producer associations provide could provide this type of guidelines;

(f) Request that the preparatory meetings on the remaining perishable commodities be convened as soon as possible so that concrete aspects can be identified which will make it possible to hold negotiating conferences on these products, in view of the special importance which they have for the economies of the producing developing countries and also in view of the fact that although significant progress has been made on the respective studies, discussion of them has been postponed for a long time.

### C. Other elements of the Integrated Programme for Commodities

#### Complementary facility for commodity shortfalls

##### The Ministers

17. Request the Secretary-General of UNCTAD, in consultation with IMF, to prepare a detailed study for the operation of a complementary facility to compensate shortfalls in earnings of each commodity, taking account of its financial requirements, possible sources of financing, its financial feasibility, institutional arrangements and the modalities and considerations that would provide adequate compensation in real terms to developing countries, paying attention to the situation of the least developed countries. This facility should be additional to the improvement of the IMF Compensatory Financing Facility and to actions taken under the Integrated Programme for Commodities to deal with the problem of price stabilization in real terms. The study should be completed at the earliest possible date with a view to facilitating its consideration by the Committee on Commodities and the Trade and Development Board after the completion of the negotiations on the common fund.

#### Processing and product development

##### The Ministers

18. (a) Urge that a commitment be taken to the establishment of "a comprehensive framework for international co-operation for expanding in developing countries the processing of primary commodities and the export of processed goods" taking into account the on-going work

and negotiations on related issues. Consideration should be given, *inter alia*, to the following elements:

- (i) Adoption and strengthening by developed countries of adjustment assistance policies and measures which would encourage their domestic industries to move progressively out of lines of production in which they are less competitive internationally, leading to re-deployment of productive capacities for such industries to developing countries. In this respect, a first step could consist of commitment by developed countries not to grant new subsidies to industries directly competing with developing countries' exports and to phase out existing subsidies;
- (ii) Establishment of guidelines to regulate production and investment of synthetic substitutes competing with natural products;
- (iii) Multilateral commitments from importing developed countries, wherever appropriate within the framework of individual commodity negotiations, to import from developing countries increasing quantities of commodities in their processed or semi-processed forms, or to reserve for developing countries outlets created by future increases in demand for such processed or semi-processed commodities;
- (iv) Commitment to an increasing and progressively more balanced allocation of financial resources, both loan and equity capital, through international financial institutions for the development of primary commodity processing in developing countries; such an allocation should include and meet specific sub-targets for the least developed among the developing countries;
- (v) Periodic review and examination by the Committee on Commodities of market access provided to primary and processed products from developing countries.

(b) In this context, request the UNCTAD secretariat, in consultation with UNIDO, FAO and other competent agencies of the United Nations system, to undertake a systematic and thorough study of the prospects regarding the commodities included in the indicative list of Conference resolution 93 (IV), including the amount of investment required, the required action by developing countries themselves and the support measures by the developed countries and the international financial institutions; the conclusions of this study should be considered by the Committee on Commodities, which will forward them to the Trade and Development Board with the relevant observations and recommendations.

#### Marketing and distribution

##### The Ministers recommend:

19. A commitment to the establishment of a framework for international co-operation in the field of marketing and distribution of primary commodities, with a view to increasing the share of developing countries in the marketing and distribution of commodities exported by them, including, *inter alia*, the following:

(a) Improvements in the functioning of commodity exchanges through appropriate regulations, including removal of discrimination in the structure of membership, control, and management of commodity exchanges to ensure the equitable participation of export interests from developing producing countries in the management of the commodity exchanges;

(b) Increased technical and financial support from developed countries, and international financial institutions for the development of indigenous marketing and distribution systems of developing countries, including, *inter alia*, financing national stocking, storage facilities, market intelligence, the establishment of joint marketing boards and State-trading organizations, securing representation on commodity exchanges, and establishment and strengthening of commodity exchanges in territories of the developing countries to deal with their export commodities;

(c) Standardization of marketing practices and arrangements;

(d) Support for detailed investigations of:

(i) The market structures of all primary commodities of export interest to developing countries. To this end, they reiterate the need for the UNCTAD secretariat to conclude or undertake, where appropriate, studies on transport, marketing and distribution for each of the commodities on the indicative list contained in Conference resolution 93 (IV). These studies should be submitted by a certain date to the Committee on Commodities which will submit them to the Trade and Development Board with the relevant observations and recommendations;

(ii) Long-term contracts and agreements in commodity trade, particularly minerals and metals, with a view to exploring the possibility of establishing international agreed principles and standards governing such contracts, particularly the major clauses dealing with the fixing of prices and renegotiations of their terms;

(e) Elimination of barriers to fair competition between marketing enterprises of developed and developing countries, in particular the practice of dumping and excessive brand advertising, through adequate fiscal or other measures.

#### *Research and development, market promotion and horizontal diversification*

The Ministers recommend

20. That a medium-term investment programme of the needs in these fields of commodities on the indicative list contained in Conference resolution 93 (IV) should be prepared by the Secretary-General of UNCTAD, and submitted to the Trade and Development Board through the Committee on Commodities.

#### *Follow-up action*

The Ministers recommend

21. That the existing machinery of UNCTAD should be utilized and strengthened to monitor the implementation of decisions reached at the fifth session of the Conference in

the field of the developmental aspects of the Integrated Programme for Commodities.

#### *Item 10 b: Other elements*

##### *Food production and trade*

The Ministers recommend

22. A commitment to substantially increase, with the support of the developed countries and the concerned international organizations, investment and technical assistance to accelerate food production in developing countries, to expand the share of developing countries in exports of food and food products, to ensure stable and equitable prices and access to adequate supply of food and to strengthen world food security, including, *inter alia*, the following:

(a) Adoption in developing and developed countries of policies and measures that would encourage food production and exports of developing countries;

(b) Adoption of appropriate schemes among developing countries for expanding and diversifying food production and trade;

(c) Early conclusion of international commodity agreements on food commodities with arrangements for establishing adequate reserves where necessary.

#### *Item 11 of the provisional agenda for the fifth session of the Conference*

##### *Manufactures and semi-manufactures*

###### *Item 11 a: Comprehensive measures required to expand and diversify the export trade of developing countries in manufactures and semi-manufactures*

1. Developing countries will continue to be hampered in their efforts aimed at expanding their production and exports of manufactures and semi-manufactures unless effective short-term and long-term policies and measures are taken to permit greater access for the developing countries to the markets of the developed countries and to restructure world production and trade patterns. The restructuring of world trade in manufactures and semi-manufactures calls for changes in the industrial policies of the developed countries (developed market economy countries and centrally planned economies) supported by action with regard to transnational corporations which are a dominant factor in world production, marketing and distribution of manufactures and semi-manufactures, supplemented by measures to increase intra-industry trade, to remove the supply constraints on developing countries, to control the operations of transnational corporations, and to improve access for the manufactured exports of developing countries. Accordingly, there is urgent need for a concerted set of policies and measures for attaining the objectives of expanding the industrial base of the developing countries, resulting in greater participation by the developing countries in world trade in manufactures.

2. Up to now, industrial restructuring has been proposed by the developed countries almost exclusively for

industries which are not capital intensive and use simple technology, and abundant manpower. To accept this policy line would mean qualitatively freezing our development and consolidating an unjust and progressively ineffective international division of labour.

3. The Group of 77 emphasizes that there is an urgent need for the reshaping of the structure of the world industrial production and trade patterns in order to ensure a substantial increase in the share of the developing countries, including the least developed and landlocked countries, in world export of manufactures and semi-manufactures. The Group of 77 recognize that an expansion of production and diversification of international trade in manufactures and semi-manufactures of developing countries is necessary for attainment of the generally accepted goals for their accelerated economical industrial development. This requires efforts to build up and expand production capacities, establishment and strengthening of distribution and marketing organizations, development of industrial and commercial infrastructure and a better access for the products of developing countries in the developed countries' markets and adoption of appropriate policies by the developed countries.

4. A target of a 25 per cent share in world production of manufactures for the developing countries by the year 2000 has already been agreed. In order to attain this target there would have to be substantial improvement in the share of developing countries in the world trade in manufactures from the present extremely low level of 8 per cent. The increased share in manufactures should also in consequence be reflected in a corresponding increase in the share in world trade of developing countries which should account for 30 per cent of the total world trade in manufactures by the year 2000. The UNCTAD secretariat, in co-operation with UNIDO, should identify the growth sectors and the input requirements for the achievement of the targets taking into account the particular circumstances and development requirements of the various developing regions and the special needs of the least developed countries.

5. A major restructuring of production is essential to achieve these objectives and developed countries should evolve policies which would promote such adjustment through movement of factors of production from the areas where dynamics of comparative advantage is shifting in favour of developing countries and to enable developing countries to process their commodities and raw materials. Such policies should also promote greater intra-industrial specialization and give impetus to orderly transfer of industries to developing countries. In this context, establishment of appropriate joint ventures and sub-contracting of production within a sector in developing countries should also be undertaken.

#### A. Production of manufactures and semi-manufactures

6. The following measures should be undertaken to improve the supply capability of the developing countries in the field of manufactures and semi-manufactures.

(a) International organizations and developed countries should assist developing countries in setting up and strengthening financial, commercial and other infrastructure for developing countries and promoting their exports of manufactures and semi-manufactures;

(b) New financial facilities should be set up by international financial institutions to provide additional financing for the manufacturing sector of the developing countries. In this context particular attention should be given to the least developed countries;

(c) Facilities should be established to provide long-term export credit refinancing for developing countries;

(d) The processing of raw materials in developing countries should be encouraged, by, *inter alia*, participation of developing countries at the appropriate stages in the vertical integration prevalent in raw materials industries and the developed countries should not maintain or introduce tariff escalation by degree of processing for imports from developing countries in their markets;

(e) Developing countries should be encouraged to move to establish and expand industries which have a dynamic world demand and particularly capital goods industries;

(f) Elimination of obstacles to exports of manufactures of developing countries arising from standardization motivated by domination and share of markets of developed countries by the developed countries;

(g) Technological capabilities of developing countries should be expanded with a view to their greater participation in industrialization and world trade in manufactures.

#### B. Marketing and distribution

7. In order to become true partners in the world trade, developing countries and their trading organizations should be effectively involved in the marketing and distribution of their export and import products. International organizations and developed countries should provide technical and financial assistance and help develop technical and financial expertise in developing countries to enable them to optimize their gains from manufacture trade. The developed countries should evolve policies which would encourage and facilitate the operation of developing countries; marketing and distribution organizations in the markets of developed countries. The developing countries should also be assisted in establishing and promoting other commercial infrastructure necessary for effective and efficient trading. In order that the developing countries are able to optimize the earnings from their imports and exports the following further action should be taken:

(a) The establishment or promotion of trading houses at the national level, engaged simultaneously in import and export activities;

(b) The establishment of multinational procurement and marketing enterprises of developing countries to enable them to derive maximum trading benefits and to secure economies of scale;

(c) The establishment by firms in developing countries of their own direct marketing channels in principal foreign markets. Policies should be adopted to promote greater use of their own trade marks or brand names to establish consumer acceptance;

(d) The activities of transnational corporations should be reoriented, *inter alia*, towards more complete manufacture in developing countries and further processing therein of raw materials for both domestic and foreign

markets. Transnational corporations should take positive steps for promotion of exports of developing countries in semi-manufactures and manufactures.

### C. Market access

8. Developed countries should evolve trade policy measures and adopt other positive policies in such areas as government procurement in these countries which would assist in promoting the exports of developing countries in manufactures and semi-manufactures and attainment of the target in the Lima Declaration and Plan of Action for production of manufactures in developing countries.<sup>20</sup> This should be reflected in their trade policy régimes, and the schemes evolved under the GSP should be geared towards the attainment of these objectives. In particular, protection afforded to industries in developed countries processing commodities and raw materials of developing countries or where the comparative advantage lies in favour of developing countries should be removed within an agreed time frame. There should be no prolongation of arrangements regulating trade in textiles, which restrict development of textile exports of developing countries. The barriers arising out of restrictive practices in services and invisibles or unfavourable freight structures against developing countries' exports should be removed. Developed countries should establish a separate classification in their tariff régime for products of developing countries so as to distinguish from similar products of developed countries with a view to allowing a more favourable treatment to the former. Special treatment should be accorded by developed countries to handicraft products of developing countries including handloom products, through duty free and quota free entry to this market.

### D. Services sector

9. The Group of 77 noted with concern that protectionist devices employed by developed countries against developing countries are spreading to the services sector, particularly in transport, banking and insurance.

10. The Group of 77 expresses special concern with new proposals in the field of civil aviation such as the introduction of a new régime of air traffic on an end-to-end basis between developed countries with insistence on excluding stopovers in intermediate developing countries. This scheme provides for a system of duopoly whereby special fares become an exclusive arrangement between two developed countries. Under this scheme, the growth of the airlines of developing countries will be curtailed.

11. The implementation of this duopolistic system in civil aviation would further hamper the development of tourism in developing countries, particularly those categories of countries recognized by the United Nations as requiring special treatment. This is particularly serious as the tourism industry makes a vital contribution to the development of many developing countries.

12. The Group of 77 therefore calls upon the Conference to request the Secretary-General to initiate as a matter

of urgency, an examination and analysis of the effects of the discriminatory civil aviation practices employed by the developed countries on the growth of air transport, including air cargo and tourism in developing countries.

13. The Group of 77 further calls upon the developed countries to immediately eliminate all discriminatory practices in transport, banking and insurance employed against developing countries.

### E. Collective efforts of developing countries

14. To accelerate their economic and industrial development developing countries should intensify their collective efforts to establish and expand industries based on development of local resources, to build necessary infrastructure allowing more meaningful absorption of external capital and technology and to widen their national and regional markets and to increase substantially their shares in world trade through better access for their manufactured products.

#### Item 11 b: Principles and rules and other issues relating to restrictive business practices

1. The restrictive business practices notably those of the transnational corporations have adverse effects on the economic development of the developing countries, particularly in the field of production and marketing of manufactures and semi-manufactures.

2. Through practices such as licensing, patent and cartel arrangements, price fixing, transfer pricing, exclusive dealing arrangements, consignment selling and so-called voluntary quotas etc., not only do they restrict trade but they also prevent appropriate transfer of technology needed by developing countries to accelerate their industrialization so as to expand their production of manufactures and to realize an increased share of manufactures in export markets.

3. The Group of 77, therefore, deems it necessary that specific measures be taken to control restrictive business practices including those of the transnational corporations, through *inter alia* the enactment of appropriate and effective national legislation.

4. They also feel that efforts should be made to promote co-operation among developing countries to co-ordinate measures in this field.

5. The Group of 77 took note of the fact that the United Nations General Assembly has decided that a conference to negotiate a set of multilaterally agreed equitable principles and rules for the control of restricted business practices should be convened between September 1979 and April 1980 for this purpose. The Group of 77 requests the Secretary-General of UNCTAD to convene the above-mentioned conference in the latter part of 1979.

(a) They expressed the hope that the principles and rules should provide for differential treatment for developing countries. They also felt that transactions between the various institutions of transnational corporations which impose restrictive business practices and which adversely affect the interest of developing countries should also be subject to such principles and rules. The principles and rules to be evolved concerning the restricted business practices should also extend to the field of trade in invisibles and

<sup>20</sup> See "Lima Declaration and Plan of Action on Industrial Development and Co-operation", adopted by the Second General Conference of UNIDO, held at Lima (Peru) from 12 to 26 March 1975 (ID/CONF.3/31, chap. IV), para. 28.



services which adversely affect the trade and economies of the developing countries;

(b) The Group of 77 urges that the greatest possible effort be made to find solutions to outstanding problems such as the scope of application of the exceptions, preferential treatment, institutional agreements and the legal nature of the principles and rules in a spirit which will enable the principles and rules to be universally applied and bearing in mind that the system must be clearly oriented towards monitoring restrictive practices which adversely affect international trade and especially those having a negative effect on the developing countries and their economic development.

6. The Group of 77 urges the UNCTAD secretariat to undertake in-depth studies and intensify the ongoing work on these practices in preparation for the above-mentioned conference which should adopt measures aimed at controlling restrictive business practices particularly in respect of the import and export transactions of transnational corporations such as:

(a) Transfer prices for intra-firm transactions;

(b) Arrangements within transnational corporations for the territorial allocations of markets and products;

(c) Acquisitions by transnational corporations of domestically-owned enterprises in both developed and developing countries;

(d) Formal and informal marketing and distribution arrangements in respect of exports and imports of transnational corporations with other enterprises, including transnational corporations;

(e) Exclusive dealing arrangements and abuses of market power through the use of trademarks.

7. In the meanwhile the role of UNCTAD in the area of restricted business practices should be strengthened and an appropriate machinery should be established within UNCTAD for effective notification and dissemination of information on restricted business practices adversely affecting the trade of developing countries, for controlling the implementation of the principles and rules as well as for making recommendations on possible revisions and improvements; and for technical assistance to developing countries for control of such practices and evolution of appropriate consultation procedures.

8. The Group of 77 reaffirms that any model law on restrictive business practices to be elaborated in UNCTAD would be only a model made by experts of developing countries to assist in formulation of their national legislations.

*Item 11 c: Review and evaluation of the generalized system of preferences*

The introduction of the GSP has made some contribution to the improvement of market access for exports of the developing countries during the seventies. While the preference-giving countries have repeatedly made commitments to maintain and improve the GSP, recent years have witnessed a slackening of efforts to ensure improvements in its operation. The Group of 77 notes this development with concern and urges that the following specific measures be decided at the fifth session of the Conference:

1. A positive formal decision should be taken extending the duration of the system beyond the initial period ending 1981. The GSP should be given a legal character for increasing the certainty and permanence of its application. The possibility of unilateral withdrawal of concessions under the GSP inhibits investments in production for export and thus hampers fulfilment of the long-term objectives of the system, i.e. to promote the industrialization of developing countries and accelerate the rate of their economic growth. There should, therefore, be provision for binding of negotiated rates under the GSP. Withdrawal of concessions should not be unilateral but subject to prior consultations with the developing beneficiary countries, on the basis of mutually agreed objective criteria and procedures. Also in case of withdrawal under such conditions, offsetting trade advantages should be granted. Further, withdrawal of concessions shall not be made except in the context of conditions justifying safeguard type of action.

2. The consultation and participation mechanism within UNCTAD should be improved for the implementation and renegotiation of the various GSP schemes, in order to ensure that the best use is made of the system.

3. Among other things, the schemes under the GSP should be geared towards attainment of a share of 25 per cent for developing countries in world production of manufactures by the year 2000 and the need for a corresponding increase in share of developing countries in world trade in manufactures to 30 per cent.

4. Some preference-giving countries have not recognized as beneficiaries all developing countries, members of the Group of 77. Discriminatory features and utilization of these schemes as an instrument for political and economic coercion or of retaliation continue to be incorporated in the schemes of the GSP despite Conference resolution 96 (IV) specifically calling upon concerned countries to rectify the situation. Also, certain preference-giving countries have incorporated conditions for eligibility to preference in their schemes which indirectly imply certain reciprocity of concessions. These constitute a departure from the conditions which are applicable to the system. The principles of non-discrimination and non-reciprocity are reaffirmed and all developing countries should be recognized as beneficiaries without any conditions or discrimination. Devices such as competitive need criteria which lead to such discrimination should also be eliminated.

5. Agreement should be sought for a time-bound programme of expansion of product coverage so that the GSP covers all dutiable imports from developing countries, particularly products of interest to least developed countries, taking into account the need for compensating adequately the developing countries enjoying special preferential treatment. The programme should include in particular also those products which are of special interest to developing countries, i.e. those in Chapters 1 through 24 of the CCCN. All preference-giving countries which have not yet done so should extend immediately preferential duty-free entry to all industrial products particularly those based on procession of their commodities and raw materials and all agricultural products originating in developing countries.

6. In increasing the amount of tariff reductions account should be taken of their erosion suffered by the system in the multilateral trade negotiations.

7. To eliminate non-tariff measures, such as quotas, maximum limits, exclusions because of competition requirements which restrict the full use of the different schemes for products of special interest to the developing countries.

8. The safeguard mechanism should be prevented from stopping the exports from the developing countries without justification thus invalidating the objective of the GSP. Escape-clause-type safeguard provided under the GSP should be taken after prior consultation with interested countries and only when it is established that preferential imports are the direct cause of serious injury to domestic industry. The action should be temporary in nature and subject to multilateral surveillance and review and linked to adjustment measures.

9. The preference-giving countries should liberalize and simplify their GSP rules of origin. These countries should also harmonize their GSP rules of origin into the greater advantage of preference-receiving countries and with the aim of enabling preference-receiving countries to enjoy greater benefits under the GSP.

10. In the improvement of the GSP schemes higher priority should be given to the products of interest to the least developed countries. Technical assistance should also be extended to them to enable them to utilize better the trade advantages offered under various schemes, including assistance with regard to the rules of origin and their application. Financial and technical assistance for the establishment and development of industries in the area of products covered by the GSP should also be made available to the least developed countries.

11. Agreement should be reached for extending the activities of the second phase of the UNCTAD/UNDP technical assistance project for enabling the developing countries to improve utilization of the benefit of the schemes.

**Item 11 d: Review of the implementation of  
Conference resolutions 96 (IV) and 97 (IV)**

1. The fifth session of the Conference will be an opportune time for the evaluation of the extent to which the developed countries have complied with the different provisions of Conference resolutions 96 (IV) and 97 (IV), and for taking the necessary steps for their effective implementation.

2. The process of implementation of these two important resolutions has been extremely slow and discouraging. The principle of a standstill on barriers to imports from developing countries has not been adhered to and new restraints have been imposed on exports from developing countries without any multilateral surveillance of such measures and any compensation contrary to the provisions of Conference resolution 96 (IV). Also various systems of so-called voluntary export restraints, orderly marketing arrangements, minimum price arrangements, measures to prevent disruption of the market, etc., continue to be applied on an increasing scale.

3. While separate recommendations are made on the problems related to GSP, growing protectionism of the developed countries, adjustment assistance, restrictive business practices and related matters, the progress in the implementation of Conference resolution 96 (IV) as a whole, containing a set of interrelated and mutually supporting measures for expansion and diversification of exports of manufactures and semi-manufactures of developing countries, should be kept under constant review by the UNCTAD Committee on Manufactures.

4. The Group of 77 notes that the Arrangement Regarding International Trade in Textiles was extended for a further period of four years from 1978. The Protocol of extension allowed "for jointly agreed reasonable departures" from the provisions of the Arrangement.<sup>21</sup> Such departures have tended to nullify the basic objectives of the Arrangement and have seriously affected the textiles exports of developing countries. The developed countries which have utilized these departures should take steps to bring them into full conformity with the objectives and provisions of the Arrangement as soon as possible. They should adopt policies of adjustment so that it will be possible to introduce a liberal trade régime with regard to textiles after the expiry of the Arrangement.

5. The technique of tariff re-classifications should continue to be applied to facilitate the accordance of a differential treatment to the products of developing countries.

6. The Group of 77 stresses particularly the need to strengthen and increase co-operation between UNCTAD and UNIDO in order to carry out joint analysis and make policy recommendations on industrialization and trade in manufactures and semi-manufactures from the developing countries. The prompt establishment of the *ad hoc* UNCTAD/UNIDO Group of Experts on Industrial Collaboration Arrangements is urged.

7. With regard to Conference resolution 97 (IV), special attention should be paid to reorienting the activities of the transnational corporations in the developing countries towards more complete manufacturing in the developing countries and the further processing of domestic raw materials and bringing about greater control by the developing countries over the processing, marketing and distribution of their manufactures and semi-manufactures. Moreover, efforts should be continued with a view to strengthening the participation of national enterprises of developing countries in the activities of transnational corporations, controlling the restrictive business practices of such corporations and to ensure that they are a positive factor in the export efforts of the developing countries. Decisions should be taken at the fifth session of the Conference to give an early start to negotiations for the establishment of adequate norms for the regulation and control of the activities of the transnational corporations, so that their way of operations coincides and is compatible with and not contrary to the specific interests of recipient countries.

<sup>21</sup> GATT, *Basic Instruments and selected documents, Twenty-fourth Supplement* (Sales No. GATT/1978-1), p. 6, para. 5.3.

## Item 12 of the provisional agenda for the fifth session of the Conference

### Monetary and financial issues

#### Introduction

1. The Group of 77 focused its attention at the outset on certain vital interrelationships between trade, financial and monetary issues at the global level. The Group noted that the surest way of resisting the rising tide of protectionism—and indeed of turning it back—was to revive the process of growth in the global economy. Needed structural adjustments in the pattern of production and trade would be facilitated in both developed and developing countries alike by a climate of economic expansion rather than of stagnation.

2. It was in this context that they observed that the extent and persistence of considerable under-utilization of resources leading to unemployment in the developed world should no longer be seen as an exceptionally prolonged trough to the business cycle with a more or less automatic recovery to follow. This situation inhibits an effective international adjustment process. What would be required to restore full employment is a new impulse on a historic scale comparable for example with the transfer of resources to Europe for post-war reconstruction; this time, meeting the needs of the third world would have a decisive role to play in a situation where purely domestic reflation in developed economies would be no substitute against the existing background of production capacities geared to export markets that have been developed over three decades of export-led growth.

3. For the resulting revival of effective demand to lead to the restoration of investment and growth initially in the developed world, international monetary stability was an essential prerequisite. Excessive volatility in currency values would otherwise dampen the inducement to invest; and this cannot be eliminated without a major reform of the international monetary system along the lines spelt out below. Regional arrangements contemplated by some developed countries are at best a partial solution which all the same underscores the deficiencies of the present system and the beginning of concern with the problem of reviving investment. *Pari passu* with movement towards a fundamental monetary reform, a massive transfer of resources to meet the needs of the third world becomes today the necessary precondition for the revival of the growth process in the developed world and more generally in the world economy. If excess production capacity in the developed world is reckoned to be of the order of at least \$200 billion, an initial additional financial transfer in the range of \$35 billion to \$50 billion would help launch the process of fully utilizing this excess capacity and help bring about the necessary structural changes in the world economy. In this regard, special attention should be given to the needs of the least developed countries and the most seriously affected countries. The mechanism would analytically imply the raising under the collective guarantee of the international community of monies in international capital markets and their disbursement to developing countries over a long term period, with an interest subsidy element as appropriate, in the form of both project and programme lending for structural change.

4. It is axiomatic that recourse to these mechanisms should in no way prejudice the expansion of official development assistance to meet the accepted international targets for which, again, specific proposals are formulated below.

**Item 12 a: Consideration of requirements of the international monetary system which would foster world trade and development, compatible with the needs of a satisfactory international adjustment process, taking account of the adverse effects of fluctuating exchange rates and world inflation, and in particular, taking into account the development of developing countries and their needs for balance-of-payments support**

1. Since the breakdown of the Bretton Woods system in 1971, international monetary relations have been marked by unusually high and persistent inflation and a high degree of instability in the exchange rates of major currencies. Despite the *ad hoc* measures undertaken since then, the international adjustment process has not been satisfactory and large payments imbalances have persisted. This is of special concern in the context of an international economy which seems to be in a permanent state of stagnation, with low production and trade growth rates occurring simultaneously with high unemployment, under-utilization of resources and inflation rates. The burden of correcting these imbalances has fallen disproportionately upon developing countries, which have borne the weight of the adjustment measures. It has to be emphasized that in this situation a major proportion of the balance-of-payments disequilibria of developing countries have been caused by external factors arising in the developed countries such as the world recession/inflation. In the absence of adequate offsetting finance developing countries have had no choice but to limit their development programmes and incur an extremely high external debt compared with their economic capacity. There is now clear and urgent need for a fundamental reform of international monetary arrangements to make them more effective in fostering world trade and development, and in particular, to make them supportive of the development of developing countries in the over-all context of the establishment of the New International Economic Order.

2. Although within IMF certain decisions have been taken recently increasing the quotas, establishment of the supplementary financing facility, and new allocation of SDRs, there is still a need for improvements in their characteristics. They only partially meet the demands of the developing countries. Among other things these decisions do not go far enough in making the SDRs the principal reserve asset of the international monetary system nor in ensuring equitable distribution of international liquidity. Moreover, the allocation of SDRs received by developing countries would be reduced by their contribution for the reserve tranche of the seventh increase in quotas. In this context the Group of 77 recognizes the merit of the proposal made in connexion with the seventh general review of quotas that the SDR component of the quota increase of developing countries should be financed by developed countries. Unfortunately this was not implemented at that time but it should be done in future increases in quotas.

3. The severe impact of the erratic exchange rate movements of major currencies on developing countries' trade and foreign reserves have contributed to the slowing

down of the economic growth rate of these countries. To overcome this problem the international community should move towards a system based on the SDRs as the principal international reserve asset with a minimum of conditions for their use. Moreover, developed countries, in addition to intensifying their efforts to control inflation, should provide financial instruments to protect the real value of the financial assets of the developing countries. Furthermore, in exercising its surveillance over exchange rate, and balance-of-payments policies the IMF should intensify its surveillance over the major currencies<sup>22</sup> and pay due regard to the special circumstances and needs of the developing countries. In this context IMF should recognize the structural character of balance-of-payment disequilibria of developing countries and accordingly apply appropriately flexible conditionality in the use of IMF resources designed to stimulate the recovery of world economic activity, the expansion of trade and employment and facilitate a more balanced adjustment process.

4. Many other issues of importance are relevant in a discussion of the reform of the monetary system. These include *inter alia* ways of ensuring a better and more balanced international adjustment process including measures which would make surplus developed countries and reserve currency countries accept an equitable share of the burden of adjustment and to promote the transfer of real resources to developing countries and the establishment of a link between SDRs creation and development financing which could take one of the two forms: (a) a direct link whereby the share of developing countries in SDR allocation would be increased above their share in the IMF quotas; (b) an indirect link whereby a specified proportion of newly created SDRs allocated to developed countries would be channelled to multilateral development finance institutions. The Group of 77 emphasizes that an essential precondition for effective monetary reform is an equitable decision-making process in the Bretton Woods institutions.

5. The Group of 77 emphasizes these issues along with the following as being of immediate importance at the fifth session of the Conference:

(a) In order to enable developing countries to maintain their development programmes in the face of continuing inflation and recession in developed countries, a facility should be established to provide balance-of-payments support to finance their externally-induced deficits. As noted above a major part of the present deficits have arisen from imbalances in the international economy, in particular

<sup>22</sup> The available empirical evidence supports the observation that, contrary to expectations, floating has not generally succeeded in isolating domestic economies from foreign inflationary shocks. This is especially true when these shocks emanate from the reserve currency country. In particular, developing countries, mainly pegging their currencies to the dollar (which is also their main foreign reserve asset), experience both direct price effects and indirect price effects through constant pressures on their domestic monetary bases. These countries cannot easily sterilize such imported inflation due to either their underdeveloped financial markets or commitments of credit policy to long-run credit objectives. Furthermore, their trade pattern may not permit changes in their currency peg, since such changes can have an impact on their competitive positions. Differences in national inflation rates when superimposed on exchange rate changes result in wide divergence in real exchange rates. This is perhaps a major reason for the need of exchange rate surveillance under a system of managed float.

recession/inflation as well as mounting protectionism in developed countries which has adversely affected both the volume and purchasing power of developing country exports. Since the causes of these deficits are external to the developing countries themselves, the balance of payments should not be dependent on "conditionality" of the type imposed on present upper credit tranche support. Rather it should be related to broader development targets. For the facility to be meaningful it must be able to provide financing that is significant in relation to present levels of deficits. Bearing in mind that these deficits are largely the counterparts of structural surpluses in developed countries—requiring in their own view a substantially long period of adjustment to eliminate—the facility should provide support on longer-term maturity that would enable the concerned developing country to carry out structural adjustments that would facilitate the attainment of its development objectives;

(b) The international economic situation is adversely affecting developing countries and a more flexible conditionality in the use of IMF resources would stimulate the recovery of world economic activity, the expansion of trade and employment and facilitate the adjustment process. The rules of the game for balance-of-payments adjustment should be fair and balanced so that the burden of adjustment falls not only on deficit countries but also on persistent surplus countries. Balance-of-payment support in general must not be used to exercise political pressure on developing countries and should not be dependent on acceptance by the developing country of measures and programmes which involve social costs which hinder its basic aims, objectives and priorities.

(c) The existing compensatory financing facility should be improved and liberalized to compensate fully for shortfalls in the purchasing power of exports of developing countries resulting from changes in relative price or shortfalls in volume measured according to a trend rate of growth. Repayments should be set in the light of the factors giving rise to the shortfall and should be required to be made when the purchasing power of export rises above the trend rates. In this connexion, the Group of 77 should urge for the acceptance of the following recommendations:

- (i) The limit on outstanding drawings under the facility should be increased from 75 per cent to 100 per cent of a member's quota. Drawings in any 12-month period should be increased from 50 per cent to 100 per cent;
- (ii) The repayment period should be lengthened from the present three to five years to one of five to seven;
- (iii) Countries should have the choice of basing the calculation of their shortfalls on their total receipts from merchandise exports or the combined receipts from merchandise exports and services;
- (iv) In the calculation of shortfalls, account should be taken of the increase in the price of imports;
- (v) Increased import volume resulting from climatic or other factors beyond the control of the country concerned should also be taken into account in calculating the shortfalls;
- (vi) Drawings under the facility should not be subject to any credit tranche conditionality;

(vii) Even when the charges for the Compensatory Financing Facility are lower than the commercial rate, the annual rate of  $4\frac{3}{8}$  per cent should be maintained for the period during which this service is being provided.

(d) The Group of 77 urges that a subsidy account to enable developing countries, in particular the least developed, to borrow from the IMF supplementary facility be created.

6. The Group of 77 emphasizes that a genuine and fundamental reform of the international monetary system is necessary and that such a reform should be consistent with the trade and development requirements of the developing countries.

7. The Ministers of the Group of 77:

(a) Call on the Group of 24 to intensify its work in accordance with its mandate and to do preparatory work on the fundamental reform of the international monetary system, and invite the Chairman of its Deputies to convey reports of all its meetings to the Chairmen of the Group of 77 in Geneva and New York; further call on the above-mentioned Groups to collaborate with each other on these matters and make arrangements for continuing co-operation. The Ministers of the Group of 77 are of the view that member Governments of the Group of 77 should avail themselves of the occasion of the Annual Meeting of IMF and the World Bank at Belgrade in 1979 to convene a meeting of the Group of 77 at the level of Ministers of Finance or Economy and in this connexion request the Government of Yugoslavia to make appropriate arrangements for such a meeting in consultation with the Chairman of the Group of 24;

(b) Recommend that the Conference, at its fifth session, establish an *ad hoc* intergovernmental high level group of experts within UNCTAD to examine fundamental issues concerning the evolution of an international monetary system that is consistent with the long-term trade and development requirements of the developing countries;

(c) Call for examination of the possibility of holding an international conference on monetary reform at an appropriate time.

**Item 12 b: Measures to augment the net flow and improve the conditions of resource transfers from developed to developing countries**

**Official development assistance—bilateral**

(a) The Ministers of the States Members of the Group of 77 note with concern (i) that the actual performance of the developed countries belonging to the Development Assistance Committee (DAC) has fallen far short of the 0.7 per cent target; (ii) that official development assistance (ODA) as a percentage of DAC GNP has fallen steadily from 0.34 per cent in 1971 to 0.30 per cent in 1977; (iii) that the three largest developed market economies—the United States, Federal Republic of Germany and Japan—have allowed a continuing decline in ODA as a proportion of their GNP; (iv) that concessional flows from socialist countries of Eastern Europe are below the international target. The Ministers of the Group of 77 record with appreciation that three developed donor countries—Netherlands, Norway and Sweden—have passed the 0.7 per cent ODA target, and have

stated that they intend to try to reach the level of 1 per cent of their GNPs;

(b) Without prejudice to whatever target may be set for the Third Development Decade, the Ministers of the Group of 77 call for a programme of immediate measures by each developed donor country in the form of binding commitments for an annual growth rate of ODA disbursements for each of the next three years. In particular, the Group of 77 calls on the United States, the Federal Republic of Germany, and Japan to raise their ODA disbursement at least by 25 per cent per year for each of the next three years in real terms so as to double their disbursement by the end of the period. In this connexion the Group of 77 notes that the Government of Japan has announced its intention to double its ODA disbursement in three years and expresses its view that this increase should be in real terms. They also call on the socialist countries of Eastern Europe to increase their development assistance to satisfactory levels and provide full information on such flows;

(c) There should be a general increase in real terms in the present total ODA flows to all developing countries and in the context of this general increase the quantum in real terms of ODA flows to least developed countries, most seriously affected countries, land-locked and island developing countries should be doubled. The increases to these categories of countries should be achieved within the shortest possible time in any event not later than in 1981;

(d) The transfer of resources should be depoliticized and placed on an increasingly assured, continuous and automatic basis and achieve a rational and equitable distribution among developing countries taking into account different levels of development. The quality of ODA should be improved so that:

- (i) ODA to least developed countries should be in grants and to other countries at least at 95 per cent concessionality;
- (ii) Definition of ODA should be modified to be net of amortization and interest;
- (iii) Loans with less than 50 per cent grant element should not qualify as ODA;
- (iv) ODA should be untied and programme assistance should be increased as against project assistance;
- (v) Local cost financing should be provided;
- (vi) Greater preferential margins should be allowed to developing countries' suppliers in the context of international bidding for projects financed by multi-lateral financial institutions;

(e) There are now substantial ODA funds which have been committed but remain undisbursed. Consideration should be given to the possibility of using these for developmental purposes and particularly to provide balance-of-payment support by having the developed donor countries deposit ODA resources in a revolving fund as soon as they are committed. They would be drawn down by the developed donor country as and when they are disbursed;

(f) Developed countries should keep their public opinion informed about the importance of accelerating the transfer of resources to developing countries;

(g) Implementation of immediate increases should be monitored regularly by the Trade and Development Board.

*Multilateral assistance*

The Ministers of the Group of 77:

(a) In view of the size and increasing financial needs of developing countries, stress the need of an urgent and substantial general increase of the capital base of multilateral financial institutions provided by developed countries so as to ensure that their commitments in favour of developing countries increase in real terms at a satisfactory rate and are consistent with the needs of those countries. The increase in capital base should be made for both the World Bank and the regional development financial institutions;

(b) Urge the World Bank and regional development banks to modify their rules and procedures in granting loans to developing countries in order to avoid delays in implementation and disbursements;

(c) Urge the World Bank and the regional banks to provide increasing technical assistance both for project development and execution;

(d) Since the International Development Association plays a major role in the transfer of resources to the least developed countries and other low income countries, call for the sixth replenishment to be effected without delay so as to result in a significant real increase in resources. In this regard the replenishment of the soft windows of the regional development banks should be co-ordinated so as to result in increased lending capacity in real terms;

(e) Urge the reviving of the third window of the World Bank;

(f) Considering the multi-year nature of the programme of the operations of UNDP and other related United Nations agencies, urge that the financing of these operations should be planned also to cover several years;

(g) Agree that the proposal for the establishment in the World Bank of a long-term facility to finance purchases of capital goods by developing countries should be considered as quickly as possible with a view to taking a positive decision at the earliest possible date;

(h) Call for an increase in programme lending of the multilateral financial institutions to make it equal to a least 25 per cent of total loans and also to stress in this context that the lending programmes of the multilateral financial institutions should become increasingly responsive to the over-all priorities and in particular to sectoral priorities of the recipient developing countries. Call for adequate local cost financing to be provided;

(i) Call for a massive transfer of resources to developing countries which would enable them to accelerate their pace of development and thus contribute to inflation-free growth of the global economy. Such a massive transfer of resources for project development and execution and programme finance purposes to developing countries will be successful only if it is compatible with the development priorities of developing countries and its terms and conditions consistent with their debt servicing capacity over the longer term;

(j) Support the establishment of clear and coherent objectives for the transfer of resources from developed creditor countries and multilateral institutions as well as to the creation of operative mechanisms that effectively verify the additionality of resources;

(k) Reject the principle of arbitrary "financial graduation" which is being established in IBRD and other international financial institutions providing non-concessional finance. With this principle, developed countries also seek on the one hand to reduce or cease loans to these countries, which have achieved progress in their economies and on the other hand to avoid their responsibility with regard to the transfer of real resources. The problem should be resolved by establishing objective criteria through negotiations where developing and developed countries will have equal representation and voice.

*Private flows*

The Ministers of the Group of 77:

(a) While acknowledging the need for private flows, stress that these should not in any way undermine the targets set for concessional flows;

(b) Call for expeditious implementation of the Manila recommendations to help remove the present administrative and institutional obstacles impeding the developing countries' access to national capital markets. Call for a preferential treatment for developing countries to enable them to make floatations or placements on schedule in developed countries with national capital markets; and raise in favour of developing countries the ceilings on foreign floatations especially in countries whose currencies are in high demand. Charges should be carried out rapidly with a view to facilitating the developing countries' access to international capital markets. In this regard, the Group of 77 hopes that the contemplated European monetary system will not lead to realignment of currencies that would result in imposing a cost on developing countries incurring liabilities in these currencies;

(c) Welcome direct private investments which are compatible with their national legislation and development priorities while at the same time allowing them to enjoy an increased local participation in management, administration, employment and on-the-job training for local manpower, as well as local participation in ownership. The Group of 77 Ministers recall the urgency of defining a code of conduct governing the activities of the transnational corporations which meets the interests of all parties concerned;

(d) Call on multilateral financial institutions to consider undertaking co-financing arrangements, after study and detailed examination in accordance with the priorities of the countries concerned.

*Multilateral guarantees*

Whereas multilateral financial institutions have the capacity to extend guarantees to enable their members to mobilize resources from the private capital markets, they have not so far provided guarantees in any significant volume since such guarantees are considered by their articles of agreement as being equivalent to loans. In seeking multilateral guarantees, the Group of 77 stress the need to ensure that such guarantees bring additional capital flows to the developing countries concerned and do not in any way adversely affect the access to capital markets already enjoyed by some developing countries. The guarantees must be established in such a way as to avoid the possibility of existing borrowers being asked to go to the facility for guarantees even if they do not wish to do so. In

this context the Group of 77 countries urge that attention be given to: (a) a recommendation to establish a separate multilateral guarantee facility for the interested developing countries; (b) a recommendation to amend the articles of agreement of multilateral financial institutions to allow them to provide guarantees more easily, including partial guarantees.

**Item 12 c: Other financing issues related to trade**

The Ministers of the Group of 77 considered the proposal for the establishment of the multilateral export credit guarantee facility which was examined and recommended by a group of international experts in INCTAD. The Ministers of the Group of 77 call for the Conference at its fifth session to agree on the establishment of such a facility in favour of developing countries that wish to enhance their access to international capital markets and diversify their exports.

**Item 12 d, i: Review of implementation and further action that may be required pursuant to Trade and Development Board resolution 165 (S-IX), section A**

The Ministers of States members of the Group of 77, while recognizing the efforts of some developed countries in taking steps to alleviate ODA debts of some developing countries, regret that the efforts so far have not been fully consistent with the relevant provisions of section A of resolution 165 (S-IX). In this regard, the Ministers:

(a) Invite the developed countries which have already taken some actions in favour of some developing countries affected by the resolution to extend these actions to cover the ODA debt of all the poorer developing countries described in the resolution without discrimination on any ground. In the case of developed donor countries which grant relief measures to only a limited group of countries the Group of 77 would not consider such developed countries as having implemented resolution 165 (S-IX);

(b) Urge the developed countries which have not yet done so, to take, as early as possible, the necessary steps to fully implement section A of the above-mentioned resolution; to benefit all the poorer developing countries covered by the resolution without discrimination;

(c) Recall that the initial aim was to succeed in alleviating the ODA debt of the developing countries affected by resolution 165 (S-IX) within the framework of international co-operation.

**Item 12 d, ii: Detailed features for future operations related to debt problems of interested developing countries (Trade and Development Board resolution 165 (S-IX), section B)**

The Group of 77 calls for:

(a) The completion of negotiations on detailed features for future debt operations by the Conference at its fifth session in the light of the basic concepts contained in resolution 165 (S-IX). In this connexion the preamble, objectives and initiative procedures as drafted by the UNCTAD intergovernmental group of experts are satisfactory. In "analysis", the Group of 77 rejects any effort to bifurcate debt problems into "acute" and "long-term". In "action", the Group of 77 stresses the need to ensure that domestic measures correctly reflect the responsibility of the debtor and do not give external authorities the right to infringe on the sovereignty of States;

(b) The establishment of an international debt commission, comprising eminent public figures with recognized knowledge and experience of debt problems and economic development. Any interested developing country which believes it has, or may have a debt problem could address itself to the Commission;

The commission will:

- (i) Examine the debt and development problems of the requesting country;
- (ii) In the light of such examination and in accordance with the modalities of the detailed features, make recommendations on measures required to deal with the debt problem in the broader context of development including measures of debt reorganization and additional bilateral and multilateral finance;
- (iii) Convene a meeting of all parties concerned with a view to implementing the recommendations under (ii) above.

In carrying out its work, the commission will be assisted throughout by relevant international organizations including UNCTAD. This procedure and the detailed features drawn up in terms of resolution 165 (S-IX) will assure a global approach in which countries in similar situations will be treated similarly.

The Ministers of the Group of 77 note with dismay that explicit provisions in two UNCTAD consensus resolutions, namely Trade and Development Board resolutions 132 (XV) and 165 (S-IX), calling for UNCTAD to attend the creditors clubs, were not honoured by the Paris Club in a recent instance. This was so in spite of an invitation by the debtor developing country concerned. In future debt negotiations interested developing countries using creditor clubs should be entitled to full assistance and participation from UNCTAD and other relevant international institutions.

**Item 12 e: Review of the present system of international financial co-operation in the context of world trade and development and consideration of ways and means within this context to make it more effective in contributing to the development of developing countries**

1. Past experience has shown that various aspects of international financial co-operation have been dealt with in an *ad hoc* manner by a multiplicity of forums and institutions which often operate along lines which are not mutually supportive of, or even consistent with, each other. This has led to a lack of predictability which has prevented individual developing countries from planning their development with confidence and it has also resulted in a failure to achieve the targets for the development of developing countries despite the fact that these have been universally accepted. Basically the problem has been that there is no meaningful commitment in respect of the total transfer of resources required to achieve these targets and the contributions necessary from individual developed countries and multilateral financial institutions in order to ensure that the total is reached. The need for a coherent system of international financial co-operation is becoming increasingly evident and the Group of 77 endorses the following basic elements of such a system.

2. In order to become fully supportive of internationally accepted targets for the development of developing countries the Group of 77 should seek from

developed countries commitments to co-operate more effectively in evolving in a comprehensive manner an effective and equitable system of international financial co-operation, which must *inter alia* meet the following objectives:

(a) Ensure the transfer of real resources to developing countries adequate to meet the external capital needed to achieve these development targets;

(b) The form and composition of these capital flows should be consistent with the development plans of recipient developing countries and fully responsive to their investment and development priorities including sectoral allocations: the characteristics of the capital flows should be such—quickly disbursing, untied, programme, etc., so as to enable their rapid and effective utilization;

(c) This transfer of real resources should be on terms commensurate with the debt servicing capacity of the developing countries and their own development objectives. This would imply that notwithstanding the importance of private flows the bulk of the resource transfer should be in the form of concessional flows;

(d) In order to achieve this, the developed countries that have failed so far to reach the ODA target should sharply increase their ODA to reach this internationally accepted target;

(e) Private capital flows to developing countries should be sustained on improved terms and conditions. Capital market regulations in developed countries should be liberalized in order to ensure the improved access of developing countries to these markets;

(f) In the context of transfer of resources to developing countries the need for more concessional transfers to least developed, most seriously affected and other special categories of developing countries should receive special attention;

(g) In addition to securing adequate long-term capital flows the system of international financial co-operation should provide necessary financial resources including fund quota increases, long-term balance-of-payments financing and compensatory finance to offset shortfalls in the purchasing power of exports and to meet unforeseen import needs of individual developing countries. These financial resources should be available on appropriate terms and conditions and should be fully supportive of the country's development programme;

(h) This system of financial co-operation would also provide for a *multilateral framework for future debt operations* of interested debtor developing countries that safeguards their development programmes on the basis of Trade and Development Board resolution 165 (S-IX);

(i) The transfer of real resources should be placed on an increasingly assured, continuous and automatic basis, providing reasonable certainty to recipient countries in making their development and investment programmes. There should be an assessment at an international level of the necessary contributions of developed donors and multilateral financial institutions. Means should be found in the form of an international covenant to ensure that transfer of resources takes place in a way consistent with this international assessment;

(j) The policies of multilateral financial and monetary institutions and their treatment of individual countries

should be fully consistent with the priorities and development objectives established by the international community in the United Nations General Assembly;

(k) Developing countries should enjoy an equitable share in the decision-making process at the international level on matters affecting the international monetary and financial systems including decision-making in specialized agencies competent in these areas;

(l) There should be regular monitoring to ensure that inadequate functioning of any of the components of the system of international financial co-operation is remedied promptly;

(m) The transfer of resources should be adequate in volume, terms and conditions to meet the development finance needs of all developing countries;

The Group of 77 calls for agreement at the fifth session of the Conference on these basic elements of a system of international financial co-operation in the firm belief that it would be in the interest of the international community as a whole. Further detailed work on the elements should then be entrusted to appropriate intergovernmental machinery within UNCTAD, beginning with the convening of a group of experts.

### *Item 13 of the provisional agenda for the fifth session of the Conference*

#### **Technology**

##### *Item 13 a: International code of conduct on the transfer of technology*

1. In view of the crucial importance of technology to the economic and industrial growth and development of countries, the Group of 77 reaffirms that the basic aims in the negotiation on the code of conduct on the transfer of technology are to eliminate restrictive and unfair practices affecting their technological transactions and to strengthen their national technological capacities in order to accelerate the process of their technological transformation and development while increasing the international flow of all forms of technology under favourable terms.

2. The United Nations Conference on an International Code of Conduct on the Transfer of Technology was held from 16 October to 10 November 1978, pursuant to resolution 89 (IV) of the United Nations Conference on Trade and Development and General Assembly resolution 32/188. The draft code of conduct upon which the negotiations at the United Nations Conference were held had been prepared by the Intergovernmental Group of Experts, which had itself met in six sessions over a period beginning in November 1976 and ending in July 1978.

3. The Group of 77 was not satisfied with the progress made at the negotiating Conference. The Group of 77 had unreservedly accepted various proposals put forward by the committee chairmen. This was done in the spirit of compromise. Despite the great flexibility and political will displayed by the Group of 77 in an attempt to secure progress, it was clear that other Groups lacked the political will to move forward. Some Groups had done nothing to advance the negotiations. The Group of 77 could not accept a text that endorsed the *status quo*, which was



unfavourable to developing countries. The Group of 77 emphasizes that the progress which had been achieved had been made possible by the virtually unilateral concessions of the Group of 77. The Group of 77 views the situation with concern and invites developed countries to show evidence of more co-operative spirit so as to resolve the outstanding fundamental issues at the resumed United Nations Conference on an International Code of Conduct in February/March 1979. What is needed is political will on the part of other groups to move forward.

4. The United Nations Conference will meet again in February/March 1979, at which time it will continue the negotiations leading to the adoption of the code of conduct. While some progress has been made in negotiating some provisions, a significant number of issues remain to be resolved.

5. The Group of 77 maintains that all international transfer of technology transactions must be within the scope of application of the code, and that such transactions occur either when the parties are from different countries or when they are located in the acquiring country if one of the parties is either owned or controlled by a foreign entity in accordance with the relevant national legislation.

6. The code must be applicable in transactions or arrangements between parent enterprises and their subsidiaries in the acquiring country, or between subsidiaries or affiliates of the same enterprise wherever they are located.

7. The Group of 77 affirms that the aim of the chapter on restrictive practices must be to eliminate practices which have an adverse effect on the social and economic development of countries, and particularly of developing countries.

8. The Group of 77 further affirms that any mention in the code of conduct of industrial property rights must be balanced by reference to the national needs of economic and social development, as defined by each country, particularly of the developing countries.

9. The Group of 77 considers that the law applicable to transfer of technology transactions must be the code of conduct and the law of the acquiring country, particularly with respect to issues involving public policy. Moreover, public policy issues, as determined under the law of the technology acquiring State, should normally be decided by national courts and tribunals of the technology acquiring State. Arbitration is recognized as a means of the settlement of disputes if the manner of selection of arbitrators and the procedure is of a type which will be fair and equitable, and if the code and national law provided for under the provisions of the code is the law applied by the arbitrator.

10. The Group of 77 reaffirms the need to adopt a legally binding code of conduct as one of the key instruments which will contribute to the establishment of the New International Economic Order.

11. The Group of 77 therefore urges the resumed session of the United Nations Conference to take necessary steps to conclude work on the elaboration of a universally applicable international code of conduct which incorporates the positions of the Group of 77 as stated in paragraphs 5 to 9 above, and to achieve the objective stated in paragraph 10 above in the shortest possible time.

12. The United Nations Conference should also take the necessary measures to consider and establish appropriate international machinery for its effective implementation.

13. It is the firm conviction of the Group of 77 that at the resumed session the Conference should concentrate on the fundamental issues. If these fundamental issues are tackled successfully the Code could be completed and finally adopted.

14. The Group of 77 recommends further that the outstanding issues be resolved at the resumed session of the United Nations Conference in February/March 1979 and those issues that may still remain unresolved be considered at the fifth session of the United Nations Conference on Trade and Development.

*Item 13 b: UNCTAD's contribution to the economic, commercial and development aspects of the industrial property system in the context of its on-going revision*

1. The revision of the Paris Convention for the Protection of Industrial Property taking place in the World Intellectual Property Organization should reflect the historical and economic changes which have taken place, and the new trends in national legislation and practices of developing countries. The process of the revision should culminate in the establishment of a fair balance between the public interest and the broader needs of development, on one side, and the industrial property holders' rights on the other.

2. The Declaration of Governmental Experts from developing countries members of the Group of 77 on the role of the industrial property system in the transfer of technology of October 1977<sup>23</sup> should be one of the main bases for subsequent negotiations, particularly at the Diplomatic Conference scheduled for February 1980.<sup>24</sup>

3. The Group of 77 reiterates that the new article 5 A of the Paris Convention should reflect the main concerns particularly of developing countries, promote the actual working of inventions in each country and enable member countries to take all appropriate measures to prevent abusive practices in the field of industrial property. Therefore, the Group of 77 urges all developed countries to live up to their commitments taken and agreed at the second session of the Intergovernmental Preparatory Committee on the revised article 5 A of the Paris Convention.

4. In order to serve as a useful tool for facilitating the transfer of technology to developing countries, and the development of indigenous technology, and to respond to the historical and economic changes which have been taking place in the last few decades, the current revision of the Paris Convention should recognize that all rights granted by a patent should be related to the working of the patent and guided by the considerations and concerns expressed by the experts from developing countries in their Declaration of October 1977 (see para. 2 above).

<sup>23</sup> Report of the Group of Governmental Experts on the Role of the Industrial Property System in the Transfer of Technology on its session held at Geneva from 6 to 14 October 1977, annex IV (TD/B/C.6/24/Add.1).

<sup>24</sup> The Diplomatic Conference for the Revision of the Paris Convention will be held at Geneva from 4 February to 4 March 1980.

5. The process of revision of the Paris Convention as regards trade marks should be guided by the Declaration of the Objectives of the Revision of the Paris Convention (December 1975),<sup>25</sup> giving "full recognition to the need for economic and social development of countries", to redress the present imbalance between rights and obligations of trade mark owners, and by the considerations and concerns expressed by the experts from developing countries in their Declaration of October 1977 (see para. 2 above).

6. The Group of 77 reiterates its position on all aspects of the revision of the industrial property system as contained in the above Declaration. The Group of 77, therefore, expects that its concerns find a place in the on-going process of the revision of the Paris Convention.

7. UNCTAD should continue developing its activities, including technical assistance, in providing its valuable contribution to the function of the industrial property system in the transfer of technology and the main lines of its revision, related to the economic, commercial and developmental aspects on the basis of the results of the meetings held on this subject in 1975 and 1977, respectively, seeking preferential treatment for the developing countries.

8. The Group of 77 urges WIPO to publish, before the end of 1979, the new Model Law on Inventions for Developing Countries.

**Item 13 c: Strengthening the technological capacity of the developing countries including accelerating their technological transformation**

1. In the implementation of Conference resolution 87 (IV) on strengthening the technological capacity of the developing countries, while some positive steps have been taken at the national, regional and subregional levels, a comprehensive strategy is yet to be worked out and put in motion to bring about the technological transformation of the developing countries.

2. The review of the progress made so far in the efforts to strengthen the technological capacity of the developing countries reveals the following:

(a) A large number of developing countries have established national centres or institutions;

(b) At the regional level, an Asian centre has been established in Bangalore and an African centre in Dakar, while decisions have been taken to establish a regional Arab centre and a Latin American mechanism for technological information (RITLA);

(c) At the subregional level, the decision has been taken to establish a subregional centre on pharmaceuticals for the Caribbean region.

3. While the establishment of some national centres and the decisions to set up regional and subregional centres are indicative of steps in the right direction, there is need for further assistance to ensure that when these centres become operational they would have the capacity to fulfil their objectives. Financial assistance is required from UNDP, other international financial institutions and from voluntary contributions. These centres would need to be comp-

lemented by interregional centres as appropriate in order to reinforce the bargaining power and economies of scale of developing countries.

4. What is needed in the implementation of Conference resolution 87 (IV) is the assistance of the international community to the developing countries in their technological plans and policies (at the national, regional and subregional levels); the development of local manpower (policy makers, planners, and technologists); the creation of institutions as well as the technological infrastructure; and the type of regional centres which would assist and co-operate with national centres in the fulfilment of their objectives.

5. There is an urgent need to strengthen the technological capacity of the developing countries and to move towards the acceleration of their technological transformation. Measures towards these ends might include:

(a) The formulation and implementation of a technological plan as one of the fundamental instruments of national development strategy for technological transformation;

(b) The formulation and implementation of policies, laws and regulations on the transfer and development of technology in all its aspects;

(c) The formulation and implementation of technology policies and plans concerning specific sectors of critical importance to these countries;

(d) The establishment and functioning of institutional mechanisms, including technology centres, the establishment and strengthening of technological training of research centres or institutes and other arrangements at national, subregional, regional and sectoral levels;

(e) The increased training and exchange of personnel and experience among developing countries including co-operative exchange of skills among these countries and establishment of appropriate institutional arrangements for them;

(f) The elaboration of special arrangements for the transfer and development of technology;

(g) The promotion and intensification of research and development activities on problems of critical importance to developing countries, particularly undertaking them in developing countries.

6. The problems faced by developing countries in the technology field vary not only from country to country, but from sector to sector in these countries. Technology plans should therefore be based on concrete policies for each individual sector and should integrate these policies on individual sectors into a coherent technology strategy as part of a national development strategy.

7. Preliminary work has been carried out by UNCTAD in sectors of critical importance to developing countries such as pharmaceuticals, food, energy, electronics, design engineering and consultancy, iron and steel, standardizations and quality control, and control of transfer pricing. The Group of 77 emphasizes that it is important to examine at an expert level specific sectors of critical concern to all developing countries in order to evolve an appropriate common strategy in these sectors so that a phased programme can be drawn up for increasing production in developing countries of manufactured products in the light of the Lima Declaration and Plan of Action and of the multilateral trade negotiations. Such a strategy

<sup>25</sup> WIPO, document PR/GE/II/13 of 31 December 1975 (mimeographed), annex III.

should fully take into account the technology inputs required for the formulation of global production plans by the joint UNCTAD/UNIDO Expert Group in these sectors.

8. In paragraphs 13, 16 and 18 of Conference resolution 39 (III), and in paragraphs 10 and 11 of Conference resolution 87 (IV) as well as in the chapter on special treatment for developing countries and international collaboration in the draft code of conduct on transfer of technology, developed countries have accepted to undertake several measures to co-operate with the developing countries in strengthening their technological capacity.

9. Very little, however, is known about the implementation by developed countries of the international obligations they have thus assumed. Nor is much known about the institutional structures they have created and the new policies they have adopted to implement these obligations. The Secretary-General of UNCTAD is requested to obtain information from member States on implementation of these commitments and to report to the Committee on Transfer of Technology.

10. It is important, therefore, that the Conference, at its fifth session, decide on the concrete modalities through which the action agreed to by the developed countries is undertaken and the manner in which such implementation is kept under continuous review.

11. The UNCTAD Advisory Service on Technology has played a significant role in assisting developing countries to strengthen their technological capacity. However, much more is required to ensure that the Advisory Service on Technology becomes an effective tool in helping developing countries in carrying out a programme of action towards their technological transformation.

12. The Advisory Service on Technology is, however, handicapped by its lack of resources. The Secretary-General of UNCTAD should, therefore, make concrete proposals for consideration at the fifth session of the Conference concerning the ways and means of making the Advisory Service on Technology more effective in meeting the increasing requirements of developing countries for technical and operational assistance in strengthening their technological capacity, individually and collectively, and paving the way for their accelerated technological transformation. For this purpose enlarged financial assistance is required from UNDP, other international financial institutions and through voluntary contributions, particularly by developed countries.

*Item 13 d: Development aspects of the reverse transfer of technology*

1. The first serious consideration of the development aspects of the reverse transfer of technology took place from 27 February to 7 March 1978. The Group of Governmental Experts on Reverse Transfer of Technology had before it three types of studies which were prepared by the UNCTAD secretariat. The studies were:

- (a) Studies focusing on international issues;
- (b) Case studies of four Asian countries examining some of the main issues at the national level;
- (c) A study on the conceptual and empirical basis for co-operative skill exchange among the developing countries themselves.

2. Pursuant to the report of the Group of Governmental Experts,<sup>26</sup> there had been areas of agreement. For example, agreement had been reached on the following:

(a) That the problem of reverse transfer of technology is a multifaceted one, embracing social, economic and development issues as well as other aspects;

(b) That in order to have a balanced understanding of the issues and improving the policy responses, there was need for studying the experience of countries belonging to different geographical areas;

(c) That there is a need for a comprehensive approach to reverse transfer of technology.

3. The report of the Group of Governmental Experts also emphasized the fact that action was needed by the developed countries, the developing countries, and UNCTAD. Concerning the participation of UNCTAD the Group suggested that further work was needed on the subject of reverse transfer of technology. Reaffirming General Assembly resolution 33/151, the Group of 77 requests the Secretary-General of UNCTAD in collaboration with other agencies concerned, to continue within the work programme of UNCTAD his studies, particularly on the following three main areas:

(a) The experience and policy of individual countries to and from which flows of skilled manpower take place;

(b) The modalities of co-operation at the national, regional and international level;

(c) The examination of the feasibility of various proposals made hitherto regarding co-operative exchange of skills among developing countries.

*Item 14 of the provisional agenda for the fifth session of the Conference*

**Shipping**

*Item 14 a: Developments pertaining to the Convention on a Code of Conduct for Liner Conferences*

1. The Convention on a Conduct for Liner Conferences was adopted at a diplomatic conference held in Geneva in March 1974. The Convention has not yet come into force because of non-fulfilment of the 25 per cent tonnage requirement. The industrialized countries, which own the majority of the world tonnage, have not ratified the Convention. Some developing countries have demonstrated their political will by signing, ratifying and acceding to the Convention. To date, 34 developing countries have signed the Convention. Of these, 20 come from Africa, seven from Asia, and seven from Latin America. Meanwhile, developing countries are mainly users rather than providers of shipping services. Whilst efforts are being made to rectify this anomalous position, vital problems arising therefrom continue unabated. These relate, in particular, to the provision of adequate and reliable shipping services, undue escalation of freight rates and dubious surcharges.

2. The Ministers take note of the above developments and urge:

<sup>26</sup> TD/B/C.6/28.

(a) That other developing countries should endeavour to ratify or accede to the Convention, if they have not already done so;

(b) That developing countries initiate steps to bring the provisions of the Convention into operation in their respective liner trades;

(c) That developing countries seek assistance from their regional commissions and UNCTAD as to the most harmonious and effective way in which they could implement provisions of the Convention in co-operation with, whenever possible, like-minded States and shipping lines;

(d) That continued political pressure be put on the developed countries with a view to their ratifying the Convention and thereby bringing up the total tonnage requirement for the Convention to enter into force;

(e) That, in the event that at the time the fifth session of the Conference convenes the Convention has come into force, developing countries should urge all States to initiate without delay the implementation procedures contained in the Convention;

(f) That UNCTAD, in co-operation with regional United Nations agencies, conduct in-depth studies of level and structure of conference tariffs to help establish rational, realistic and non-discriminatory relationships between the freight rates and commodities traded by developing countries;

(g) That developing countries establish or strengthen shippers' councils or any other similar institutions and devise an effective programme at global, regional and national levels with a view to counter-balancing the monopolistic power of liner conferences;

(h) That the application of any increase in freight rates as well as the imposition of surcharges by liner conferences be subject to prior consultation among governmental authorities, groups of shippers, national shippers' councils, or similar institutions. These consultations must be based on a formula to be jointly worked out among the parties concerned, and must also take account of the economic realities of developing countries.

3. In order to improve further the position of the developing countries, the Group of 77 requests the Secretary-General of UNCTAD, after the Convention comes into force, to conduct studies so that in future the Convention can be further strengthened.

**Item 14 b: Participation of developing countries in world shipping and the development of their merchant marines**

1. Despite the recognition by the third session of the United Nations Conference on Trade and Development that developing countries should have an increasing and substantial participation in the carriage of maritime cargoes, the situation to date remains far from satisfactory. It is noted, again, that no progress has been made in the area of shipping under the International Development Strategy for the Second United Nations Development Decade<sup>27</sup> and the Programme of Action on the Establishment of a New International Economic Order.<sup>28</sup>

<sup>27</sup> General Assembly resolution 2626 (XXV) of 24 October 1970.

<sup>28</sup> General Assembly resolution 3202 (S-VI) of 1 May 1974.

2. The introduction of new systems of transportation like international multimodal transport may bring its own train of problems particularly for developing countries. It is also noted that the insignificant share of developing countries in the carriage of all types of bulk trades, including refrigerated cargoes, is a matter for serious concern. In particular, there is need to ensure that the monopolistic power existing in international shipping is controlled.

3. The Ministers, aware of the above considerations, urge:

(a) That action be taken to enable developing countries to transport an equitable share of all cargoes generated by their own foreign trade;

(b) That regular bulk cargo movements between a pair of exporting and importing countries should, in principle, be transported on an equitable basis by vessels of the national lines of the respective trading countries, or by vessels otherwise operated by them. However, where a developed country is trading with a developing country in this regard and the developed country is incapable of operating national carriers as economically as the developing country, the developed country should leave transport arrangements in the hands of developing countries;

(c) That sales and purchases of bulk and refrigerated cargoes and transportation provisions in relation thereto are shared in accordance with bilateral or commercial agreements which will ensure the principle of equitable participation.

4. The Ministers call for co-operation among developing countries in relation to the following:

(a) Discussions should be opened, followed by negotiations where appropriate, between developing exporting countries and developing importing countries with a view to taking measures which would ensure that, as far as feasible, all cargoes shipped between developing countries should be shipped on vessels of the national lines of the respective trading countries or by vessels otherwise operated by them;

(b) Discussions should be opened between developing bulk importing countries which import less than shipload quantities of bulk products with a view to examining the possibilities of joint bulk operation in co-operation with developing exporting countries;

(c) Developing countries which are situated within the same liner service area should pool information on cargo movements and movements and service requirements with a view to developing joint sailing arrangements to increase the competitiveness of their liner fleets vis-à-vis that of the liner fleets of the traditional maritime countries;

(d) Developing countries should establish regional associations of shipowners and joint ventures in shipping and shipyards.

5. The Ministers, taking note of the desire of many developing countries to phase out open registry operation, call on the UNCTAD secretariat, in consultation with other related agencies, to undertake further studies in respect of the repercussions of phasing out open registries, its economic and social impact on the economies of developing countries, its effect on world shipping, and how the phasing out of open registries would ensure simultaneous development of the merchant fleets of developing

countries, with a view to taking a decision on the desirability of phasing out, and also to study the feasibility of establishing a legal mechanism for regulating the operations of open-registry fleets during the corresponding period, stressing the need to adopt such legislative measures as might enable them to ensure that substandard vessels do not operate to their disadvantage.

6. The Ministers urge that action be taken to facilitate financing of ship acquisition,<sup>29</sup> ship-building and port development:

(a) Developed countries extending credit for ship financing to developing countries should be urged to make these credits available on favourable terms. In particular the maximum loan duration should not be less than 12-14 years, including an adequate period of grace. Similarly down payment should not be more than 10-20 per cent of the contract price. Such loans should be at the most favourable rate of interest. Concessionary credit should also be extended to developing countries obtaining their ship requirements in ship-building yards located in other developing countries;

(b) Technical and financial assistance should be provided to developing countries for the development of their shipyards;

(c) Developed and developing countries should explore together thoroughly the possibilities of using bilateral and multilateral development aid for the acquisition of second-hand ships. International financial institutions should give re-financing facilities to national financial institutions of developing countries in their lending for ship acquisitions;

(d) Developing countries which have the required management and operational expertise in shipping should be encouraged to participate in joint ventures with other developing countries. Joint ventures among developing countries would provide the required collateral for the financing of vessels as a result of the larger scale of operations and pooling of cargoes. Joint ventures between developed and developing countries can also offer possibilities for developing countries to acquire vessels as well as management and operational expertise;

(e) Lack of competently prepared feasibility studies is sometimes an important restricting factor for ship finance. To assist developing countries with feasibility studies for ship acquisition a special *ad hoc* unit should be established within UNCTAD;

(f) Similar facilities should be extended for financing projects for port development in developing countries;

(g) Similarly credit on easy and favourable terms should be made available to developing countries for acquisition of freighter air craft;

(h) The Committee on Shipping should keep the subject of ship finance on its agenda, review the matter at regular intervals, and recommend measures which may be necessary, including the establishment of a consultative group;

(i) Developed countries, particularly those with ship-building industries should be urged to refrain from adopting

protectionist measures which will have the undesirable effect of both raising the prices of ships and denying to developing countries the opportunity to establish and expand their shipbuilding industry in which they enjoy comparative economic advantage.

7. The Ministers urge further work to be undertaken by UNCTAD:

(a) Having identified in broad outline the possibilities for expanding the tanker and bulk carrier fleets of developing countries the UNCTAD secretariat should now proceed with in-depth studies of the possibilities in specific bulk trade routes, examining the manner in which cargo is currently tied to trading partner countries or transnational corporations and the means whereby it may be re-tied to the developing countries concerned;

(b) In co-operation with the Centre for Transnational Corporations, the UNCTAD secretariat should investigate the controls which are exercised by transnational corporations over bulk movements of commodities such as iron ore, coal, grain, phosphate and bauxite/alumina;

(c) Development of containerization and multimodal transport should receive the closest possible attention of the developing countries so that these countries can derive full benefits from new technologies. UNCTAD, in co-operation with ICAO, should carry out appropriate studies, including those on air cargo movements, so as to increase the air transport fleets of developing countries and to facilitate the export of goods by air as desirable. To this end, modernization and improvement of port facilities should also be necessary. The Committee on Shipping, in the context of its new terms of reference covering the subject of multimodal transport, should undertake intensive work to prepare guidelines for developing countries, as well as consider ways and means for assisting developing countries in the physical development of such facilities and further surface transport;

(d) The Committee on Shipping should review at its regular session the whole question of the participation of developing countries in world shipping and the development of their merchant fleets, with particular emphasis on problems with which developing countries are confronted. In this regard:

(i) The UNCTAD secretariat should give the necessary technical support to the Committee on Shipping to enable the Committee to discharge its responsibilities;

(ii) The UNCTAD secretariat should undertake in-depth studies on the refrigerated trades of developing countries.

(e) UNCTAD should extend technical assistance and training to developing countries in shipping matters such as:

(i) Fleet development, including projections for the fleet and service requirements of developing countries and the acquisition of vessels;

(ii) Ship operations, including liner operations, container control, cargo handling and forwarding;

(iii) Chartering and brokering;

(iv) Financial management, including ship accounting systems;

(v) Ship maintenance and management.

<sup>29</sup> These proposals are in line with recommendations made by the UNCTAD Group of Experts on improved methods of financing ship acquisition by developing countries which met at Geneva from 29 May to 2 June 1978 (see TD/B/C.4/179).

### *Item 15 of the provisional agenda for the fifth session of the Conference*

#### **Least developed among developing countries**

The Ministers urge the immediate implementation of an action programme in favour of the least developed countries, additional to the measures in favour of all developing countries, as well as effective implementation of the measures contained in Conference resolutions 62 (III) and 98 (IV) with respect to the least developed countries, taking into account the interests of all developing countries and the responsibilities of the international community as expressed in those resolutions.

1. The Ministers therefore recommend that the fifth session of the Conference, as one of its major priorities, launch a radically expanded programme, in two phases:

*Phase One:* An emergency effort for the immediate future in the form of a Crash Programme (1979-1981) of greatly expanded assistance for the least developed countries, aimed at providing an immediate boost to their economies, immediate support for projects for the provision of the most pressing social needs, and paving the way for much larger longer-term development efforts;

*Phase Two:* A substantial New Programme of Action for the 1980s for the least developed countries with the objective of transforming their economies toward self-sustained development and enabling them to provide, as part of this process they have established by themselves, at least minimum standards of nutrition, health, transport and communications, housing and education as well as job opportunities to all their citizens, and particularly to the rural and urban poor, by the end of the decade.

This New Programme of Action for the 1980s would be undertaken within the framework of the International Development Strategy for all developing countries during the Third United Nations Development Decade.

#### **I. CRASH PROGRAMME (1979-1981)**

2. The Crash Programme for the least developed countries should contain, *inter alia*, the following:

(a) Greatly expanded assistance resources for projects, especially those which have been identified, and programmes which can be executed quickly and bring substantial immediate benefits to the least developed countries, including:

- (i) Immediate expansion of resources to strengthen efforts to improve nutrition, health, education, transport and communications, housing and job problems, and thus to provide immediate support for projects for the provision of social needs;
- (ii) Massive supply of inputs necessary for agricultural and rural development, such as fertilizers, pumps etc., in order to increase production and productivity, especially of foodstuffs;
- (iii) Provision of assistance for overcoming urgent bottlenecks in management, maintenance, repair and

physical facilities in order to obtain better use of existing infrastructure and industrial plant;

(iv) Financial and commodity support for activities at the Community level which create jobs, including support for local small-scale labour-intensive rural public works projects;

(b) Emergency help, as necessary, to meet balance-of-payments needs, disaster, relief, etc.;

(c) Speed up of approval and implementation of all assistance projects already in the pipeline;

(d) Immediate financial support for preparations for the substantial New Programme of Action for the 1980s, including identification of planning bottlenecks and steps to correct them, survey of resources, feasibility studies and detailed preparation of investment projects, as well as projects to meet social needs;

(e) Major immediate efforts to mobilize the skilled personnel (both domestic and foreign) which will be urgently needed to support the planning efforts for the 1980s as well as other aspects of the Crash Programme (1979-1981).

#### **II. NEW PROGRAMME OF ACTION FOR THE 1980s**

3. The substantial New Programme of Action for the 1980s for the least developed countries will require support from donors for a much wider range of actions than have been typical of such flows in the past, and they will need to be provided under far more flexible criteria and conditions. They should cover four main areas: social needs, structural change, emergency support and the search for transformational investments.

##### *A. Fields of immediate financial support*

4. The New Programme of Action should provide direct and indirect financial support for the improvement of nutrition, health, housing, education, transport and communications, and employment in each of the least developed countries. Such expenditure should accelerate economic progress by providing needed income in rural areas and among the urban poor, and should bring tangible benefits to the poorest and subsistence sectors of the population even before the structural changes needed can take place. The aim should be to provide fully adequate minimum standards for the poor as soon as possible, and in any event by the end of the decade. As the decade progresses, the better working of the economic system in the least developed countries should itself provide increasing support for such standards.

##### *B. Structural change*

5. The substantial New Programme of Action for the 1980s must aim to transform the main structural characteristics of the least developed countries, which are the sources of their extreme economic difficulties, as well as to adjust to their natural handicaps. The characteristics to be overcome are:

(a) Very low income *per capita* with the bulk of the population far below a minimum standard of social needs;

(b) Very high proportion of the population in the subsistence sectors;

(c) Extremely low agricultural productivity and weak agricultural support institutions;

(d) Extremely low level of exploitation of natural resources—minerals, energy, water, etc. because of lack of knowledge or lack of financing and skills for their development);

(e) Very limited development of manufacturing industry;

(f) Extremely low level of exports *per capita* and even with aid inflows, very limited absolute availabilities of imports;

(g) Acute scarcity of skilled personnel at all levels;

(h) Very weak institutional and physical infrastructure of all kinds (including administration, education, health, housing, transport and communications, etc.);

(i) Most of the least developed countries suffer from one or more major geographical or climatological handicaps, such as land-lockedness, drought and desertification, or high exposure to cyclone or flood disaster or locusts.

#### C. Emergency support

6. The New Programme of Action should make full provision for emergency assistance to meet unexpected problems as they arise and thus to permit the programme as a whole to go forward, despite fluctuations in export earnings, natural disasters, etc.

#### D. The search for transformational investments

7. High priority should be given within the New Programme of Action to identify and support the major investment opportunities in the least developed countries, because of their high potential for leading the way to the substantial transformations that are necessary if more ambitious growth and welfare targets are to be realized. Existing international financial institutions should allocate increased financial resources in support of these activities.

### III. DETAILED STEPS FOR THE PLANNING AND APPROVAL OF THE NEW PROGRAMME OF ACTION FOR THE 1980s

8. The substantial New Programme of Action for the 1980s on behalf of the least developed countries requires, in the first place, a global planning effort, aimed at launching the programme and mobilizing international support. This should be paralleled by commencement, as soon as possible, of planning efforts for a greatly expanded programme by each least developed country itself, with full support from bilateral and multilateral assistance institutions to complement each country's own more intensive work in the identification, preparation and implementation of such a major new programme, and reflecting its own specific needs and priorities.

9. The stages of the global planning effort should include:

(a) Preparation, by the UNCTAD secretariat, of an outline for a substantial new programme of action for the

1980s to be given full consideration at the fifth session of the Conference;

(b) Launching of the New Programme of Action by decision of the fifth session of the Conference, with details to be worked out as indicated below;

(c) Studies being undertaken by the UNCTAD secretariat of the requirements, special measures and other detailed elements of an improved strategy to assist the least developed countries should, *inter alia*, be geared specifically to providing detailed recommendations for the operation of the substantial New Programme of Action for the 1980s;

(d) The results of these detailed studies are to be considered by a group of high-level experts to be convened by the Secretary-General of UNCTAD late in 1979;

(e) The recommendations of the group of high-level experts, as well as the background studies should be reviewed by the Intergovernmental Group of the Least Developed Countries at its third session, called especially for this purpose, early in 1980, and by the Trade and Development Board, as part of its preparations for the Third United Nations Development Decade. This work should lead to the adoption of precise recommendations to meet the objectives of the New Programme of Action for the 1980s, with commitments by the international community, and particularly developed countries and international institutions, as well as the least developed countries themselves with respect to: (i) targets for growth; (ii) external financial requirements; (iii) priority areas for support; (iv) institutional arrangements; (v) provision for reviews of progress.

10. The studies to be undertaken by the UNCTAD secretariat should take account of the similarities of the economic situations which exist in the least developed among the developing countries within the same geographical region.

### IV. FINANCIAL ASSISTANCE REQUIREMENTS AND POLICIES

11. The massive efforts needed for the New Programme of Action for the 1980s will require much more ambitious planning and preparation on the part of the least developed countries themselves, with the full support of the international community. However, such plans can only seriously be drawn up if there is assurance that substantial additional resources are indeed committed to the least developed countries. Thus serious planning must start with such assurances.

12. The Ministers therefore call upon the fifth session of the Conference to take the following steps in support of the Crash Programme (1979-1981) and the New Programme of Action for the 1980s, described above:

(a) To urge the developed countries and international institutions to support these programmes to a maximum extent and, in particular, to call upon:

(i) Each developed country to at least double the quantum of ODA in real terms currently being made available to the least developed countries. Such doubling should come through as part of an increase in the present total ODA flows in real terms to all developing countries. These increases should

be achieved within the shortest possible time, and, in any event, not later than 1981;

- (ii) Developed countries which now provide substantially less than the average flow of concessional assistance to the least developed countries, expressed as a percentage of each donor's GNP, to agree to reach at least the average flow by 1981;
  - (iii) Donors to take immediate steps to plan for the provision of the much larger flows to be required in order to implement the New Programme of Action for the 1980s, and as part of the process of working out the details for the Programme, to provide specific assurances of the size and continuity of such resources during the decade;
  - (iv) Governments of developed countries to provide some resources in the form of automatic or semi-automatic transfers, to meet the needs of the least developed countries, particularly for programmes to combat poverty and improve the social infrastructure in such areas as health, education and housing, transport and communications;
  - (v) Donors to provide assistance in real terms, off-setting, as necessary, the effects of inflation;
- (b) To call upon the developing countries in elaborating their programme for greater collective self-reliance and economic and technical co-operation among themselves, to pay particular attention to the special difficulties of the least developed countries and to expand support for the latter substantially as a further important contribution to the above programmes;

(c) With respect to the terms and conditions of assistance, to urge developed countries to implement immediately the following steps:

- (i) Provision of all financial assistance in the form of 100 per cent grants;
- (ii) Removal of all kinds of tying stipulations from all financial assistance;
- (iii) Conversion of all past official debt into grants;

(d) As a major contribution to expanding the capacity of the least developed countries to put external assistance to immediate use, donors to provide for up to 100 per cent local cost financing in connexion with financial and technical assistance projects, where considered necessary by a least developed country;

(e) Donors, in providing expanded assistance to meet the needs of the least developed countries, to make full use of the more flexible modalities agreed upon in the UNCTAD donor/recipient meeting in November 1977<sup>30</sup> and, in particular, are urged:

- (i) To provide more flexibility in the types of financing made available, so as to include not only project assistance, but also programme and sector assistance, balance-of-payments assistance, budgetary support, etc.;

- (ii) To provide assistance in support of social objectives, minimum standards of consumption and human welfare and minimum levels of public services;
- (iii) To provide for recurrent costs wherever appropriate;
- (iv) To give urgent attention to making administrative improvements in the planning and implementation of assistance programmes;
- (v) To increase the volume and to improve the quality of technical assistance;
- (f) To invite Governments of individual least developed countries to organize meetings with bilateral and multilateral donor institutions to examine the report of the donor/recipient meeting in detail and to consider the specific follow-up steps that might be taken to implement the recommendations in each country. The UNCTAD secretariat should stand ready to assist least developed countries in organizing such meetings, in collaboration with the regional commissions and with support from UNDP;
- (g) To call upon bilateral and multilateral donor agencies to co-ordinate their efforts with the objective of ensuring that at least an adequate minimum flow of assistance is provided to each least developed country. Specific arrangements for this purpose should be worked out as part of the process of specifying detailed institutional arrangements for the New Programme of Action for the 1980s.

## V. COMMERCIAL POLICY MEASURES

13. The extremely low absolute level of export receipts for the least developed countries and the resulting sharp limitation on the capacity to import, is one of their major structural handicaps. Special efforts will therefore be needed to ensure adequate markets for the expanded production which the New Programme of Action for the 1980s will bring about. The Ministers therefore recommend the following:

(a) Within the Integrated Programme for Commodities, adoption of appropriate differential and remedial measures as called for in paragraphs 3 and 4 of section III of Conference resolution 93 (IV);

(b) With respect to the multilateral trade negotiations, effective implementation is urgently needed of paragraph 6 of the Tokyo Declaration, which states:

The Ministers recognize that the particular situation and problems of the least developed among the developing countries shall be given special attention, and stress the need to ensure that these countries receive special treatment in the context of any general or specific measures taken in favour of the developing countries during the negotiations.<sup>31</sup>

(c) With respect to the generalized system of preferences:

- (i) In the continuous improvement of their GSP schemes, developed countries to give special attention to the least developed countries;
- (ii) Improvement, liberalization and simplification of the Rules of Origin in respect of export products of the least developed countries;

<sup>30</sup> See report of the Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries (TD/B/681), part two (reproduced in *Official Records of the Trade and Development Board, Eighteenth Session, Annexes*, agenda item 6).

<sup>31</sup> GATT, *Basic Instruments and Selected Documents, Twentieth Supplement* (Sales No. GATT/1974-1), p. 19.



(d) Provision for waiver of interest on present IMF compensatory financing facilities to stabilize export earnings, in the case of the least developed countries;

(e) Provision of assistance for the expansion of exports of the least developed countries, wherever possible, in an integrated manner, covering all the relevant stages, including planning, production, transportation, promotion and sales;

(f) Provision of longer-term purchase arrangements for the products of the least developed countries by the developed countries wherever possible;

(g) Provision of especially favourable treatment to imports from the least developed countries in the case of government procurement by developed countries. In this context the least developed countries should be given the benefits of the code being negotiated in the multilateral trade negotiations without being required to make reciprocal concessions;

(h) Developed countries and international organizations should adopt special measures in favour of the least developed countries to foster the creation of industries for on-the-spot processing of raw materials and food products, as one of the bases for diversification of exports;

(i) Where there are projects to expand exports of the least developed countries, special consideration should be given by developed countries, as part of the programme, to temporary removal of tariff and non-tariff barriers to market access for such products, taking into account the interests of other developing countries;

(j) In the effort to increase export earnings in real terms for all developing countries within the context of individual commodity agreements, special attention should be paid to the peculiar situation of least developed countries; consideration should also be given for exemption from pre-financing of buffer stocks and payments of dues and subscriptions;

(k) Establishment of special arrangements to assist the least developed countries in the sale of their exports in developed country markets, including the creation of especial sections within import promotion centres in the developed countries for this purpose.

## VI. TRANSFER OF TECHNOLOGY

14. The developed countries and competent international institutions should;

(a) Assist the institutions of least developed countries to obtain under preferential terms and conditions and at a minimum cost, the results of scientific and technological developments appropriate to their requirements;

(b) In order to overcome the technological and negotiating weaknesses of the countries, assist in the establishment of transfer of technology centres designed to obtain necessary technological information, to select from available alternatives and to negotiate proper terms and conditions for external collaboration;

(c) Make arrangements for the grant of patented, patent-related and non-patented technologies, including know-how, suited to the economic conditions of the least developed countries;

(d) Provide the necessary assistance for establishing institutions of applied technology, with the aim of developing indigenous technologies and promoting the adaptation of imported technologies to national requirements;

(e) In order to compensate for the reverse transfer of technology through the brain-drain from the developing countries, now amounting to several billion dollars, make arrangements for the provisions to the least developed countries on a cost-free basis, of skilled manpower suited to the requirements of accelerated development of the least developed countries.

15. The Ministers urge developed countries and competent international institutions to strengthen their efforts to assist the least developed countries in the field of transfer of technology and to implement fully the provisions of paragraph 34 of Conference resolution 98 (IV).

## VII. SHIPPING

16. The Governments of developed and developing countries should invite shipowners and liner conferences to establish freight tariffs for the least developed countries which will encourage and assist in expanding the export and import trade of these countries, and to develop promotional rates for exports of the least developed countries which will facilitate the opening of new markets and the development of new trade flows.

17. The developed countries and the international financial institutions should give high priority to giving financial and technical assistance to the least developed countries to help them in acquiring and expanding their national merchant fleets and in improving the port facilities.

## VIII. OTHER SPECIAL MEASURES

18. The fourth session of the Ministerial Meeting of the Group of 77 urges developed countries and international institutions to implement the special measures on behalf of the least developed countries in other fields, as contained in Conference resolutions 62 (III) and 98 (IV), and in particular calls upon UNCTAD, UNDP and other relevant agencies to strengthen their assistance to the least developed countries in the field of insurance and reinsurance and to implement fully the provisions contained in paragraphs 31-33 of Conference resolution 98 (IV).

19. All the above measures should be applied to all the least developed among developing countries without discrimination.

## IX. FURTHER WORK BY UNCTAD

20. The Ministers call upon the Secretary-General of UNCTAD to take primary responsibility, with full participation by other appropriate institutions, for detailed preparation of the Crash Programme (1979-1981) and the New Programme of Action for the 1980s on behalf of the least developed countries, and for the detailed arrangements at the global level for their implementation, co-ordination,

and monitoring of progress. To meet the urgent needs of the least developed countries under the programmes, the work of the UNCTAD secretariat should be strengthened, and necessary additional resources should be made available.

21. The Secretary-General of UNCTAD should continue and intensify the work programme of UNCTAD on behalf of the least developed countries as contained in Conference resolution 98 (IV), paragraph 37 (b) and, in preparation for the New Programme of Action for the 1980s, along the lines indicated by the UNCTAD secretariat in its note to the Intergovernmental Group on the Least Developed Countries at its second session.<sup>32</sup> Further work should be undertaken, with particular attention to the need for in-depth study of the circumstances of individual least developed countries, in the following areas (such studies, in the form of pilot studies and individual country case studies, should provide the basis for necessary policy changes, at the international or country level, and should identify promising areas for technical and financial assistance):

(a) Study of longer-term export potentials, import substitution potentials, and alternative strategies for their realization;

(b) Study of import cost-savings potential;

(c) Evaluation of the role of foreign financial and technical assistance and potential for expanding the capacity to use aid effectively;

(d) Survey of the internal trade and distribution network, including its relations to foreign trade;

(e) Survey of the adequacy of credit facilities for small farmers and artisans, and the possible role of foreign assistance.

22. In view of the importance of improving the foreign economic sector performance of the least developed countries, the Ministers request the Secretary-General of UNCTAD to establish an advisory service in the field of planning and policies for the foreign economic sector of the least developed countries, to be financed from the regular budget of UNCTAD.

23. The requirements for preparation by individual least developed countries of their own specific proposals under the Crash Programme (1979-1981) and the New Programme of Action for the 1980s will require strong technical assistance support. The UNDP and bilateral assistance institutions are urged to support UNCTAD in strengthening its technical assistance activities in support of such efforts.

24. In order to effectively discharge its responsibilities in this area, and in recognition of the importance of these issues, the unit of the UNCTAD dealing with the least developed among the developing countries should be adequately strengthened and urgent consideration should also be given in the context of the restructuring of the institutional machinery of UNCTAD, to transforming it into a separate division of the secretariat.

## *Item 16 of the provisional agenda for the fifth session of the Conference*

### **Land-locked and island developing countries**

#### *Item 16 a: Specific action related to the particular needs and problems of land-locked developing countries*

##### **The Ministers:**

1. Reiterate the special measures and specific actions related to the particular needs and problems of the land-locked developing countries envisaged in Conference resolutions 63 (III) and 98 (IV), section IV, and in Trade and Development Board resolution 109 (XIV), as agreed, and urge their full implementation by the international community;

2. Recognize that land-locked countries are generally among the least developed among the developing countries; that their lack of territorial access to the sea, aggravated by great distances to seaports, by remoteness and isolation from world markets, and in the case of one of them, devastation by a long war, and by the greater difficulties and costs of their international transport services, acts as a major impediment to their foreign trade and one of the serious constraints to their economic and social development; that their difficulties often include inadequacy of physical facilities along the transit routes and in the seaports, delays and uncertainties in transit-transport operations, complications related to the commercial aspects of transiting a foreign territory, as well as very high real costs of access to world markets;

3. Stress the need for financial and technical assistance from the international agencies and developed countries as a means to solve the common transit and transport problems relating to land-locked countries and their neighbours;

4. Recognize that specific action related to the needs and problems of land-locked countries must aim to:

(a) Reduce the costs of access to and from the sea and to world markets of land-locked countries;

(b) Improve the quality, efficiency and reliability of transit-transport services taking into account the needs and means of both the land-locked countries and their transit neighbours;

(c) Restructure the economies of the land-locked countries to overcome their geographic handicaps;

(d) Offset the costs of improvements through especially favourable terms and conditions of assistance;

(e) Construct dry ports as an additional facility;

#### *A. Co-operation between land-locked countries and transit countries*

5. Recognize that measures to deal with the transit problems of land-locked countries require effective co-operation and close collaboration between land-locked countries and their transit neighbours. Where any study is to be undertaken in any transit country, such study shall be undertaken with the approval or consent of the transit country concerned. Where any programme or action is to be undertaken in or in relation to any transit country, such programme or action will be undertaken with the approval

<sup>32</sup> "Issues for consideration by the Intergovernmental Group" (TD/B/AC.17/7), para. 52.

or consent of that transit country. Any proposals in relation to special measures to reduce the transit costs shall be given due consideration by the transit country;

#### B. *Integrated planning approach*

6. An integrated planning approach recognizes the need for close co-operation between the land-locked and transit developing countries concerned. Such co-operation between these countries, including the establishment of high-level consultative committees, should include the following key elements:

(a) The need for close co-operation between land-locked developing countries and their transit neighbours concerning all aspects of transit facilities in accordance with agreements between the land-locked and transit countries;

(b) Clear recognition that major efforts to reduce the cost of access to the sea and to world markets facing land-locked developing countries may necessitate improved procedures and new investments not only within the land-locked developing countries, but also within the neighbouring transit developing countries as well;

(c) The supportive role of needed financial assistance by the international community as a whole. Transit transport infrastructures need to be effectively improved both in the land-locked and transit countries. Financial arrangements must be provided by all members of the international community which take fully into account the fact that the improvements would be beneficial to both land-locked and transit countries. Such assistance should normally be on especially concessional terms;

(d) The need to take into account all aspects of the problem of transit and transport of land-locked and transit countries bearing in mind the relevant arrangements and evolving policies of the concerned countries and including: procedures and regulations, documentation, management, training, organizational and institutional arrangements, maintenance of existing facilities and infrastructure, new facilities and infrastructural requirements, possibilities for joint ventures, the effects of delays and uncertainties on the cost and quality of transit services. Improvements in each of these factors can lead to lower transit costs, and several complementary improvements will normally be needed to achieve maximum reduction in these costs;

(e) The importance of studying the possibilities of providing each land-locked country with alternative routes wherever this is feasible, in order to ensure against any difficulties that may arise on other transit routes;

(f) The need for detailed planning and costing studies on all available options. Such studies should aim to provide decision-makers with a clear picture of what improvements are likely to have the highest pay-offs, and a clear guide to the priorities for more detailed follow-up projects; they could form a concrete basis for attracting needed assistance from the international community;

#### C. *Integrated, regional and subregional transport planning*

7. Consider the following as key elements of integrated, and where necessary, regional and subregional transport planning:

(a) The land-locked and developing transit countries can derive substantial long-term benefits from the improvement and development of integrated transport infrastructure, and, where necessary, regional and subregional transport infrastructure. The international organizations and financial institutions should give high priority in their assistance programmes for such projects;

(b) Land-locked and developing transit countries would benefit substantially from the harmonization of transport planning and the promotion of joint ventures in the field of transport, where necessary at the regional and subregional levels;

(c) Interested land-locked countries, in co-operation with other countries, might consider creating a co-operative air transport development project, which might provide more economical, balanced and effective airfreight and passenger services, based upon a central organization which could undertake the necessary planning studies with appropriate technical assistance;

(d) All possible efforts should be made to apply accepted international conventions to facilitate transit traffic of the land-locked countries to promote and diversify trade of land-locked countries. In view of the above, the question of revising any of the existing multi-lateral conventions so as to bring them in closer conformity to the need to promote the trade and development of the land-locked and developing transit countries should be examined;

#### D. *Priority areas for action and assistance*

8. Urges the international community to give strong financial and technical assistance support in the following areas:

(a) Development of all-weather through-road transport routes connecting land-locked and developing transit countries with terminals of ports (sea/air), roadways and railways as the case may be, including adequate provision for heavy vehicles and maintenance;

(b) The extension or connexion of the rail system of transit countries into land-locked countries and the provision of adequate rolling stock without the need for trans-shipment;

(c) Development or improvement of navigability of inland waterways including existing waterways so that continuous year-round use is possible;

(d) To ensure that each land-locked developing country has at least one airport fully equipped in accordance with international standards and to provide for the purpose aircraft and other equipment related to air transport on favourable terms;

(e) To provide for the early introduction of new, more efficient or more economical forms of transport, such as pipelines (for oil, natural gas and other suitable products) and containerization systems;

(f) To provide fast and reliable communication links between the commercial centres of the land-locked countries and transit points;

(g) Development and improvement of transit and port facilities especially for the use of any land-locked country, including the establishment of berth, transit shed, transit

storage, and exclusive transit areas in transit ports including related facilities at necessary breakpoints;

(h) To establish TIR<sup>33</sup> warehouses in land-locked countries on a preferential basis;

(i) The Governments of developed and developing countries should invite and urge shipowners, members of liner conference and insurance companies, as far as feasible, to establish freight rates and premiums for the land-locked developing countries which will encourage and assist the expansion of the export trade of the land-locked countries and to develop promotional rates for non-traditional exports of these countries, which will facilitate the opening up of new markets and the development of new trade flows;

9. Where the projects are related to, or have a bearing on, transit-transport infrastructures (roads, railways, waterways, ports, etc.) in the transit countries, a joint request by the concerned land-locked and transit countries would have to be made for financial and technical assistance;

#### *E. Restructuring and diversification of the economies of land-locked developing countries*

10. Urge the provision of concessional assistance by the international community to help diversify the economies of the land-locked developing countries, with particular priority to the establishment of import-substitution industries and export-oriented industries, as well as to the development of natural resources;

#### *F. Special Fund for Land-locked Developing Countries*

11. Keeping in view the meagre resources available to the Fund,

(a) Urge the international community and particularly developed countries and other countries in a position to do so, to contribute generously to the United Nations Special Fund for Land-locked Developing Countries;

(b) Endorse the interim arrangements by which the Special Fund is managed by the Administrator of UNDP in close collaboration with the Secretary-General of UNCTAD;

(c) Invite the Administrator of UNDP to ensure that the resources of the Special Fund are used in ways which are in addition to, and generally different from, the types of activities which UNDP normally finances;

(d) Welcome the growing support of UNDP for technical assistance projects aimed at improving the transit and transport situation of land-locked developing countries;

#### *G. Further action*

12. Request the Secretary-General of UNCTAD to continue and intensify the work programme of UNCTAD in relation to the special problems of developing land-locked countries, including:

(a) Review of the special economic problems deriving from the geographical situation of the land-locked developing countries, and consideration of possible further recommendations for action in their favour, with a view to

reducing the real cost of their access to and from the sea and to world markets;

(b) Studies of the transit-transport situation, facilities and arrangements in different areas with a view to facilitating government action aiming at:

(i) Improvement, where required, of transiting procedures and regulations;

(ii) International joint ventures in the field of transit-transport;

(iii) Charges in the transit-transport sector;

13. Requests UNDP to increase its financial and technical assistance to land-locked countries and further requests the international community and international financial institutions to continue to provide and increase their assistance to land-locked developing countries at concessional rates;

14. Recommends intensified activities relating to conducting necessary studies, implementation of special measures and action programmes, including those under economic co-operation among developing countries, as well as those under UNCTAD, and at regional and subregional levels, in co-operation with regional commissions; and further recommends that financial and technical assistance be provided for this purpose by the international community, international financial institutions and UNDP.

#### *Item 16 b: Specific action related to the particular needs and problems of island developing countries*

1. The Ministers reiterate the specific actions related to the particular needs and problems of island developing countries as contained in Conference resolution 98 (IV), section III, and in the relevant General Assembly resolutions, and urges full compliance with them by the international community.

2. They also endorse the recommendations of the UNCTAD Group of Experts on Feeder and Inter-Island Services by Air or Sea for Island Developing Countries,<sup>34</sup> and urges their early implementation by the international community.

3. Further specific action is needed in the case of island developing countries to off-set the major handicaps in transport and communications, great distances from market centres, highly limited internal markets, lack of marketing expertise, low resource endowment, lack of natural resources, heavy dependence on a few commodities for the foreign exchange earnings, shortage of administrative personnel and heavy financial burdens. The developed countries and international organizations should be prepared to adjust their programmes and policies to ensure that the full benefits of general measures in favour of developing countries are generally shared by these island countries.

#### *A. Priority areas for action and assistance*

4. The Ministers urge the international community to give strong financial and technical assistance support to the efforts of the island developing countries in the following areas:

<sup>33</sup> Transit international routier (international road transit).

<sup>34</sup> See *Official Records of the Trade and Development Board, Eighteenth Session, Annexes*, agenda item 6, document TD/B/687.

(a) In order to lower their vulnerability to economic instability, every effort should be made to diversify their economies;

(b) Island economies, particularly those with limited domestic markets, rely heavily on exports for their foreign exchange earnings. Access to markets should therefore be facilitated by:

- (i) Assistance in trade promotion efforts;
- (ii) Simplification of preference procedures, so that small administrations and enterprises can take advantage of preferential access to markets where it is in principle available;

(c) Many of these countries are actively seeking private foreign investment for export processing industries, other industries, tourism, etc. Such efforts should be supported by assistance from the international community, including:

- (i) Investment in infrastructure – water, electricity, industrial estates, transport;
- (ii) Establishment of appropriate technical education and training programmes, including the areas of marketing and management;
- (iii) Design of incentive packages;
- (iv) Establishment of joint ventures upon request by developing island countries;
- (v) Assistance in negotiating with foreign private investors;

(d) Migrant workers from the island developing countries make an important economic contribution to their own countries and to the host countries. For this reason, the host countries are urged to assist the island developing countries in their economic and social development by financial and technical assistance. Studies to examine the means of maximizing the social and financial benefits to the source island countries should be undertaken; these studies could consider also alternative measures to migration. Governments of host countries should take the necessary action to prevent exploitation of migrant workers, in particular by assuring that housing and remuneration for the specific type of work undertaken equate with the standard and rates obtained in their respective countries;

(e) Feeder and inter-island transport services for the island developing countries generally need to be subsidized. UNCTAD and other appropriate agencies should stand ready to respond to requests from island developing countries for assistance in designing appropriate subsidy schemes, and bilateral and multilateral donors of assistance should stand ready to respond to requests from such countries to help finance them;

(f) Islands are often subject to natural disasters (hurricanes, volcanic eruptions, earthquakes, tidal waves). Efforts should be made at the regional or global level to improve methods of mitigating or preventing damage from natural disasters. The scope for setting up or improving regional or interregional disaster insurance schemes or funds should be explored;

(g) Assistance procedures should be simplified, in recognition on the one hand, of the small total amounts to be disbursed and which cannot support heavy administrative overheads, and on the other, of the limited time

available to the few civil servants of small Governments. Modifications in policy which donors might consider specifically for island developing countries include:

- (i) Moving away from project aid to programme aid;
- (ii) Investing aid missions with greater authority to commit the donor Governments;
- (iii) Adjustment of normal aid procedures to lighten the burden on the administrations of island developing countries;
- (iv) UNDP should convene a meeting of donors of island developing countries to discuss assistance procedures;

(h) Often in island developing countries there are tasks requiring the attention of specialists, which, though essential, are not sufficient to keep the specialist fully occupied. In such cases, it can be sensible to recruit an expert whose services can be made available to a number of such countries. It is often desirable that he serves a limited region so that he can become conversant with the local context. Donors should consider such arrangements sympathetically;

(i) A major element for improved conditions for island developing countries can be provided through co-operation arrangements in a variety of fields, as well as through broader integration schemes. For example, the island developing countries will greatly benefit from co-operation arrangements among themselves in areas such as the development of shipping, air services, telecommunications, tourism, insurance and re-insurance. These countries cannot afford to maintain expertise with respect to many services and, therefore, can particularly benefit from sharing arrangements amongst themselves. Minimum services will often require assistance which could be of a financial, technical, administrative and marketing nature and support from the international community will be necessary;

(j) Financial, manpower and geographic constraints have often restricted the ability of Governments of some island developing countries to have adequate participation in international conferences. The international community should assist them in overcoming such difficulties;

(k) Increased utilization of islands' harbours by international shipping for servicing, refuelling, ship repair and trans-shipment;

(l) Greater utilization of airports of islands ideally situated for such purposes as transit, refuelling and servicing;

(m) Compensatory finance arrangements covering not only shortfalls in export earnings but also unexpected increases in import bills should be made available to island developing countries.

#### B. Further work by UNCTAD

5. The Ministers request the Secretary-General of UNCTAD to continue the work programme of UNCTAD on behalf of island developing countries as contained in Conference resolution 98 (IV), including the review of the special economic problems deriving from the geographical situation of island developing countries and consideration

of possible further recommendations for action in their favour, with a view to reducing the geographical handicaps.

With this objective in mind a global project should be launched to support the need to identify special measures in favour of developing island countries. The project will be phased into two stages:

(a) In the first phase, the project will produce an in-depth study analysing the uniqueness of island economies and the constraints inhibiting their economic growth, in particular their distance from market centres, the smallness of their economies and markets, low resource endowment and heavy dependence on few commodities for foreign exchange earnings;

(b) In the second phase, the outcome of the above-mentioned study will form the basis for a conference of planners from island countries that will propose specific measures for external assistance, recognizing, *inter alia*, the traditional island life and institutions, physical environment, development priorities and the problems of island countries in the international economy.

6. UNDP, international financial institutions and bilateral assistance institutions are requested to increase the assistance to island developing countries. These institutions are urged to support UNCTAD in strengthening its technical and advisory services on behalf of island developing countries. This can be achieved by identifying specific programmes of technical assistance which will meet the requirements of island developing countries. The criteria, terms and conditions governing the flow of bilateral and multilateral financial and technical assistance to the island developing countries should be geared to the special needs and problems of the countries concerned. A major proportion of such aid should be made on a grant basis.

7. Since the regional economic commissions have identified the special needs of island developing countries in their respective regions UNCTAD should, in carrying out its task, co-ordinate its activities and co-operate with regional and subregional economic commissions in the implementation of programmes in favour of these countries.

8. Recognizing the importance of tourism as a major source of income, employment and foreign exchange for some island developing countries and the need for these countries to have an equitable share in international air passenger transport, it is deemed appropriate:

(a) To support the recommendations of the UNCTAD Group of Experts on Feeder and Inter-Island Services by Air or Sea for Island Developing Countries and urges their immediate adoption and implementation by the international community;

(b) To support the efforts of these island developing countries to conclude as soon as possible equitable air services agreements both for scheduled and non-scheduled services by airlines of national designation;

(c) To invite UNCTAD in collaboration with appropriate regional institutions to undertake as a priority research subject studies on the policy issues involved in the development of air transport services.

## *Item 17 of the provisional agenda for the fifth session of the Conference*

### **Trade relations among countries having different economic and social systems**

#### *Introduction*

1. This subject has been dealt with systematically since the first session of the United Nations Conference on Trade and Development. Progress has been made, but there can be no doubt that trade and economic relations between the developing countries and the socialist countries of Eastern Europe could be greatly increased and improved. The present situation of the international economy and the phenomena of growing protectionism have made it necessary for the economic relations of both groups of countries to be increased and be linked to the efforts to establish a New International Economic Order. Planning trade by means of long-term agreements and contracts; consideration of comprehensive approaches to economic relations instead of attention focused exclusively on trade; the greater capacity of the developing countries to formulate policies for foreign economic relations and to achieve their implementation; attaining a mutual expansion of trade based on the principle of non-reciprocity; and a greater impact of multilateral approaches, are among some of the elements which could contribute to the achievement of a greater and better economic relationship between the two groups of countries.

2. In this context the socialist countries of Eastern Europe should play an increasingly more active role in bringing about the early establishment of the New International Economic Order.

3. The Ministers propose that UNCTAD adopt a comprehensive programme on trade and economic relations among countries having different economic and social systems. Such a programme should embody the establishment and improvement of a series of instruments for the promotion of economic relations and should embody the following measures:

#### *A. Expansion and improvement of preference schemes*

(a) The socialist countries of Eastern Europe should expand and improve without delay their schemes of generalized preferences. A preferential duty free entry should be granted to all manufactured products of developing countries, particularly those based on processing of their commodities and raw materials and on all tropical products;

(b) Action should be taken by the socialist countries of Eastern Europe to remove all forms of tariff and non-tariff barriers. This should be done on the basis of non-reciprocity and non-discrimination;

(c) Such improvements should, *inter alia*, recognize the need for increased imports of manufactured and semi-manufactured products from developing countries;

#### *B. Payments arrangements*

Limited progress has been made in the field of payments. In order to improve the situation the following measures should be implemented:

(a) All payments should be made in convertible currency, unless in those cases where developing countries express a preference for or interest in other special arrangements like the clearing account systems;

(b) Improvement in the CMEA payments arrangements by *inter alia*, the use of transferable roubles, so that developing countries can use their surplus balances in transactions with other CMEA countries, or transfer such balances into convertible currencies;

#### C. Trade development potentials for exports of developing countries

(a) The socialist countries of Eastern Europe should take the necessary measures to identify and accommodate in their medium and long-term plans the potential areas of trade development with developing countries, particularly in the field of manufactured and semi-manufactured products. In this manner, developing countries would be aware of the import potential that the socialist countries of Eastern Europe would have for their exports, particularly in sectors where developing countries have a comparative advantage. All effort would be made by developing countries to utilize such areas of export interest;

(b) The socialist countries of Eastern Europe should adopt other policy measures which would ensure the growth of demand in their countries for products of developing countries and the consequent imports from developing countries. These policy measures should result in reserving an increasing share for the developing countries in the markets and import programmes of the socialist countries of Eastern Europe, especially in the import market for processed and semi-processed goods. Special measures could also include sub-contracting and tripartite ventures;

#### D. Establishment of joint ventures

(a) Where developing countries consider it to be advantageous, joint ventures should be promoted and established, particularly in the field of industry, agriculture and trade, with individual developing countries, groups of countries and tripartite corporations. The socialist countries of Eastern Europe should encourage and participate in such efforts. Such joint ventures should include effective participation of nationals of developing countries and greater utilization of local materials;

(b) The objectives of such joint ventures should be to promote the industrialization of developing countries and to increase the exports of manufactured and semi-manufactured products from these countries;

#### E. Financial assistance

(a) The socialist countries of Eastern Europe should increase their financial assistance to developing countries with a view to meeting the target of 0.7 per cent of official development aid set out in the Second United Nations Development Strategy<sup>35</sup> before the end of 1980;

(b) They should adopt the necessary measures which would make the Special Fund of the International Invest-

ment Bank effective. Through this Fund resources should continue to be made available to developing countries for the identification and financing of national, subregional and regional projects directly or through the regional development banks;

(c) Through this bank, the socialist countries of Eastern Europe should be able to arrange resources earmarked for financial assistance to developing countries and a lowering of the rates of interest levied on borrowings in convertible currency by developing countries;

#### F. Technical assistance and training

It was considered desirable to provide incentives for multilateral approaches which will make possible relations between one or several countries of one group and one or several countries of the other group and with the corresponding secretariats of their economic groups. For this it would be necessary to increase mutual knowledge and develop contacts at every level. It was seen that there are several multilateral mechanisms in the socialist countries of which the developing countries could take advantage:

(a) The socialist countries of Eastern Europe should increase the level of technical assistance given to developing countries, in particular for the training of high-level staff from the developing countries in the technical and scientific fields and assistance in the establishment of technical and scientific institutions or centres in these countries;

(b) The UNCTAD secretariat should assist developing countries through a study of the ways and means of effective utilization of technical co-operation agreements between developing countries and socialist countries of Eastern Europe;

(c) The UNCTAD secretariat should submit concrete proposals on effective utilization of the Special Fund of the International Investment Bank for financing programmes of economic and technical assistance to developing countries;

In order to facilitate trade and economic co-operation, and the exchange of information, action should be taken to set up joint intergovernmental commissions between developing countries and socialist countries of Eastern Europe and to promote co-operation between their chambers of commerce;

#### G. Institutional matters

(a) The Intergovernmental Group of Experts on Trade Opportunities resulting from Multilateral Schemes of Countries Members of CMEA, which met from 17 to 22 October 1977, should be reconvened to study, *inter alia*, the proposals of the Group of 77 submitted to the Group of Experts;

(b) The Intergovernmental Group of Experts to study a multilateral system of payments between socialist countries of Eastern Europe and developing countries should also be reconvened. This Group met from 28 November to 2 December 1977;

(c) UNCTAD should upon request continue to organize bilateral consultations not only at regular sessions of the Board, but also at other times;

(d) The Group of 77 recognizes the need to increase its capacity to formulate policies and to establish institutions

<sup>35</sup> General Assembly resolution 2626 (XXV) of 24 October 1970, para. 43.

for their implementation, so as to orient trade and co-operation with the socialist countries of Eastern Europe. Both parties should be better informed of the characteristics and structures of their corresponding external sectors, thus creating and improving appropriate institutional arrangements between them to solve the difficulties which their economic relations might face as well as for promotion, considering broad participation of the economic agents involved;

(e) The role which UNCTAD could play to support the developing countries in practically all the fields mentioned was stressed. This support can take the form of studies, convening groups of experts, organizing training courses and direct technical assistance. For this, co-ordination with the regional processes for co-operation and with the United Nations regional commissions and UNDP would be very useful.

### *Item 18 of the provisional agenda for the fifth session of the Conference*

#### **Economic co-operation among developing countries**

##### *A. Support measures by developed countries and international organizations for economic co-operation among developing countries*

1. The Ministers of the Group of 77 reaffirm that a strategy of collective self-reliance should be viewed as an integral part of a global economic system, specifically as an essential element of an over-all strategy for development encompassing the restructuring of international economic relations, and that Economic Co-operation among Developing Countries is a key element in a collective self-reliant strategy and thus becomes both an essential part of and an instrument for the necessary structural changes required for a balanced and equitable process of world economic development, ushering in a new set of relationships based on mutual interests and accommodations. Therefore:

(a) A first Short Medium-Term Action Plan for Global Priorities on Economic Co-operation among Developing Countries is adopted, to be reviewed at the Fifth Ministerial Meeting of the Group of 77, calling for specific action in the priority areas of economic co-operation among developing countries;

(b) Economic co-operation among developing countries is a basic component of their efforts towards the establishment of the New International Economic Order;

(c) Economic co-operation among developing countries is a matter that chiefly concerns the developing countries, and it should be formulated and implemented by them, at the subregional, regional, interregional and global levels;

(d) In this context, the developed countries and the organizations of the United Nations system should give strong support to this process in fulfilment of the different General Assembly and UNCTAD resolutions;

2. Recognized that the programme of meetings on economic co-operation among developing countries, proposed by the Group of 77, was not agreed on at the eighteenth session of the Trade and Development Board, nor at the second session of the Committee on Economic

Co-operation among Developing Countries, due to the opposition of the developed countries, and considering that the United Nations General Assembly, at its recent thirty-third session, instructed the Secretary-General of UNCTAD to continue consultations to decide on said programme, and taking into account paragraphs 81 and 82 of the provisional report of the Preparatory Committee of the Group of 77.

The Ministers recommend that:

(a) The position formally adopted by the Group of 77 be ratified and that the need for this programme be stressed and the intention to execute it be fully expressed, including in particular through the convening by UNCTAD, by the end of 1979, of the following:

(i) Regional meetings of subregional and regional economic co-operation groupings to consider action in pursuance of the objectives of the Mexico City Programme on Economic Co-operation among Developing Countries;

(ii) A meeting of the secretariats of economic co-operation groupings of developing countries on subregional, regional and interregional economic co-operation and integration among developing countries;

(iii) Three meetings of governmental experts of developing countries to examine and make proposals, bearing in mind the studies undertaken by the UNCTAD secretariat in compliance with paragraph 2 (a) of resolution 1 (I) adopted at the first session of the Committee on Economic Co-operation among Developing Countries;

(iv) A meeting of secretariats of economic co-operation groupings and multilateral financial institutions of developing countries on inter-country projects;

(b) The developed countries be urged to abandon the negative attitude adopted up to the present and contribute to the implementation of the relevant resolutions of the United Nations General Assembly, thereby taking the first steps towards compliance with the concept of support measures, as stated in Conference resolution 92 (IV) and resolution 1 (I) of the Committee for Economic Co-operation among Developing Countries.

(c) The role of the UNCTAD Committee for Economic Co-operation among Developing Countries be strengthened to enable it to be a forum for the negotiation of support measures from developed to developing countries since such measures constitute a basic element of the whole process of economic co-operation among developing countries to which developed countries are expected to make meaningful contributions;

(d) (i) UNCTAD should upon request of developing countries, subregional, regional and interregional economic groupings of developing countries assist in preparing specific proposals for support measures as need arises;

(ii) Developed countries respond positively to such requests when they are made;

(iii) Any assistance extended on a subregional, regional or interregional basis should be in addition to assistance extended to individual developing countries.



3. The Ministers strongly recommend that the United Nations system, in particular UNCTAD and the regional economic commissions, should strengthen and increase its assistance to economic co-operation among developing countries. In this regard, UNDP should intensify its assistance to subregional, regional and interregional projects, taking also into account the role foreseen for UNDP by the United Nations Conference on Technical Co-operation among Developing Countries. To this end, adequate resources should be made available.

4. Specifically the Ministers recommend that:

(a) Measures should be taken by the United Nations to intensify the role of UNCTAD within the United Nations system in the promotion of economic co-operation among developing countries and its co-ordination and co-operation with other members of the United Nations system, as well as to strengthen its working arrangements with UNDP, with a view to enhancing joint operational strategies, taking into account the strong correlation between economic and technical co-operation among developing countries;

(b) As a matter of priority, each developing country should consider drawing up, with the assistance of UNCTAD and other international organizations concerned, a full national inventory of its own requirements and resources as a basis for securing appropriate support measures from developed countries;

(c) Developing countries should support, through individual or collective endorsement, project proposals addressed to UNDP in support of economic co-operation among developing countries. To this effect they may wish to consider special contributions, including as appropriate earmarking of a proportion of their own UNDP Indicative Planning Figures (IPF);

(d) Acknowledging that economic co-operation among developing countries is an important element of the New International Economic Order and, as such is based on interdependence, common interest and co-operation among all States, developing countries should invite, through the United Nations development system, contributions from developed countries for the implementation of economic co-operation among developing countries projects whose objectives are of interest to both categories of countries;

(e) Developing countries should urge the United Nations system, and particularly UNDP, to devote increasing IPF resources to result-oriented activities in support of economic co-operation among developing countries, with special stress on the need for substantially increasing UNDP resources for subregional, regional and interregional projects in this field;

(f) Developing countries should request UNCTAD to intensify both its role within the United Nations system in the promotion of economic co-operation among developing countries and its co-ordination and co-operation among developing countries and co-operation with other members of the United Nations system, as well as to strengthen its working arrangements with UNDP, with a view to joint operational strategies given the strong correlation between economic and technical co-operation among developing countries;

(g) The restructuring process of the United Nations system should ensure that UNCTAD is strengthened and

provided with all the necessary human and financial means to effectively carry out its tasks on economic co-operation among developing countries, which have increased significantly without any meaningful additions to its resources nor appropriate changes in its institutional set-up that could enhance its role as a lead agency in the establishment of the New International Economic Order;

(h) The UNCTAD secretariat, in carrying out its tasks on economic co-operation among developing countries, should work in close consultation and co-operation with the regional economic commissions since they have a vital role in promoting and implementing subregional, regional and interregional economic co-operation among developing countries.

#### B. *Technical co-operation and economic co-operation among developing countries*

5. The Ministers recall that technical co-operation among developing countries as conceived by the developing countries on several previous occasions and by the United Nations Conference on Technical Co-operation among Developing Countries, is a fundamental instrument in promoting economic co-operation among developing countries. They consider that:

(a) Prompt and effective implementation of the Buenos Aires Plan of Action and resolutions approved by the above-mentioned Conference is required;

(b) Among the many important provisions contained in the Buenos Aires Plan of Action in this context is the need to promote in the developing countries national research and training centres of multinational scope. This is also the subject of one of the resolutions adopted by the Conference;

(c) In support of the implementation of the Plan of Action, the importance of the contribution of developed countries and international organizations to the increased national and collective self-reliance of developing countries, needs to be stressed, in order to implement, *inter alia*, the recommendations relating to agriculture and industry.

#### *Item 19 of the provisional agenda for the fifth session of the Conference*

##### **Institutional issues**

1. The Group of 77 recognizes the evolving role of UNCTAD as a major forum for the evaluation and review of world economic developments in the context of its mandate, for initiating discussions on new concepts and policies and even more for negotiations on a wide range of issues relevant to international economic relations and, in this context, the need to enhance its capacity to perform its evolving functions effectively.

2. UNCTAD needs to be strengthened, especially in the following aspects:

(a) Clear recognition of UNCTAD as the principal instrument of the General Assembly for international economic negotiations on international trade and development, particularly in the context of negotiations on the establishment of the New International Economic Order, and reaffirmation of this role;

(b) Reaffirmation of the role of UNCTAD as the major instrument for review and follow-up of international economic developments;

(c) The need to strengthen co-ordination between UNCTAD and other agencies and organizations of the United Nations system in order to enable UNCTAD to perform its role effectively;

(d) Urgent need to provide UNCTAD with sufficient resources and special flexibility in its method of operations, so as to enable it to perform its role and functions effectively, taking into account the logistic problems associated with the increased workload of UNCTAD;

(e) The need for further adapting the permanent inter-governmental machinery of UNCTAD to the new emphasis in the role of UNCTAD, in particular its increased activity as a negotiating forum, while enabling it to continue to perform the full range of tasks with which it has been entrusted;

(f) The need to maintain and strengthen UNCTAD support to the developing countries in the field of trade and development, particularly in the context of the negotiations for the establishment of the New International Economic Order.

3. The increasing activities and functions of UNCTAD also demand, particularly in the present context, their harmonization, rationalization and co-ordination in a systematic manner so as to maximize its effectiveness. Consequently it is recommended, *inter alia*, that:

(a) Ways and means should be sought of grouping the specific issues and subjects to be addressed by special expert group meetings, in order to minimize the number of sub-meetings and to encourage the attendance of high level government experts. Meetings of experts appointed in their personal capacity should be reduced in number;

(b) Rather than have a whole Committee meet in routine formal sessions unless there are sufficiently important and large number of issues to be discussed, special sub-groups could be convened to deal with a specific number of issues within the competence of the Committee;

(c) The practice by which each Committee, group or sub-group decides on when and how to meet should be reviewed by the Board with a view to ensuring minimum frequent disturbances in the schedule of meetings;

(d) An appropriate mechanism to provide policy direction and co-ordination on certain issues and to harmonize and integrate activities of the secretariat on these issues;

(e) Urgent need that documents in all working languages be made available at an appropriate time in accordance with the relevant rules.

4. The strengthening of UNCTAD should be seen as an equally important element in the process of completing the restructuring of the social and economic sectors of the United Nations.

## APPENDIX\*

### Resolutions and decision adopted by the Fourth Ministerial Meeting of the Group of 77

#### A. RESOLUTIONS

##### 1. Expression of appreciation to the Government and people of the United Republic of Tanzania

*The Fourth Ministerial Meeting of the Group of 77,*

*Having met* in the world-renowned city of Arusha from 6-16 February 1979 and benefited from the excellent arrangements made for the holding of the Ministerial Meeting and the generous hospitality extended by the Government and people of the United Republic of Tanzania,

*Wishes to place on record* its profound appreciation to the Government and people of the United Republic of Tanzania for the tremendous efforts they have made in order to ensure the success of the Ministerial Meeting and a comfortable and enjoyable stay in Arusha for the participants at the Meeting;

*Requests* the President of the Ministerial Meeting to give the widest possible publicity to the contents of this resolution.

16 February 1979

##### 2. Appeal to the President of the United Republic of Tanzania to present the Arusha final document to the fifth session of the United Nations Conference on Trade and Development

*The Fourth Ministerial Meeting of the Group of 77,*

*Having expressed* its warmest appreciation of the excellent arrangements made by the Government and people of the United Republic of Tanzania for the holding of the Ministerial Meeting and

for the generous and kind hospitality extended to the participants at the Ministerial Meeting,

*Recalling* the eloquent, masterly and thought-provoking inaugural address of His Excellency Mwalimu Julius K. Nyerere on the opening day of the Ministerial Meeting,

*Conscious* of his deep commitment and total dedication to the cause of the developing countries in pursuit of the establishment of the New International Economic Order,

*Recognizing* his stature as one of the most outstanding leaders of the developing world,

1. *Addresses* an appeal to His Excellency Mwalimu Julius K. Nyerere, President of the United Republic of Tanzania, to consider making a trip to Manila in early May of this year to present to the fifth session of the United Nations Conference on Trade and Development the Arusha Programme for Collective Self-Reliance and Framework for Negotiations adopted at Arusha this sixteenth day of February 1979;

2. *Requests* the President of the Ministerial Meeting to give the widest possible publicity to the contents of this resolution.

16 February 1979

##### 3. The economic situation of the Republic of Djibouti

*The Fourth Ministerial Meeting of the Group of 77,*

*Having been informed* of the serious and disturbing economic situation of the Republic of Djibouti, whose *per capita* income is one of the lowest in the world,

1. *Recommends* to the fifth session of the United Nations Conference on Trade and Development and to the appropriate organs of the United Nations system that the Republic of Djibouti be included in the category of the least developed countries;

\* Originally annex I to the Arusha Programme for Collective Self-Reliance and Framework for Negotiations. Annex II is not reproduced in the present volume.

2. *Urgently appeals* to the States Members of the United Nations to provide, individually and collectively, the financial, technical and economic assistance which is urgently needed to enable the Republic of Djibouti to overcome these very serious difficulties;

3. *Requests* the Secretary-General of the United Nations to inform the entire international community and the international organizations of the gravity of the situation in the Republic of Djibouti, and of the urgent need to take all necessary measures which may assist it to cope with the serious problems affecting it in particular and with those connected with its basic situation.

16 February 1979

#### B. DECISION

##### Future activities and organization of the Group of 77

###### *The Fourth Ministerial Meeting of the Group of 77,*

*Having regard* to the various views expressed in the Group of 77 in connexion with the establishment of a special technical support machinery for the Group,

###### *Decides as follows:*

1. To establish an *ad hoc* Committee, consisting of seven members each from each region, with the task of studying the

desirability or otherwise of the creation of a technical support machinery which will provide adequate back-up for the Group of 77 in their negotiations with other Groups on the programme for the New International Economic Order and in programmes for mutual co-operation among them;

2. The Committee should initially be located in Geneva and should enter into consultations with representatives of the Group of 77 in New York and elsewhere;

3. In carrying out the study, the Committee of 21 should consider the nature, scope, role, location and financial implications of a technical support machinery;

4. The Committee should also take into account the organization, functions, arrangements and technical support existing currently in and for the Group of 77;

5. The Committee should also identify the technical capability which is already available in each regional group area and elsewhere which is competent to provide some of the back-up;

6. The Committee should complete and circulate the study for discussion at a Ministerial meeting of the Group of 77 to be convened during the thirty-fourth session of the General Assembly for appropriate decision.

16 February 1979

## Annex VII

### DOCUMENTS SUBMITTED TO THE CONFERENCE BY CERTAIN GROUPS OF COUNTRIES

**A. *Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD's necessary contribution to a New International Development Strategy for the Third United Nations Development Decade***

Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Republic of Cuba, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic, the Union of Soviet Socialist Republics, and the Socialist Republic of Viet Nam<sup>a</sup>

1. The 1970s have turned out to be a period of one of most severe and protracted crises experienced by the capitalist economy during the past half-century. Periodic slumps are succeeded only by sluggish and uncertain upturns in production. The under-utilization of manufacturing capacity has become the normal state of affairs. Mass unemployment has attained unprecedented proportions. Inflation has become chronic. The international monetary system is in disorder. The attempts by the capitalist States to attenuate the effects of the crisis at the national level have led to the emergence of protectionism on an international scale. The rivalry between the main economic centres in the world capitalist system is increasingly developing into an undeclared trade war.

2. All these economic disorders are having particularly serious repercussions on the situation of the developing countries. The difficulties they experienced have grown substantially worse in the period between the fourth and fifth sessions of UNCTAD. The minimum objectives set for the Second United Nations Development Decade are not being achieved. The army of the unemployed and underemployed in the capitalist countries has grown to 300 million, and the number of persons living in poverty is 800 million. The gaps between the young States are widening; in the least developed, the *per capita* gross national product had declined in absolute terms. The disproportions in the developing countries' foreign economic relations have become more acute. Their external debt burden has risen steeply, and debt repayments now swallow up approximately one-quarter of their export earnings.

3. In the circumstances, the process of the restructuring of international economic relations has, to all intents and purposes, ground to a halt. Despite the wide range of

multilateral economic negotiations held under the auspices of the United Nations, the basic requirements of the Declaration and of the Programme of Action on the Establishment of a New International Economic Order<sup>b</sup> have, in fact, not yet been fulfilled. A move away from liberalization towards the intensification of restrictions and discrimination is becoming apparent in East-West trade. In its final stages, the current round of negotiations under the auspices of GATT turned into a bargaining match between the United States of America, the European Economic Community and Japan, and the compromise they mapped out fails to give due attention to the interests of most of the other part participating States.

The reform of the monetary system has also been ineffective. A number of international economic organizations have still to be democratized.

4. On all sides, concern over the prospects for the development of the world economy and of trade is growing, and legitimate anxiety over the fate of the restructuring of international economic relations and of efforts to ensure normal conditions for the development of the young States is increasing.

The socialist countries' opinion of this situation is as follows:

#### I

5. The epicentre and source of the current economic upheavals lie, as they did in the past, in the industrially developed capitalist countries from which shock waves have spread above all to the developing nations. But the crisis of the mid-1970s had a number of special features which made it particularly damaging to trade and development. Unlike

<sup>a</sup> Document relating to agenda item 8, issued at the Conference as TD/249.

<sup>b</sup> General assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

in the past, it affected all the developed capitalist States simultaneously. As a result, the economic ties between those countries became channels for the reciprocal transfer between them of the phenomena of crisis, and national anti-crisis measures acquired a clearly protectionist stamp.

6. The crisis was accompanied by a further worsening of inflation. At the basis of that inflation lies the long-standing arms race which has disrupted the public finances of the leading capitalist countries. Since it was those very countries which occupied key positions in the Bretton Woods monetary system and their national currencies which were used as international currencies of account, inflation soon began to spread from their domestic financial sphere to the international scene. The result was the beginning of the systematic depreciation of the export earnings and currency reserves of other States, the emergence of an uncontrollable market for "hot money", and the collapse of the fixed parities of currencies; furthermore, the fluctuations in the current rates of exchange of those currencies are being exploited to an increasing extent for purposes of competition and currency speculation. Nor are the measures envisaged in the Kingston Agreement adequate to resolve the problem of stabilizing the international monetary system. The substitution of depreciated national currencies for gold and token international credit facilities (special drawing rights), the legitimization of floating exchange rates and the establishment of currency blocs in a new guise can only further accentuate inflation, extend its international scope within the capitalist sector of the world economy, and make it even more difficult to curb.

7. In the crisis of the 1970s, cyclical factors were interwoven with structural factors, showing clearly the true extent of the asymmetry in the distribution of productive forces within the capitalist system. The developing countries' continuing specialization in the export of raw materials has brought about their transformation into major importers of foodstuffs and manufactures. On the other hand, the continuing control by monopolies of the extractive industries of most developing countries and of the system for the marketing of raw materials on the world capitalist market has been the source of persistent underpricing of raw materials and chronic underinvestment in this branch of economic activity, combined with wasteful consumption of natural resources by the developed capitalist States. The consequence has been a serious aggravation of such problems as those of food, energy, and raw materials. Not even the unexpected surge in raw material prices in the first half of the 1970s altered the situation of the developing countries. Its impact on the various groups of those countries was far from uniform and served only to intensify disparities in their levels of development. Furthermore, the terms of trade between the main types of raw materials and manufactures are now returning to their pre-1973 levels.

8. The States of Asia, Africa and Latin America are seriously concerned at the fact that the creation, within the framework of the capitalist international division of labour, of new, export-oriented manufacturing capacity in developing countries is not only not helping to strengthen those countries' economic independence, but is in fact binding them still more closely to capitalism's main industrial centres. This is in contradiction with the principal development objective of the young States, namely, the building of

an independent national economy and the raising of the level of living of their peoples; together with the restructuring of external economic relations, the most important prerequisite for the achievement of this goal is the making of profound and progressive internal changes.

A decisive role in the distortion of the industrial development of emergent States is played by transnational corporations. Having been squeezed out of the sphere of raw materials extraction, they are keeping for themselves the control of the transport, processing, marketing and financing of such resources, and are imposing on the developing countries a type of industrialization and economic specialization which, although it leads to some development of their economies, is not correcting their position of subordination within the capitalist economic system, but rather reinforcing it in a new form. The increasing penetration of the economies of developing countries by transnational corporations, like the penetration in other forms by private foreign capital, constitutes a serious threat to the sovereignty of the young States.

In their efforts to perpetuate the developing countries' position of subordination within the system of the capitalist international division of labour, the transnational corporations make extensive use of monopoly pricing techniques and restrictive business practices. In particular, through a system of affiliated transport enterprises, which are generally registered under flags of convenience, they transfer the carriage of raw materials by sea into the sphere of off-market, intra-corporate dealings at rates dictated by their head offices. Through these flags of convenience they put pressure on the open freight markets. Having thus aggravated the recession in the field of the carriage of raw materials by sea, they then use it as a lever to prevent the establishment of "uneconomical" national merchant fleets by the developing countries and the achievement of the young States of independence in transport matters.

The enormous financial and technical potential of the transnational corporations is being used against the national interests of the developing countries, and the investments made by the corporations in those countries are systematically offset by the profits they siphon off. Monopoly pricing and the transnational corporations' currency speculation on the "hot money" markets fuel inflation and contribute to its spread over the international arena.

Generally speaking, the increasing role of transnational corporations in international capitalist production and trade is having an ever more noticeable destabilizing influence on the world capitalist economy and is aggravating the structural imbalance. It is precisely this fact which was largely responsible for the extent of the economic crisis of the mid-1970s and which constitutes one of the major obstacles in overcoming its consequences.

9. The unusual severity and duration of the crisis are attributable, among other things, to the inefficiency of both the traditional and the new methods of State monopoly control over economic activity. The crisis has shown once again that the cyclical movement of production through boom and slump remains one of the main inherent features of the development of capitalism, and that no anti-crisis regulatory measures are capable of eliminating it.

## II

10. The protracted nature and severity of the crisis in the capitalist economy are having the most adverse effects on world trade. There is clear evidence of a slow-down in its expansion, of sharp fluctuations in demand for commodities, of chronic deficits in balances of trade and of payments, and of harder struggles for markets and sources of raw materials. After a comparatively long period of relative liberalization, a new wave of protectionism and restrictive business practices is now building up. The contemporary system of international organizations for the regulation of world trade, and particularly those links in that system which have not yet been touched by the process of democratization and which serve the interests of the limited group of capitalist States by which they are dominated, is not capable of resisting these trends. The system is now at variance with the interests of the overwhelming majority of the countries of the world and is in need of radical reform.

11. Naturally, the industrially developed capitalist countries, and above all their working populations, are also suffering serious harm as a result of the crisis and of its uncontrolled effects. There can be no question, however, that the main burden of those effects has fallen on the shoulders of the developing countries. It is these countries which are suffering from the sharpest swings in, and the decline of, their export earnings and from the uneven distribution of export revenue. Imports of basic essentials, such as cereals, fuel and fertilizers, have risen in price. The short-lived rise in prices which the developing countries enjoyed in the first half of the 1970s has clearly been offset by the recent fall in raw material prices and the increase in the prices of the manufactures which those countries import. The result is that their balance-of-payments deficits have assumed unprecedented proportions. One of the reasons for this situation has been the sharp decline in the number of market openings for the manufactures and semi-manufactures in the production of which the developing countries have demonstrated their competitiveness. This, together with the fact that the question of the stabilization of international trade in raw materials remains unsolved, is clearly undermining the young States' chances of increasing the inflow of financial resources on a healthy economic basis and is artificially depriving them of some of the benefits of industrialization.

12. The developing countries' export earnings having thus fallen sharply by comparison with their import requirements, the rate of growth of their external indebtedness is now increasing rapidly and, at the same time, their development programmes are being curtailed. For the capitalist States, the loans in question contribute to the foreign expansion of the transnational corporations, but for the developing countries they have led to a situation in which their total indebtedness has now reached \$280 billion and private commercial banks from capitalist States are emerging as their principal creditors. In other words, there has been a dangerous shift towards the most onerous forms of financing, and the new loans themselves not infrequently go solely to refinance current payments and therefore leave no trade in terms of real development. The fact that foreign private capital has once again begun to play a predominant role in their total inflow

of resources represents a serious danger for the young States, which have proclaimed a policy of economic independence on a national and collective basis. This fundamental qualitative change is fraught with serious consequences for the future. Finally, in many developing countries, the financial burdens of this rising indebtedness are unevenly distributed, and, while a propertied élite grows richer, the main mass of the population is deprived of the chance of satisfying even its basic needs for food, clothing, housing, health care and education.

13. As they participate more and more widely in world trade, the socialist countries, especially those which derive a significant part of their national income from foreign trade, are also feeling the effects of the economic disorders in the capitalist sector of the world economy. Of course, the planned nature of a socialist economy, based on the public ownership of the means of production, a State monopoly of foreign trade and a collective currency, enable the socialist countries effectively to screen themselves against the penetration of their economies by recession and inflation from the West. That is precisely why the rates of development of the economies of the CMEA countries have remained consistently high even in years when the capitalist sector of the world economy has gone downhill or marked time. By 1977, industrial output had risen in the capitalist States by a total of 7 per cent by comparison with the pre-crisis year of 1973, but the increase in the socialist States over the same period was 32 per cent. The dynamic and planned growth of the economies of the CMEA countries is creating a firm basis for the further expansion of their economic relations. The total foreign trade turnover of those countries has grown by 24 per cent since 1975; in 1977, it exceeded 158 billion roubles. Socialist economic integration and the activities of CMEA, which this year celebrated its thirtieth anniversary, constitute a sound basis for the successful development of the socialist countries. Nevertheless, in external economic relations, those countries, like developing States, are harmed by protectionist measures—which, in the West, and especially in the European Economic Community, discriminate against the socialist community in particular—and by fluctuations in the demand for their products on world markets and rises in import prices and interest rates. These unfavourable trends made it difficult for the socialist countries to increase their participation in the world-wide division of labour and to develop, as part of their commercial and economic practice, new forms of long-term, large-scale economic, scientific and technical co-operation.

14. The events of the 1970s once again clearly give the lie to the ideas put about by certain circles concerning the so-called "equal responsibility" borne by all members of the international community for the state of the world economy. It is perfectly obvious that, whilst socialism acts in that economy as a generator not only of its own growth but also, to a certain extent, of global growth, capitalism, by its very nature, continues to be the well-head of unforeseeable and cyclic phenomena which give rise to economic and structural crises. This exacerbates the neo-colonial exploitation of the developing countries and leads to a deterioration of the economic and financial situation in the young States.

In other words, the responsibility of the developed capitalist States for the economic troubles of the devel-

oping countries by no means ended or died out with the era of colonialism. Under the capitalist economic system, the developing countries remain as before in a position of dependence, exploitation and inequity, and they therefore suffer more than anyone from the ills of that system. The old order is also guarded by those international organizations whose charters and practice remain profoundly undemocratic and deprive the developing countries of the opportunity of taking an equitable part in their work.

### III

15. The extent, severity and number of crises experienced during the 1970s require not merely improvements in the existing international economic institutions, principles and standards, but also the radical restructuring of the entire system of international economic relations. That is also the position taken at present by the overwhelming majority of countries Members of the United Nations. Specifically, steps must be taken to put an end to the inequitable situation of the young States in the world capitalist market, and to ensure an appropriate share of world trade—particularly in industrial goods—for the socialist countries, the eradication of all forms of discrimination, the restriction of the arbitrary activities of transnational corporations, the rejection of protectionism, and the genuine democratization of standards and institutions concerned with international trade and the development process.

16. In this connexion, the achievement and strengthening of détente and the halting of the arms race would above all be of universal benefit to mankind. Indeed, the formulation and implementation of any far-reaching programmes for restructuring international economic relations are possible only in conditions of peace. Similarly, structural changes in world production patterns can be achieved only in an atmosphere of genuine trust in relations between States, including countries with different economic and social systems and countries at different levels of development. The extension of détente to the developing world is, in turn, a necessary condition for promoting co-operation among the developing countries themselves, as a necessary and important element in the attainment of the goals of the new international economic order.

17. Détente also offers various well-defined and tangible economic advantages. For example, the curbing of the arms race and a reduction in military budgets would lead to an improvement in the public finances of many countries and reduce inflation. In this connexion, part of the resources saved could be used to meet the need to increase assistance, and as a means of counterbalancing protectionism, and to finance the restructuring of the economy of the industrially developed States in order to enable them substantially to increase their imports of goods—including manufactures and semi-manufactures—from developing countries.

Freedom from the burden of the arms race or even the partial conversion of military production to peaceful production would make it possible to increase total consumer demand, including demand for the commodities of developing countries and, at the same time, to include new mass consumption goods and technology in trade with such countries; it would also make it possible to tackle global problems faced by mankind as a whole. This is precisely why détente and development constitute integral

parts of the collective programme documents of the socialist countries, for example the Declaration of the States Parties to the Warsaw Treaty of 23 November 1978. The socialist States authors of this Declaration have attached and will continue to attach great importance to the reaffirmation of the principles of peaceful co-existence in international relations, to détente, and to the transition to genuine disarmament.

In substance, this is what is said in the Arusha Programme adopted in February 1979, in which it is particularly emphasized that the economic and social consequences of the arms race are so detrimental that its continuation is incompatible with the implementation of the New International Economic Order.<sup>c</sup>

18. The foreign economic policy of the socialist States has been aimed from the very outset at the restructuring of international economic relations on an equitable and democratic basis. The drive for such restructuring began with the foundation of the first socialist State in the world—Soviet Russia. Already at that time questions arose concerning ways of ensuring the equal status of the socialist system of property in the world economy, concerning the need for decolonization, and to limit the arbitrary activities of monopolies and to curb protectionism. This drive stands out during the entire 30-year history of CMEA. All these facts determine the natural and historical interrelationship between the just demands of the socialist and developing countries and the ultimate goals proclaimed by them in the United Nations. The socialist States regard such an interrelationship as a guarantee of the translation into reality of the progressive call for a radical restructuring of the existing international economic order with due regard for the interests of all groups of countries on equitable and democratic principles. It is precisely on this basis that they are constructively participating in discussions concerning raw materials, the transfer of technology, control over transnational corporations, restrictive business practices and other issues connected with the need for such restructuring.

19. In their efforts to ensure that greater use is made of the advantages offered by the international division of labour, the socialist countries regard world trade as an area of economic and political competition between two opposing systems—socialism and capitalism—which are also characterized by two essentially different types of economic relationships between developed and developing countries. The difference in approach is reflected in the contrast between the practices of inequity, diktat, exploitation and monopolistic abuse of the principles of equality, and those of mutual benefits in economic relations and non-interference in internal affairs. Socialist enterprises, unlike transnational corporations, enter above all into contractual relations with independent local partners in the developing countries, do not practice discrimination, and support the State sector. They do not repatriate profits from the developing countries. Restrictive commercial practices are alien to their economic activity. The enterprises set up in the young countries within the framework of economic and technical assistance activities are handed over to those countries lock, stock and barrel.

20. This new type of economic relations between socialist and developing countries has demonstrated its

<sup>c</sup> See annex VI, section I, para. 8, above.

extraordinary effectiveness in the economic disorders of the 1970s. The planned socialist economy, free from crises, ensures a growing demand for the commodities of the developing countries—a fact which has mitigated for them the adverse effects of the economic disturbances in many commodity markets. In recent years, there has been a steady increase in the economic and technical assistance extended to the young States by the CMEA member countries in forms that are in keeping with their international obligations and with their social and economic structure. The development of the economy of the CMEA member countries and their successful implementation of integrated measures will help bring about a further expansion of their economic co-operation with the developing States on both a bilateral and multilateral basis. The developing countries can therefore continue to count on the support of the socialist community and on its experience in solving economic and social problems implementing progressive social changes and coping with the abuses of international monopolies.

21. Moreover, there is no alternative to joint action by the socialist and the developing countries because, in view of the degree of economic *rapprochement* between countries, it would be illusory to believe that the patterns and standards of international trade can be restructured for one group of countries alone while restrictions and discrimination are maintained for another. The vestiges of colonialism and the liquidation of neo-colonialism cannot be eradicated unless the aftermath of the “cold war” is swept away, since in practice they are maintained by the same forces. The developing and socialist countries alike are also harmed by protectionism.

The discrimination against the socialist countries in the markets of the capitalist West ranks with the discrimination practised in these markets against the State sector of the developing countries. That is precisely why the process of restructuring international economic relations—from both the trade and political as well as from the structural and institutional standpoints—can be effective only if it is carried out in a comprehensive manner and made mandatory in all areas of world trade, including East-West trade, which constitutes an integral part of the global mandate of UNCTAD.

22. Needless to say, the restructured international economic order, even when it has been attained, will not be such as to abolish the inherent defects of capitalism or to guarantee that the development process will be completely immune to their effects. However, the democratization of international economic relations and action to ensure the equitable and mutually profitable participation in such relations of all groups of countries and systems of property ownership will undoubtedly promote the progress of the world economy and world trade as a whole and strengthen the position of the developing States in these areas. In this regard, special attention is being given in the socialist countries to the comprehensive and prompt realization of the following measures, arising out of the progressive recommendations of the United Nations, UNCTAD and the Arusha Programme for Collective Self-Reliance and Framework for Negotiations:

(a) Elimination of discrimination and any artificial obstacles from international trade, eradication of all

manifestations of inequity, diktat and exploitation in international economic relations. These relations require new and modern standards of regulation, reflecting the rights and interests of all groups of countries, and in particular the special problems of the developing and least developed countries. In this respect, a constructive role could be played by the implementation of the Principles adopted at the first session of the United Nations Conference on Trade and Development in 1964,<sup>d</sup> the provisions of the Charter of Economic Rights and Duties of States,<sup>e</sup> and the resolutions of the sixth special session of the United Nations General Assembly;<sup>f</sup>

(b) The restructuring of the world economy and international trade to promote their further balanced development, and especially to speed up the industrialization of economically backward regions and raise the level of living of all peoples. The socialist countries, like the developing countries, are interested in this restructuring, which would meet the demands and requirements of our times. A well-conceived programme for the attainment of this goal in their mutual relations might be based on the proposals of the socialist countries, as set out in their Joint Statement at the fourth session of the Conference,<sup>g</sup> and long-term bilateral and multilateral economic co-operation agreements:

(c) Consolidation of national sovereignty over natural and economic resources, restrictions on the activities of transnational corporations and the implementation, in conjunction with the restructuring of international economic relations, of progressive domestic changes in the developing countries themselves;

(d) Modification of the existing inequitable machinery of international economic relations and democratization of supporting institutions.

23. In these circumstances, it is the duty of UNCTAD to make greater and more active use of its right to formulate principles and policies in the field of international trade and to elaborate measures for their implementation. This function, entrusted to UNCTAD under General Assembly resolution 1995 (XIX) and actively implemented during the initial stages of UNCTAD activities, should be reactivated. The socialist countries are prepared to give constructive consideration, together with all interested countries members of UNCTAD to any measures which might be undertaken along these lines.

24. True to their policy of broad, equitable and mutually advantageous international co-operation in the interest of peace and the social and economic progress of all peoples, the socialist countries expect the fifth session of the Conference to be an important milestone in the process of restructuring international economic relations on a just and democratic basis, and are prepared to make their contribution to ensure its success.

<sup>d</sup> See *Proceedings...* (first session), vol. I, annex A.I.1 to the Final Act.

<sup>e</sup> General Assembly resolution 3281 (XXIX) of 12 December 1974.

<sup>f</sup> General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

<sup>g</sup> *Proceedings... Fourth Session*, vol. I, annex VIII.F.



**B. Protectionism—trends and short-term and long-term policies  
and action needed to deal with the problems**

Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics<sup>h</sup>

The socialist countries note with great concern that protectionist trends have clearly been increasing over the past few years in the foreign trade policy of market-economy countries which are expanding the arsenal of protectionist measures used to restrict access to their markets of goods from other countries, including the developing and socialist countries.

A special danger is the extension of new and constantly refined forms of direct and indirect non-tariff protectionism, such as the imposition on trading partners of agreements on the "voluntary limitation of exports", the regulation of markets, "minimum prices", as well as the introduction of the system of "trigger prices" and compensatory duties.

The socialist countries consider that the intensification of protectionism on the part of the developed market-economy countries has a negative effect on the development of international trade as a whole, and constitutes a serious obstacle to the expansion of mutually advantageous economic trade flows that take due account of the interests of all groups of countries. By creating additional artificial obstacles in international trade, the developed countries are hampering its development on an equitable and genuinely democratic basis. The new forms of protectionism are detrimental above all to the exports of the developing and socialist countries, with the result that these measures have a discriminatory effect.

In stressing the responsibility of the developed market-economy countries for the intensification of protectionist and discriminatory trends in international trade, the socialist countries draw attention to the interrelationship between such trends and the very nature of the capitalist economic system as well as the aggravation of its contradictions at the present stage. The economic crisis of the mid-1970s and its serious consequences (slackening of growth rates, energy and raw materials crisis, disruption of the capitalist currency system, mass unemployment and runaway inflation) are the direct causes of the intensification of protectionism, by means of which the developed market-economy countries are trying to resolve their problems by infringing the interests of other countries.

Although they pay lip service to the slogans of "freedom of trade" and the "free interplay of market forces", the developed market-economy countries are in fact to an increasing extent erecting protectionist barriers in the way of exports of goods, and particularly manufactures, from the developing and socialist countries. This sort of policy hampers the industrialization of the developing countries and the diversification of their economy and exports, reduces their currency earnings and, in the final analysis, creates serious obstacles to their economic development. In addition, the protectionist measures of the developed and

market-economy countries lead to the maintenance of the dependent situation of young States in the capitalist system of the international division of labour and inhibits the exercise of genuine sovereignty by such States over their economic and natural resources.

The socialist countries regard the protectionism of the developed market-economy countries, and particularly its new forms which are applied on a selective basis, as a unilateral and unjustified intensification of discrimination in trade between countries with different social and economic systems. Protectionist measures have an adverse effect on the trade of the socialist countries both with developed market-economy countries and with the developing countries and, in view of the interdependence of world-wide trade flows, hampers international economic co-operation on a broad and equitable basis.

The socialist countries consider that a policy of this nature is fraught with serious danger for its initiators as well. Measures restricting the access of competitive imports to the markets of the developed market-economy countries and providing artificial support for inefficient local producers harm not only these countries themselves but also international trade as a whole by hampering the rational participation of all countries in the international division of labour and leading to the expansion in various countries of branches of the economy which are not complementary, but competitive, and to the artificial disruption of international trade flows.

The socialist countries consider that, in a number of instances, the introduction in capitalist countries of new protectionist barriers is regarded as a measure to prevent an increase in unemployment. At the same time, the socialist countries are convinced that the interests of the workers in the capitalist countries can be served not by increased protectionism, which creates new difficulties in the international division of labour and harms the interests of workers in other countries, but by radical social measures and the development of international economic co-operation on a broad and equitable basis.

Special attention should be drawn to the fact that, by steadily increasing protectionism and discrimination in international trade, the developed market-economy countries are considerably hampering the restructuring of international economic relations on a just and democratic basis, the establishment of a new international economic order which would put an end to the economic backwardness of the developing countries more rapidly, and the dynamic advancement of all peoples—of mankind as a whole. Such a policy is at variance with generally accepted norms of international trade, constitutes a departure from the principles and programmes for the expansion of international economic co-operation which have been elaborated in UNCTAD, and is a clear violation of the obligations of the market-economy countries not to introduce new restrictions in international trade.

<sup>h</sup> Document relating to agenda item 9, issued at the Conference as TD/257.

The socialist countries resolutely condemn these negative trends in the foreign trade policy of the developed market-economy countries and wish to emphasize as forcefully as possible that they are in no way involved in the intensification of protectionism in international trade. The socialist countries consistently oppose the implementation of any measures prejudicial to the legitimate interests of any of the participants in international trade, and take vigorous steps within the framework of their system of planned economies to develop equitable and mutually beneficial economic exchanges with all countries that manifest an interest in this type of co-operation.

The socialist countries consider that the combating of discrimination and protectionism, particularly the new forms thereof, is the most important requirement for the further development of international economic co-operation in the interests of the social and economic progress of all countries, and declare their determination to continue to participate actively in that struggle both in their bilateral relations with trading partners and at the international level, especially within UNCTAD. The socialist countries express their deep conviction that the common cause of the progressive restructuring of international relations on democratic lines, according to the principles of equity and mutual advantage, with particular concern for the interests of the developing countries, would be served by the elaboration and implementation of measures to combat the growing threat of discrimination and protectionism which were approved on a broad international basis. At the same time, the socialist countries consider, in view of the interdependence of all world trade flows, that this struggle must not be limited by partial decisions affecting only certain groups of countries, but must be universal in nature.

The socialist countries share the developing countries' profound concern at the growing threat of increased discrimination and protectionism in international trade and understand their just demands for the elimination of artificial barriers to the expansion of their exports which are engendered by the policy of the developed market-economy countries. The socialist countries support all the constructive and realistic elements of the programme to combat protectionism which are contained in the position of the developing countries and which are in keeping with the common interests of all participants in international trade and with the need to restructure it on a just and democratic basis.

Priority attention must be given to the task of increasing the role and effectiveness of UNCTAD as the main United Nations organ dealing with international trade matters, including the pressing problems of the struggle against discrimination and protectionism. Among the measures appropriate for elaboration and implementation within the framework of UNCTAD, an important place should be given to ensuring the observance of the principle of the inadmissibility of the introduction of new barriers. This task could, in particular, be facilitated by making a detailed inventory of new forms of commercial and political restrictions; in this way, more specific and differentiated measures could be drawn up to counter such restrictions.

The socialist countries are of the opinion that it is of the greatest importance for the expansion of equitable international trade in the interests of all countries that consistent efforts should be made to achieve lasting peace and international security, to further international *détente*, and to curb the arms race and reduce military expenditures. The examination and solution of the problems of combating discrimination and protectionism in international trade must be effected in the context of the need to restructure international economic relations on a just and democratic basis and of the contribution of UNCTAD to the preparation of a strategy for the Third United Nations Development Decade that takes maximum advantage of the favourable opportunities for the development of mutually beneficial international economic co-operation which are to be found in the further relaxation of international tension.

Success in the struggle against discrimination and protectionism in world trade is inseparable from the institution of effective control over the activities of transnational corporations and foreign monopoly capital, which are a major source of discrimination and protectionism and a threat to the sovereignty of the developing countries and to their achievement of economic independence.

A programme of action elaborated within the framework of UNCTAD should be based on those principles and must include provision for appropriate machinery to monitor and control the implementation of the measures agreed upon with due regard for the interests of all participants in international trade. The socialist countries hereby declare their willingness actively to support such measures and to continue to take, within their system of planned economies, the steps necessary further to develop mutually beneficial economic co-operation with all interested countries in the interest of universal peace and progress.

### C. Commodities

#### CONSIDERATIONS OF SOCIALIST COUNTRIES ON THE IMPLEMENTATION OF THE INTEGRATED PROGRAMME FOR COMMODITIES

Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics<sup>1</sup>

<sup>1</sup> Document relating to agenda item 10 (a), issued at the Conference as TD/259 and Corr.1.

1. The socialist countries, desirous of contributing actively to a positive solution of the most urgent problems faced by UNCTAD in the field of international commodity markets, have consistently advocated their effective solution in the interest of all participants in international trade and above all in the interests of the developing countries.

At the fourth session of the United Nations Conference on Trade and Development, the socialist countries contributed to the adoption of the Integrated Programme for Commodities as a first significant attempt to achieve a

comprehensive solution to the problems faced in particular by the developing countries in international commodity trade.

2. During the three years that have elapsed since the adoption of Conference resolution 93 (IV), a large number of preparatory meetings have been held on a wide range of commodities and frequent negotiations have taken place on the establishment of the common fund, in the course of which many problems were pinpointed and the approach to be adopted for their solution clarified; in this way it was possible to determine the general areas and directions of subsequent work. Impressive results were achieved at the United Nations Negotiating Conference on a Common Fund. The preparatory meetings on natural rubber led to the convening of a negotiating conference.

3. However, the implementation of the Integrated Programme met with difficulties, the extent and magnitude of which proved to be much greater than could have been anticipated in 1976. Little progress was made at the preparatory meetings on the majority of commodities, and on certain commodities (bauxite and bananas) no meetings were even held.

These not entirely satisfactory results are due, in our opinion, to both objective and subjective factors.

The most important objective factors include the complexity of the Programme as conceived, the number and diversity of participants' interests, and the difficulty of striking a balance between the rights and obligations of the interested parties.

The subjective factors include resistance on the part of international monopolies and the Governments of some countries which advocate the so-called maximum free interplay of market forces in the commodity sector of the world capitalist market. Inflation, the instability of the currencies of Western countries and growing disorder in monetary and financial systems have become serious obstacles to the adoption of market stabilization measures.

During the preparatory meetings, obvious attempts were made in a number of instances to divert the negotiations from the conclusion of international commodity agreements and to replace this important goal by other tasks that were not in keeping with the objectives of resolution 93 (IV). In the case of some commodities, the Western countries are striving to set up study groups or consultative bodies instead of seeking to formulate international commodity agreements; in many instances, negotiations are being replaced by examinations of reference and analytical material.

4. No practical results have been achieved as a result of effort aimed at improving the marketing distribution and transport of commodities exported by the developing countries, and at increasing their earnings. UNCTAD has not yet tackled this problem at the global level, despite the fact that relevant proposals are contained in Conference resolution 93 (IV), the Manila Declaration and Plan of Action,<sup>j</sup> and the joint declaration by the socialist countries at the fourth session of the Conference.<sup>k</sup>

5. In the opinion of the socialist countries, transnational corporations bear a considerable share of the responsibility for the difficulties that have arisen in the course of the implementation of the Integrated Programme. These corporations, using various pretexts, hamper the implementation of the proposals of the developing and socialist countries for the stabilization of commodity markets. It is these corporations that seek to divert negotiations in UNCTAD from the conclusion of international commodity agreements and press for the consideration of other secondary issues that are not in keeping with the objectives of resolution 93 (IV).

An analysis of the main areas in which the developing countries have tried to bring about the normalization of international commodity trade reveals that the measures they have taken do not directly affect the interests of the transnational corporations, which continue to control positions in the commodity production and trade of the developing countries.

The socialist countries proceed from the assumption that the successful solution of the problem of normalizing international commodity markets depends to a considerable extent on how effectively the operations of transnational corporations are controlled and on the extent to which their penetration of the commodity branches of the economies of the developing countries is restricted.

6. The approach adopted by the socialist countries to commodity trade problems and, in this connexion, to the implementation of resolution 93 (IV), is conditioned by the fact that, as countries with planned economies, they are interested in restraining unpredictable market forces.

The socialist countries continue to support, as a matter of principle, the demands of the developing countries for a comprehensive solution to international commodity problems as part of the interrelated regulation of commodity production, processing and trade, as well as of international agreements on individual commodities.

The socialist countries attach particular importance to the achievement of agreement on international measures aimed at overcoming imbalances in commodity supply and demand, ensuring stable supplies of commodities, preventing excessive price fluctuations, doing away with the consequences of inflation, and putting an end once and for all to the dictation of prices by the monopolies.

7. The socialist countries continue, as in the past, to support the elaboration and conclusion of international community agreements, in which they see a basic means of stabilizing commodity markets. In the course of the application of the Integrated Programme, they have consistently advocated the conclusion of international commodity agreements on relevant commodities.

8. The low degree of effectiveness of the international commodity agreements in force and the one-sided approach, which overstates the role of buffer stocks, to the elaboration of the machinery of new international commodity agreements within the framework of the Integrated Programme for Commodities make it necessary to take a further critical look at international experience in the preparation and conclusion of such agreements and to draw the attention to the Conference once again to the proposals concerning the elements of a new type of international commodity agreement that are to be found in the joint

<sup>j</sup> *Proceedings... Fourth Session*, vol. I, annex V.

<sup>k</sup> *Ibid.*, annex VIII.F.

declaration by the socialist countries at the fourth session of the Conference.<sup>1</sup>

The socialist countries share the developing States' concern at the failure to achieve due progress in UNCTAD's work on the elaboration of international commodity agreements. The international commodity agreements now in force are remarkable for the low degree of their effectiveness. It is impossible not to be alarmed at the clear trend towards the "erosion" of the regulatory mechanisms of agreements. The socialist countries do not exclude the possibility of creating stocks of particular commodities in cases where this is recognized to be expedient as one of the means of stabilizing commodity markets and where it is closely correlated with other measures to that effect. The question of participation in the financing of buffer stocks should be decided in each specific case in the light of all the rights and obligations of the parties to the agreement concerned.

Being in favour of maintaining full freedom of action for random market forces, certain circles are directing their efforts towards eliminating the principal function of international commodity agreements—that of market stabilization.

9. In view of the foregoing, the socialist countries reaffirm their conviction that the organizational basis of the Integrated Programme must consist of a co-ordinated system of international stabilizing commodity agreements of a new type which take into account the special conditions on and the nature of the development and structure of the world market, and stimulate economic development in the developing countries.

The socialist countries are of the opinion that the basis for all the economic mechanisms of international commodity agreements must be minimum and maximum prices, binding on parties to the agreements, which could be subject to periodic review and, where necessary, adjustment; such adjustment should not, however, be automatic, but should take into account all current and long-term factors affecting the market in the commodity concerned.

Mutual undertakings by the parties to buy and sell in extreme price situations could be a most effective element in international commodity agreements. Particular attention should be given to the question of protecting the maximum price in periods of rapid price increases.

10. In keeping with the forms and methods corresponding to their social and economic system, the socialist countries organize their economic co-operation with developing countries in the commodity field on a long-term, stable basis. The characteristic feature of this co-operation is a durable and mutually beneficial division of labour. Further improvement of the system of long-term agreements, arrangements and contracts concluded at various levels and on the basis of the principle of reciprocity is viewed as an essential element in achieving a steady expansion in imports of commodities from the developing countries by the socialist countries.

The socialist countries aim at the conclusion of agreements that provide for a high level of mutual obligations. The comprehensive regulation of commodity-related com-

mercial, credit and scientific and technical relations effectively strengthens the planned basis of co-operation and increases the reliability of developing countries' exports and production of commodities. This process requires that the State should play an active role and that a strong State sector should be established in developing countries.

11. The schemes at present used for the stabilization of export earnings in relations between the developed capitalist countries and the developing countries cannot contribute effectively to any change in the position of the developing countries within the capitalist international division of labour. These schemes entail the danger of the perpetuation of one-sided development of production in and exports from developing countries, since the financial controls for which they provide function only if individual commodities maintain their prescribed share in total exports. Furthermore, the longer present schemes for stabilizing export earnings function, the greater the risk of an increase in the dependence of certain commodity-exporting developing countries on Western countries.

12. The socialist countries consider that, in accordance with the mandate given to the Conference in General Assembly resolution 1995 (XIX), the activities of UNCTAD should be more closely concentrated on the elucidation and solution of the fundamental problems of the restructuring of international economic relations in the field of commodities.

In this connexion, the socialist countries would also like to draw attention to the fact the effect of the *de facto* suspension of the work of the UNCTAD Committee on Commodities and the transfer of the whole subject to the *Ad hoc* Intergovernmental Committee for the Integrated Programme for Commodities has been that many important provisions in Conference resolution 93 (IV) and other UNCTAD resolutions have remained a dead letter. More vigorous efforts must be made to remedy this situation.

#### ROLE OF TRANSNATIONAL CORPORATIONS IN THE COMMODITY TRADE OF THE DEVELOPING COUNTRIES

Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics<sup>m</sup>

The transnational corporations engaged in the production of and foreign trade in commodities in the developing countries are one of the main obstacles to a radical restructuring of international economic relations in this sector of world trade. Transnational corporations appropriate to themselves a considerable share and, frequently, even the bulk of the developing countries' earnings both in the production and marketing of commodities through foreign trade channels. It is obvious that attention must be concentrated on this problem. The necessary conditions and prerequisites have been fulfilled sufficiently for this purpose.

<sup>m</sup> Document relating to agenda item 10 (a), issued at the Conference as TD/261.

<sup>1</sup> See foot-note k above

1. International activities in this field must not be unilateral. Reliance on collective measures aimed at stabilizing and developing the market exclusively within the framework of the Integrated Programme and the establishment of associations of commodity producers and exporters do not have the desired result of restraining transnational corporations which put down deep roots in the commodity production and foreign trade sectors of the developing countries.

2. The successful normalization of international commodity markets depends on how effectively the operations of foreign corporations are controlled and on the extent to which their penetration of the commodity sector of the developing countries' economy is curbed.

The warnings sounded in this connexion at the third and fourth sessions of the United Nations Conference on Trade and Development have been confirmed. The slow pace of the implementation of the agreed programme for the stabilization of international commodity markets is due primarily to the fact that the situation in many of these markets continues, as before, to be determined by the policy of international monopolies.

3. As a rule, transnational corporations control all stages of the production, marketing and transport of commodities, from their extraction, processing and transport to their marketing abroad—a situation which places the developing countries at a disadvantage in international commodity trade.

4. Several developing countries have succeeded in curbing the activities of transnational corporations to some extent by implementing measures aimed at the nationalization of enterprises in the production sector. However, similar measures relating to the processing, transport and marketing of commodities have been taken on a much smaller scale.

Owing to a shortage of technical and managerial personnel in the developing countries, dependence on transnational corporations continues even after nationalization, particularly with regard to the provision of services, marketing and the transfer of technology.

By establishing relations of a new kind with the producing countries, as by the conclusion of contracts on participation in production and the provision of services, which have replaced concessions for the production of commodities, transnational corporations have to a considerable extent succeeded in creating additional complications in the process of nationalizing enterprises in the commodity field and continue to control resources of raw materials.

5. As various methods of controlling the activities of foreign monopolies have been introduced in most of the developing countries, the former are changing their tactics and are proceeding to co-operate with national private and State capital in the developing countries—to invest capital without securing a controlling interest and to make portfolio investments.

6. In their penetration of the economy of the developing countries and establishment of control over production of and trade in commodities, transnational corporations rely on the political and economic support of certain Western Powers.

7. Through their dominant position, the transnational corporations preserve the old colonial structure in commodity trade between developed capitalist countries and developing countries and undermine the efforts made by the developing countries to develop a national industry based on the further processing of commodities.

The tariff and non-tariff trade barriers of the developed capitalist countries, which correspond to the interests of the monopolies, constitute serious obstacles to the development of further commodity processing in the developing countries.

8. In the course of increasing and maintaining their control over commodity production and foreign trade in the developing countries, transnational corporations rely on the subsidiaries of foreign banks, transport companies and shipping lines that they control.

9. Important elements of the global market strategy of the transnational corporations are:

(a) The establishment of international consortia with a view to preventing the possibility of any nationalization of the property of individual companies, controlling commodity markets through agreements between individual transnational corporations, and eliminating competition;

(b) Market sharing between subsidiaries and parent companies and between individual transnational corporations.

10. The share of intra-corporate trade in world trade as a whole and in commodity trade in particular is increasing, and amounts to more than one-half of all the international trading operations of the developing countries. The unilateral fixing of transfer prices by transnational corporations in their intra-corporate trade is one of the main methods they use to reap huge profits from the exploitation of the raw material resources of the developing countries.

11. The transnational corporations oppose one of the measures adopted by the developing countries, namely, the establishment of associations of exporting countries, stressing that it is the market itself which should determine the amount of raw material required and its prices, as well as the direction of direct investments abroad. At the same time, realizing that the establishment of such associations is inevitable, transnational corporations use every possible means to bring the activities of such associations under their control, acting mainly through the producer companies that they control.

12. The transnational corporations oppose measures aimed at stabilizing international commodity markets. Sharp price fluctuations, which are frequently the result of speculation by transnational corporations, enable them to make additional profits at the expense of both developing countries and the end consumer.

13. The transnational corporations display a negative attitude to the application of international commodity agreements. This is one of the reasons for the failure of some of these agreements and of the limited number of commodities covered by them. As might be expected, no progress whatever has been made in implementing the Integrated Programme with regard to the commodities most monopolized by transnational corporations.

14. The establishment of effective control over the activities of transnational corporations in the developing countries and the taking of measures to curb their activities and gradually to oust them from the national economies of the developing States as those countries make progressive social and economic changes are the most effective way of normalizing international commodity trade.

15. The socialist countries support measures which stress the need to include the following in the approach to the solution of commodity problems:

(a) Formulation of measures to establish control by developing countries over the activities of foreign capital in

the relevant sectors of their economies and the marketing network, and to eliminate the adverse effects of the activities of transnational corporations;

(b) Establishment of control over the pricing policy of transnational corporations;

(c) Formulation of rules and procedures for full and effective state control by the developing countries over the activities of transnational corporations;

(d) Establishment in the developing countries of national marketing organizations, the leading role in which should be played by state enterprises.

#### ***D. Review and evaluation of the generalized system of preferences***

##### **Joint statement by the People's Republic of Bulgaria, the Czechoslovak Socialist Republic, the Hungarian People's Republic, the Polish People's Republic and the Union of Soviet Socialist Republics on the elaboration of unified rules for determining the origin of goods from the developing countries<sup>n</sup>**

The socialist preference-giving countries (the People's Republic of Bulgaria, the Czechoslovak Socialist Republic, the Hungarian People's Republic, the Polish People's Republic and the Union of Soviet Socialist Republics) sympathize with the wish to improve the generalized system of preferences (GSP), which they regard as an important commercial and political instrument elaborated by UNCTAD for speeding up the independent development of the economy and particularly the processing industries of young States.

The socialist countries share the views of the developing States on the need to improve the GSP by increasing the range of goods covered by the preferential customs regime, removing quantitative restrictions for imports on preferential terms and improving the rules of origin of goods, thus increasing the possibilities offered to the developing States of benefiting from tariff preferences in trade.

The socialist countries have, throughout the past few years, followed with great attention the activities of the Working Group on Rules of Origin of the UNCTAD Special Committee on Preferences aimed at the harmonization and improvement of rules of origin in respect of goods from developing States.

In accordance with Conference resolution 96 (IV), section I.A, paragraph (a) (iv), which refers to the need for simplification, harmonization and improvement of the rules of origin of the generalized system of preferences, the

socialist countries undertook, during the period 1976-1978, intensive work on the unification of such rules. They strove to take the greatest possible account of the positive experience acquired at sessions of the Working Group on Rules of Origin, with a view to evolving the simplest and most convenient rules possible.

As a result, we are able to report today that the group of experts has completed its work on the preparation of the rules. The draft rules reflect the principal wishes of the developing States as expressed in the agreed conclusions contained in the report of the Working Group on its seventh session.<sup>o</sup>

The most important of those conclusions provide, in particular, for:

(a) A unified criterion of "value-added", allowance being made for up to 50 per cent of imported materials in the products of developing States;

(b) Adoption of the f.o.b. export price as the uniform method of evaluation of goods;

(c) Full cumulative treatment on a global basis;

(d) A unified certificate of origin (Form A);

(e) Duty-free import of goods from the least developed countries.

The drafting of legislation based on the document concerning rules of origin prepared by the experts from socialist countries will require additional time.

<sup>n</sup> Document relating to agenda item 11 (c), issued at the Conference as TD/620.

<sup>o</sup> "Report of the Working Group on Rules of Origin on its seventh session" (TD/B/C.5/62), chap. II.

### E. Transnational corporations and expansion of trade in manufactures and semi-manufactures

Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics<sup>P</sup>

The socialist countries attach great importance to the solution of the questions of principle posed in Conference resolution 97 (IV). It will be recalled that this resolution refers to the need to evolve specific measures to control the activities of transnational corporations and requests UNCTAD to extend full co-operation to the Commission on Transnational Corporations in matters arising in the fields, *inter alia*, of trade in manufactures and semi-manufactures and the transfer of technology. The unparalleled urgency and acuteness of the problems that exist in those fields are due above all to the fact that the transnational corporations of the developed capitalist countries, which, through their overseas subsidiaries and divisions and firms under their control, occupy a predominant position in a number of sectors and specific markets in other countries, indulge in restrictive business practices, intervene *de facto* in the internal affairs of their host countries, violate those countries' sovereignty over their natural resources, and disorganize the economic and social policy and development plans of the developing countries. The pernicious consequences in a number of developing countries of the uncontrolled activities of transnational corporations show the danger that underlies the large-scale attraction of foreign capital, particularly through the medium of transnational corporations. The situation is further aggravated by the fact that the economic, scientific and technical potential of transnational corporations is not infrequently used to exert economic and political pressure on the receiving countries, especially through the withdrawal or the threat of withdrawal of investment, the creation of artificial supply interruptions, and the running down or closure of enterprises, etc. In this respect, transnational corporations represent the material foundation of neo-colonialism, a system of international relations based on inequality, diktat and exploitation.

Guided by selfish interests, the monopolistic circles are striving to attenuate and, where possible, completely to still the growing world-wide criticism of transnational corporations as the main vectors of inequitable international economic relations. Attempts are being made to whitewash and embellish the activities of transnational corporations and to ascribe to these corporations—the commonly known facts notwithstanding—a “positive contribution” to and a “beneficial role” in the social and economic development of the developing countries. Whilst they acknowledge the presence in the activities of transnational corporations of a few negative features, these circles try at the same time to prove that “improper” forms and methods of monopolistic domination of the markets of other countries are employed not only by transnational corporations but also by “ordinary” firms, and that the transnational corporations are in themselves a world-wide, universal phenomenon, which, they allege, is inherent in all countries and all social and economic systems. Attempts are being made, by means

of an uncommonly broad interpretation of the expression “transnational corporation”, to lump together under that term as many different enterprises as possible, so as to render the criticism of transnational corporations more diffuse and to remove from them the burden of direct responsibility for the harm which has been caused in the past and which is being caused at this moment to the trade and development of developing countries.

There is also cause for concern in the fact that the transnational corporations work actively to establish special machinery (associations, committees, groups, etc.) which enables them to exert a direct influence not only on the government organs of the receiving countries, but also on the activities of international organizations, with a view to shaping those activities in a manner beneficial to themselves. The socialist countries consider that such lobbying by the transnational corporations is inadmissible and are firmly opposed to all attempts to build the driving mechanisms of international monopolies into the United Nations system.

In the circumstances, it becomes particularly important to evolve, on an international scale and at the national level, measures to control the activities of transnational corporations and so put an end to their negative influence on the economic, social and political situations in developing countries and on international economic relations in general.

The socialist countries view the elaboration and adoption, pursuant to Economic and Social Council resolution 1913 (LVII), of a code of conduct dealing with transnational corporations as an important stage in the implementation of the decisions of the sixth special session and the twenty-ninth regular session of the United Nations General Assembly aimed at the restructuring of international economic relations on a just and democratic basis. At the same time, the socialist countries express concern at the absence of significant progress in the work of the Commission on Transnational Corporations and at the recently intensified attempts to transform the code of conduct for transnational corporations from a document designed to halt the illegal activities of such corporations into a sort of charter of the rights of transnational corporations and of international guarantees of protection for their capital investments in other countries.

Guided by their fundamental policy of improving international economic relations and supporting the just and progressive demands of developing countries in their struggle to build up independent national economies, the socialist countries consider that of the important and urgent tasks of UNCTAD should be to give effect to the right of each State, as proclaimed in the Charter of Economic Rights and Duties of States, “to regulate and supervise the activities of transnational corporations within its national jurisdiction and take measures to ensure that such activities

<sup>P</sup> Document relating to agenda item 11 (d), issued at the Conference as TD/262 and Corr.1.

comply with its laws, rules and regulations and conform with its economic and social policies".<sup>9</sup>

The socialist countries therefore deem it desirable that UNCTAD should intensify and speed up the work of those of its organs (the Committee on Commodities, the Committee on Manufactures, the Committee on Transfer of Technology, etc.) which are connected with the elaboration, at the international level, of measures to control the activities of transnational corporations and to put an end to such actions thereof as are or may be harmful to the trade and development of the developing countries. In this connexion, the socialist countries would also consider it desirable for UNCTAD to participate on a much larger scale in the work of the United Nations Commission on Transnational Corporations, with a view to ensuring that UNCTAD makes an effective contribution to the work of

<sup>9</sup> General Assembly resolution 3281 (XXIX) of 12 December 1974, art. 2, para. 2 (b).

### **F. Measures to augment the net flow and improve the conditions of resource transfers from developed to developing countries**

#### THE NEGATIVE CONSEQUENCES OF THE ACTIVITIES OF FOREIGN PRIVATE CAPITAL IN THE DEVELOPING COUNTRIES

Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics<sup>f</sup>

In connexion with the discussion of the agenda item on the flow of private capital and the draft resolution entitled "The outflow of financial resources from developing countries as the result of the activities of foreign private capital"<sup>g</sup> the delegations of the socialist countries consider it necessary to draw attention to the negative consequences of the activities of foreign private capital in the developing countries.

1. In recent years the expansion of foreign private capital in the developing countries has increased sharply, thus causing them enormous and steadily increasing harm. The results of this expansion not only constitute a heavy burden on the liberated countries at the present time but also threaten to have even more serious negative consequences in the future.

2. Foreign private capital and its transnational corporations are emerging as one of the main opponents to the restructuring of present international economic relations on a just, equitable and democratic basis. The transnational corporations are endeavouring to create an international economic "order" of a kind which would act as a brake on economic decolonization and the achievement of far-reaching progressive social and economic transformations, and as an obstacle on the road to the independent develop-

ment of the liberated countries of Asia, Africa and Latin America.

3. The activities of foreign private capital contribute to the maintenance and perpetuation of the inequitable system of the international division of labour in which the most modern and efficient branches of production are being concentrated in the developed capitalist States, while the share left to the developing countries consists of the production and initial processing of raw materials and the production of types of manufactures with less favourable market prospects. The facts demonstrate that this system of the international division of labour not only fails to reduce but, on the contrary, increases still further the discrepancy in levels of economic development between the developed capitalist States and the developing countries.

4. The consolidation of the foothold secured by foreign private capital in the economy of the developing countries increases the dependence of these countries on the centres of the world capitalist economy, frustrates prospects of developing co-operation between the developing countries, and hampers the expansion of equitable and mutually beneficial relations between the developing countries and the socialist countries.

5. The penetration of foreign private capital into the developing countries is accompanied by the wasteful use of the natural wealth of these countries. Using their financial and technological might and making extensive use of restrictive business practices, foreign private companies undermine independent national and, above all, State entrepreneurship in those countries. In the absence of proper control, foreign private capital derives the main benefits from the export of raw materials and finished products from the developing countries and from the expansion of operations connected with industrial co-operation and the transfer of technology.

6. The expansion of foreign private capital, which deprives the developing countries of favourable oppor-

<sup>f</sup> Document relating to agenda item 12 (b), issued at the Conference as TD/266.

<sup>g</sup> TD(V)/NG.IV/CRP.7, reproduced below.



tunities of making greater use of the advantages offered by international exchanges and restrains the development of their national entrepreneurship, at the same time leads to the siphoning-off of enormous resources from these countries and to the weakening of their economic base.

Direct foreign private investments continue to be concentrated in the most profitable branches of the economy of the developing countries. The average rate of profits, for example, of American companies in the developing countries has, according to official United States sources, in the past few years been more than twice as large as the level of profits in the developed capitalist countries. As may be seen from the report by the UNCTAD secretariat on capital flows to developing countries,<sup>1</sup> foreign private companies, according to incomplete data for 1970-1977, transferred \$72.2 billion from the developing countries in the form of profits alone—an amount which was 1.8 times greater than the inflow of new, direct private investment. To the transfer of these profits must be added payments by the developing countries for the foreign technology they received which, in the mid-1970s, amounted to \$3.5 billion per year and constituted, to a considerable extent, a concealed form of export of profits by private foreign companies.

7. Experiencing serious monetary and financial difficulties, the developing countries have been increasingly obliged to have recourse to expensive private credits and loans, which are also characterized by relatively short repayment periods. Payments by developing countries in respect of their foreign indebtedness rose from \$9 billion in 1970 to \$31.3 billion in 1978; the proportion of those payments which went to private credit sources amounted to 59.9 per cent in 1970 and as much as 63.2 per cent in 1976. These payments constitute an additional burden on the economies of the liberated countries.

8. The outflow of monetary and financial resources from the developing countries to the developed capitalist States through foreign private capital channels is increasing steadily each year. It has become one of the main reasons for the deterioration of the monetary and financial situation of the liberated countries and the aggravation of their external indebtedness problem. The transfer of declared profits alone on foreign direct private investment for 1970-1977 exceeded the total bilateral official development assistance granted during those years by Western countries. If account is also taken, even roughly, of the interest, dividends and hidden profits of foreign banks and companies, it will be seen that the developing countries paid the developed capitalist States an amount several times greater than the sum they received from them in the form of bilateral official development assistance.

9. The current situation and emerging trends underscore the danger of a conciliatory attitude to the expansion of foreign private capital in the developing countries which is likely to cause a serious setback in the struggle to overcome backwardness and to strengthen the economic independence of these countries. In the present circumstances, it is becoming particularly urgent to take measures designed to prevent and to limit the unfavourable consequences for the developing countries of the activities of foreign private

capital and to subordinate such capital to the national development interests of the developing countries.

10. In the opinion of the socialist countries, these goals would be met in the monetary and financial sphere by the:

(a) Elimination of the tax, credit and monetary advantages enjoyed by foreign private capital in the developing countries;

(b) Limitation of the rate of profit made by foreign private companies to the average level of the country concerned and the branch of its economy;

(c) Improvement of the conditions under which the developing countries receive loans and credits on international capital markets.

All this would help to reduce the outflow of monetary and financial resources from the developing countries and strengthen their economic situation.

11. UNCTAD is called upon to make its contribution to the cause of limiting the negative influence of foreign private capital on the development of the economies of the developing countries; however, in recent years, since the third session of the Conference at Santiago in 1973, UNCTAD has failed to deal specifically with this problem. During the intervening period, substantial changes have occurred in the world economy. In these conditions, it would be extremely valuable to draw general conclusions from the experience of various developing countries and to elaborate proposals concerning the necessary measures to be taken at the international and national levels to control the activities of foreign private capital and to restrict the outflow of monetary and financial resources from the developing countries to the developed capitalist States.

#### FLOW OF PRIVATE CAPITAL: THE OUTFLOW OF FINANCIAL RESOURCES FROM DEVELOPING COUNTRIES AS THE RESULT OF THE ACTIVITIES OF FOREIGN PRIVATE CAPITAL

Draft resolution submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics<sup>u</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* Conference resolution 56 (III) of 19 May 1972,

*Noting* the influence of the outflow of financial resources on developing countries' efforts to develop their economies, and bearing in mind the link between trade, finances and monetary issues,

*Recognizing* the competence of the United Nations Conference on Trade and Development to evaluate the

<sup>u</sup> Draft resolution relating to agenda item 12 (b) (ii), submitted in Negotiating Group IV as a conference room paper (TD(V)/NG.IV/CRP.7). See part two of this volume, para. 132.

<sup>1</sup> TD/B/C.3/158.

extent of the outflow of resources from developing countries in the form of profits, dividends and interest on foreign private investment and private loans,

1. *Requests* the Secretary-General of UNCTAD to prepare a study of the questions of the outflow of financial resources from developing countries in the form of profits, dividends and interest on foreign private investment and

private loans and to submit that study to the Trade and Development Board at its twentieth session;

2. *Recommends* that the Trade and Development Board should convene a group of government experts to study the financial consequences of the activities of foreign private capital in developing countries and possible ways and means of reducing the drain of financial resources from developing countries in the form of profits, dividends and interest on foreign private investment and private loans.

### **G. Participation of developing countries in world shipping and the development of their merchant marines**

**Statement submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics<sup>v</sup>**

1. The consideration of item 14 (b) of the agenda of the fifth session of the United Nations Conference on Trade and Development, concerning the participation of developing countries in world shipping and the development of their merchant marines, has shown the correctness of the conclusions in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations (TD/236),<sup>w</sup> which noted that the situation remained far from satisfactory in this field. Progress towards a solution of this problem within the framework of the International Development Strategy for the Second United Nations Development Decade<sup>x</sup> and the Programme of Action on the Establishment of a New International Economic Order<sup>y</sup> has come to a virtual halt.

The transnational corporations are increasingly monopolizing the carriage of commodities by using their own fleets under flags of open registry. In sectors outside the activity of transnational corporations, shipowners operating open-registry vessels occupy a dominant position in the freight markets (see TD/249z).

These negative factors, which hinder the efforts of the developing countries to develop their own merchant fleets and thus ensure the independence of their national external trade from the transportation standpoint, have been further aggravated by the critical surplus situation in the world merchant fleet.

2. The shipowners of the developed capitalist countries and transnational corporations now control, through their national fleets and open-registry vessels, about 85 per cent of world tonnage (566.5 million dwt as at 1 July 1978). These figures leave no doubt about the fact that the depression affecting the freight markets is the direct result of the uncontrolled processes of the capitalist system of production, which cause serious damage to the harmonious

development of international relations in the field of world shipping.

The uncontrolled, chaotic and sometimes speculative placing of orders for the construction of new vessels has led to a considerable surplus in the supply of shipping services in relation to real demand, which has been particularly sensitive in the conditions of economic depression in the capitalist countries and of general financial instability. International shipping is now experiencing a profound and protracted crisis. According to well-informed sources, the cargo-carrying capacity of the world fleet now exceeds demand by 20 to 25 per cent, which is almost double the total tonnage of developing and socialist countries together.

3. The main obstacle which the developing countries face in establishing their own fleets, particularly for the export of their commodities, has been the system of open registry, which is widely used by the transnational corporations in order to maximize their profits. The fact that bulk cargo carriage has been increasingly excluded from the sphere of market conditions and is being run as an internal operation by the corporations themselves has given rise to a system of transport to which the developing countries are denied access. The notion, based on freight rates dictated by the headquarters of transnational corporations, that the participation of the national merchant fleets of the developing countries in commodity transport is "uneconomical" has been gaining ground in countries members of UNCTAD. This idea is actively supported by the so-called "independent" shipowners of the capitalist States who operate open-registry fleets.

4. The system of open registry is used not only as an economic barrier which prevents the equitable participation of the developing countries in bulk cargo carriage but also as a political instrument aimed at undermining the United Nations decisions concerning the economic sanctions against the regimes in southern Africa that practise *apartheid* as an official policy. There are many well-known instances in which open-registry vessels have delivered commodities to the racist regimes. These operations have attracted the attention of the United Nations Commission on Human Rights at its meeting in Geneva; they reveal yet another flaw in the system of open registry.

<sup>v</sup> Document relating to agenda item 14 (b), issued at the Conference as TD/267.

<sup>w</sup> See annex VI above.

<sup>x</sup> General Assembly resolution 2626 (XXV) of 24 October 1970.

<sup>y</sup> General Assembly resolution 3202 (S-VI) of 1 May 1974.

<sup>z</sup> See section A of this annex.

5. The establishment of a new international economic order in the shipping field as well will be possible only if account is clearly taken of the urgent need to halt the monopolization of commodity trade and shipping services.

The first concrete step to be taken to ensure the creation of conditions for a harmonious development of the merchant fleet of each State and its participation in the carriage of the cargo of its national external trade could be the elaboration within the framework of UNCTAD of a draft international convention covering a broad range of economic problems facing modern shipping.

6. Such a convention could include, for example, the following basic principles:

(a) The right of every national fleet to an equitable share in the carriage of the external trade cargo of its country;

(b) Co-operation between States in the training of specialists in the maritime trades and in shipping management;

(c) Criteria to be followed to determine the existence of a genuine link between a vessel and its country of registry;

(d) Registration rules for merchant vessels flying national flags, with a view to avoiding an uncontrolled expansion of the world's merchant fleet and a recurrence of

the crises due to surplus tonnages such as that occurring at present in world shipping;

(e) Provisions concerning the gradual abolition of the system of open registry as an instrument designed to block the structural changes that need to be made in world shipping in the interest of the developing countries.

7. It is quite obvious that there can be no spontaneous improvement in the existing conditions, which prevent the equitable participation of developing countries in international shipping. The task of UNCTAD is to take measures to encourage positive changes in international economic relations in the shipping field on just and equitable bases.

In addition, it must be stressed that the unilateral actions by individual States or groups of countries in the international shipping field, in any one of the above-mentioned areas in which problems exist, can only lead to an increase in protectionism and restrictive business practices, which will cause further damage to both shipping and world trade as a whole.

The countries submitting this statement consider it necessary to continue, within the framework of UNCTAD, to consider the question of the participation of developing countries in world shipping and the development of their merchant fleets, with a view to reaching a global solution to existing problems in this field and to elaborating a mechanism for its implementation.

#### H. *Least developed among developing countries*

**Statement submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics<sup>aa</sup>**

The socialist countries of Group D view with understanding the aspirations of the developing countries concerning the granting of particularly favourable treatment for the least developed countries.

The serious difficulties encountered in the economic development of the least developed countries have been caused by colonialism, the contemporary neo-colonialist policy of capitalism, and the inequitable position of those countries in the international capitalist economic system, which is dominated by the transnational corporations and other large monopolies. Economic and monetary crises and chronic inflation in the capitalist world have extremely adverse effects on the economy and social conditions of the least developed countries. It can be stated quite unequivocally that the overwhelming majority of the least developed countries are countries which have suffered the most from colonialism, neo-colonialism and the consequences of the crisis of the 1970s.

The capitalist countries and monopolies have a responsibility to make good the wrongs suffered by the least developed as well as the other developing countries. The socialist countries, as they have pointed out on several occasions in various international forums, including sessions

of the United Nations Conference on Trade and Development, cannot, for reasons of principle agree to assume any general obligations entailing the provision of assistance to the developing countries over and above the commitments for which provision is made within the framework of agreements concluded between them and the developing countries.

The socialist countries of Group D, recognizing the difficult situation of the least developed countries, actively co-operate with them on the basis of equality, respect for sovereignty and non-interference in internal affairs in the creation and development of their national economies. The socialist countries have developed close and friendly relations involving co-operation in various fields with a number of them.

The economic and technical assistance provided by the Group D countries helps to build up in the least developed countries the production sector of their national economy: the creation and development of branches of industry and power, agriculture, transport, communications, and housing construction, and the improvement of public health, education and cultural services. With the economic and technical assistance provided by the socialist countries of Group D to the least developed countries up to 1978, more than 250 industrial enterprises and other projects have, in accordance with intergovernmental agreements, been constructed and begun operation, and at the present time

<sup>aa</sup> Statement relating to agenda item 15, issued at the Conference as TD/264 and Corr.1.

over 150 others are either under construction or soon to be built. All these activities are aimed at improving conditions of reproduction in the least developed countries and at eliminating their dependence on the transnational corporations.

The technical and economic assistance furnished is comprehensive: it covers the design, construction, commissioning and servicing of industrial and other economic projects, as well as the exploration of ways and means of marketing the goods produced. Such co-operation helps the least developed countries to solve the problems of industrial development, consolidate the State sector of their economy, and expand the material basis for social progress in accordance with planned economic development.

The enterprises and other projects constructed or under construction with the assistance of the Group D countries are fully owned by the least developed countries. All the profits realized from operations can be used for the further development of their economies.

In view of the importance of making optimum use of the natural resources of the least developed countries in the economic development process, the socialist countries of Group D are assisting in geological prospecting activities, which have led to the discovery of deposits of various useful minerals that are completely at the disposal of the least developed countries themselves. Assistance is also provided for the creation of national geological prospecting services capable of continuing work in this field on an independent basis.

One of the main aspects of co-operation in the sphere of infrastructure is the development of transport: the construction of modern roads and railways, bridges, goods-handling facilities at ports and railways stations, and the development of pipeline transport.

With the assistance of the socialist countries of Group D, more than 160,000 skilled workers and middle-level and higher-level specialists have been trained to meet the needs of the national economies of the least developed countries.

The socialist countries of Group D offer the least developed countries long-term State and commercial loans on favourable terms to enable them to pay for their purchases of machinery and equipment and for the services provided. The loans are repaid primarily by deliveries of part of the goods produced at the newly constructed enterprises and by traditional export items, which facilitates the least developed countries' accounting in respect of their loans and assures them of a stable market for their products. The co-operating parties have every opportunity to devise in their bilateral relations, whenever necessary, mutually acceptable solutions to financial and monetary questions, including questions relating to conditions and procedures for the reimbursement of loans. If necessary, the socialist States follow in their relations with least developed countries the practice of extending to them preferential treatment in the form of long-term loans with preferential repayment dates and interest-free loans. Subject to agreement between the parties, they also practice the deferment of loan repayments and, in special cases, even the writing-off of loan indebtedness. A number of the least developed countries have received non-reimbursable assistance from the socialist countries.

Trade between the Group D countries and the least developed countries has been growing rapidly: in 1978, the

total trade turnover of this group of countries was two-thirds higher than in 1975. The circle of trading partners has been widened through the involvement in trade with the socialist countries of new partners from among the least developed countries. Long-term agreements and contracts are a major factor in the expansion of the least developed countries' exports to the socialist States and of their trade in general.

An essential part of the socialist countries' exports to least developed countries consists of machinery and equipment, including equipment for the power, metal-working, engineering and agricultural industries; road-building and handling machinery; equipment for geological surveys and drilling and for soil improvement and irrigation; instruments and laboratory equipment; and motor vehicles and aircraft equipment.

The Group D countries are steadily increasing their imports from the least developed countries both of those countries' traditional export items and of new products from chemical and textile plants and from the light engineering and food sectors, particularly from plants built with their assistance.

In the period since the fourth session of the Conference, the countries of Group D have each extended and improved their autonomous systems of general preferences in favour of the least developed countries. Bulgaria, Czechoslovakia, Hungary and Poland have freed from customs duties all goods imported from and produced in the least developed countries. As long ago as 1965, the USSR abolished customs duties on goods imported from developing countries, including those from the least developed countries. The German Democratic Republic, which does not have customs duties, employs other incentive measures.

Acting in the spirit of Conference resolution 96 (IV), which calls for the harmonization and simplification of rules of origin, the Group D socialist countries have been able to announce at the fifth session of the Conference their introduction of a set of unified and simplified rules of origin which take into account the specific interests of the least developed countries and are helping to increase their exports to the socialist countries.

Success in overcoming the economic backwardness of the least developed countries presupposes the exercise by those countries of complete national sovereignty in the establishment of their economic and social development plans and programmes, as stipulated in the Charter of Economic Rights and Duties of States<sup>bb</sup> and other United Nations documents relating to the establishment of a new international economic order. In this connexion, the socialist States of Group D consider that any international plans and programmes for assisting least developed countries with their economic development should be based on those countries' national plans and programmes.

The socialist countries of Group D intend to continue, in accordance with their abilities, to develop commercial and economic co-operation with interested least developed countries with a view to promoting the development of independent national economies in those countries and ensuring for them equitable participation in the international division of labour.

<sup>bb</sup> General Assembly resolution 3281 (XXIX) of 12 December 1974.

## Annex VIII

### STATEMENTS ON SUGAR<sup>a</sup>

#### *A. Statement by Cuba on behalf of the States Members of the Group of 77<sup>b</sup>*

1. The International Sugar Agreement of 1977 was negotiated under the auspices of UNCTAD pursuant to Conference resolution 93 (IV). Nevertheless, it has so far been impossible to achieve its fundamental objectives. The prevailing world market prices are very far from the minimum price levels indicated in the said Agreement. This situation is detrimental to all the exporting countries, but more especially to the developing countries, which are highly dependent on exports of sugar.

2. The most serious problem which faces the Agreement is the lack of participation by the European Economic Community. We have heard various representatives of the member countries of the Community state at this Conference that they support the conclusion of commodity agreements. These statements are in clear contradiction with their attitude towards the Sugar Agreement and with their sales policy based on heavy subsidization in the world sugar market.

3. Far from restricting its exports since the negotiation of the Agreement, the Community has increased them considerably through subsidized sales, bringing market prices down at a time when the exporting Members, and particularly the developing countries, are subjecting themselves to strict market discipline. EEC exports rose from an average of 295,000 tonnes in 1971-1975 to more than three million tonnes in 1978. We think there is no justification of any kind for this increase. If the Community really wishes

to demonstrate that it is sincere in its support for commodity agreements and for the Integrated Programme, we urge it to do so by deeds, not words. Only if it participates effectively in the Sugar Agreement will it be recognized as possessing a genuine desire for international co-operation in the field of commodities.

4. Like all such agreements, the Sugar Agreement was the result of a delicate negotiating process. The exporting Members have complied with their obligations, limited their exports and accumulated special stocks in accordance with the requirements of the Agreement, despite the fact that article 51, which provides for financial assistance in the maintenance of such stocks through contributions from both sides, has not yet come into force. The fact that this mechanism is not yet being applied imposes a heavy sacrifice on the exporting countries by destroying the balance of rights and obligations which they accepted in the 1977 negotiations.

5. This requirement is not applied because the principal importing Member—the United States of America—has not yet completed the process of ratifying the Agreement. It is essential that this country should demonstrate its effective support for the Agreement by ratifying it. We know that the United States is in the process of defining its own sugar policy, and cannot refrain from expressing our concern at the nature of the bills under consideration, which are essentially protectionist in that they increase the already exorbitant tariffs and surcharges even further. Moreover, the delay in ratification has a psychological effect on the effectiveness and prospects of the Agreement.

<sup>a</sup> See part two of this volume, paragraphs 75-76.

<sup>b</sup> Issued at the Conference as TD/L.177.

#### *B. Statement made at the 171st plenary meeting by the representative of France on behalf of the States Members of the European Economic Community*

Our attention has just been drawn to the statement on sugar submitted by Cuba on behalf of the Group of 77 charging the European Economic Community with the responsibility for the serious situation of the sugar market.

On behalf of the EEC, I am obliged to respond to these allegations and shall do so briefly.

1. The EEC participated in the United Nations Sugar Conference of 1977. At that time, it formulated new proposals setting aside the quota system, which could not solve the problems of the market. It also proposed a more realistic price range than the one which was adopted.

Nevertheless, since these suggestions were not taken into consideration, EEC offered, in conformity with its internal regulations, which include limitations on any excessive expansion of production, to enter into commitments equivalent to those taken by the countries signatory to the Agreement.

This offer was renewed in December 1978 in the International Sugar Organization but was not discussed.

2. The Community is not responsible for the decline in world prices. The restitutions it grants are calculated in terms of the market price.

3. The statement by Cuba neglected to say that EEC has undertaken to import every year, in application of the Lomé Convention, 1,400,000 tonnes of sugar from the countries of Africa, the Caribbean and the Pacific associated with the EEC, and at a price level equivalent to

the EEC intervention price. While some may feel that these prices are too high and uneconomical, I am convinced that these developing countries, which are thereby assured outlets for their production at a very satisfactory price, do not share that opinion.

## Annex IX

### REPORT OF THE CREDENTIALS COMMITTEE<sup>a</sup>

1. At its 146th plenary meeting on 7 May 1979 the United Nations Conference on Trade and Development, in accordance with rule 14 of its rules of procedure, appointed a Credentials Committee for its fifth session consisting of the following member States: China, Denmark, India, Sierra Leone, Suriname, Thailand, Union of Soviet Socialist Republics, United States of America, and Zaire.

2. The Credentials Committee met on 1 June 1979.

3. The meeting was convened by Mr. M. Xuto (Thailand), Vice-President of the Conference.

4. Mr. K. Nandoe (Suriname) was elected Chairman.

5. The UNCTAD secretariat informed the Committee that formal credentials issued by the Head of State or Government or by the Minister for Foreign Affairs, as required under rule 13 of the rules of procedure of the Conference, had been submitted to the Secretary-General of the Conference in respect of the representatives of the 144 member States attending the Conference with the exception of Uganda: the delegation concerned had given assurances that credentials in due and proper form under rule 13 would be submitted at the earliest possible date.

6. The representative of the Union of Soviet Socialist Republics objected to the acceptance of the credentials of the delegation of Democratic Kampuchea, stating that, in the view of the Soviet delegation, those credentials were null and void.

7. The representative of China objected to the statement by the representative of the Union of Soviet Socialist Republics, stating that, in the view of the Chinese delegation, the credentials of Democratic Kampuchea were valid.

8. The Chairman noted that the views and reservations summarized in paragraphs 6 and 7 above would be reflected in the report of the Committee.

9. The Chairman suggested that the Committee should take note of the information provided by the secretariat and, in connexion with the credentials of the representative of Uganda which had not yet been submitted in due form, the Chairman proposed that the Committee accept provisionally the assurances given, on the understanding that credentials in conformity with rule 13 would be promptly submitted to the Secretary-General of the Conference.

10. The Committee agreed to this procedure.

11. The Chairman then proposed the adoption of the following draft resolution:

*"The Credentials Committee,*

*"Having examined the credentials of the representatives to the fifth session of the United Nations Conference on Trade and Development,*

*"Accepts, under the terms of rule 14 of the rules of procedure of the Conference, the credentials of the representatives to the fifth session of the Conference and recommends to the Conference that it approve the report of the Credentials Committee."*

12. The Committee adopted the above draft resolution.

#### **Recommendation by the Credentials Committee**

13. The Credentials Committee therefore recommends to the Conference the adoption of the following draft resolution:

#### **"CREDENTIALS OF REPRESENTATIVES TO THE FIFTH SESSION OF THE CONFERENCE"**

*"The United Nations Conference on Trade and Development*

*"Approves the report of the Credentials Committee."*<sup>b</sup>

<sup>a</sup> Distributed at the Conference as TD/265.

<sup>b</sup> For the text adopted, see part one of this volume, resolution 133 (V).

## Annex X

### FINANCIAL IMPLICATIONS OF THE ACTIONS OF THE CONFERENCE AT ITS FIFTH SESSION<sup>a</sup>

1. Financial Regulation 13.1 of the United Nations determines that no Council, Commission or other competent body shall take a decision involving either an administrative change in a programme approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the administrative and financial implications of the proposal. The United Nations Conference on Trade and Development has accordingly been provided with a statement of administrative and financial implications for each draft resolution where such implications arise. These are summarized in appendix 1. The detailed statements are reproduced in appendix 2.

2. Statements of administrative and financial implications have been submitted for each resolution and decision calling for new activities or an intensification of existing ones, and those concerned with the convening of meetings not previously scheduled or called for under existing mandates. The statements submitted comprise full direct costs to the UNCTAD secretariat of the relevant work item and the estimates contained therein are therefore not necessarily in addition to existing resources. The estimates for meetings include direct costs of meeting services based on established standard costs.

3. Following the conclusion of the Conference the full impact of all its resolutions and decisions will be reviewed in total by the UNCTAD secretariat and will be reflected in the proposed biennial programme budget for 1980-1981 to be submitted to the thirty-fourth session of the General Assembly. In preparing his programme budget proposals for 1980-1981 for submission to the Secretary-General of the United Nations, the Secretary-General of UNCTAD will relate the new mandates given to him by the Conference, as well as ongoing activities, to existing resources. The Secretary-General of the United Nations will then determine, after consultation with the Secretary-General of UNCTAD, to what extent additional resources would be requested from the General Assembly.

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<sup>a</sup> Revised version of text issued as TD/L.183.



## APPENDICES

## Appendix 1

## SUMMARY OF FINANCIAL IMPLICATIONS

Agenda item	Section of appendix 2 containing detailed statement	Resolution or decision	Title	UNCTAD	Conference	Other	Total
				secretariat expenses (per year)	servicing costs		
				(In dollars)			
13 (d)	A	102 (V)	Development aspects of the reverse transfer of technology . . . . .	91 400	—	—	91 400
11 (b)	B	103 (V)	Restrictive business practices . . . . .	617 000	—	—	617 000
14 (a)	C	106 (V)	Developments pertaining to the Convention on a Code of Conduct for Liner Conferences . . . . .	71 400	—	—	71 400
13 (c)	D	112 (V)	Strengthening the technological capacity of developing countries including accelerating their technological transformation . . . . .	1 388 400	36 000	—	1 424 400
13 (a)	E	113 (V)	International code of conduct on the transfer of technology . . . . .	—	46 000	—	46 000
19	F	114 (V)	Institutional issues . . . . .	—	65 000	—	65 000
19	G	115 (V)	Use of the Arabic language . . . . .	28 500	3 392 000*	—	3 420 500
14 (b)	H	120 (V)	Participation of developing countries in world shipping and the development of their merchant marines . . . . .	76 400	213 000	—	289 400
14 (b)	I	121 (V)	Ship financing and technical assistance . . . . .	206 500	—	—	206 500
15	J	122 (V)	Comprehensive New Programme of Action for the Least Developed Countries . . . . .	1 196 000	—	—	1 196 000
10 (a)	K	124 (V)	Integrated Programme for Commodities . . . . .	1 792 000	4 966 000	(2 500 000)	6 758 000
10 (a)	L	125 (V)	Complementary facility for commodity-related shortfalls in export earnings . . . . .	30 000	—	—	30 000
18	M	127 (V)	Economic co-operation among developing countries . . . . .	1 119 300	382 000	—	1 501 300
12 (a)	N	128 (V)	International monetary reform . . . . .	77 000	—	—	77 000
9 (a)	O	131 (V)	Protectionism and structural change . . . . .	615 400	—	—	615 400

\* Indicative estimate

## Appendix 2

## DETAILED STATEMENTS OF FINANCIAL IMPLICATIONS

**A. Resolution 102 (V): Development aspects of the reverse transfer of technology (agenda item 13 (d))<sup>a</sup>**

1. The resolution on development aspects of the reverse transfer of technology calls for a number of studies by the UNCTAD secretariat under paragraph 7; at the same time it is expected that UNCTAD would be involved in work to be done within the framework of the United Nations system under paragraphs 5, 6, 9 and 10.

2. It is estimated that the full direct cost of the work called for from the UNCTAD secretariat under this resolution at this stage would amount to \$91,400 i.e., 12 work months of professional staff time at the P-4 level costing \$61,400 plus 6 work months of consultant services estimated at \$30,000. Consultant services would be required in particular for studies on the experiences and policies of individual countries as called for under paragraph 7 (a) of the resolution and studies called for under paragraph 7 (c) thereof.

**B. Resolution 103 (V): Restrictive business practices (agenda item 11 (b))<sup>b</sup>**

1. Under paragraph 2 of the resolution on restrictive business practices, a decision is taken to hold the United Nations Conference on Restrictive Business Practices in the last quarter of 1979. When the General Assembly decided, in resolution 33/153, to convene the Conference, it took note of the related statement of financial implications amounting to \$521,200.

2. Paragraphs 4 to 8 of the resolution call for specific action, including intensification of UNCTAD's work in the area of restrictive business practices. The financial implications of the related work programme in terms of full direct cost, including existing resources, for substantive work are estimated at \$617,000, as outlined below.

3. The work for collection and dissemination of information on restrictive business practices called for under paragraph 4 (a) of the resolution is estimated to require 24 work-months of professional staff time a year at the P-3/P-4 level, costing \$112,300.

4. The work connected with the elaboration of a model law or laws on restrictive business practices called for in para. 4 (b) of the resolution would continue to require 12 work-months of professional staff time a year at the P-4 level, costing \$61,400.

5. It is estimated that the programmes and substantive back-stopping of technical co-operation programmes and projects envisaged under paragraph 5 of the resolution would require six work-months of professional staff at the P-3 level, costing \$25,500.

6. It is anticipated that work connected with the principles and rules on restrictive business practices and the related servicing of institutional machinery that might be recommended by the United Nations Conference on Restrictive Business Practices through the General Assembly to the Trade and Development Board in accordance with paragraph 7 of the resolution would continue to require 24 work-months of professional staff time a year at the P-4/P-5 level, costing \$132,900.

7. Paragraph 8 of the resolution requests the Secretary-General of UNCTAD to undertake studies in the field of restrictive business practices concerning, especially, marketing and distribution arrangements and exclusive dealing arrangements. It is estimated that this work would require 18 work-months of professional staff time a year at the P-3/P-4 level, costing \$86,800.

8. A total of seven professional staff costing \$418,900 is therefore estimated to be required to carry out the work programme called for under the resolution. The necessary complement for secretarial, clerical and typing work would be three general service posts, costing \$98,100. Computer services (hardware and software) will be required, in particular in connexion with work under paragraph 4 (a) of the resolution, estimated to cost \$20,000. The cost of staff travel under this work programme is estimated to be \$20,000 a year.

<sup>a</sup> Revised version of statement issued as TD/L.155/Add.1.

<sup>b</sup> *Idem*, TD/L.157/Add.1 and Corr.1.

In addition, some 12 work-months of consultant services, costing \$60,000 a year, would be required in particular for work under paragraphs 4 and 8 of the resolution concerning analysis of developments relating to restrictive business practices in specific countries or regions.

9. Accordingly, the total direct cost of substantive work on restrictive business practices can be summarized as follows:

	<i>Dollars a year</i>
Seven professional staff . . . . .	418,900
Three general service staff . . . . .	98,100
Computer services . . . . .	20,000
Staff travel . . . . .	20,000
12 work-months of consultants . . . . .	60,000
<b>TOTAL</b>	<b>617,000</b>

**C. Resolution 106 (V): Developments pertaining to the Convention on a Code of Conduct for Liner Conferences (agenda item 14 (a))<sup>c</sup>**

1. Paragraphs 7 and 8 of the resolution request the Secretary-General of UNCTAD to review and update previous studies and reviews and analyse the implementation of the Code and report periodically on progress thereon to the Committee on Shipping. Paragraph 6 of the resolution requests the Secretary-General of UNCTAD to give guidance and assistance, on request, to Governments of developing countries in putting the Code into effect.

2. It is estimated that the full direct cost of substantive work called for under this resolution would amount to \$71,400 a year, i.e. 12 work-months a year of professional staff time at the P-4 level and \$10,000 of staff travel. This estimate includes staff time required for programming and substantive back-stopping for technical assistance called for in paragraph 6 of the resolution.

**D. Resolution 112 (V): Strengthening the technological capacity of developing countries including accelerating their technological transformation (agenda item 13 (c))<sup>d</sup>**

1. This resolution establishes a framework for a comprehensive approach to technology questions which calls for co-ordinated action by developing and developed countries and the international community and is bound to require the active participation of the UNCTAD secretariat, as expressed in section II of the resolution.

2. Paragraph 23 of the resolution requests the Secretary-General of UNCTAD, in consultation with other relevant United Nations organizations, to prepare, compile and complete studies on the technological problems in several sectors with a view to examining the main issues related to transfer and development of technology in the areas covered by these studies. The secretariat estimates that, in order to meet the requirements of the work on specific sectors or areas, it would need to devote to it (including existing resources) 60 work-months of professional staff time a year at the P-3 to P-5 level, costing \$296,200; the General Service complement for statistical, clerical and secretarial work, corresponding to three General Service posts, is estimated to cost \$91,800 per annum. The amount required for staff travel is estimated to be \$20,000 a year. The requirements for computer services (hardware and software) are estimated to cost \$30,000 a year. Eighteen work-months of consultants' services a year, costing \$90,000, would be required to prepare analysis for which specialized expertise is not available within the secretariat. Accordingly, the total direct cost for substantive input required under this work item is estimated to be \$528,000.

3. Paragraph 24 of the resolution requests the Secretary-General of UNCTAD, in co-operation with UNIDO and other relevant United Nations bodies, to organize and convene, between the fifth and sixth sessions of the Conference, up to three meetings of experts on food processing, energy, capital goods and industrial

<sup>c</sup> *Idem*, TD/L.163/Add.1.

<sup>d</sup> *Idem*, TD/L.172/Add.1.

machinery. Those meetings are subject to approval by the Trade and Development Board. It is estimated that up to 20 experts acting in their individual, personal capacity would be convened in Geneva for one and a half weeks on each of the sectors mentioned. The expenses for travel and daily subsistence payable by the United Nations to those experts are estimated to amount to \$40,000. It is anticipated that conference services would be required for three languages, that the group would need one conference room, 80 pages of pre-session documents, and 20 pages of post-session documents. On this basis the direct conference servicing costs for each meeting would amount to \$36,000. Accordingly the total direct cost for one meeting would amount to \$76,000.

4. Paragraphs 26 and 27 request the Secretary-General of UNCTAD to undertake, in co-operation with other relevant United Nations agencies, a series of new studies. It is estimated that the work connected with those studies would require 12 work-months of professional staff time at the P-4 level, costing \$61,400 a year. Requirements for staff travel are estimated to be \$10,000 a year. It is further planned that use would need to be made of computer services, at an estimated cost of \$15,000 a year. Ten work-months a year of consultants, costing \$50,000, would be required in particular for studies related to selected countries. Accordingly, the total direct cost of substantive input under this work item is estimated at \$136,400 a year.

5. Paragraph 28 requests the Secretary-General of UNCTAD to report on the implementation of Conference resolution 87 (IV) and the present resolution based on information to be collected from governments. It is estimated that the direct cost of substantive work connected with this task would require 6 work-months a year of professional staff time at the P-3 level, costing \$25,500.

6. Paragraph 32 of the resolution agrees that it is necessary for the Advisory Service on Transfer of Technology to be provided with sufficient resources to enable it to perform its functions effectively within its mandate, having regard to increasing requirements of developing countries. It is considered that seven established professional posts (including existing ones) at the P-3 to P-5 level, costing \$490,400 a year, should be available for advisory services. The staff is expected to assist, upon request, countries and regions *inter alia* through preparatory missions with the formulation of programmes and projects and provide substantive support to ongoing technical co-operation activities. This requires also extensive travel in the field, estimated at \$70,000 a year. The related requirements for the General Service staff are estimated at \$98,100 a year, i.e. three established General Service posts. Accordingly, the total direct cost of the Advisory Services is estimated to be \$658,500.

7. The summary of total cost estimates for all work items addressed in this statement of financial implications amounts to \$1,424,400.

#### E. Decision 113 (V): International code of conduct on the transfer of technology (agenda item 13 (a))<sup>e</sup>

1. The decision requests the Secretary-General of UNCTAD to take the necessary measures for convening, in the last quarter of 1979, a resumed session of the United Nations Conference on an International Code of Conduct on the Transfer of Technology in order to conclude the elaboration of an international code of conduct on the transfer of technology. When the General Assembly, in resolution 33/157, decided to convene the Conference it took note of the related statement of the financial implications amounting to \$778,000.

2. The same decision further recommends the convening of a meeting in preparation for the United Nations Conference. It is assumed that this preparatory meeting would be convened in Geneva for one week and would require one conference room, one full team of interpreters and altogether 30 pages of documentation. On this basis the cost of this preparatory meeting is estimated to amount to \$46,000.

#### F. Resolution 114 (V): Institutional issues (agenda item 19)<sup>f</sup>

1. The resolution decides to establish an *ad hoc* inter-governmental committee of limited duration on the rationalization

of UNCTAD's machinery, whose final report would be submitted to the Trade and Development Board at the second part of its nineteenth session.

2. On the assumption that the *Ad Hoc* Intergovernmental Committee would meet for one and a half weeks in Geneva, would require one conference room, interpretation in six languages and altogether 40 pages of documentation, the cost of such a meeting is estimated to be \$65,000.

#### G. Resolution 115 (V): Use of the Arabic language (agenda item 19)<sup>g</sup>

1. Paragraph 1 of section II of the resolution urges Governments to decide as soon as possible on the convening of negotiating to ensure that Arabic will have full capacity as an official and working language of UNCTAD with respect to both interpretation and translation facilities and thus be on a par with the other official and working languages of UNCTAD with effect from 1 January 1980.

2. In the absence of the necessary details concerning sections of the United Nations budget other than the UNCTAD section, and due to the fact that standard costs cannot be used in this instance, the following general information is provided to the Conference.

3. In connexion with the adoption of Conference resolution 86 (IV) concerning the use of the Arabic language, the Secretary-General of UNCTAD, in his report to the first part of the sixteenth session of the Trade and Development Board in October 1976 on the financial implications of resolutions adopted at the fourth session of the Conference, included a cost estimate on Conference resolution 86 (IV) regarding the use of Arabic as an official and working language of UNCTAD. The estimate for 1978-1979 of direct Conference servicing costs based on the standard costs and exchange rates applicable at that time amounted to \$3,392,000. This amount included only staff costs for Arabic interpretation, translation, typing and reproduction.

4. The Secretary-General of the United Nations will submit to the General Assembly at its thirty-fourth session detailed cost estimates and administrative implications regarding the implementation of this resolution that would cover such items as requirements for conference rooms, office space, general services and general operating expenses of the United Nations Office at Geneva, as well as a time-table for the full implementation of the resolution.

5. The direct staff cost for the UNCTAD secretariat would be \$28,500, i.e. one General Service post of Arabic typist to be attached to the UNCTAD Correspondence Unit.

#### H. Resolution 120 (V): Participation of developing countries in world shipping and the development of their merchant marines (agenda item 14 (b))<sup>h</sup>

1. Paragraph 5 of the resolution requests the Secretary-General of UNCTAD to call a meeting of representatives of interested Governments on bulk cargo. It is assumed that the meeting would be convened in Geneva for one week, would require two conference rooms, one-and-a-half teams of interpreters in six languages, 50 pages of pre-session documents, 50 pages of in-session documents and 30 pages of post-session documents. On this basis the direct meeting servicing costs are estimated to amount to \$110,000.

2. Paragraph 10 requests the Secretary-General of UNCTAD to reconvene the *Ad Hoc* Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry. It is assumed that the Intergovernmental Working Group would meet in Geneva in 1980 for one and a half weeks and would require one conference room, one team of interpreters in six languages, 100 pages of pre-session documents and 20 pages of post-session documents. On this basis the direct meeting servicing costs are estimated to be \$103,000.

3. Paragraph 7 (a) requests the UNCTAD secretariat to undertake in-depth studies on trade and maritime transport of refrigerated cargo, and paragraph 7 (c) requests the UNCTAD secretariat to carry out, in co-operation with ICAO, appropriate studies on air cargo movements in the context of multimodal transport. It is estimated that these new studies would require 12 work-months of

<sup>e</sup> *Idem*, TD/L.173/Add.1.

<sup>f</sup> *Idem*, TD/L.174/Add.1.

<sup>g</sup> *Idem*, TD/L.171/Add.1.

<sup>h</sup> *Idem*, TD(V)/CG/CRP.1/Add.1.

professional staff time at the P-4 level, costing \$61,400 a year. The requirements for consultants' services of three work-months would amount to \$15,000 a year. Accordingly, the total direct cost of substantive work connected with these new studies is estimated to be \$76,400 a year.

**I. Resolution 121 (V): Ship financing and technical assistance**  
(agenda item 14 (b))<sup>i</sup>

Paragraph 5 of the resolution requests the Secretary-General of UNCTAD to establish an *ad hoc* unit within UNCTAD to assist developing countries with feasibility studies for ship acquisition.

2. It is estimated that the full direct cost of the *ad hoc* unit would be \$206,500 a year, as follows:

	Dollars
24 work-months a year, at P.5 level, for specialists in shipping and the financing of maritime investments, costings . . . . .	143,000
General service complement of one <i>ad hoc</i> post costing . . . . .	28,500
Travel expenses for the team of specialists, amounting to . . . . .	35,000

**J. Resolution 122 (V): Comprehensive New Programme of Action for the Least Developed Countries** (agenda item 15)<sup>j</sup>

1. In the resolution the Conference decides as one of its major priorities to launch a comprehensive and substantially expanded programme, with both immediate and longer-term phases, for the least developed countries. Paragraph 32 of the resolution calls upon the Secretary-General of UNCTAD to continue the detailed preparation of the Immediate Action Programme (1979-1981) and the Substantial New Programme of Action for the 1980s on behalf of the least developed countries. In accordance with paragraph 36 of the resolution, the Secretary-General of UNCTAD should continue and intensify the work programme of UNCTAD on behalf of the least developed countries as contained in Conference resolution 98 (IV), paragraph 37 (b) and, in preparation for the Substantial New Programme of Action for the 1980s, along the lines indicated in paragraph 52 of the note by the UNCTAD secretariat (TD/B/AC.17/7). In addition, in accordance with paragraph 37 of the resolution, further work should be undertaken by UNCTAD, with particular attention to the need for in-depth study of the circumstances of individual least developed countries in a number of specific areas. Finally, paragraph 40 of the resolution states that in order to effectively discharge its responsibilities in this area, and in recognition of the importance of these issues, the unit of UNCTAD dealing with the least developed among the developing countries should be adequately strengthened and the necessary additional resources made available.

2. The UNCTAD secretariat estimates that it should devote 144 work-months a year of professional staff time at the levels of P-3 to D-1 to this programme for the least developed countries, costing \$742,800. The required General Service complement for statistical, clerical and secretarial tasks, consisting of eight posts, would cost \$253,200. Requirements for staff travel are estimated to be \$100,000 a year. Requirements for computer services are estimated to be \$40,000 a year. It would be planned to have recourse to consultants' services of 12 work-months at the cost of \$60,000 a year. The total direct cost of the substantive programme concerned would therefore amount to \$1,196,000. This cost estimate does not include direct and indirect inputs from other divisions and programmes of UNCTAD which will be required in the course of implementation of the programme of action as envisaged in the resolution.

**K. Resolution 124 (V): Integrated Programme for Commodities**  
(agenda item 10 (a))<sup>k</sup>

1. Paragraph 1 of section II of the resolution urges Governments to decide as soon as possible on the convening of negotiating conferences on individual commodities now in their preparatory

<sup>i</sup> *Idem*, TD(V)/CG/CRP.2/Add.1.

<sup>j</sup> *Idem*, TD/L.175/Add.1.

<sup>k</sup> *Idem*, TD(V)/CG/CRP.8/Add.1.

phase and to accelerate the convening of preparatory meetings on the remaining commodities in the indicative list of Conference resolution 93 (IV). Paragraph 3 of section IV requests the Secretary-General of UNCTAD to make the necessary provisions in his biennial programme budget proposals to enable the secretariat to continue and intensify its support for the process of negotiations in the context of continuing work under resolution 93 (IV).

2. Section III of the resolution emphasizes the importance and urgency of other measures, in particular developmental aspects of commodity policy such as processing, and marketing and distribution of primary commodities included in the Integrated Programme, *inter alia* by requesting completion of studies to facilitate governmental consideration by the appropriate permanent machinery of UNCTAD, or by requesting the Secretary-General of UNCTAD to submit a precise time-table through that machinery for the completion of studies.

3. Since the inception of the Integrated Programme for Commodities, most of the resources of the Commodities Division and a large part of the resources of the Conference Affairs Service have been geared to preparation for and support of preparatory meetings and negotiations on the common fund and individual commodities. Should the negotiations for the establishment of the common fund be completed by the end of 1979 as anticipated in section I of the resolution, it is envisaged that staff resources of the Commodities Division so liberated would be used towards meeting requirements under section II of the resolution. The intensification of negotiations on individual commodities expected after completion of negotiations on the common fund and the urgency attached to it in section II of the resolution would absorb all resources hitherto devoted by the Conference Affairs Service to the negotiations on the common fund and resources of the Commodities Division devoted to studies for preparatory work on individual commodities. However, to the extent that significant progress is made in completing work on the negotiations of arrangements for individual commodities, it is anticipated that some resources of the Commodities Division hitherto devoted to this task could become available for meeting requirements under section III of the resolution, i.e. studies on other measures included in the Integrated Programme for Commodities.

4. It is therefore estimated that the UNCTAD secretariat's work programme as adjusted by the progress in negotiations and directed by the resolution could be implemented at a reasonable pace with the regular and *ad hoc* resources presently available to the secretariat. Accordingly, and in keeping with paragraph 3 of section IV of the resolution, the extension on the *ad hoc* resources through the next biennium 1980-1981 would be required on the same level as granted for the years 1977-1979 at a cost of \$1,792,000 a year, as follows:

	Dollars
Salaries and common staff costs for 16 professional staff at the average level of P-5 . . . . .	1,144,000
10 general service staff . . . . .	348,000
40 work-months of consultants . . . . .	200,000
Travel of staff . . . . .	100,000
TOTAL	1,792,000

5. Three of the professional and three of the general service *ad hoc* posts would continue to be allocated to the Conference Affairs Service. Of the professional *ad hoc* posts allocated to the Commodities Division one would be deployed to the Electronic Data Processing Unit to take care of the increased need for data processing for the commodities programme.

6. The requirements for direct conference servicing under the Integrated Programme for Commodities, as may be derived from the resolution based on the assumption that negotiations on the Common Fund are completed by the end of 1979, are anticipated to continue in 1980-1981 roughly at the 1977-1979 level and are estimated to cost \$4,966,000 annually, based on the following assumptions:

	Dollars
<i>Ad Hoc</i> Intergovernmental Committee for the Integrated Programme: 2 weeks of meetings a year, each requiring 4 conference rooms, 2 teams of interpreters, 100 pages of pre-session, 60 pages of post-session and 100 pages of in-session documentation . . . . .	258,000

Preparatory meetings for individual commodities: 20 meetings, each of one week's duration and requiring 2 conference rooms 1 1/2 teams of interpreters, 50 pages of pre-session, 30 pages of post-session and 20 pages of in-session documents, i.e. \$95,000 per meeting . . . . .	Dollars 1,900,000
Negotiating conferences on individual commodities: 6 conferences, each of four week's duration and requiring 3 conference rooms, 2 1/2 teams of interpreters, 50 pages of pre-session, 80 pages of post-session and 200 pages of in-session documentation i.e. \$468,000 per conference . . . . .	2,808,000
Accordingly, the total annual cost estimate for direct conference servicing of meetings under the Integrated Programme for Commodities amounts to: . . . . .	<hr/> 4,966,000

7. The calculations are based on Geneva as conference venue and provide for interpretation and documentation in 6 languages; they are applied to both years of the biennium 1980-1981 based on the above annual average and on the understanding that provisions for the preparatory meetings and negotiating conferences are interchangeable. According to the present arrangements, meeting services under the Integrated Programme for Commodities form part of the total conference requirements of the United Nations Office at Geneva, provided under section 23 B of the United Nations budget.

**L. Resolution 125 (V): Complementary facility for commodity-related shortfalls in export earning (agenda item 10 (a))<sup>l</sup>**

The resolution requests the Secretary-General of UNCTAD to prepare a detailed study for the operation of a complementary facility to compensate for shortfalls in earnings of each commodity.

It is estimated that the preparation of that study would require six work-months of consultancy services, costing \$30,000.

**M. Resolution 127 (V): Economic co-operation among developing countries (agenda item 18)<sup>m</sup>**

1. The resolution considers that UNCTAD should play, within its competence, a significant support role in economic co-operation among developing countries. Paragraph 9 of the resolution expresses agreement that within the framework of its mandate and in the light of its key role in economic co-operation among developing countries within the United Nations system, UNCTAD support activities for economic co-operation among developing countries should be improved and intensified. Paragraph 14 of the resolution agrees that the work programme of UNCTAD on economic co-operation among developing countries should take due account of the relevant recommendations and decisions of the fourth Ministerial Meeting of the Group of 77 held at Arusha in February 1979 and requests the Committee on Economic Co-operation among Developing Countries at its special session to take appropriate action stemming therefrom and facilitate the implementation of these recommendations and decisions.

2. In paragraph 12 of the resolution, the Conference decides to convene a special session of the Committee on Economic Co-operation among Developing Countries early in 1980. It is assumed that the special session would be convened in Geneva for up to two weeks and would be provided with the usual services (two and a half teams of interpreters in six languages, four conference rooms, 100 pages of pre-session, 100 pages of in-session and 50 pages of post-session documentation). On this basis the cost of the special session is estimated to be \$280,000.

3. Paragraph 13 of the resolution requests the Secretary-General of UNCTAD to take the measures that would enable the regional groups, particularly the developing countries, to prepare for the special session. To this end, in view of the nature and importance of economic co-operation among developing countries, the Secretary-General of UNCTAD should provide the necessary technical support, conference and secretariat services for the holding at UNCTAD Headquarters in the four months preceding the special

session of three preparatory meetings of governmental experts of developing countries. It is estimated that each of the three meetings, which would be held in Geneva for the duration of one week, would require one conference room, one team of interpreters in four languages and altogether 40 pages of documentation. On this basis the cost of one meeting is estimated to be \$34,000, making a total of \$102,000 for the three meetings.

4. Paragraph 16 of the resolution requests the UNCTAD secretariat to intensify and complete its ongoing activities related to those priority areas enumerated therein and which are contained in resolution 1 (1) of the Committee on Economic Co-operation among Developing Countries and submit action-oriented proposals based on the Arusha Programme related to these priority areas whenever necessary, for consideration by the Committee on Economic Co-operation among Developing Countries.

(a) The direct cost of substantive work connected with the elaboration, operation and maintenance of a trade information system referred to in paragraph 16 (a) is estimated as follows:

	Dollars a year
24 work-months of professional staff time at the P-3/P-4 level . . . . .	112,300
General Service complement of two posts for statistical and secretarial tasks . . . . .	57,000
Computer services . . . . .	20,000
Staff travel . . . . .	5,000
<b>TOTAL</b>	<b>194,300</b>

(b) It is anticipated that the work programme concerned with the global system of trade preferences would need intensification in the over-all context of paragraph 16. Accordingly, the requirement of this programme item in terms of direct cost of substantive input are estimated as follows:

	Dollars a year
36 work-months of professional staff time at the P-3/P-4 level . . . . .	173,700
General Service complement of one post . . . . .	34,800
Staff travel . . . . .	10,000
<b>TOTAL</b>	<b>218,500</b>

(c) Paragraphs 16 (c), (e) and (f) require re-orientation and intensification of work connected with multinational marketing and multinational production enterprises. It is estimated that this programme item will require inputs of substantive work as follows:

	Dollars a year
60 work-months of professional staff time at the P-2/P-5 level . . . . .	286,700
General Service complement of three posts for statistical, clerical and secretarial tasks . . . . .	98,100
Computer services . . . . .	10,000
Staff travel . . . . .	30,000
Consultants' services: six work-months . . . . .	30,000
<b>TOTAL</b>	<b>454,800</b>

(d) Monetary and financial co-operation among developing countries has been enumerated as one of the priority areas in paragraph 16 (d). It is estimated that the requirements for substantive work connected with this work item are as follows:

	Dollars a year
30 work-months of professional staff time at the P-3/P-4 level . . . . .	158,400
General Service complement of two posts for statistical and secretarial tasks . . . . .	63,300
Staff travel . . . . .	15,000
Consultants' services: three work-months . . . . .	15,000
<b>TOTAL</b>	<b>251,700</b>

<sup>l</sup> *Idem*, TD/L.194/Add.1.

<sup>m</sup> *Idem*, TD/L.182/Add.1.

5. The total of the cost estimates for all work items enumerated in this statement is \$1,501,300.

**N. Resolution 128 (V): International monetary reform**  
(agenda item 2 (a))<sup>n</sup>

The Conference, in paragraph 11 of the resolution, decides to establish within UNCTAD an *ad hoc* intergovernmental high-level group of experts to examine fundamental issues in this area. On the assumption that the group of experts would meet in Geneva for a period of ten days, would require one conference room, one team of interpreters in six languages and altogether 70 pages of documentation, the direct conference cost of the group is estimated to be \$77,000.

**O. Resolution 131 (V): Protectionism and structural adjustment**  
(agenda item 9 (a))<sup>o</sup>

1. In paragraph 1 of the resolution a decision is taken to follow closely the evolution of the patterns of production and trade in the world with full participation of the developing countries. In paragraph 2 a decision is made to entrust the Trade and Development Board to organize in an appropriate existing body an annual review of the patterns of production and trade in the world economy. Such

<sup>n</sup> *Idem*, TD/L.184/Add.1.

<sup>o</sup> *Idem*, TD/L.188/Add.1.

reviews should take into consideration relevant available information, including general policies, in order to provide a comprehensive factual and analytical background of global trends of production, imports and exports, with a view to identifying elements or problems most relevant, in the light of the dynamics of comparative advantage, to the attainment of optimum over-all economic growth, including the development and diversification of the economies of developing countries, and an effective international division of labour.

2. The work called for in the resolution would require a consolidation and intensification of the ongoing work in related areas, as well as new activities which, together, would constitute a new major programme item. It is estimated that the direct cost of the substantive work for this major programme item would be as follows:

	<i>Dollars a year</i>
84 work-months of professional staff time at P-2/P-5 level . . . . .	398,000
General Service complement for statistical and secretarial tasks: four General Service posts . . . . .	126,600
Computer services . . . . .	50,000
Staff travel . . . . .	15,000
Consultant's services: five work-months . . . . .	25,000
The total direct cost of substantive work on this major programme item would thus be . . . . .	615,400

## Annex XI

### CHECK LIST OF DOCUMENTS

*Note:* Unless otherwise indicated in the column "Observations and references", the documents are mimeographed. The abbreviated title "*Proceedings*" refers to *Proceedings of the United Nations Conference on Trade and Development, Fifth Session*.

#### A. GENERAL DOCUMENTS

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/220	Provisional agenda for the fifth session of the United Nations Conference on Trade and Development: note by the Secretary-General of UNCTAD	6	For the agenda as adopted, see part three of this volume, para. 6.
TD/220/Add.1	Annotations to the provisional agenda	6	
TD/221 and Corr.1	Restructuring the international economic framework: report by the Secretary-General of UNCTAD to the fifth session of the Conference	8 to 19	TD/221/Rev.1: United Nations Publication, Sales No. E.79.II.D.12; also reproduced in <i>Proceedings</i> , vol. III.
TD/222	Merchant fleet development: report by the UNCTAD secretariat	14 (b)	Reproduced in <i>Proceedings</i> , vol. III.
TD/222/Supp.1	Beneficial ownership of open-registry fleets: report by the UNCTAD secretariat	14 (b)	<i>Idem.</i>
TD/222/Supp.2	Merchant fleet development—statistical annexes on cargo flows: report by the UNCTAD secretariat	14 (b)	<i>Idem.</i>
TD/222/Supp.3	The maritime transport of hydrocarbons: report by the UNCTAD secretariat	14 (b)	<i>Idem.</i>
TD/222/Supp.4	Shipping—comparative labour costs: report by the UNCTAD secretariat	14 (b)	
TD/222/Supp.5	Trade routes of open registry vessels: report by the UNCTAD secretariat	14 (b)	
TD/222/Supp.6	Participation of developing countries in world shipping and the development of their merchant marines—review of trends 1977/1978: note by the UNCTAD secretariat	14 (b)	
TD/223	Status of the Convention on a Code of Conduct for Liner Conferences: report by the UNCTAD secretariat	14 (a)	
TD/224 and Corr.1	Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy: report by the UNCTAD secretariat	8	<i>Idem.</i>
TD/224/Add.1	<i>Idem.</i> —annex: statistical tables	8	<i>Idem.</i>
TD/225	Policy issues in the fields of trade, finance and money, and their relationship to structural changes at the global level: report by the UNCTAD secretariat	8	<i>Idem.</i>
TD/226	Implications for developing countries of the new protectionism in developed countries: report by the UNCTAD secretariat	9 (a)	<i>Idem.</i>
TD/227 and Corr.1	Multilateral trade negotiations—Evaluation and further recommendations arising therefrom: report by the UNCTAD secretariat	9 (b)	<i>Idem.</i>
TD/227/Add.1	<i>Idem.</i> Addendum—developments in international trade: report by the UNCTAD secretariat	9 (b)	<i>Idem.</i>
TD/228	Integrated Programme for Commodities—Review of implementation and follow-up action, including the ongoing preparatory work and negotiations: report by the UNCTAD secretariat	10 (a)	<i>Idem.</i>
TD/228/Add.1	<i>Idem.</i> Addendum	10 (a)	<i>Idem.</i>

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/229	Action on export earnings stabilization and developmental aspects of commodity policy: report by the UNCTAD secretariat	10 (a)	<i>Idem.</i>
TD/229/Supp.1 and Corr.1	Compensatory financing—Issues and proposals for further action: report by the UNCTAD secretariat	10 (a)	
TD/229/Supp.2 and Corr.1	The processing before export of primary commodities—Areas for further international co-operation: report by the UNCTAD secretariat	10 (a)	<i>Idem.</i>
TD/229/Supp.3 and Corr.1	Marketing and distribution of primary commodities—Areas for further international co-operation: report by the UNCTAD secretariat	10 (a)	<i>Idem.</i>
TD/230	Comprehensive measures required to expand and diversify the export trade of developing countries in manufactures and semi-manufactures: report by the UNCTAD secretariat	11 (a) and (d)	<i>Idem.</i>
TD/230/Supp.1	The industrial policies of the developed market-economy countries and their effect on the exports of manufactures and semi-manufactures by the developing countries: report by the UNCTAD secretariat	11 (a)	TD/230/Supp.1/Rev.1: United Nations publication, Sales No. E.79.II.D.13
TD/231	Principles and rules and other issues relating to restrictive business practices: report by the UNCTAD secretariat	11 (b)	Reproduced in <i>Proceedings</i> , vol. III.
TD/232 and Corr.1 and 3	Review and evaluation of the generalized system of preferences: report by the UNCTAD secretariat	11 (c)	<i>Idem.</i>
TD/233	International monetary issues: report by the UNCTAD secretariat	12 (a)	<i>Idem.</i>
TD/234	International financial co-operation for development—Current policy issues: report by the UNCTAD secretariat	12 (b) and (d)	<i>Idem.</i>
TD/234/Add.1	Review of measures taken in pursuance of Trade and Development Board resolution 165 (S-IX): note by the UNCTAD	12 (d) (i)	<i>Idem.</i>
TD/234/Add.2 and 3	<i>Idem.</i> Replies received from Governments to the questionnaire by the Secretary-General of UNCTAD on "Request for information on donor country debt relief measures pursuant to section A of Board resolution 165 (S-IX)"	12 (d) (i)	
TD/235	Towards an effective system of international financial co-operation: report by the UNCTAD secretariat	12 (e)	<i>Idem.</i>
TD/236	Arusha Programme for Collective Self-Reliance and Framework for Neogotiations: transmitted under a note by the Secretary-General of UNCTAD	8 to 19	Reproduced in annex VI above.
TD/237	Technology—Restructuring the legal and juridical environment—Issues under negotiation: report by the UNCTAD secretariat	13 (a) and (b)	Reproduced in <i>Proceedings</i> , vol. III.
TD/237/Add.1	<i>Idem.</i> Addendum: international code of conduct on the transfer of technology	13 (a)	<i>Idem.</i>
TD/238 and Corr.1	Towards the technological transformation of the developing countries: report by the UNCTAD secretariat	13 (c)	<i>Idem.</i>
TD/238/Supp.1	Technology planning in developing countries: study by the UNCTAD secretariat	13 (c)	<i>Idem.</i>
TD/238/Supp.2 and Corr.1	Advisory Service on Technology: report by the UNCTAD secretariat on its activities and future resource requirements	13 (c)	
TD/239	Development aspects of the reverse transfer of technology: study by the UNCTAD secretariat	13 (d)	<i>Idem.</i>
TD/240	Outline for a substantial new programme of action for the 1980s for the least developed countries: report by the Secretary-General of UNCTAD	15	<i>Idem.</i>
TD/240/Supp.1	Basic data on the least developed countries compiled by the UNCTAD secretariat	15	<i>Idem.</i>
TD/241	Specific action related to the particular needs and problems of land-locked developing countries: report by the UNCTAD secretariat	16 (a)	<i>Idem.</i>
TD/242	Specific action related to the particular needs and problems of island developing countries: report by the UNCTAD secretariat	16 (b)	<i>Idem.</i>



Document No.	Title	Agenda Item	Observations and references
TD/243 and Corr.1	Trade relations among countries having different economic and social systems and all trade flows resulting therefrom: report by the UNCTAD secretariat	17	<i>Idem.</i>
TD/243/Supp.1 and Corr.1	Statistical review of trade among countries having different economic and social systems: prepared by the UNCTAD secretariat	17	
TD/243/Supp.2	Trade and economic relations between Latin American countries and countries members of the Council for Mutual Economic Assistance: study by the UNCTAD secretariat	17	
TD/243/Supp.3	The co-operation mechanism among countries having different economic and social systems: study by the UNCTAD secretariat	17	
TD/243/Supp.4 and Corr.1	Co-operation in planning between socialist countries of Eastern Europe and developing countries: the experience of the USSR. Report by the UNCTAD secretariat	17	
TD/243/Supp.5 and Corr.1	Tripartite industrial co-operation and co-operation in third countries: study by the UNCTAD secretariat	17	<i>Idem.</i>
TD/244 and Corr.2	Economic co-operation among developing countries—Priority areas for action: issues and approaches: report by the UNCTAD secretariat	18	<i>Idem.</i>
TD/244/Supp.1	<i>Idem.</i> Supplementary material and considerations: report by the UNCTAD secretariat	18	<i>Idem.</i>
TD/245 and Corr.1	Measures to enable UNCTAD to carry out its role more effectively: report by the UNCTAD secretariat	19	<i>Idem.</i>
TD/246	Report of the Trade and Development Board to the Conference: note by the UNCTAD secretariat	20	
TD/247	Pre-conference meeting held at the Philippine International Convention Center, Manila, Philippines, on 4 May 1979: report by the Chairman of the Meeting	5	
TD/248	A Forum for Trade with Developing Countries: Proposal by the Government of Israel. Note by the Secretary-General of UNCTAD	18	
TD/249	Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Republic of Cuba, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic, the Union of Soviet Socialist Republics and the Socialist Republic of Viet Nam	8	Reproduced in annex VII.A above.
TD/250 and Corr.1	Report of the Third <i>Ad Hoc</i> Group of Experts on Restrictive Business Practices on its sixth session	11 (b)	
TD/251	Note by the UNCTAD secretariat transmitting a GATT publication: <i>The Tokyo Round of multilateral trade negotiations: report by the Director-General of GATT</i>	9 (b)	Sales No. GATT/1979-3.
TD/252	Note by the UNCTAD secretariat transmitting comments prepared by the Research Department of the International Monetary Fund on chapter II of document TD/229/Supp.1.	10 (a)	
TD/252/Add.1	<i>Idem.</i> Addendum: note by the UNCTAD secretariat	10 (a)	
TD/253	Agenda as adopted	6	See part three of this volume, para. 6.
TD/254	Statement by the Executive Director of the International Sugar Organization	10	
TD/255	Statement by the Honourable Vaovasamanaia R. P. Phillips, Minister of Finance, Samoa	7	
TD/256	Note by the UNCTAD secretariat transmitting an FAO document: Plan of Action on World Food Security	10	
TD/257	Protectionism: trends and short-term and long-term policies and actions needed to deal with the problems—Documents submitted by the People's Republic of Bulgaria, Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics	9 (a)	Reproduced in annex VII above, section B.

<i>Document No.</i>	<i>Title</i>	<i>Agenda Item</i>	<i>Observations and references</i>
TD/258	Resolution on preparations for the fifth session of the United Nations Conference on Trade and Development adopted by the European Parliament in April 1979		
TD/259 and Corr.1	Considerations of socialist countries on the implementation of the Integrated Programme for Commodities: Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics	10 (a)	<i>Idem</i> , section C.
TD/260	Review and evaluation of the generalized system of preferences: Joint statement by the People's Republic of Bulgaria, the Czechoslovak Socialist Republic, the Hungarian People's Republic, the Polish People's Republic and the Union of Soviet Socialist Republics on the elaboration of unified rules for determining the origin of goods from the developing countries	11 (c)	<i>Idem</i> , section D.
TD/261	Role of transnational corporations in the commodity trade of the developing countries: Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the People's Republic of Poland, the Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics	10 (a)	<i>Idem</i> , section C.
TD/262 and Corr.1	Transnational corporations and expansion of trade in manufactures and semi-manufactures: Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics	11 (d)	<i>Idem</i> , section E.
TD/263	Note by the UNCTAD secretariat transmitting a submission of the Customs Co-operation Council	—	
TD/264 and Corr.1	Least developed among developing countries: Statement submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the People's Republic of Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics	15	<i>Idem</i> , section H.
TD/265	Report of the Credentials Committee	5 (b)	Reproduced in annex IX above.
TD/266	The negative consequences of the activities of foreign private capital in the developing countries: Document submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics	12 (b)	Reproduced in annex VII above, section F.
TD/267	Participation of developing countries in world shipping and the development of their merchant marines: Statement submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics	14 (b)	<i>Idem</i> , section G.
TD/268	Report of the United Nations Conference on Trade and Development on its fifth session—Part one		For the final text, see TD/269 (vol. I).
TD/268/Add.1	<i>Idem</i> . Parts two and three, and annexes		<i>Idem</i> .
TD/269 (vol. I)	<i>Proceedings of the United Nations Conference on Trade and Development, Fifth Session, vol. I, Report and Annexes</i>		United Nations publication, Sales No. E.79.II.D.14.

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/269 (vol. II)	<i>Idem.</i> , vol. II, <i>Statements by heads of delegation</i>		United Nations publication, Sales No. E.79.II.D.15.
TD/269 (vol. III)	<i>Idem.</i> , vol. III, <i>Basic documents</i>		United Nations publication, Sales No. E.79.II.D.16.
TD/L.139	Report of the <i>Ad Hoc</i> Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry held at Geneva, 6-10 February 1978: note by the UNCTAD secretariat	14 (b)	Report distributed as TD/B/C.4/177-TD/B/C.4/AC.1/3.
TD/L.140	Application by the Association of Natural Rubber Producing Countries: note by the UNCTAD secretariat	20	
TD/L.141	Application by the Andean Reserve Fund (FAR): note by the UNCTAD secretariat	20	
TD/L.142	Message from His Excellency Hua Guofeng, Premier of the State Council of the People's Republic of China	—	Reproduced in annex V above, section A.
TD/L.143	Message from His Holiness Pope John Paul II	—	<i>Idem.</i>
TD/L.144	Message from His Excellency Mr. A. N. Kosygin, Chairman of the Council of Ministers of the Union of Soviet Socialist Republics	—	<i>Idem.</i>
TD/L.145	Message from His Excellency Mr. Nicolae Ceausescu, President of the Socialist Republic of Romania	—	<i>Idem.</i>
TD/L.146	Message from His Excellency Mr. E. Honecker, General Secretary of the Central Committee of the Socialist Unity Party of Germany and Chairman of the Council of State of the German Democratic Republic	—	<i>Idem.</i>
TD/L.147	Message from His Excellency Mr. Fidel Castro Ruz, President of the Council of State and of the Government of Cuba	—	<i>Idem.</i>
TD/L.148	Message from Mr. Jimmy Carter, President of the United States of America	—	<i>Idem.</i>
TD/L.149	Message from His Excellency Mr. William R. Tolbert, Jr., President of the Republic of Liberia	—	<i>Idem.</i>
TD/L.150	Message from the Tenth Islamic Conference of Ministers for Foreign Affairs	—	<i>Idem</i> , section B.
TD/L.151	Message from the Ministers of Foreign Affairs of the States Members of the Cartagena Agreement	—	<i>Idem.</i>
TD/L.152	UNCTAD's contribution to economic, commercial and development aspects of the industrial property system in the context of its ongoing revision: draft resolution recommended by Negotiating Group V for adoption by the Conference	13 (b)	Adopted: see resolution 101 (V).
TD/L.153	Message from H.E. Mr. Edem Kodjo, Secretary-General of the Organization of African Unity	—	Reproduced in annex V above, section B.
TD/L.154	Message from the Latin American Energy Organization	—	<i>Idem.</i>
TD/L.155	Development aspects of the reverse transfer of technology: draft resolution recommended by Negotiating Group V for adoption by the Conference	13 (d)	Adopted: see resolution 102 (V).
TD/L.155/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.155	13 (d)	See annex X above, appendix 2, section A.
TD/L.156	Particular problems facing Zaire with regard to transport, transit and access to foreign markets: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	20	Adopted as amended: see resolution 110 (V).
TD/L.157	Restrictive business practices: draft resolution recommended by Negotiating Group II for adoption by the Conference	11 (b)	Adopted: see resolution 103 (V).
TD/L.157/Add.1 and Corr.1	Statement of financial implications of the draft resolution distributed as TD/L.157	11 (b)	See annex X above, appendix 2, section B.
TD/L.158	Role of the public sector in the expansion of the share of the developing countries in international trade: draft decision submitted by Mongolia	20	Withdrawn: see part two of this volume, para. 312.
TD/L.159	Exploitation of the resources of the sea-bed: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	20	Adopted: see resolution 108 (V).

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/L.160/Rev.2	Offer of the Republic of Cuba to host the sixth session of the United Nations Conference on Trade and Development: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	20	Adopted: see resolution 107 (V).
TD/L.161	Message from the Secretary-General of the Organization of American States	—	Reproduced in annex V above, section B.
TD/L.162	Assistance to National Liberation Movements recognized by regional intergovernmental organizations: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	20	Adopted: see resolution 109 (V).
TD/L.163	Developments pertaining to the Convention on a Code of Conduct for Liner Conferences: draft resolution recommended by Negotiating Group V for adoption by the Conference	14 (a)	Adopted: see resolution 106 (V).
TD/L.163/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.163.	14 (a)	See annex X above, appendix 2, section C.
TD/L.164	Draft report of the Conference on its fifth session	21	For the final report, see parts two and three of this volume.
TD/L.164/Add.1	<i>Idem.</i> Addendum	21	<i>Idem.</i>
TD/L.165	The economic situation of Tonga: draft recommendation submitted by Cuba on behalf of the States members of the Group of 77	20	Adopted: see resolution 117 (V).
TD/L.166	Tungsten: draft resolution recommended by Negotiating Group III for adoption by the Conference	10 (b)	Adopted: see resolution 104 (V).
TD/L.167	International food trade: draft resolution recommended by Negotiating Group III for adoption by the Conference	10 (b)	Adopted: see resolution 105 (V).
TD/L.168	Protectionism in the Services Sector: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	20	Adopted: see resolution 119 (V).
TD/L.169	Revised calendar of meetings for the remainder of 1979	20	For the calendar adopted, see decision 134 (V), annex.
TD/L.170 and Corr.1	Special action related to the particular needs and problems of island developing countries: draft resolution recommended by Negotiating Group VI for adoption by the Conference	16 (b)	Adopted as amended: see resolution III (V).
TD/L.171	Use of the Arabic language: draft resolution recommended by Negotiating Group I for adoption by the Conference	19	Adopted: see resolution 115 (V).
TD/L.171/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.171	19	See annex X above, appendix 2, section G.
TD/L.172	Strengthening the technological capacity of developing countries including accelerating their technological transformation: draft resolution recommended by Negotiating Group V for adoption by the Conference	13 (c)	Adopted: see resolution 112 (V).
TD/L.172/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.172	13 (c)	See annex X above, appendix 2, section D.
TD/L.173	International code of conduct on the transfer of technology: draft decision recommended by Negotiating Group V for adoption by the Conference	13 (a)	Adopted: see decision 113 (V).
TD/L.173/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.173	13 (a)	See annex X above, appendix 2, section E.
TD/L.174 and Corr.1	Institutional issues: draft resolution recommended by Negotiating Group I for adoption by the Conference	19	Adopted: see resolution 114 (V).
TD/L.174/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.174	19	See annex X above, appendix 2, section F.
TD/L.175	Comprehensive New Programme of Action for the Least Developed Countries: draft resolution recommended by Negotiating Group VI for adoption by the Conference	15	Adopted as amended: see resolution 122 (V).
TD/L.175/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.175	15	See annex X above, appendix 2, section J.
TD/L.176	Trade relations among countries having different economic and social systems and all trade flows resulting therefrom: draft decision submitted by the Chairman of Negotiating Group VII	17	Adopted: see decision 116 (V).

Document No.	Title	Agenda item	Observations and references
TD/L.177	Integrated Programme for Commodities: statement on sugar by Cuba on behalf of the States members of the Group of 77	10 (a)	Reproduced in annex VIII A above.
TD/L.178	Revised calendar of meetings for the remainder of 1979	20	For the calendar adopted, see decision 134 (V), annex.
TD/L.179	Specific action related to the particular needs and problems of land-locked developing countries: draft resolution submitted by the Chairman of Negotiating Group VI for adoption by the Conference	16 (a)	Adopted as amended: see resolution 123 (V).
TD/L.180	United Nations Conference to negotiate an international arrangement to replace the International Wheat Agreement, 1971, as extended: draft resolution submitted by the Chairman of Negotiating Group III	10 (b)	Adopted: see resolution 126 (V).
TD/L.181	The economic situation of the Republic of Djibouti: draft resolution submitted by the Chairman of Negotiating Group VI	15	Adopted: see recommendation 118 (V).
TD/L.182	Economic co-operation among developing countries: draft resolution recommended by Negotiating Group VIII for adoption by the Conference	18	Adopted as amended: see resolution 127 (V).
TD/L.182/Add.1	Statement of financial implications of draft resolution distributed as TD/L.182	18	See annex X above, appendix 2, section M.
TD/L.183	Summary of statements of administrative and financial implications on actions of the Conference at its fifth session: note submitted by the UNCTAD secretariat	20	<i>Idem</i> , appendix I.
TD/L.184	International monetary reform: draft resolution submitted by the Chairman of Negotiating Group IV	12 (a)	Adopted: see resolution 128 (V).
TD/L.184/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.184	12 (a)	See annex X above, appendix 2, section N.
TD/L.185	The transfer of real resources to developing countries: draft resolution submitted by the Chairman of Negotiating Group IV	12 (b)	Adopted as amended: see resolution 129 (V).
TD/L.186	The transfer of real resources to developing countries: draft resolution submitted by Cuba on behalf of States members of the Group of 77	12 (b)	Remitted to the permanent machinery of UNCTAD (see part one of this volume, section A.2, "Other decisions", (g). For text, see annex I above, section D.
TD/L.187	Other financing issues related to trade: draft resolution submitted by the Chairman of Negotiating Group IV	12 (c)	Adopted: see decision 130 (V).
TD/L.188	Protectionism and structural adjustment: draft resolution submitted by the Chairman of Negotiating Group II	9 (a)	Adopted: see resolution 131 (V).
TD/L.188/Add.1	Statement of financial implications of the draft resolution distributed as TD/L.188	9 (a)	See annex X above, appendix 2, section O.
TD/L.189*	Trade relations among countries having different economic and social systems and all trade flows resulting therefrom: draft resolution submitted by the USSR on behalf of States members of Group D	17	Remitted to the Trade and Development Board for consideration at its nineteenth session (see decision 116 (V)). For the text, see annex I above, section A.
TD/L.190*	Trade relations among countries having different economic and social systems and all trade flows resulting therefrom: draft resolution submitted by Cuba on behalf of States members of the Group of 77	17	<i>Idem</i> .
TD/L.191*	Participation of developing countries in world shipping and the development of their merchant marines: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	14 (b)	Adopted: see resolution 120 (V). For the statement of financial implications, see annex X, appendix 2, section H.
TD/L.192*	Ship financing and technical assistance: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	14 (b)	Adopted: see resolution 121 (V). For the statement of financial implications, see annex X above, appendix 2, section I.

\* These draft resolutions were circulated as conference room papers at the Conference, and issued in the TD/L... series after the close of the Conference.

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/L.193*	Integrated Programme for Commodities: draft resolution remitted by Negotiating Group III to the Contact Group of the President of the Conference	10 (a)	Adopted: see resolution 124 (V). For the statement of financial implications, see annex X above, appendix 2, section K.
TD/L.194*	Complementary facility for commodity-related shortfalls in export earnings: proposal by the Group of 77	10 (a)	Adopted: see resolution 125 (V).
TD/L.194/Add.1*	Statement of financial implications of the proposal distributed as TD/L.194	10 (a)	See annex X above, appendix 2, section C.
TD/L.195*	Transnational corporations and international commodity trade: draft resolution submitted by the delegation of the German Democratic Republic on behalf of the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics	10 (a)	Remitted to the permanent machinery of UNCTAD: see part one of this volume, section A.2, "Other decisions", (e). For the text, see annex I above, section D.
TD/L.196*	Debt problems of developing countries: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	12 (d)	<i>Idem</i> : see part one of this volume, section A.2, "Other decisions", (h). For the text, see annex I above, section C.
TD/L.197*	An effective system of international financial co-operation: draft resolution submitted by Cuba on behalf of the States members of the Group of 77	12 (e)	<i>Idem</i> : see part one of this volume, section A.2, "Other decisions", (i). For the text, see annex I above, section C.

#### C. DOCUMENTS IN THE NON-GOVERNMENTAL ORGANIZATION SERIES

TD/NGO/11	Statement by the Afro-Asian Solidarity Organization (AAPSO)	7	
TD/NGO/12	Note by the UNCTAD secretariat transmitting a communication by the International Chamber of Commerce (ICC) entitled <i>The world business viewpoint</i>	9, 10, 11, 13 and 14	Document No. 103-21/3 of the International Chamber of Commerce.
TD/NGO/13	Note by the UNCTAD secretariat transmitting a statement by the International Co-operation for Socio-Economic Development	7	
TD/NGO/14	Note by the UNCTAD secretariat transmitting a statement by the International Chamber of Commerce in relation to agenda item 14	14	Document No. 321/237 of the International Chamber of Commerce
TD/NGO/15	Note by the UNCTAD secretariat transmitting a statement by the International Chamber of Commerce in relation to agenda item 11 (b)	11 (b)	Document No. 225/224 of the International Chamber of Commerce
TD/NGO/16	Note by the UNCTAD secretariat transmitting a statement by the World Confederation of Labour	7	

#### D. RESOLUTIONS

TD/RES/101 (V)-135 (V)	Resolutions, recommendations and decisions adopted by the United Nations Conference on Trade and Development at its fifth session	--	For the final text, see part one of this volume, section A.1.
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#### E. DOCUMENTS IN THE STATISTICAL SERIES

TD/STAT.8	<i>Handbook of International Trade and Development Statistics, 1979</i>	--	United Nations publication, Sales No. E/F.79.II.D.2.
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#### F. DOCUMENTS IN THE INFORMATION SERIES

TD/INF.15	Information for participants	--	
TD/INF.16	Revised calendar of meetings for the remainder of 1979	--	See also decision 134 (V), annex.
TD/INF.17	Resolutions, recommendations and decisions adopted by the Conference at its fifth session [101 (V)-135 (V)]: Note by the Secretary-General of UNCTAD	--	
TD/INF.18	Final list of participants	--	

\* These draft resolutions were circulated as conference room papers at the Conference, and issued in the TD/L... series after the close of the Conference.

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