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REPORT BY CONGRESSIONAL ADVISERS TO UNCTAD IV

BY MEMBERS OF THE HOUSE COMMITTEES ON—

INTERNATIONAL RELATIONS
WAYS AND MEANS
BANKING, CURRENCY, AND HOUSING
AGRICULTURE
LABOR AND EDUCATION

AND THE SENATE COMMITTEES ON—

FOREIGN RELATIONS
FINANCE

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CONGRESSIONAL ADVISERS TO THE FOURTH MEETING OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C., July 21, 1976.

This report was submitted by the delegation of congressional advisers to the fourth meeting of the United Nations Conference on Trade and Development. It is being printed in the belief that it will further the understanding of the committee and the Congress of UNCTAD and of international economic developments.

The findings of this report are those of the members of the congressional delegation and do not necessarily reflect the views of the membership of the Committee on International Relations or the Congress as a whole.

THOMAS E. MORGAN, *Chairman.*

LETTER OF TRANSMITTAL

Hon. CARL ALBERT,
Speaker,
House of Representatives.
Hon. NELSON ROCKEFELLER,
President,
United States Senate.

The concern of various Members of the House and Senate over the direction of U.S. foreign economic policy led them in early 1975 to initiate a dialog with the executive branch over U.S. policy at the upcoming Seventh Special Session of the United Nations, September of 1975. This process culminated with Members of both bodies serving as congressional advisers to the U.S. delegation to the Seventh Special Session.

This interest in international economic developments continued, and in early 1976 a similar dialog was initiated in preparation for the Fourth Meeting of the United Nations Conference on Trade and Development (UNCTAD). Upon the invitation of the Secretary of State, you appointed a group of Senate and House Members to serve as special advisers to the U.S. delegation to UNCTAD IV.

On behalf of that delegation, we are pleased to submit the following report on the UNCTAD IV conference. We feel that congressional participation in major international economic conferences is vital and should be expanded both through wider consultations with Members of Congress prior to such conferences and through broad congressional representation at the meetings.

The congressional advisers would like to express their appreciation for your having given them the responsibility for serving in that capacity.

Sincerely,

JONATHAN BINGHAM.
JACOB JAVITS.

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REPORT BY CONGRESSIONAL ADVISERS TO UNCTAD IV

Background

The years, 1974–76 have seen a major effort at analyzing and restructuring the international economic system. Since the mid-1960's the developing nations have been seeking ways to enhance their role in and benefit from international economic relations—trade, investment, and financial flows. Because their role in this system had been so minor and their political leverage so limited, the industrial nations were able to ignore their complaints and demands.

This situation abruptly changed in 1973–74 due to several factors. The growing frustration felt by the developing countries over their inability to receive a hearing from the advanced nations made them increasingly more radical on international economic issues; at the same time, they were becoming more knowledgeable and sophisticated in their understanding of the workings of the international economic system. Furthermore, this attitudinal change was given economic-political power by the energy crisis. Suddenly a group of developing nations had a monopoly on the marginal supplies of a key resource. When the industrial nations realized they were dependent on the OPEC nations for oil to fuel their economies, they also recognized more clearly that developing nations played an important role in other commodities. The industrialized nations were rudely awakened to the fact that through trade and investment they had become intertwined with the economies of the developing world and that their own prosperity would be affected to an increasing degree by economic and political developments in the Third World.

This interdependence was only dimly preceived at the time of the Sixth Special Session of the United Nations in May, 1974. At that meeting the Group of 77 (the developing countries) placed their Declaration and Program of Action for the Establishment of a New International Economic Order on the table and the industrial nations rejected it. Little effort was made to reconcile the differences between the Group of 77 and the Group B countries (industrial nations) on these documents calling for a restructuring of the international economic system.

Subsequent to the Sixth Special Session, there occurred a major reevaluation of U.S. foreign economic policy. The reappraisal was undertaken: one, because of a realization that the United States and the industrial nations would be faced with these same issues at the Seventh Special Session of the United Nations and at other international meetings; two, because the anticipated split between the oil exporting and non-oil exporting developing countries failed to materialize and their solidarity actually was strengthened at the April 1975 "Producer-Consumer Dialogue" in Paris; three, because of fears

that the OPEC nations would use their oil as a political lever to force the developing countries into backing the more radical Third World demands; fourth, because if the U.S. remained totally negative the other OECD nations might split apart and adopt a more conciliatory position on their own; five, because of a growing appreciation that the entire new international economic order package was not necessarily inimical to the interests of the industrial nations and thus it might be possible to seek a restructing of international economic relations in a way that benefited both the developing and the developed nations.

This reappraisal led to a major shift in focus in U.S. foreign economic policy—toward an effort to reach accommodation with the developing nations on international economic issues—and to a U.S. position at the Seventh Special Session that helped to turn the atmosphere of confrontation into one of cooperation. Whereas the Sixth Special Session had produced a unilateral list of demands by the developing nations, the Seventh Special Session produced a consensus Resolution on Development and International Economic Cooperation that set forth an agenda of issues to be discussed over the following several years. Although the United States made several reservations to the resolution, there was general agreement that the climate for international economic discussions had been turned around and that the stage had been set for a constructive dialog.

Following the Seventh Special Session, ministers from 19 developing and 8 developed nations met in Paris in December of 1975 to establish the Conference on International Economic Cooperation (CIEC). That meeting created four commissions—on raw materials, energy, development, and finance—to meet roughly once a month for the following year and agreed upon a general list of subjects for consideration by each commission. Like the Seventh Special Session, the CIEC ministerial was characterized by a willingness of each side to compromise and to consider the interests of the other.

Issues at Unctad IV

The latest in this line of international economic conferences was UNCTAD IV, the fourth meeting of the United Nations Conference on Trade and Development, held in Nairobi, Kenya, May 3–31, 1976. The agenda for this conference was essentially set by the Group of 77 (now 114 nations) in the Manila Declaration, agreed to in Manila in February 1976. That Declaration (see appendix, p. 9) covers numerous issues, but the focus is on commodities, technology, and debt.

Many of the proposals in the declaration were acceptable to the industrial nations. On commodities, however, there was major dispute involving the proposed UNCTAD integrated commodity approach. By the opening of the UNCTAD conference, the U.S. position on commodities—a "comprehensive approach"—was similar in some respects to the UNCTAD proposal, but differed in other aspects. They both included the consideration of buffer stocks, the case-by-case negotiation of specific commodity agreements, enhancement of compensatory financing mechanisms, and improvement in raw material investment. The U.S. was generally skeptical about commodity agreements. It was argued that most developing countries, as net importers of raw materials, would not benefit.

The main differences were over the financing of buffer stocks and the number of commodities for which buffer stocks are appropriate. The UNCTAD integrated commodity approach included the concept of a common fund which would finance buffer stocks. The U.S. position was that there are multiple sources of financing for buffer stocks—contributions by participating countries, export taxes, commercial borrowings guaranteed by participating countries, existing international lending institutions, and, lastly, possibly financing from a new international financial institution.

The developing nations argued the common fund was important because it would solve the main problem in establishing buffer stocks—financing. The United States argued against the common fund on several grounds. Its very existence would tip the balance toward signing commodity agreements the United States would not otherwise enter; the fund might not be the best use of scarce financial resources; and it could be employed to raise rather than simply stabilize prices.

In the area of technology, the main dispute was whether a code of conduct for technology transfer would be voluntary or legally binding. The Manila Declaration called for the establishment of a legally binding code. The United States argued for a voluntary code.

On debt, the controversy revolved around the Manila Declaration proposals for debt moritoriums or cancellations for developing countries and for the convening of an international conference to determine ways of implementing principles and guidelines on the renegotiation of official and commercial debts. The United States opposed these proposals on the grounds that most developing countries do not have a debt-servicing problem; those countries which do have a debt-servicing problem can be dealt with on a case-by-case basis under the current "Paris Club" arrangement. In addition, to attempt a general approach would damage the credit worthiness of many developing countries which have ready access to international financial markets.

There were also less important conflicts over provisions dealing with trade in manufactures and the institutional role of UNCTAD. The principal focus was on commodities, and, as the conference wore on, the common fund became the key issue of the conference.

U.S. position

As at the Seventh Special Session, the United States was the only industrial nation to present a comprehensive position in response to the Group of 77 agenda. On both occasions the U.S. policy statement was the product of discussions both within the executive and between the executive and some Members of Congress. The process within the executive involved an extensive effort to arrive at proposals that met the needs of the developing world while at the same time protecting the U.S. national interest and reconciling conflicting bureaucratic interests and views. The congressional role included hearings and meetings with administration officials and serving as congressional advisers at the conferences. Whereas some members of the congressional delegation—mainly those from committees with which the Department of State traditionally deals—felt the Department had adequately consulted with them prior to UNCTAD IV; other members—mainly those from committees with which the Department has few dealings—felt those consultations were inadequate.

Secretary of State Kissinger and Deputy Secretary Robinson are to be commended for guiding the U.S. position in a direction that was

generally viewed as being forthcoming in trying to deal with the problems of the developing world and that was successful in moving the discussions onto a fruitful plane. Unfortunately, contrary to developments at the Seventh Special Session, the favorable climate established at the opening of UNCTAD IV was not maintained through to the conclusion of the conference.

The United States and most Western industrial nations do not accept the intellectual underpinning of the Manila Declaration, the need for a new international economic order. Although there was not great variance between the U.S. position and many items in the Manila Declaration, there were substantial differences on key agenda items. Nevertheless, 4 weeks of discussions should have allowed sufficient time for the differences to be accommodated.

Conflicts

The differences over substance were compounded by problems of tactics and structure. UNCTAD is organized so as to emphasize bloc politics and solidarity and to make difficult if not impossible the give and take of views of the individual participating members. UNCTAD is structured so that the developing nations (Group of 77) caucus and negotiate as a group and the Western industrial nations (Group B) caucus and negotiate as a group. This requires each group to try to form a common position and creates pressure for individual nations not to deviate from the position of the bloc, thereby making it difficult for nations to form common positions across the bloc positions.

Second, the Group of 77 came to Nairobi with an agreed position, but the Group B countries did not. The Group of 77 met in Manila in February and reached agreement on the Manila Declaration as their position for UNCTAD IV. Due to the wide dispersion of interests within the Group of 77, the Manila Declaration was produced not by reaching an agreed position through negotiations but by putting together a basket of the interests of each member.

The Group B nations, on the other hand, devoted very little effort toward reaching an agreed position prior to the conference. The ink on Kissinger's speech was hardly dry when it was delivered in Nairobi. In fact, few delegates were aware of the details of the U.S. speech when it was delivered by the Secretary of State. Theoretically, the industrial nations could have reached an agreed position during the first week or 10 days of the meeting. In fact, it was the evening of May 27, the day before the conference was supposed to end, that Group B presented a unified position to the conference; even then, there were actually two different position papers, each with reservations by various Group B countries.

In the meantime, the Group of 77 became irritated with negotiating only on the minor issues and not being able to discuss the important matters with the Group B countries. Furthermore, the more the industrial nations debated the issue of commodities and the common fund, the more the Group of 77 became disturbed by the attacks on the common fund and the more committed they became to it. What had begun as an important element of an important package had, by the fourth week of the conference, become the overriding issue of the conference. By the last week, the common fund had become the political symbol of the good faith commitment to enter into commodity agreements, of the success or failure of the conference, and of the ability of the developing nations to obtain a fair hearing from the industrial nations.

Lack of Group B position

Whereas during the first 2 weeks of the conference the industrial nations through substantive discussion with the Group of 77 could have demonstrated their legitimate concern over the financing of buffer stocks and explained the possible disadvantages of a common fund as outlined in the UNCTAD proposal, this opportunity was lost through the failure of the Group B countries to reach an agreed position early on.

The delay of the Group B countries in reaching a common position on commodities can be assigned to three factors. First, the United States failed to inform adequately the other countries of its proposed position for UNCTAD. This was in part because the United States itself seemed unprepared. Up until the end of the conference, there was dispute between various departments within the U.S. Government over the details of the U.S. position, details which should have been ironed out before the conference began. The fact that no cohesive U.S. position was developed early enough obviously hindered the United States in trying to take a leadership position and bring together the industrial nations. Still, the United States could have done more to alert the other industrial nations to the general approach contained in Kissinger's Nairobi speech, both in Nairobi and prior to it.

Second, and more important, the European Community was unable to reach an agreed position. The Group B nations should have been able to agree on a position during the first portion of the conference, but they were never able to negotiate fully among themselves because the European Community could not reach a common position.

Third, Group B's position was primarily defensive; the major concern was to limit economic concessions without suffering political damage. The United States, like many of the other industrial nations, saw UNCTAD as politically important but not the most satisfactory forum for the resolution of important economic issues. There was also division among Group B on the proper strategy to pursue: present a hardline position and then negotiate with the Group of 77 expecting a compromise middle result, or make concessions in a Group B position paper with the hope of placating the Group of 77. Certain Group B members wished to seem forthcoming without conceding anything of substance. France, for example, proposed the consideration of the common fund after commodity agreements had been negotiated, which many developing countries might argue would leave no rationale for the fund. Norway, Sweden, and the Netherlands wanted to go further than other Group B members for political reasons. These differing political perceptions made agreement virtually impossible to reach among Group B countries.

Aside from these structural and tactical hurdles, the differences by the end of the conference had become somewhat semantical. The main issue over the common fund was that the Group of 77 wanted a commitment to negotiate the common fund, whereas the United States and other industrial nations insisted that they would only enter discussions, not negotiations. The U.S. delegation made the point that negotiations imply an agreed upon objective, whereas the United States did not yet accept the objective of the common fund. The developing nations did not seem to apply such a strict definition to the term "negotiate," but the United States held firm to its position.

Failure to reach an accommodation on commodities held up discussions of debt and other issues as the Group of 77 wanted agreement on this important matter before discussing other issues. It was the assessment of many that agreement on commodities would lead to the resolution of other disputes.

U.S. reservations

The congressional delegation which attended the last week of the conference urged the administration not to jeopardize the U.S. position over an issue of semantics, but apparently to no avail. When the final declaration was agreed to, the United States found it necessary to make what appeared to some observers to be several unnecessary reservations.

First, with regard to commodities and the common fund, the United States made the reservation that its vote in favor of the resolution was not to be interpreted that it would enter into negotiations on the establishment of specific commodity agreements or of the common fund, but only to discuss the nature of the problems affecting various commodities and the appropriate measures required and to discuss the methods for financing buffer stocks. The idea behind this reservation, in fact, is reflected in the resolution, which includes such language as: agreement "toward the negotiations of a common fund" (the preposition "toward" was actually suggested by a member of the congressional delegation as a means of avoiding a firm commitment to negotiate); ". . . noting that there are differences of views as to the objectives and modalities of a common fund;" ". . . preparatory meetings for international negotiations on individual products." In light of this recognition of differences of opinion on the common fund and call for preparatory meetings, the U.S. reservation was perceived by some to be somewhat redundant.

The U.S. statement of reservations also included a sentence to the effect that the resolution does not ". . . alter our reservations on the concept of indexation." In fact, the word "indexation" is never mentioned in the resolution and the only remote reference to the concept is in a provision that calls for price determinations similar to the provisions that the United States agreed to in the International Tin Agreement.

The statement of reservations notes that the resolution does not indicate ". . . any change in our known views on the new international economic order and its basic documents"—an apparently obvious but unnecessary statement.

International Resources Bank

The statement of reservations represented poor strategy and timing and may have impacted negatively on U.S. interests, specifically on the U.S. proposal for the creation of an International Resources Bank (IRB). In his speech at Nairobi, Secretary Kissinger suggested the establishment of a new institutional mechanism to encourage investment in resource extraction projects in developing nations. An international consortium of private banks and companies, governments, and international financial institutions would provide the investor with greater protection for his investment and would make investment more attractive to the host country by removing it from the direct

control of a foreign company. The idea was favorably received by many developing nations but was rejected at the end of the conference by a vote of 31 to 33, with 89 abstentions and absentees.

There are various reasons, mostly tactical errors, which contributed to the defeat of the resolution on the International Resources Bank. First, the U.S. statement of reservations is credited with playing a major role. The United States attempted to negotiate a joint statement of reservations with the United Kingdom, West Germany, and Japan, and, through some means, the draft statement was made available to the other delegations while a small negotiating group was still putting together the consensus resolution on commodities. This statement of reservations seemed to some to indicate a lack of good faith on the part of the United States to consider seriously the commodity problems of developing nations. Consequently, the developing nations reacted by abstaining from the vote on the resolution endorsing the concept of the International Resources Bank. Had the substance of the U.S. reservations not been made known until after the voting on the resolution, perhaps the International Resources Bank might have been saved.

Second, the United States failed to inform fully other nations of the proposal for the creation of an International Resources Bank prior to the conference. Effective prior briefing would have allowed them to study the proposal and to have been prepared to discuss it at the conference. Furthermore, once the conference was underway, the U.S. delegation failed to press the concept or to present a position paper to explain fully its purpose and possible functions and structure. When this effort was finally undertaken in the waning days of the conference, it was too late for the other delegations to study adequately the idea or to obtain their government's position; further, by the end of the conference the climate was too politicized to achieve the progress on the proposal that would have been possible during the first part of the conference.

Third, the United States agreed to a separate resolution for the International Resources Bank. Had the U.S. delegation insisted that it be an integral part of the commodities resolution, thereby tying its fate to that of the commodities resolution, perhaps the result would have been different.

Fourth, a factor over which the United States had no control was the failure of a black African to be included in the "President's contact group." This was taken as a slight by the black African nations and, rather than demonstrating their pique by voting against the consensus resolution on commodities, they voted against or abstained from the vote on the International Resources Bank.

Following the conclusion of the conference and rejection of the International Resources Bank proposal, Secretaries Simon and Kissinger issued a joint statement blaming the proposal's defeat on an "accidental majority" of countries inspired or created by the Socialist countries. From the view of the members of the congressional delegation to UNCTAD, this is a mistaken interpretation of events and forces at work at Nairobi. Some foreign press accounts were no closer to the truth when the vote was characterized as a rebuff to Secretary Kissinger. Contrary to the Secretaries' statements, the defeat apparently had little to do with pressure from the Socialist countries, a group which is virtually without influence in UNCTAD.

Conclusions

The United States presented at UNCTAD IV a position that, in general, was well thought out and made significant proposals toward helping the development of the Third World and bringing them more into the international economic system. The position was the result of the dedication and many months work of numerous officials of the U.S. Government, a process which included consultations with the congressional delegation to UNCTAD IV and other Members of Congress. It is unfortunate that this excellent work became blotted by the failure of the industrial nations to reach an agreed position and by arguments over semantics. The confrontation at the end could have been avoided by better and earlier preparation by the industrial nations as a group and by a better appreciation by those in Washington who were making the final decisions of the dynamics involved in the conference.

In contrast to the Secretaries' statements, Deputy Secretary of State Charles Robinson made a press statement at the conclusion of the conference which appropriately highlighted the positive accomplishments of the conference and provides some hope that the disagreements at UNCTAD IV were a product of the circumstances and not a signal of a return to the confrontation of the Sixth Special Session. It should be noted that Deputy Secretary Robinson's arrival marked the introduction of new flexibility in the U.S. policy stance.

Concerning the role of congressional advisers to such international economic meetings, Secretary Kissinger is to be commended for the steps taken to consult with Congress prior to UNCTAD IV, even though many of the problems mentioned earlier precluded a full exchange of views. We believe that extensive consultations with congressional advisers before and during such conferences is most important, and strongly urge that such consultations not only be continued but substantially expanded. The advisers and staff designated by them should have full access to instructions, cable traffic, and delegation meetings concerning the conference. In general, UNCTAD IV represented substantial progress in the process of Executive-Congressional consultation which began with the U.N. Seventh Special Session.

It is important that what forward movement occurred at UNCTAD IV be maintained by the United States. The discussion of many of the issues before the UNCTAD IV conference will be continued at the CIEC meetings in Paris. The results of UNCTAD IV included decisions to proceed with preparatory conferences on commodities and the common fund. The United States should begin at the earliest moment to plan a consolidated, positive response to the UNCTAD IV conference proposals, and to work with other members of the Group B countries to insure that progress toward this position is not inhibited because of lack of communication. The United States should now take a much more careful look at each commodity to determine whether our interest in the long term will be served by specific commodity agreements. Especially in the case of the common fund, which appears to be on its way to creation in some form, the United States has a basic choice over whether to take a passive approach and let those committed to the common fund construct a mechanism unfavorable to U.S. interests, with the hope that it will be weak or ineffective; or, pursue a more active course which could recognize the existence of the fund and help mold it to deal with U.S. concerns.

APPENDIX A

Manila Declaration and Program of Action

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PART ONE

DECLARATION

I

Guided by our common aspirations, we, the representatives of the developing countries, having met at the Third Ministerial Meeting of the Group of 77, held in the city of Manila, Philippines, to co-ordinate and harmonize our positions in preparation for the fourth session of the United Nations Conference on Trade and Development, to be held at Nairobi in May 1976,

Having considered the Declaration of the Fourth Conference of Trade Ministers of OAU Member Countries, the First Declaration and Action Guidelines of the Latin American Council of the Latin American Economic System (SELA) and the Jakarta Declaration 1976,

Inspired by the illuminating opening address delivered by His Excellency the President of the Republic of the Philippines, Mr. Ferdinand E. Marcos, who expressed fruitful ideas which made a significant contribution to our discussions and reflect a keen analysis of the present state of international economic relations and an outstanding perceptiveness of the unfavourable economic and social conditions under which our peoples are struggling,

Cordially thank the Government and the people of the Philippines for their warm hospitality and for the efficient organization of this Meeting, which has enabled us to conclude the Ministerial Meeting successfully.

II

The Ministers of the Group of 77

at their Third Meeting held at Manila from 2 to 7 February 1976,

Having examined in depth the economic situation of the developing countries and having reviewed the policies pursued and the results obtained since the adoption of the International Development Strategy and the third session of UNCTAD in the field of trade, international economic relations and development in the light of the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States,

Inspired by the Charter of Algiers and the Lima Declaration of the Group of 77,

Bearing in mind the Declaration and Programme of Action adopted at the Fourth Conference of Heads of State or Government of Non-Aligned Countries,

Noting with deep disappointment that very few concrete results have been obtained in those fields, that the developed countries have generally not implemented the policy measures and fulfilled the commitments undertaken designed to improve the situation of the developing countries, and that the relative position of the developing countries in the world economy - especially the position of the least developed, land-locked and island developing countries and the most seriously affected developing countries - has worsened during this period,

Declare that international economic conditions - particularly world inflation, monetary disorders, recession in the highly industrialized regions, the appearance of new forms of economic discrimination and coercion, certain forms of action by transnational corporations and the revival of protectionist trends in the developed countries - have seriously affected the economies of all developing countries,

Recognize that, in view of this situation, some developing countries have made and continue to make major efforts to provide other developing countries with financial and other assistance to help them overcome their economic difficulties, including their food and energy problems, and hope that such initiatives will encourage further assistance in these fields by those countries which are in a position to do so.

Deplore the application by the developed countries of unjust and discriminatory trade regulations, and the obstacles which they impose on developing countries in regard to access to modern technology;

Affirm their conviction that it is necessary and urgent to bring about radical changes in economic relations in order to establish new relations based on justice and equity which will eliminate the inequitable economic structures imposed on the developing countries, principally through the exploitation and marketing of their natural resources and wealth;

Emphasize the close solidarity of all the developing countries which has made it possible for them to evolve a unified position, as well as the importance of harmonizing positions which help to enhance the irreversible process they have created in international economic relations and to consolidate and strengthen their unity and solidarity through joint concerted action, thus laying the foundation for the new international economic order and for the adoption of the Charter of Economic Rights and Duties of States;

Affirm that the current situation presents a favourable opportunity for the international community to take steps and reach agreements at the fourth session of the United Nations Conference on Trade and Development aimed at solving the economic and financial problems of the developing countries and achieving the objectives of the new international economic order;

Decide to promote the urgent implementation, on the basis of a programme of concerted action, of the new international economic order within the framework of the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and the decisions and recommendations adopted by the General Assembly at its seventh special session;

Reaffirm their conviction that the implementation of the new international economic order is essential for the promotion of justice and the maintenance of peace and international co-existence, owing to the ever-increasing interdependence of nations and peoples;

Reaffirm further their conviction that responsibility for achieving economic development and ensuring social justice lies in the first instance with countries themselves and that the achievement of national, regional and international objectives depends on the efforts of each individual country. As a necessary corollary to those national efforts and in

accordance with the principle of collective self-reliance, they urge the need for closer and more effective co-operation among the developing countries, including the harmonization and co-ordination of their respective economic policies;

Declare once again that international economic relations should be based on full respect for the principles of equality among States, and non-intervention in internal affairs, on respect for different economic and social systems and on the right of each State to exercise full and permanent sovereignty over its natural resources and all its economic activities;

Resolve that the developing countries should be assured wider and increasing participation in the process of adoption and in the adoption of decisions in all areas concerning the future of international economic relations and in the benefits derived from the development of the world economy;

Reiterate the need and urgency for the principle of differential and preferential treatment in favour of developing countries to be applied in accordance with specific and effective formulae in all fields of their economic relations with developed countries;

Reaffirm the importance of international co-operation for the establishment of the new international economic order;

Accordingly,

DECLARE

their firm conviction to make full use of the bargaining power of the developing countries, through joint and united action in the formulation of unified and clearly defined positions, with a view to achieving, inter alia, the following objectives in the various fields of international economic co-operation:

1. Restructuring international trade in commodities so that it offers a viable solution to the problems concerning commodities, to raise and maintain the value of the exports and the export earnings of the developing countries, increasing processing and improving the terms of trade of those countries. Bearing these fundamental objectives in mind, the fourth session of UNCTAD should take concrete and operational decisions concerning the integrated programme and all its elements and the implementation of each of its objectives and each necessary international measures, including the negotiating plan;

2. Reshaping of the structure of world industrial production and trade to ensure a substantial increase in the share of the developing countries in world exports of manufactures and semi-manufactures, in accordance with the goals set forth, inter alia, in the Lima Declaration and Plan of Action on Industrial Development and Co-operation. To this end, suitable internal and external conditions, including new forms and areas of industrial co-operation, must be created for accelerated industrial development and for promoting the export of manufactures and semi-manufactures from developing countries, without giving rise to restrictions on their access to the markets of developed countries;

3. Expanding the total export capacity of the developing countries, in terms both of volume and of the diversification of their products, and thus promoting the increasing participation of those countries in world trade;

4. Achieving substantive results for the developing countries in the multilateral trade negotiations and additional benefits through the adoption of differential measures and special procedures for them in all areas of the negotiations. Pending the completion of those negotiations, ensuring that the developed countries strictly observe the standstill with regard to their imports from the developing countries. In this context, substantial improvements should be made in the existing GSP schemes to help developing countries to achieve the agreed objectives of the GSP;

5. Condemning and rejecting all forms of discrimination, threats or coercive economic policies and practices, either direct or indirect, against individual or groups of developing countries by developed countries, which are contrary to fundamental principles of international economic relations;

6. Urgently achieving a reform of the international monetary system which will meet the interests and needs of the developing countries, with the full and effective participation of those countries in the decision-making process involved in that reform;

7. Securing short-term and long-term financing in sufficient volume and on favourable terms and accelerating the flow of bilateral and multilateral financial assistance from the developed to all the developing countries, and in particular to the least developed, land-locked and island developing countries and the most seriously affected countries, on a more continuous, assured and stable basis, in order that the target for official development

assistance is reached without delay moreover, access of developing countries to the capital markets of developed countries should be substantially increased;

8. Taking immediate steps by developed countries and international organizations to alleviate the increasing debt problems of developing countries and to expand and improve short-term financing facilities to mitigate their balance-of-payments difficulties;

9. Promoting national technological progress through the acquisition, development, adaptation and dissemination of technology in accordance with the needs, interests and priorities of the developing countries, and ensuring the transfer of technology on international conditions consistent with those objectives, with a view to strengthening the technological capabilities of developing countries and thus reducing their dependency in this field, through appropriate institutional arrangements, the adoption of a multilaterally binding code of conduct on the transfer of technology and the review and revision of international conventions on patents and trademarks;

10. Ensuring that the activities of transnational corporations operating in territories of developing countries are compatible with their objectives of national development, through the free exercise of the right to regulate the operations of those corporations, and promoting international co-operation as an effective instrument for achieving that objective;

11. Promoting and fostering a programme of economic co-operation among developing countries through suitable permanent machinery for strengthening their mutual co-operation and making possible the adoption of concrete measures in the various fields of their economic relations, in order to promote the individual and collective self-reliance, interdependence and progress of the developing countries;

12. Devoting efforts towards urgent action for the expansion of trade between the developing countries and developed countries with centrally planned economies, including suitable institutional arrangements for dealing with this issue, with a view to increasing the economic benefits accruing to developing countries from such trade and economic co-operation;

13. Establishing more effective and realistic measures and policies through suitable mechanisms in favour of the least developed, land-locked and island developing countries and implementing them as speedily as possible, so that their results may help to alleviate or diminish the specific and long-existing problems affecting those countries;

14. Implementing without delay effective measures in favour of the most seriously affected developing countries to enable them to overcome their special problems, in accordance with General Assembly resolutions 3201 (S-VI) and 3202 (S-VI);

15. Furthering co-operation in the solution of major and urgent international economic problems affecting a large number of developing countries;

16. Continuing and intensifying their efforts to affect the changes urgently needed in the structure of world food production and taking appropriate steps, particularly in the field of trade, to ensure an increase in agricultural production, especially of foodstuffs, and in the real income which the developing countries obtain from exports of these products. Developed countries and developing countries in a position to do so should provide food grains and financial assistance on most favourable terms to the most seriously affected countries, to enable them to meet their food and agricultural development requirements;

17. Strengthening the negotiation function of UNCTAD so that it could evolve into an effective negotiating arm of the United Nations in the fields of trade and development capable of translating principles and policy guidelines, particularly those enunciated by the General Assembly, into concrete agreements and thus directly contribute to the establishment of the new international economic order.

PART TWO

PROGRAMME OF ACTION

Section One

COMMODITIES

Action on commodities, including decisions on an integrated programme in the light of the need for change in the world commodity economy

1. The present situation of commodities contains a number of new factors which could form the basis for a fresh initiative that would contribute to the establishment of a new international economic order, including the setting up of new production and market structures for commodities. Concerted efforts should therefore be made to restructure the world commodity economy in order to improve the terms of trade of developing countries, expand their export earnings from commodities in their raw and processed forms, and eliminate the economic imbalance between developed and developing countries. With this basic aim in mind, UNCTAD IV should adopt decisions on the objectives, commodities to be covered, international measures and negotiating plan of the integrated programme for commodities of export interest to developing countries, including perishables, and a time-table for its implementation.

2. "The solution to world food problems lies primarily in increasing rapidly food production in the developing countries. To this end, urgent and necessary changes in the pattern of world food production should be introduced and trade policy measures should be implemented, in order to obtain a notable increase in agricultural production and the export earnings of developing countries. To achieve these objectives, it is essential that developed countries and developing countries in a position to do so should substantially increase the volume of assistance to developing countries for agriculture and food production, and that developed countries should effectively facilitate access to their markets for food and agricultural products of export interest to developing countries, both in raw and processed form, and adopt adjustment measures, where necessary."1/

1/ General Assembly resolution 3362 (S-VII), sect. V, paras. 1-2.

3. The integrated programme for commodities is a programme of global action designed to improve and establish new structures in international trade in commodities of interest to the developing countries. The integrated programme does not preclude other trade and financial measures and mechanisms relating to products, groups of products or sectors from contributing towards the achievement of the same objectives. In emergency situations of market disruption, trade and financial measures should be taken so as not to adversely affect trade flows from developing to developed countries.

A. Objectives of the programme

4. The objectives of the integrated programme are:

(a) Improvement of the terms of trade of the developing countries in the field of commodities;

(b) Supporting commodity prices at levels which in real terms are remunerative and just to producers and equitable to consumers, taking full account of the rate of world inflation and fluctuations in the exchange rates of the main currencies;

(c) Reduction of excessive fluctuations in commodity prices and supplies in the interests of both producers and consumers;

(d) Improving and stabilizing in real terms the purchasing power of the export earnings of individual developing countries;

(e) Expansion of developing country exports of primary and processed products, improvement of the competitiveness of natural products vis-à-vis synthetic substitutes and harmonization of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;

(f) Diversification of production, including food production, and expansion of the processing of primary commodities in developing countries with a view to promoting their industrialization and increasing their export earnings;

(g) Assurance of access to markets of developed countries for exports from developing countries;

(h) Increasing the participation of developing countries in the transport, marketing and distribution of their exports and their share in the earnings therefrom.

B. International measures of the programme

5. To achieve the objectives of the integrated programme all the following international measures, each one of which constitutes an important and integral element of the programme, should be taken:

(a) Establishment of a common fund for the financing of international commodity stocks or other necessary measures within the framework of commodity arrangements;

(b) Setting up of international commodity stocking arrangements;

(c) Harmonization of stocking policies and the setting up of co-ordinated national stocks financed, in the case of developing countries, by the common fund referred to in sub-paragraph (a) above, or by international financial agencies through a broader and more liberal financing scheme for buffer stocks;

(d) Negotiation of other measures necessary for the attainment of the objectives of the programme within the framework of international commodity arrangements through, inter alia, appropriate international production policies, supply management measures, and bilateral and multilateral long-term supply and purchase commitments, taking into account the characteristics of each product;

(e) Effective application of appropriate measures and procedures for indexing the price of commodities exported by developing countries to the prices of manufactures imported from developed countries;

(f) Improvement and enlargement of compensatory financing facilities for the stabilization in real terms around a growing trend of export earnings of developing countries;

(g) Promotion and support of processing and diversification activities in developing countries, and also liberalization and improvement of access to markets of the developed countries for developing country exports of primary and processed commodities;

(h) Appropriate measures for greater participation by developing countries and for improving their share in the transport, marketing and distribution of commodities of export interest to developing countries in their raw as well as processed forms, including the establishment of financial, exchange and other institutions for the remunerative management of trade transactions, and also consequent actions by developed countries.

6. The interests of developing importing countries, particularly the least developed and the most seriously affected among them, adversely affected by measures under the integrated programme should be protected by means of appropriate differential and remedial measures within the programme.

7. The product coverage of the integrated programme should take into account the fundamental interests of developing countries in, among others, bananas, bauxite, cocoa, coffee, copper, cotton and cotton yarn, hard fibres, iron ore, jute and jute products, manganese, meat, phosphate, rubber, sugar, tea, timber, tin and vegetable oils, including olive oil and oilseeds.

8. Efforts on specific measures for reaching agreements on products, groups of products or sectors which for various reasons are not incorporated in the first stage of application of the integrated programme should be continued.

9. The application of any of the measures which may concern existing international arrangements on commodities covered by the integrated programme would be decided by governments within the commodity organizations concerned.

10. The measures envisaged above could be reinforced by stimulation and promotion of action by producers' associations and by adoption of measures designed to promote and increase trade in commodities among developing countries.

11. In relation to compensatory financing, agreement should be reached at UNCTAD IV on recommendations to the IMF regarding improvements of its compensatory financing facility along the following lines:

(a) An easing of the balance-of-payments criterion for assistance to developing countries;

(b) Calculation of export shortfalls in terms of the real value (import purchasing power) of exports and an element of growth in real terms;

(c) Provision to developing countries of a right to base claims for compensation on shortfalls in their aggregate commodity export earnings or their total export earnings;

(d) Easing of repayment terms and expansion of the grant element in compensatory financing, particularly for the poorest developing countries.

12. Agreement should be reached at UNCTAD IV on recommendations relating to improved access to markets of developed countries for developing country exports of primary and processed commodities, some of which may be incorporated into individual commodity arrangements under the integrated programme.

C. Negotiating plan of the programme

13. In the light of the decisions reached on the objectives and international measures in the integrated programme, agreement should be reached at UNCTAD IV on follow-up procedures for the implementation of the integrated programme, including the following:

(a) Establishment within UNCTAD of an ad hoc intergovernmental group for the negotiation of the common financing fund referred to in paragraph 5 (a) above;

(b) Convening of intergovernmental preparatory meetings and negotiating conferences for the negotiation of international arrangements;

(c) The possible establishment within UNCTAD of an ad hoc intergovernmental co-ordinating committee of the Trade and Development Board for commodity negotiations to give impetus to the negotiations referred to in sub-paragraphs (a) and (b) above, to review the progress and to deal with such major policy problems as may arise during the negotiations.

14. Agreement should also be reached on a time-table for the implementation of the integrated programme.

Section Two

MANUFACTURES AND SEMI-MANUFACTURES

Agreement should be reached at UNCTAD IV on a comprehensive strategy to expand and diversify the export trade of the developing countries in manufactures and semi-manufactures, with a view to the attainment of the goals for their accelerated industrial development including those set by the Second General Conference of UNIDO at Lima. Such a strategy should comprise inter alia the following measures:

I. Improving access to markets in developed market economy countries and the socialist countries of Eastern Europe for manufactures and semi-manufactures of developing countries

(a) The generalized system of non-reciprocal, non-discriminatory preferences should be improved in favour of the developing countries through the adoption inter alia of the following

measures, taking into account the relevant interests of those developing countries enjoying special advantages as well as the need for finding ways and means for protecting their interests:

(i) extension of its coverage to all products of export interest to developing countries;

(ii) unrestricted, duty-free and quota-free entry for imports of all products covered;

(iii) liberalization, simplification and harmonization of rules of origin in order to promote and not to hinder the exports of developing countries. The developing countries should be treated under the GSP rules of origin as one area, i.e. there should be "cumulative treatment";

(iv) removal of all the discriminatory and restrictive aspects of the schemes, especially that of the United States;

(v) elimination of any other internal fiscal or para fiscal barriers to trade.

(b) Developed countries should apply the principle of generalized preferential treatment in favour of developing countries to non-tariff barriers, including their elimination, and to other trade policy measures.

(c) The socialist countries of Eastern Europe should not link the application of their schemes or other equivalent measures to bilateral long-term contracts or arrangements with the beneficiary countries.

(d) Developed countries should adhere strictly to their commitments to the principle of standstill as regards restrictions on imports from developing countries.

(e) It is necessary to avoid the prolongation and multiplication of international arrangements designed to validate arrangements requiring developing countries to "voluntarily" restrain their exports, as is the case in the Arrangement regarding International Trade in Textiles.

(f) The GSP should be given a firm statutory basis and made a permanent feature of the trade policies of the developed market economy countries and of the socialist countries of Eastern Europe.

(g) No instrument of economic policy, particularly the GSP, should be used as an instrument of political or economic coercion or of retaliation against developing countries, including those that have adopted or may adopt, singly or jointly, policies aimed at safeguarding their natural resources.

(h) The export products, including unprocessed and semi-processed products included in BTN chapters 1 - 24, of developing countries that can be distinguished from similar products of developed countries should be identified and separately classified in developed countries customs tariffs in order to allow more favourable treatment.

(i) The developed countries should adopt appropriate internal adjustment assistance measures for their industrial restructuring with the object of allowing for an increasing volume of imports of manufactures and semi-manufactures from developing countries.

II. Restrictive business practices

(a) Agreement should be reached on concrete measures for the implementation of relevant resolutions adopted by the international community, relating to restrictive business practices, particularly provisions contained in General Assembly resolution 3362 (S-VII) on development and international economic co-operation, which provides that "Restrictive business practices adversely affecting international trade, particularly that of developing countries, should be eliminated and efforts should be made at the national and international levels with the objectives of negotiating a set of equitable principles and rules".

(b) Action should be taken by developed countries aimed at improving the control of restrictive business practices adversely affecting the trade of developing countries, including the institution of appropriate notification and registration procedures, as well as the development, where necessary, of policies for the elimination of restrictive business practices.

(c) Action should be taken at the international level within the framework of UNCTAD, including the following elements:

(i) Agreement on the need to negotiate for the purpose of adopting a set of equitable principles and rules governing the control of restrictive business practices adversely affecting international trade, particularly that of the developing countries;

(ii) Continued examination of the various restrictive business practices adversely affecting the trade and development of developing countries and measures necessary to control such practices;

(iii) Supply of information by developed countries on restrictive business practices adversely affecting the trade and development of developing countries;

(iv) Collection and dissemination of information on restrictive business practices by the UNCTAD secretariat, in close co-operation with the Research and Information Centre on Transnational Corporations established at the United Nations;

(v) Provision of technical assistance to developing countries in the area of restrictive business practices, especially in respect of the training of officials.

III. <u>Transnational corporations and the expansion of exports of manufactures by developing countries</u>

Agreement should be reached on:

(a) Measures to be taken at national, regional and international levels in order to ensure that transnational corporations reorient their activities towards more complete manufacturing in developing countries and towards the further processing therein of raw materials for both the domestic and foreign markets. The developed countries should take steps to adjust their policies, particularly in the field of tariff and non-tariff protection, foreign exchange regulations, foreign investment and fiscal and financial incentives, to facilitate the above-mentioned measures to be adopted by the transnational corporations.

(b) Measures to strengthen the participation of national enterprises of developing countries in the activities undertaken by transnational corporations in their territories, particularly those relating to the export of manufactures and semi-manufactures.

(c) Equitable principles and rules to govern the control of restrictive business practices which include measures for the control of the practices of transnational corporations adversely affecting the developing countries' ability to export manufactures and semi-manufactures.

(d) Measures designed to ensure the regulation and control of the activities of transnational corporations in order that they may be a positive factor in the export efforts of developing countries, so that the latter may acquire greater control over the processing, marketing and distribution of their manufactures and semi-manufactures.

IV. Export and industrial financing

(a) Developed countries should assist developing countries in setting up financial institutions required by them for development and promotion of their industries and exports.

(b) International financing institutions should grant programme loans to industrial sectors - in addition to the project loans, as well as provide medium- and long-term refinancing facilities for the exports of developing countries.

(c) International private investment and the financing thereof should be adapted to the industrial needs of the developing countries, in accordance with their national legislation and policies.

(d) Developed countries should make available, through bilateral and multilateral channels, larger amounts of financial aid to assist the industrialization of the developing countries, commensurate with and suited to achieving the 25 per cent share for these countries in world industrial output by the year 2000 as set out in the Lima Declaration and Plan of Action.

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V. International co-operation for industrial restructuring

Agreement sl. uld be reached on measures to be taken in the field of trade in manufactures and semi-manufactures with a view to the achievement of the goals for international industrial restructuring contained in the Declaration and the Programme of Action on the Establishment of a New International Economic Order, adopted at the sixth special session of the General Assembly, in the Lima Declaration and Plan of Action on Industrial Development and Co-operation and further stressed in General Assembly resolution 3362 (S-VII). Such measures should include:

(a) Early implementation of the decision to establish a system of consultations at global, regional interregional and sectoral levels within appropriate international bodies, in order to facilitate the achievement of the afore-mentioned goals; and effective participation of UNCTAD in such a system.

(b) Action for strengthening the promotion in developing countries of the production and trade of manufactures and semi-manufactures, including those involving the use of advanced technology in their production. Such action should include the elaboration of guidelines on the following:

(i) identification of industrial activities that could be the subject of industrial collaboration arrangements;

(ii) ways of promoting industrial collaboration arrangements in their various forms;

(iii) redeployment of industries from developed to developing countries;

(iv) supporting measures in developed countries including adjustment assistance measures designed to increase imports from developing countries particularly in sectors where the competitive advantage lies with developing countries;

(v) commercial co-operation between developing and developed countries and among developing countries, aimed at facilitating the operation of the proposed arrangements;

(vi) financial and technical co-operation, including appropriate assistance from international institutions;

(vii) harmonization of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;

(viii) supporting measures to be taken by the developing countries for the above, taking into account the need for protecting their nascent industries.

(c) Strengthening of co-operation between UNCTAD and UNIDO on the above matters.

Section Three

MULTILATERAL TRADE NEGOTIATIONS

1. Developing countries stress the importance of the commitments made in the Tokyo Declaration to inter alia secure additional benefits for the international trade of the developing countries and the importance of implementing them fully on a priority basis. They reaffirm the need for observing the multilateral character given to the trade negotiations and for ensuring their "transparency".

2. The Ministers at Tokyo had intended that the MTNs would be concluded in 1975. This target date has not been realized. The developing countries reiterate their great disappointment over the slow progress of the trade negotiations and, bearing in mind the decision of the TNC to complete the negotiations in 1977, urge immediate action on their specific requests and proposals in areas of special priority by the middle of 1976 and the implementation of the agreed concessions from 1 January 1977.

3. Developing countries express concern that the fundamental principles of the Tokyo Declaration in their favour have not yet been complied with.

4. Developed countries should secure, where necessary, additional legislative and other authority and complete their procedures to implement the concessions and commitments undertaken by them in the MTNs in favour of the developing countries.

5. Developing countries attach particular importance to the following major principles in the trade negotiations between developed and developing countries:

(a) Strict adherence to the principle of non-reciprocity. The question of the contribution of the developing countries to the over-all objectives of the negotiations consistent with their trade, development and financial needs should not be considered until the objectives and commitments of the Tokyo Declaration in their favour are adequately fulfilled;

(b) The concrete application of differential measures which would provide special and more favourable treatment for developing countries, including advance implementation of concessions;

(c) The binding of commitments and concessions in the negotiations in favour of developing countries;

(d) Adoption of special procedures for developing countries in all areas of the negotiations;

(e) Special treatment to be extended to the least developed among the developing countries in the context of any general or special measures that may be taken in favour of the developing countries during the negotiations.

6. Developing countries urge that the following specific issues of major concern to them be given immediate consideration:

(a) Strict adherence to the standstill;

(b) Special priority in the scope and content of concessions for tropical products should be assured at the earliest possible date in accordance with paragraph 2 above;

(c) The binding in GATT of preferential tariff margins;

(d) The maintenance and improvement of the GSP and effective compensation in case of the erosion of preferential margins resulting from the MFN tariff cuts;

(e) Immediate elimination or liberalization of quantitative restrictions and other non-tariff barriers affecting exports of developing countries. Quantitative restrictions inconsistent with the provisions of the GATT applied by the developed countries should be eliminated without any delay;

(f) Recognition of the right of developing countries to accord export subsidies in the context of their development and industrialization policies without giving rise to the application of countervailing duties;

(g) Exemption of the developing countries, in principle, from the application of safeguard measures;

(h) Provision for differential treatment for, and deferred compliance by, developing countries, with the provisions of the codes being elaborated in the multilateral trade negotiations;

(i) More favourable treatment in the application of government procurement policies in favour of developing countries as compared with developed countries. Developed countries should give to developing country suppliers treatment no less favourable than they accord to their domestic suppliers in the field of government procurement.

7. In accordance with the Tokyo Declaration, immediate consideration should be given to reforming the provisions of GATT, including part IV, in order to provide on a mandatory basis for differentiated and more favourable treatment to developing countries, and for extension of these principles to the existing codes and those that may be drawn up.

8. The Trade and Development Board and its subsidiary bodies concerned should follow closely the developments in, and give active consideration to, the issues in the negotiations of particular concern to the developing countries. UNCTAD should promote consultations and exchanges of views among developing countries. For this purpose, satisfactory arrangements should be made for effective participation by the Secretary-General of UNCTAD in these negotiations and he should be provided with adequate resources to fulfil this task.

Section Four

MONEY AND FINANCE AND THE TRANSFER OF REAL RESOURCES FOR DEVELOPMENT

I. Measures to be taken by developed countries and international organizations to resolve and alleviate the critical debt problems of developing countries

1. Heavy debt-service payments, current account deficits stemming from maladjustments in the world economy, inadequate balance-of-payments support and long-term development assistance, coupled with tight conditions and the high cost of loans in international capital markets and difficulties of access to markets in developed countries for exports of developing countries, have all combined to impose a serious and critical strain on the import capacity and reserves of developing countries, thus jeopardizing their development process. The deterioration in the terms of trade of developing countries and the high-cost short-term borrowing they have had to resort to recently have seriously aggravated their debt burden. This situation facing the developing countries can be mitigated by decisive and urgent relief measures in respect of both their official and commercial debts.

2. In negotiations on debt, UNCTAD IV should take as a general framework the draft resolution of the Group of 77 presented at the seventh session of the Committee on Invisibles and Financing related to Trade (TD/B/C.3/L.107).

Official debts

3. Debt relief should be provided by bilateral creditors and donors in the form of waivers or postponement of interest payments and/or amortization, cancellation of principal, etc. of official debt to developing countries seeking such relief. In that framework the least developed, the developing land-locked and the developing island countries should have their official debts cancelled. Other most seriously affected countries should receive the same treatment or, as a minimum, have their debt-service payments on official debts waived until they cease to be regarded by the United Nations as most seriously affected countries.

4. Multilateral development finance institutions should provide programme assistance to each developing country in an amount no less than its debt service payments to these institutions.

Commercial debts

5. Agreement should be reached to consolidate the commercial debts of interested developing countries and to reschedule payments over a period of at least 25 years. The consolidation of commercial debts and the rescheduling of payments would require the establishment of suitable financial arrangements or machinery, which might include, inter alia, a multilateral financial institution, such as a fund or a bank, designed to fund the short-term debts of interested developing countries.

Debtor/creditor conference

6. A conference of major developed creditor and interested debtor countries should be convened under the auspices of UNCTAD in 1976, to determine appropriate ways of implementing the principles and guidelines on the renegotiation of official and commercial debts to be reached at UNCTAD IV.

II. Measures to increase net capital flows to developing countries to meet their long-term external financing needs

7. Assistance from developed countries constitutes an indispensable complement to the internal efforts of developing countries, which are concerned at the fact that developed countries are continuing to maintain qualifications on their obligations under the International Development Strategy and to impose conditions on their assistance. As agreed by the General Assembly, in its resolution 3362 (S-VII), "concessional financial resources to developing countries need to be increased substantially, their terms and conditions ameliorated and their flow made predictable, continuous and increasingly assured so as to facilitate the implementation by developing countries of long-term programmes for economic and social development. Financial assistance should, as a general rule, be untied".

A. The 0.7 per cent for official development assistance (ODA)

8. (a) All developed countries should effectively increase their ODA so as to achieve the 0.7 per cent ODA target as soon as possible, and in any case no later than 1980. To achieve this end and to ensure that ODA flows are predictable, continuous and assured, the following measures, inter alia could be considered:

(i) Introduction by developed countries of a development tax as a means of raising the required revenues, thereby avoiding discontinuity in appropriation by legislatures;

(ii) Use by the developed countries of the interest subsidy technique as a means of minimizing the budgetary burden of achieving the 0.7 per cent target and of generating a large expansion of concessional flows in a short span of time.

(b) For the purpose of the attainment of the 0.7 per cent ODA target by developed countries, it should be agreed that:

(i) ODA loans should be measured net of amortization and interest payments;

(ii) At least 90 per cent of ODA flows should be in the form of grants or loans on IDA terms;

(iii) Official loans with a grant element of less than 50 per cent should not be treated as development assistance;

(iv) ODA loans should be untied and multilateral agreement should be sought as soon as possible for the untying of all official flows. Grants should also be untied as far as is feasible;

(v) Financial flows to areas which the developed countries themselves do not regard as sovereign political entities should be set aside in measuring countries' performance under the target;

(vi) ODA should be increasingly given in the form of non-project and programme assistance, including local currency financing;

(c) The 0.7 per cent ODA target should be treated as the actual financial flow target, and the 1 per cent target (in the measurement of which other official and private capital flows are included) should be considered as merely a broad indicator of financial co-operation.

(d) ODA should be distributed more rationally and equitably among all developing countries without prejudice to existing bilateral or multilateral agreements between developing and developed countries, and the continuity of such financial flows should be ensured on more favourable conditions.

B. Flows from multilateral development finance institutions

9. The multilateral development finance institutions should increase substantially their lending to developing countries. To make this possible, contributions of developed countries to these institutions should be increased immediately. Contributions to the World Bank's Third Window should be increased substantially and without prejudice to the regular lending programme of the IBRD, to IDA, and to the soft-loan windows of the regional banks.

10. Provision should be made for replenishing the resources of IDA on a continuous and automatic basis. The fifth and subsequent replenishments of IDA should provide a substantial increase in the resources of IDA in real terms. Negotiations should be completed in time to ensure continuity of operations.

11. New sources of credit, additional to the existing ones, should be created for the purpose of meeting the specific need of financing the development programmes of developing countries which do not benefit from the measures envisaged in paragraph 2 of resolution 62 (III).

C. Access to capital markets in developed countries

12. The developed countries should take immediate measures to enhance the access of developing countries to their money and capital markets so as to increase substantially the volume, improve the conditions and secure the continuity of the resources available to the developing countries. Such measures should include:

(a) Exemption of developing countries from various administrative measures governing the issues of foreign bonds in domestic capital markets;

(b) A liberalization of statutory provisions limiting the extent to which domestic financial institutions can acquire debt of developing countries;

(c) Exemption of developing countries from general measures designed to control capital outflows from capital exporting countries;

(d) Provision by governments, either individually or through multilateral facilities, to guarantee financial obligations of developing countries.

III. Measures to improve, on appropriate terms and conditions, the financial and monetary situation of developing countries, commensurate with their development needs, and to facilitate and improve the financing of their exceptional deficits

13. Developing countries normally face chronic balance-of-payments deficits but in recent years these deficits have become critical for most of them, threatening to undermine their development process. The present deficits are exceptional not only in dimension but in their source, since they result not from inappropriate domestic policies but largely from adverse world economic conditions, in particular recession and inflation in developed countries; these conditions have further weakened the external position of developing countries by worsening their terms of trade and lowering their export volume and earnings. The traditional policy responses are therefore inappropriate to deal with the situation and would serve to aggravate maladjustments in the world economy, particularly those in developing countries. International policies in the current situation must be tailored to these specific characteristics of the situation in developing countries and reflect the fact that their external deficits are largely due to factors beyond their control. Those policies must therefore assure the orderly and adequate financing of the balance-of-payments deficits of developing countries on appropriate terms and conditions to allow the developing countries to make the necessary adjustments without detriment to their development plans. Existing IMF policies, notwithstanding recent welcome modifications, do not suffice for this purpose.

14. The following actions, inter alia, are proposed to alleviate this situation:

(a) The IMF should make its policies more flexible so as to provide adequate longer-term assistance at low interest rates and free of policy conditions to developing countries for the specific purpose of compensating them for shortfalls in export earnings and rising prices for essential imports resulting from the economic situation in the developed countries;

(b) The IMF should undertake a further review of its compensatory financing facility in the near future in order to make the following changes:

(i) Export shortfalls should be calculated taking into account changes in import prices and with due account for a growth factor;

(ii) The quota limitations should be either abolished or raised to a point at which they cover the entire shortfall;

(iii) Repayments should be triggered only by "overages" just as drawings are triggered by "shortfalls";

(iv) Countries should be given the choice of basing the calculation of their shortfalls on their total commodity earnings, or total merchandise exports, or services, or on all current account receipts, and to draw against the shortfall without basing their claim entirely on balance-of-payments criteria;

(v) Increased import volume resulting from climatic or other factors beyond the control of the country concerned should also be included in the calculation of the shortfalls;

(vi) In appropriate cases, drawings under the facility should take the form of grants.

(c) The IMF should undertake an early further review of its tranche policies with a view to enlarging substantially the first credit tranche, and reducing the conditionality attached to drawings under the subsequent tranches.

15. Special measures should be taken within the framework of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI), to provide additional resources to meet the exceptional balance-of-payments deficits of the most seriously affected countries caused by the present crisis, and thereby enable them to deal with their critical problems. Contributions to the United Nations Special Fund should be expedited and augmented. In addition, the IMF Trust Fund should be put into operation without delay.

IV. Review of requirements for evolving an international monetary system that would foster development and world trade, having particular regard for the interests of the developing countries

16. The international monetary system in its present state is not sufficiently conducive to world trade and development, and requires fundamental changes to meet the interests of the international community and in particular those of the developing countries. These changes must explicitly take into account the interdependence of the problems of the international monetary, financial and trade systems, and must be based on universal membership and a just decision-making process. One of the central objectives of the new monetary system should be the promotion of the trade and development of developing countries. The system must provide for a process of balance-of-payments adjustment and financing that will remove the inequities involved in the system as presently constituted; for the creation and distribution of international liquidity in ways which will mobilize resources for development; and for stability in exchange rates.

A. Universality of the monetary system

17. The international monetary system would function more effectively with complete universality. It should therefore embrace all interested countries without exception, and should in particular reflect the rights and interests of the developing countries, and ensure them equitable treatment that takes into account their development needs.

B. Decision-making

18. Decisions on international monetary issues, which affect the international community at large, should be taken with the full and more effective participation of developing countries at all stages of discussion and negotiation. To that end, the authority of the IMF in international monetary negotiations and decisions should be increased and the role of restricted and unrepresentative groups reduced. The system of voting in the IMF and World Bank should be reformed so as to accord developing countries greater representation and weight in decision-making in these institutions.

C. The interdependence of problems of international financial, monetary and trade systems

19. Problems of the international monetary system are to a large degree generated by inadequacies in the international trade and financial systems, including insufficient access of developing countries to markets for capital and goods. A co-ordinated approach towards problems in these three areas should guide deliberations and negotiations in each of them so that the overall evolution of the international economic system serves to foster development and world trade, having particular regard to the interests of the developing countries. UNCTAD has an especially important role to play in this connexion.

D. The balance-of-payments adjustment process

20. In the present monetary system, serious asymmetries exist in the ways in which different groups of countries are dealt with as regards the avoidance, correction and financing of payments imbalances. Developing countries bear an inequitable burden of adjustment, which should be lightened, inter alia, in the following ways:

(a) The International Monetary Fund should be equipped with a full array of facilities to provide payments support to developing countries. The terms and conditions, including policy conditions, carried by IMF credit should take due account of the cause and hence the likely duration of the deficits they are designed to cover. Greater automaticity of credit, and reduced policy conditionality, are required. Existing mechanisms must be strengthened to protect the developing countries from being adversely affected by internal maladjustments in developed countries, such as recession and inflation, and by other exogenous factors. The overall access of developing countries to Fund resources must be considerably enlarged and liberalized.

(b) Developing countries should be free to choose the policy instruments that they consider best suited to their specific situation and structural characteristics, without prejudice to their access to IMF drawings.

(c) Improvement in the balance-of-payments adjustment process of developing countries requires improvements in the world trading system, inter alia, to stabilize commodity earnings and to remove trade restrictions in developed countries on products of export interest to developing countries.

(d) A properly working adjustment process also requires that the transfer of real resources to developing countries should be enlarged, to allow them to adjust imbalances at higher levels of imports and rates of growth, thereby reducing the costs of such adjustment.

E. Creation and distribution of international liquidity

21. The creation and distribution of international liquidity should be brought under more effective international control so as best to meet the additional liquidity needs of the world economy as a whole, and of developing countries in particular. To that end, the role of the SDR as a reserve asset should be strengthened, so that the SDR may progressively replace gold and national currencies as reserve assets. Decisions on SDR allocation should take due account of the distribution of international liquidity. The Articles of Agreement of the IMF should provide for a link between SDR allocations and additional development finance. Recent decisions regarding gold, which have the effect of redistributing world reserves away from developing countries and in favour of developed countries, should be offset.

F. Exchange rates

22. The exchange rate system should evolve in the direction of increased consistency in exchange rate policies and greater stability in the exchange rates of the major currencies. The IMF should take due account of the interests of developing countries in its decisions on exchange rate system. In interpreting the obligations and applying the principles under the amended articles dealing with exchange arrangements, the IMF should pay due regard to the special circumstances of the developing countries.

Section Five

TRANSFER OF TECHNOLOGY

I. Action to strengthen the technological capacity of developing countries

1. Decisions should be reached at UNCTAD IV for strengthening the technological capacity of developing countries and thereby reducing their technological dependence. Developing countries should consider measures for formulating national policies, regulations and laws and establishing appropriate institutional structures at the country level, and explore the main lines of co-operation among themselves. These measures should be complemented by a full range of technical assistance activities necessary for interlinking the measures at the national, sub-regional, regional and international levels through the formulation of appropriate international policies. Such assistance requires effective co-operation from the developed countries, as well as co-ordinated action by international organizations. In considering these measures, account should be taken inter alia, of resolution 2 (I) of the Committee on Transfer of Technology and General Assembly resolution 3507 (XXX).

A. Action by the developing countries

2. The developing countries should give consideration, at the national level, to:

(a) Formulation of a technology plan, as an integral part of their national development plans, as well as the co-ordination of policies in a number of interrelated areas, including licensing arrangements, transfer, development and adaptation of technology, industrial property laws and practices, foreign investments, research and development;

(b) Establishment of appropriate institutional machinery, including national centres for the development and transfer of technology with urgent attention being paid to defining the role and functions of such centres, including the principal linkages which need to be established with other national bodies or institutions;

(c) Elaboration of all necessary measures to ensure optimum utilization of their qualified manpower resources.

B. Co-operation among developing countries

3. To supplement the national effort, the developing countries should give consideration at the sub-regional, regional and inter-regional levels to:

(a) Elaboration of preferential arrangements for the development and transfer of technology among themselves; these preferential arrangements for co-operation should, inter alia, be consistent with arrangements involving sub-regional and regional co-operation and integration;

(b) Establishment of sub-regional and regional centres for the development and transfer of technology which could serve as essential links with national centres in developing countries, and also to implement initiatives such as:

(i) Exchange of information on technological alternatives available to developing countries as a means of improving their negotiating power;

(ii) Institutional arrangements in respect of common technological research and training programmes;

(iii) Assisting national centres effectively to fulfil their role, inter alia, in implementing a code of conduct for the transfer of technology and preparing model contracts for licensing agreements on patents;

(c) Establishment of sub-regional, regional and inter-regional centres by the developing countries in specific and critical sectors of particular interest to these countries.

C. Co-operation from the developed countries

4. Developed countries should implement, as a matter of urgency, the programme of action spelled out in paragraphs 13, 16, 17 and 18 of Conference resolution 39 (III), as supplemented and reinforced by the decisions of the sixth and seventh special sessions of the General Assembly, culminating in General Assembly resolution 3517 (XXX).

5. The developed countries should grant the developing countries unrestricted access to existing technology irrespective of the ownership of such technology.

6. The developed countries should co-operate actively and positively in the implementation of General Assembly resolution 3507 (XXX) on the establishment of industrial technological information banks, centres for the development and transfer of technology and/or other viable information systems.

7. Developed countries should refrain from pursuing policies which might encourage the exodus of trained personnel from developing countries, since this is seriously jeopardizing their progress.

D. Action by international organizations

8. The fourth session of the Conference should take decisions to establish the necessary institutional basis to enable UNCTAD to meet the responsibilities assigned to it in the area of technical and operational assistance, in co-operation with the international organizations concerned, particularly UNIDO, as outlined in Conference resolution 39 (III), resolution 2 (I) of the Committee on Transfer of Technology and General Assembly resolution 3507 (XXX).

9. In this context, a Technical Advisory Service should be immediately established within UNCTAD to render assistance at the request of developing countries, and UNCTAD's capacity in this field should be strengthened.

II. Decisions on a code of conduct for the transfer of technology and, in the light of these decisions, a decision on the modalities for its establishment

10. In order to facilitate and increase the international flow of all forms of technology under favourable terms and conditions, eliminate restrictive and unfair practices affecting technology transactions, and strengthen the national technological capabilities of all countries, a multilateral legally binding instrument is the only way of efficiently regulating transfers of technology, taking into consideration the particular needs of the developing countries.

11. In this connexion, it is proposed that, in pursuance of paragraph III (3) of General Assembly resolution 3362 (S-VII), the Conference should request the General Assembly at its thirty-first session to call a plenipotentiary conference under the auspices of UNCTAD during 1977 to establish a multilateral

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legally binding code of conduct on transfer of technology. At the same time the General Assembly should establish a preparatory committee to make the necessary preparations for the conference of plenipotentiaries; the preparatory committee, which should be open to the participation of all members of UNCTAD, should hold its first session as early as possible.

12. The proposal submitted by the Group of 77 (annex II to the report of the Intergovernmental Group of Experts on a Code of Conduct on Transfer of Technology - TD/B/C.6/14) should form the basis of subsequent negotiations.

III. Actions to be undertaken by UNCTAD with respect to the economic, commercial and development aspects of the international patent system in the context of the ongoing revision of that system

13. (a) For patent legislation to be an important instrument for the economic development of the developing countries, it should be designed to serve their public interest, i.e. their developmental needs as defined in the national, regional or sub-regional plans, policies and priorities, and should basically be geared to creating conditions for optimal use as well as for the creation of knowledge and technology to further the social objective of industrialization.

(b) National legislation of developing countries on inventions, where it exists, should ensure that the granting of property rights by the State is accompanied by corresponding obligations on the part of the patentee.

(c) Adequate exploitation of the patents granted would contribute towards fulfilling the developmental needs stated above.

14. In view of the importance attached by the developing countries to the economic, social and development implications which the international system of industrial property has for their economies, UNCTAD should play a prominent role in the revision of the system, in particular in the ongoing process of revision of the Paris Convention for the Protection of Industrial Property. That role should include the participation of UNCTAD in all phases of the revision process.

15. The conclusions reached by the experts from developing countries who participated in the meeting of the Group of Governmental Experts on the Role of the Patent System in the Transfer of Technology to Developing Countries (TD/B/593, annex III) should be one of the bases for subsequent negotiations.

16. The Secretary-General of UNCTAD should continue to examine the impact of the whole industrial property system on the development process of the developing countries.

17. Resolution 3 (I) of the Committee on Transfer of Technology should form a basis for further co-operation between UNCTAD and the international agencies concerned, particularly WIPO and UNIDO, in the preparation of the necessary background studies for the revision of the international system of industrial property.

18. The economic, trade and development interests of the developing countries should be fully reflected in the revision of the international system of industrial property and, in particular, in the revised Paris Convention. The Declaration on the Objectives of the Revision of the Paris Convention (WIPO document PR/GE/II/14) is, in this connexion, noted with interest.

19. The invitation sent by the Director-General of the World Intellectual Property Organization to all States Members of the United Nations and the specialized agencies to participate in the third session of WIPO's Ad Hoc Group of Governmental Experts' Committee on the Revision of the Paris Convention is to be welcomed as a step which can contribute significantly to the full reflection of the interests of the developing countries in the revision of the international system of industrial property, and all developing countries are urged to prepare themselves for active participation in that session.

IV. Other issues

20. As regards the United Nations Conference on Science and Technology and reverse transfer of technology (the "brain drain"), the decisions taken by the Committee on Transfer of Technology in its resolution 2 (I), should be fully implemented.

21. In order to compensate for the reverse transfer of technology resulting from the exodus of trained personnel from the developing countries, now amounting to several billion dollars, arrangements should be made to provide, on a cost-free basis, the necessary financial means to create the infrastructure to retain qualified personnel in the developing countries.

Section Six

LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES, DEVELOPING ISLAND COUNTRIES, AND DEVELOPING LAND-LOCKED COUNTRIES

I. Introduction

1. The Ministerial Meeting reaffirms its conviction concerning the need to agree upon effective international action to contribute to the solution of the specific and permanent problems of the least developed among the developing countries, developing island countries and developing land-locked countries.

2. The Ministerial Meeting stresses the urgency for the developed countries and the competent international agencies to adopt and execute without delay the measures identified within the framework of UNCTAD in the fields of trade and financial policies, technical assistance, shipping and transfer of technology in favour of this group of developing countries.

3. These measures shall be in addition to the measures that shall be adopted in general for all developing countries in the spirit of the United Nations resolution concerning the establishment of the new international economic order and while putting these measures into practice attention shall be given in order to safeguard interest of other developing countries.

4. The special measures to be taken by developing countries in a position to do so in favour of the least developed, the land-locked developing countries and island developing countries should be implemented through the machinery which these countries deemed appropriate.

II. Action on special measures in favour of the least developed among the developing countries

A. Financial and technical assistance

Expanding the flow of assistance

5. The developed countries should:

(a) Expand the flow of official development assistance in keeping with their commitments in the International Development Strategy, and in so doing should ensure that the least developed countries receive a proportionately higher share of this flow as well as that of the total flow to meet their urgent needs;

(b) Provide the least developed countries by the end of 1976 with an amount at least equivalent to their share in the international development assistance target of 0.7 per cent of the gross national product of developed countries at market prices.

6. Bilateral and multilateral donor agencies should agree on effective arrangements to ensure that each of the least developed countries receives a proportionately higher flow of assistance taking into consideration its special need for economic and social development.

7. Developed market economy countries, the socialist countries of Eastern Europe, developing countries who are in a position to do so, multilateral donors[2/] and other sources such as private grant programmes and voluntary agencies should give high priority to increasing their assistance to the least developed countries.

8. Developed countries and others in a position to do so should provide strong financial support for a special fund for the least developed countries without delay.

Terms and conditions for financial and technical assistance

9. The terms and conditions of all future assistance to the least developed countries should, inter alia, be as follows:

(a) Such bilateral official development assistance of developed countries to the least developed countries should essentially be provided in the form of grants;

(b) Developed countries should compensate for the erosion of the purchasing power of past aid commitments to the least developed countries which have not yet been disbursed;

(c) Multilateral financial agencies should provide assistance to the least developed countries in the form of grants. Where this is not possible such assistance should be given in the form of loans on terms as concessional as those provided by IDA;

2/ The World Bank Group, particularly the International Development Association, the United Nations Development Programme, the regional development banks and other multilateral institutions.

(d) Developed countries should cancel the official debts of the least developed, the developing island and the developing land-locked countries;

(e) The developed market economy countries should give immediate and favourable consideration to providing highly concessional terms of relief for the other outstanding debt burdens of the least developed, the developing island and the developing land-locked countries;

(f) Multilateral financial institutions should convert loans to the least developed countries into highly concessional forms;

(g) Bilateral donors and multilateral assistance agencies should provide greater assurance of the long-term continuity of their assistance to the least developed countries;

(h) Developed countries should provide programme aid to the least developed countries and allow them to select projects in consultation with the donor countries.

Criteria and procedures for financial and technical assistance

10. All bilateral and multilateral aid agencies should adopt more flexible criteria and procedures in granting assistance to the least developed, island developing and land-locked developing countries. They should, in particular:

(a) Modify traditional financial criteria concerning the minimum rate of return on projects to take full into account the longer term social rate of return including related secondary effects in these countries;

(b) Provide financial and technical assistance in order to guarantee minimum standards of development, contribute to the necessary structural changes and ensure that critical needs are satisfied in these countries;

(c) Increase budgetary and financial support for the development of public services including projects in these countries;

(d) Finance local costs of capital projects to a substantial extent wherever the lack of adequate local financial resources imposes limits on the development efforts of these countries;

(e) Arrange explicitly in these countries, where necessary, for the financing of recurring costs associated with ongoing projects and projects after their completion, including maintenance costs, during an appropriate phasing out period;

(f) Finance local costs in connexion with technical assistance projects;

(g) Provide increased help in identifying, planning and preparing technical and financial assistance projects with a view to expediting the approval and implementation of projects;

(h) Assist these countries in carrying out feasibility and pre-investment surveys and post implementation reviews;

(i) Endeavour to attract the highest quality technical assistance personnel, speed up recruitment and project implementation procedures and ensure the most urgent response to the technical assistance needs of those countries;

(j) Arrange for rapid training of local replacement personnel.

11. It is recommended that the Governing Council of UNDP should undertake immediately revision of the criteria so as to allocate additional IPF to meet the additional needs of the least developed countries.

B. Commercial trade policy

12. Special consideration should be given, within the contractual mechanism of commodity agreements, to the least developed countries in a flexible and favourable manner designed to ensure the optimum marketing of their production of such commodities in order to increase their foreign exchange earnings, bearing in mind the characteristics peculiar to each product, taking into consideration the need to protect the interests of other developing countries.

13. The generalized system of preferences should be extended to cover agricultural products, in both primary and processed forms and handicrafts of export interest to the least developed countries.

14. Pending the complete removal of tariff and non-tariff barriers for all developing countries, such barriers, including ceilings, quotas, safeguard clauses and all other restrictive measures, particularly with regard to products of present or potential export interest to the least developed countries, should be immediately and completely removed.

15. The rules of origin in respect of the products of least developed countries should be further liberalized.

16. Multilateral arrangements, such as the IMF compensatory financing facility, should include provisions to enable the least developed countries to claim compensation without prior conditions, in the event of increases in import prices and of export shortfalls.

17. Developed countries should assist the least developed countries in a co-ordinated manner, from the planning, production and transportation stage to the stage of ensuring sales of their products at remunerative prices.

18. Developed countries and international organizations should adopt measures to foster the creation of industries for on-the-spot processing of raw materials and food products.

19. The preference-giving countries should formulate such modalities within the framework of the generalized system of preferences as to favour, in particular, the least developed countries.

20. The least developed countries should be granted special treatment in the multilateral trade negotiations, priority being given to tropical products of particular interest to the least developed countries.

21. Special measures, including exemption from financial contributions should be taken to accommodate the needs of the least developed countries in the integrated programme for commodities.

22. The developed market economy countries and the socialist countries of Eastern Europe should:

(a) Provide long-term guarantees of a reasonable level of sales of the products of the least developed countries;

(b) Give favourable treatment, in the case of government procurement, to imports from the least developed countries;

(c) Assist the least developed countries to develop the production potentialities of food, energy and other resources including manufactures.

23. In the development of arrangements in the context of the integrated programme for commodities, and in other multilateral agreements affecting the imports of the least developed countries, every effort should be made to reduce the burden of import costs on these countries by means of appropriate differential and remedial measures within these arrangements.

C. Economic co-operation among developing countries

24. The developing countries in a position to do so should:

(a) Provide preferential treatment, as far as possible, to imports of goods produced by the least developed countries;

(b) Assist the least developed countries to develop the production potentialities of food, energy and other resources, including manufactures;

(c) Provide under preferential terms and conditions and at a minimum cost the results of scientific and technological development adapted to the development needs of the least developed countries;

(d) Provide increased flows of financial and technical assistance and goods for the benefit of the least developed countries through special preferential arrangements;

(e) Promote and expand joint ventures with the least developed countries involving the transfer of equipment and technology in the context of long-term bilateral agreements or special arrangements;

(f) Explore the possibilities of undertaking long-term arrangements to assist least developed countries to achieve a reasonable level of sales of their products.

D. Shipping and promotional freight rates

25. 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 the expansion of 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 of new markets and the development of new trade flows.

26. The developed countries and the international financial institutions should give high priority to providing financial and technical assistance to the least developed countries to help them in acquiring and expanding their national merchant fleets and in improving their port facilities.

E. Transfer of technology

27. 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;

F. Other action by UNCTAD

28. The Secretary-General of UNCTAD should convene as soon as possible a special meeting at which multilateral and bilateral financial and technical assistance institutions can carry out, together with representatives of the least developed countries themselves, a general review and assessment of their requirements and progress and of the problems arising in the co-ordination and implementation of assistance programmes on both the donor and the recipient sides, with the aim of agreeing on a global plan for a much more rapid increase in growth and welfare in the least developed countries.

29. The Secretary-General of UNCTAD should convene an expert group to study:

(a) The implications of an integrated vertical approach for expanding the exports of the least developed countries, and involving co-ordinated efforts ranging from the planning and production stage in the least developed countries to the stage of ensuring sales of their products in the developed countries;

(b) The possibilities of providing long-term guarantees to the least developed countries of a reasonable level of sales of their products in the developed countries;

(c) The possibility of creating and developing institutions and financing corporations in the developed countries as well as in the least developed countries, specifically designed to promote the sale of products of the least developed countries, including the development of suitable guarantee arrangements by the developed countries concerned to offset the risks of such trade.

30. The Secretary-General of UNCTAD should:

(a) Strengthen the technical assistance activities of UNCTAD in collaboration with UNDP 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;

(b) Implement the work programme contained in "Issues for Consideration by the Intergovernmental Group" (TD/B/AC.17/2) Part IV stressing also the need of in-depth study of the circumstances of the individual least developed countries;

III. Action on special measures in favour of developing island countries

A. Shipping

Trans-shipment problems

31. Several island countries need to trans-ship goods through other countries which are on world traffic routes. This involves extra cost and delay for both imports and exports; it can further cause difficulty in meeting export commitments, and is inhibiting the development of exports from affected island countries. Measures to facilitate trans-shipment, including, inter alia, appropriate storage and port facilities, are needed.

Prevention of discrimination against island ships

32. There are cases of island ships being discriminated against in transit ports or in the ports of trading partners. The governments concerned should take steps to prevent such discrimination.

Insurance of inter-island ships

33. Measures necessary to ensure that break-bulk carriers plying between islands in a region are not discriminated against in obtaining insurance.

Promotional freight rates

34. The governments of developed and developing countries should invite shipowners and liner conferences to establish freight rates for developing island countries which will encourage and assist in expanding the export and import trade of these countries, and to develop promotional rates for non-traditional exports and imports of developing island countries which will facilitate the opening of new markets and the development of new trade flows.

Research on appropriate ship and shore facilities for archipelagic States

35. Archipelagic States often face the problem that their own outlying islands can be hindered by poor services from full participation in foreign trade. Special research and development efforts should be undertaken to evolve appropriate types of ship and shore facilities.

Co-operation with shipping conferences

36. It would be desirable to achieve better co-operation between the governments of island developing countries and shipping conferences in order at least to maintain a fair relationship between the pace of increase in freight rates and port congestion surcharges on the one hand and the level of economic development of the island countries concerned on the other.

Training for ship repair and maintenance

37. Assistance from UNCTAD, the regional commissions and other bilateral and multilateral organizations would be desirable in training the technical manpower needed for ship repair and maintenance and for marine insurance.

Assistance in establishment of shipping services to promote regional co-operation

38. Assistance from UNCTAD and the regional commissions would be desirable in promoting sub-regional co-operation among developing countries and in particular island developing countries towards the establishment of consortia or international shipping companies to develop trade between these countries.

B. Air services

39. Measures are desirable to improve the quality and cost of air services, including appropriate airport facilities. Archipelagic States often face the further problem that their own outlying islands can be hindered by poor services from full participation in foreign trade. This calls for advice on appropriate types of aircraft and ground facilities.

40. It would be desirable to achieve better co-operation between the governments of island developing countries and airlines in order at least to maintain a fair relationship between the pace of increase in freight rates and fares on the one hand and the level of economic development of the island countries on the other.

41. Likewise, special research and development of efforts are needed for air services, with particular attention to the scope for air transport of imports and exports. As an immediate measure promotional rates should be applied to the non-traditional imports and exports of developing island countries.

42. Assistance from the regional commissions and other bilateral and multilateral organizations would be desirable in training the technical manpower needed for the repair and maintenance of aircraft and other equipment related to air transport.

43. Assistance from UNCTAD and the regional commissions in promoting sub-regional co-operation among the developing countries, and in particular island developing countries, towards the establishment of consortia or international air transport companies to develop trade and travel between those countries.

C. Group of experts on feeder and inter-island services

44. The Secretary-General of UNCTAD should be invited to convene a meeting of experts on feeder and inter-island services by air or sea, and provision should be made for UNCTAD to undertake studies and technical assistance within its competence, the need for which the group might identify.

D. Telecommunications

45. Technical and financial support should be provided to island developing countries for the creation and improvement of inter-island telecommunication links as well as telecommunication links with the rest of the world.

E. Marine and undersea resources

46. The sovereignty of developing island countries and particularly the archipelagic States, over their marine and sub-marine resources should be recognized and affirmed. The multilateral financial institutions and technical assistance agencies should provide effective assistance to these countries to enable them to exploit fully those resources. In this connexion technical and financial assistance should be provided to developing island economies in the development of their fishing industry.

F. Commodity export earnings

47. Often having small and precarious economies, the developing island countries have a particular interest in measures to increase and stabilize commodity export earnings. Bilateral and multilateral aid institutions should be invited to participate in special compensatory financial schemes for island countries depending for their export revenue essentially on one or two products. UNCTAD should be invited to assist in elaborating and implementing appropriate schemes.

G. Import co-operation

48. Priority should be given in extending technical assistance and financial aid to groups of developing island countries to facilitate the establishment of schemes for collective import operations, which could represent substantial savings in terms of costs, insurance, freight and handling and storage charges.

H. Human geography of small islands

49. Aid donors, and in particular international organizations, should be urged to pursue and intensify studies and technical assistance efforts to assist small islands to plan rationally in order to deal with the peculiar problems which their precarious environment and rugged topography impose upon human settlement, including the provision of public services and the problem of harmful aspects of urbanization. In advising governments of island countries, UNCTAD should bear particularly in mind the consequences of different kinds of foreign trade development on the human geography and ecology of the islands.

I. Tourism

50. In the case of developing island economies tourism is an important sector of their economic development, and financial and technical assistance should be given to these countries to develop their tourism potential.

J. Financial aid

51. Particularly favourable conditions for the financing of the purchase of ships should be accorded to developing island countries.

52. Developing island countries should benefit from the measures elaborated for the least developed countries concerning financial and technical assistance; in particular, assistance in order to carry out pre-feasibility and pre-investment studies and to execute port infrastructure projects concerning the repair and maintenance of ships and road infrastructure.

53. UNCTAD and the regional commissions should provide assistance in order to promote sub-regional co-operation for the establishment of an inter-State shipping line for the development of trade among the countries concerned.

54. Liner conferences should co-operate with the governments of developing island countries with a view to ensuring that freight rates and surcharges imposed do not hinder the economic development of the developing island countries.

IV. Action on special measures in favour of the developing land-locked countries

A. Joint co-operation

55. UNCTAD III unanimously adopted resolution 62 (III), complemented by resolution 63 (III) containing other special measures in respect of the particular needs of the land-locked developing countries, thereby recognizing that their lack of access to the sea constitutes a handicap to their economic development.

56. A co-operative approach to each specific transit situation should be encouraged so that all available possibilities for improving particular route and transit facilities could be considered together and each of the transit routes available to a particular land-locked country could be evaluated in order to determine the best available options for future progress.

B. Regional and sub-regional planning

57. The land-locked developing countries can derive substantial longer-term benefits from the improvement of regional and sub-regional transport infrastructure. The international organizations and financial institutions should give high priority in their assistance programmes for such projects.

58. Land-locked countries would benefit from the harmonizati. of transport planning and the promotion of joint ventures in the field of transport at the sub-regional level. Where applicable, similar actions should be encouraged on a bilateral basis between the developing land-locked countries and the transit countries.

59. Interested land-locked countries, in co-operation with other countries, might consider creating a co-operative air transport development project based upon a central organization which could undertake the necessary planning studies with appropriate technical assistance.

C. Commercial policy

60. The generalized system of preferences should be extended to cover agricultural products, in both primary and processed forms, of export interest to the land-locked countries. The rules of origin in respect of products of the land-locked countries should be liberalized. Pending the removal of quota restrictions applicable to the generalized system of preferences ceilings should be calculated on the basis of the cost at the port of export of land-locked developing countries.

D. Transport

61. At the joint request of the land-locked developing countries and their transit neighbours, technical and financial assistance should be provided for studies of the feasibility of extending the railway system of transit countries into land-locked countries.

62. Technical and financial assistance should be provided by the international community in the form of grants or in the form of special concessional loans for the construction and maintenance of transit roads both in land-locked countries and transit countries and for the purchase and maintenance of road transport vehicles.

63. All land-locked countries can use air transport for the transport of low-bulk high-value goods. In addition they would need to develop air transport to promote tourism for which most of them have a high potential. Therefore it is suggested that each land-locked country should have one fully equipped international airport and that feasibility studies of providing such airports should be undertaken as a matter of urgency. For this international organizations and financial institutions should provide technical and financial assistance.

64. The possibility of establishing alternative transport routes on a competitive basis from land-locked countries to the sea should be explored and developed. For this purpose, technical assistance is required from the international community.

E. Communications

65. Fast and reliable communication links between the commercial centres of the land-locked countries with the transit ports on the one hand and with the overseas markets on the other hand should be developed.

66. Financial and technical assistance should be provided for the improvement and creation of communications facilities in the land-locked developing countries.

F. Restructuring of the economy

67. Land-locked developing countries require technical and financial assistance for the restructuring of their economies. It would be worthwhile for these countries to explore the possibility of establishing import substitution industries which produce high-bulk low-value goods. This would save them incurring high transport costs for their imports from other countries. Furthermore, the development of export industries producing high-value low-bulk goods should receive high priority. International organizations and financial institutions should provide technical and financial assistance for this purpose and accord high priority for the establishment of pilot projects to achieve the aforesaid objective.

68. In order to enable land-locked countries to derive substantial gains from regional economic co-operation, UNCTAD should, on request, provide technical assistance to these countries in formulating suitable regional economic co-operation agreements with their neighbouring countries.

69. Land-locked countries require financial and technical assistance in order to carry out a detailed survey and development of their mineral and energy resources and to study new forms of transport which will enable them to exploit such resources.

C. Port facilities and development

70. Ways and means to develop and improve the transit and port facilities should be explored and undertaken.

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71. On request from the countries concerned, the international organizations such as UNCTAD and IDA should provide technical and financial assistance with a view to improving and facilitating the use of the transit port or transit areas therein specifically for the land-locked developing countries.

H. Flow of external resources

72. The criteria, terms and conditions governing the flow of bilateral and multilateral financial and technical assistance to the land-locked developing countries should be not less favourable than those accorded to the least developed among the developing countries. In particular, it is important to adopt, inter alia, the following measures:

(a) financial assistance to these countries on the most highly concessional terms possible;

(b) a substantially increased flow of financial and technical assistance;

(c) more flexible criteria for the evaluation of financial and technical assistance projects to correspond to the particularly difficult circumstances of these countries;

(d) criteria for the approval of such projects which would take full account of long-term social benefits including secondary effects;

(e) substantial provision for financing the local and foreign exchange costs of the projects;

(f) minimization and, wherever possible, waiving of counterpart requirements for technical assistance;

(g) particular efforts to help these countries in the formulation and preparation of projects and in speeding up their implementation.

73. The multilateral and bilateral financial institutions including the international organization should intensify their efforts in raising the flow of resources to develop and maintain the economic and transport infrastructures necessary for the land-locked developing countries.

I. Shipping freight and transit cost

74. Liner conferences should provide preferential and promotional freight rates to the products exported by or imported into the land-locked developing countries.

75. Ways and means have to be explored to further reduce the transit costs, wherever possible.

76. The developed countries and international financial institutions should provide financial and technical assistance to explore and develop alternative transport routes on a competitive basis to the sea.

77. TIR warehouses should be established in the land-locked countries on a preferential basis.

J. Air transport and tourism

78. The regional economic commissions and other bilateral and multilateral organizations should assist the land-locked developing countries in the development of air transport and tourism with a view to maximizing their foreign exchange earning capacity through merchandise exports or invisibles.

79. Financial and technical assistance should be provided to the land-locked developing countries on exceptionally favourable terms for the purchase of aircraft and other equipment related to air transport.

K. Special fund

80. The Secretary-General of UNCTAD should prepare the modalities for immediate operation of the newly created United Nations special fund for land-locked developing countries in order to compensate them for their additional transport costs.

81. The developed countries and others who are in a position to do so should undertake immediate action to contribute to this special fund in order to make it operational.

L. Review of progress

82. The countries members of UNCTAD especially the developing countries, should review measures which they have taken in favour of the land-locked developing countries, including the means by which such measures are undertaken.

83. The Secretary-General of UNCTAD, in consultation with other international organizations, should formulate and submit to the Nairobi Conference a programme of action in favour of the land-locked developing countries with a view to developing their:

(a) transport infrastructure, and

(b) foreign trade sector.

M. Free access to and from the sea

84. The developing land-locked countries reaffirmed their right of free access to and from the sea, a right affirmed by the Fourth Conference of Heads of State or Government of Non-Aligned Countries and by the Dakar Conference on Raw Materials. Some developing transit countries reserved their position on the matter.

V. Action on special measures applicable to the least developed, developing island and developing land-locked countries

A. Natural disasters

85. Assistance should be extended to the least developed, developing island and developing land-locked countries to provide for the likelihood of natural disasters in elaborating their economic development programmes.

86. Technical and financial assistance in establishing national and regional schemes for disaster preparedness, insurance or relief should be provided.

87. The Secretary-General of UNCTAD is invited to communicate to the competent organizations within the United Nations family the earnest desire of the Group of 77 that these organizations should intensify their research and projects under way concerning the forecasting of natural disasters and that they should make the results readily available to the countries concerned.

B. Industrialization

88. Least developed, developing island, and developing land-locked countries, especially those lacking natural resources, are dependent on industrialization for their export earnings. Special assistance is necessary in their efforts towards industrialization in order to help them overcome those problems created by the limited size of their internal markets.

C. Transfer of technology

89. Least developed, developing island, and developing land-locked countries face particular problems in developing and supporting their own technological capacity. These problems should be achnowledged in the elaboration of a code of conduct on the transfer of technology, and appropriate remedies should be included.

D. Review of progress

90. The Secretary-General of UNCTAD, in consultation with the international organizations and the regional economic commissions, should keep under constant review the progress in the implementation of the special measures in favour of least developed countries, land-locked developing countries and island developing countries called for in the relevant UNCTAD recommendations and resolutions as well as in the Programme of Action on the Establishment of a New International Economic Order, and report to the Trade and Development Board.

Section Seven

ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

Measures of support by developed countries and international organizations to the programme of economic co-operation among developing countries

1. The Third Ministerial Meeting of the Group of 77 has adopted a programme of economic co-operation among developing countries[3/] and has considered the concrete measures through which effective and substantial support to this programme should be forthcoming from the developed countries and international organizations.

2. It recognizes that, however much the developing countries mobilize their own resources, it would not be possible for them to achieve their own objectives of development without concomitant action on the part of developed countries and the institutions in the international community. It likewise affirms the principle of interdependence and that the growth and development of the developing countries and the prosperity of the international community as a whole depend upon the prosperity of its constituent parts.

3/ See annex I below, resolution 1.

3. In conformity with resolution 3362 (S-VII) adopted by the General Assembly at its seventh special session urging the developed countries and the United Nations system to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual co-operation, they consider that:

(a) The developed countries, both the developed market-economy countries and the socialist countries of Eastern Europe, should commit themselves to abstain from adopting any kind of measures or action which might undermine the decisions of developing countries in favour of the strengthening of their economic co-operation and the diversification of their production structures.

(b) The developed countries, both the developed market-economy countries and the socialist countries of Eastern Europe should agree to support decisions taken by the developing countries in pursuance of the adoption and implementation of a programme of economic co-operation among themselves, including the following measures:

(i) Support of existing and new programmes of interregional, regional and sub-regional economic co-operation, and integration among developing countries, including those aimed at full economic integration as well as those with more limited trade, monetary and sectoral objectives;

(ii) Support of developing countries in the setting up and functioning of multinational marketing enterprises. This support should include the removal of obstacles to their operation;

(iii) Allocation of funds within their development assistance programmes for the promotion of multinational ventures of developing countries, such funds to be applied to the financing of feasibility studies, project inventories and the building up and assessment of available technologies and technological research;

(iv) Promotion and financing of multilateral interest subsidization schemes by developed countries to reduce the cost of loans by surplus developing countries to other developing countries;

(v) Support, including financial support, to programmes of economic and technical co-operation of developing countries;

(vi) Facilitating the participation of developing countries, on a sub-contractual basis, in projects undertaken by the developed countries.

(c) The developed market-economy countries should in particular:

(i) Support preferential trade arrangements among developing countries including those of limited scope, through technical assistance and through appropriate policy measures in international trade organizations;

(ii) Adopt measures to induce the "unpackaging" of the equipment and technological components in sales contracts of their exporting firms, so as to encourage importation of technology by developing countries from other developing countries;

(iii) Provide technical support for the establishment of financial and capital markets in developing countries to help strengthen direct financial links between surplus and deficit developing countries;

(iv) Remove restrictions, taxes and other obstacles that discriminate between borrowing developing countries and domestic borrowers seeking access to their capital markets;

(v) Support the expansion of existing and the creation of new export credit finance and guarantee schemes by the World Bank and regional and sub-regional development banks.

(d) The socialist countries of Eastern Europe should lend their support, in particular through:

(i) The provision of technical assistance for the setting up and operation of State import and export enterprises of the developing countries, both at the national and multinational levels;

(ii) The promotion of links, wherever appropriate, between the transferable rouble system of the International Bank for Economic Co-operation and sub-regional and regional payments arrangements of developing countries;

(iii) Technical assistance to developing countries engaged in the formulation of joint investment programmes in the productive sectors, as well as technical, commercial and financial support to those countries in the implementation of such programmes.

(c) International financial institutions, including regional and sub-regional ones, should give their strongest support to the programme of economic co-operation among developing countries, particularly by:

(i) Adjusting their internal operational and financial policies so as to take specific account of the particular difficulties involved in the promotion of multinational projects. This may be achieved by:

- The creation of special promotional units within these institutions;
- The creation of pre-investment funds for the preparation and promotion of multinational investment projects; and
- The earmarking of loan funds for that type of project;

(ii) Making use of part of their resources for equity financing of multinational enterprises set up by developing member States.

Section Eight

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

Multilateral action for expanding the trade and economic relations between countries with different economic and social systems, in particular action which would contribute to the development of developing countries

1. In view of the expansion of East-West trade, countries participating in this trade should take fully into account the interests of the developing countries and ensure that it provides them with ever-increasing trade opportunities.

2. Steps should be taken by the developed market economy countries and the socialist countries of Eastern Europe to expand multilateral, including tripartite, forms of economic co-operation to promote the interests of developing countries.

I. Expanding the trade and economic relations between the socialist countries of Eastern Europe and the developing countries

3. (a) Areas of economic co-operation should be widened through the identification and adoption of measures to promote an increase of exchanges with developing countries.

(b) At the Nairobi Conference, the socialist countries of Eastern Europe should agree to present concrete proposals to the Trade and Development Board at its sixteenth session regarding co-operation between the socialist countries of Eastern Europe and the developing countries on trade and development.

4. All socialist countries of Eastern Europe should eliminate or reduce their tariff and non-tariff barriers on imports from developing countries on the basis of non-reciprocity and non-discrimination.

5. Those socialist countries of Eastern Europe which have not already done so should implement without delay their schemes of generalized preferences or other similar measures. Those countries which have already implemented their schemes should expand and improve them with respect to the products covered and the list of beneficiary developing countries. The socialist countries of Eastern Europe should not link their schemes or the application of those schemes to bilateral contracts or agreements with beneficiary countries.

6. The CMEA member countries should give due consideration to the trade needs of developing countries when their economic development plans are being formulated and co-ordinated within the CMEA, particularly by making appropriate provisions in their plans for an increasing volume of imports from the developing countries, especially in processed and semi-processed forms.

7. The socialist countries of Eastern Europe should adopt policies and measures which may ensure growth of demand and consequent imports from developing countries.

8. In order to facilitate trade between the socialist countries of Eastern Europe and developing countries;

(a) The socialist countries of Eastern Europe should not demand equivalent purchases from developing countries in order to enable the developing countries to expand their exports;

(b) Trade between the socialist countries of Eastern Europe and developing countries should be covered by appropriate payments arrangements, including where required provisions for the convertibility of the surplus balances of developing countries into convertible currencies;

(c) The CMEA payments arrangements in transferable roubles should be improved to take into account the trade needs of developing countries, particularly by making it possible for developing countries to transfer their positive balances from one CMEA country to another after an appropriate time lag in order to allow for the necessary adjustments to be made within the CMEA countries.

9. Steps should be taken by the socialist countries of Eastern Europe to:

(a) Provide adequate opportunity to developing countries to participate in joint ventures in third countries;

(b) Where appropriate, progressively vacate industries in which the comparative advantages lie with developing countries or which involve processing of raw materials in favour of developing countries;

(c) Establish production capacities in developing countries as appropriate.

10. The socialist countries of Eastern Europe should take appropriate steps effectively to increase their financial and technical assistance to developing countries with a view to meeting without delay their commitment to achieve the targets for such assistance in the International Development Strategy for the Second United Nations Development Decade, in particular the target of 1 per cent of their GNP. The socialist countries of Eastern Europe should present concrete proposals in this regard within UNCTAD by the end of 1976 at the latest.

11. International economic organizations of the CMEA countries, as well as their banking institutions, such as the International Bank for Economic Co-operation and the International Investment Bank, should:

(a) Expand their facilities and the size of the Special Fund for Financing Programmes of Economic and Technical Assistance to Developing Countries for financial assistance to developing countries;

(b) Activate ways and means, including the drawing up of programmes, through which that Fund could be effectively utilized by the developing countries;

(c) Undertake to promote the use of the Fund for the development purposes of the developing countries through the provision of information on the terms and conditions of the Fund, including its facilities.

12. The CMEA secretariat should facilitate the flow of information to developing countries, directly or through the UNCTAD Technical Assistance Unit and the ITC, on trade opportunities in CMEA countries for developing countries.

13. The Secretary-General of UNCTAD should enter into appropriate consultations with the CMEA member countries, and the CMEA secretariat, in order to identify trade opportunities for developing countries resulting from the implementation of various multilateral schemes by the CMEA countries, and in the light of these consultations should consult with other interested international organizations, particularly UNIDO and FAO to assist the developing countries to participate effectively in such schemes.

II. Strengthening institutional arrangements

14. The UNCTAD consultative machinery for dealing with problems in trade and economic relations among countries having different economic and social systems should be improved and made more flexible in order to enable the Secretary-General of UNCTAD, in co-operation with the international organizations concerned, to convene consultations at the request of interested countries to discuss new areas of economic and industrial co-operation which may promote the trade interests of developing countries and the possibility of co-ordinating the planning efforts of interested countries.

15. Technical assistance activities of the UNCTAD secretariat designed to promote trade between the socialist countries of Eastern Europe and the developing countries should be intensified in the fields of (a) the dissemination of information on trade, trade policies and practices, (b) the training of personnel, and (c) the promotion of business contracts. In order to ensure effective implementation of these activities, UNCTAD should make full use of the ITC and should establish close co-operation with UNIDO, UNDP and the regional economic commissions. In providing technical assistance, the UNCTAD secretariat should assist, in particular, the developing countries which have just entered or may wish to enter into trade and economic relations with the socialist countries of Eastern Europe.

Section Nine

Review of institutional arrangements in UNCTAD

I. Introduction

1. General Assembly resolution 1995 (XIX) and Conference resolution 80 (III) provide for a regular review of the institutional arrangements in UNCTAD. The General Assembly, in its resolution 3362 (S-VII), decided to establish an ad hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System and recommended that the ad hoc Committee should take into account in its work, inter alia, "the results of the forthcoming deliberations on institutional arrangements of UNCTAD at its fourth session".

2. There are substantive reasons for a review of the institutional arrangements of UNCTAD at UNCTAD IV. Among these are the major changes which have taken place in the world economic situation, which have led to the recognition of the development issue as a major factor in international economic relations. Partly in response to these changes, the General Assembly, in its resolutions 3201 (S-VI) and 3202 (S-VI), had elaborated a Programme of Action on the Establishment of a New International Economic Order, and, by its resolution 3281 (XXIX), had adopted the Charter of Economic Rights and Duties of States.

3. The realization of the new international economic order will require effective negotiating machinery to deal with international economic issues and to translate broad principles and guidelines, such as those formulated by the General Assembly, into specific policies and concrete agreements. The scope of these negotiations will comprise policies and measures which have a substantial impact on the level, composition and conditions of international flows of goods and services, technology, payments and financial resources. While existing institutions deal with certain aspects of this broad range of issues, there are many gaps which need to be filled, inter alia in relation to the interrelationships between problems and measures proposed in these different areas.

4. Among the organizations of the United Nations system with responsibilities for international economic issues, UNCTAD (a subsidiary organ of the General Assembly) has been the source and the advocate of many of the concepts which are now key elements of the policy statements

of the General Assembly. It has also been entrusted by the General Assembly with broad negotiating functions in the fields covered by them. The universality of its membership and the breadth of its terms of reference qualify UNCTAD to play a decisive role in the further elaboration and implementation of the new international economic order.

II. The future role of UNCTAD

5. The above considerations point to the need to transform UNCTAD into an effective institution of the United Nations system for deliberation, negotiation and review in the field of trade and international economic co-operation, maintaining its close relationship with the General Assembly. This would be a step towards the final objective of creating a comprehensive world trade and development organization.

6. The vital function of UNCTAD as a generator of new ideas and new policy approaches should be retained and strengthened in order to increase its effectiveness as an international organ for improving the conditions of international trade and accelerating the economic development of the developing countries.

7. Furthermore, there is a need to strengthen the negotiating function of UNCTAD in order to enable UNCTAD to play its full part in translating principles and policy guidelines, including those enunciated by the General Assembly, into specific policies and concrete agreements, and to make its contribution to the establishment of the new international economic order.

8. The competence of UNCTAD (the Conference, the Board and the secretariat) should be strengthened, taking into account the interests of the developing countries and the need for it to evolve into an effective central negotiating organ of the United Nations to deal with issues in the field of trade and international economic co-operation and thereby directly assist the General Assembly in its efforts to realize the new international economic order. Thus, UNCTAD would continue to exercise an overview of negotiations being conducted elsewhere in respect of issues concerning trade and international economic co-operation. In consequence of its

cross-sectoral responsibilities, UNCTAD would also assist the General Assembly by keeping under review the interrelationships between the relevant problem areas and the measures proposed in relation thereto, and by making appropriate recommendations.

9. On the basis of these principles, the necessary organizational changes in respect of the machinery of UNCTAD, including those set out below, should be made in order to strengthen UNCTAD's decision-making and negotiating capacity. Moreover, the name of UNCTAD should be changed to describe more accurately its character as the organization within the United Nations responsible for the functions described above.

III. The Conference and the Trade and Development Board

10. The membership of the Trade and Development Board should be open to all members of UNCTAD.

11. In accordance with Board resolution 45 (VII), paragraph 9, and Conference resolution 80 (III), paragraph 8, which envisages the holding of sessions of the Board at a ministerial level, the Board should meet in ministerial sessions once between the fourth and fifth sessions of the Conference. After the fifth session of the Conference, the Board should meet at the ministerial level every two years unless it decides otherwise. Such a ministerial session should normally not last more than one week and should be preceded by a meeting of senior officials to make the necessary preparations.

12. The fifth session of UNCTAD should be held not later than three years after the fourth session of UNCTAD, in accordance with General Assembly resolution 1995 (XIX), paragraph 2, which provides that the Conference shall normally be convened at intervals of not more than four years.

IV. Machinery for strengthening economic co-operation among developing countries

13. The need for appropriate institutional arrangements should be examined in order to provide a framework that would impart further impetus to the promotion of economic co-operation among developing countries. Such arrangements would not only facilitate periodic review of progress made, but also help to evolve new and mutually self-supporting forms of co-operation. Among the possibilities that could be considered in this regard would be a strengthening of the role of UNCTAD, including the establishment of a Committee on Economic Co-operation among Developing Countries, whose function would be to consider measures to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual co-operation at sub-regional, regional, and inter-regional levels.

ANNEX I

RESOLUTIONS AND DECISIONS ADOPTED BY THE THIRD MINISTERIAL MEETING OF THE GROUP OF 77

A. RESOLUTIONS

1. Economic co-operation among developing countries

The Third Ministerial Meeting of the Group of 77,

Recalling General Assembly resolutions 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974 and 3442 (XXX) of 9 December 1975 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, as well as in the Charter of Economic Rights and Duties of States, adopted in General Assembly resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX),

Reaffirming further the relevant provisions of General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Bearing in mind the Action Programme for Economic Co-operation among Non-Aligned and other Developing Countries adopted by the Conference of Foreign Ministers of Non-Aligned Countries, held at Georgetown from 8 to 12 August 1972, and reaffirmed at the Fourth Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers from 5 to 9 September 1973, as well as the Declaration, the Programme of Action and the economic resolutions adopted at the Conference of Developing Countries on Raw Materials held at Dakar from 3 to 8 February 1975,

Bearing in mind also the relevant resolutions of the Conference of Ministers for Foreign Affairs of the Non-Aligned Countries held at Lima from 25 to 30 August 1975 dealing with co-operation among developing countries, particularly resolution X on the establishment of a Solidarity Fund for Economic and Social Development in the Non-Aligned Countries, resolution XI on the establishment of the Council of Associations of Developing Countries Producers-Exporters of Raw Materials and resolution XII on the establishment of the Special Fund for Financing of Buffer Stocks of Raw Materials and Primary Products,

Considering that the events of recent years have given a new importance to the concept of economic co-operation among developing countries and that the failure of the traditional economic order to solve the problems of poverty and economic underdevelopment has imparted a sense of urgency to the need for the developing countries to assert their collective self-reliance,

Bearing in mind the continuing importance of economic co-operation at the sub-regional and regional levels and recognizing at the same time that the developing countries should strive to identify and implement new forms of co-operation among developing countries of different geographical regions and at different levels of development, and to reinforce existing links among them with a view to furthering the establishment of the new international economic order and bringing about a fundamental transformation of relations between the developing and the developed countries,

Reiterating their conviction that responsibility for the development of the developing countries rests on their own efforts, and that co-operation and action among these countries will accelerate the establishment of the new international economic order based on equity, sovereign equality, interdependence, common interest and co-operation among all States,

Mindful of the need to translate into practical action the concept of collective self-reliance and of the determination of developing countries to reinforce their unity and capacity for joint action,

1. Decides to adopt a programme of economic co-operation among developing countries in accordance, inter alia, with the following objectives:

(a) The control of their means of development through the effective control by the developing countries of their wealth, natural resources, systems of production and other aspects of their economic activities;

(b) Expansion and diversification of their agricultural production in order to achieve global self-sufficiency in food;

(c) Production of their essential agricultural inputs, particularly fertilizers and pesticides;

(d) Expansion of their export markets and increase of their export earnings;

(e) Expansion at all stages of the processing and transformation of their raw materials;

(f) Expansion and diversification of their exports of manufactures and semi-manufactures to other developing countries and to the markets of the developed countries;

(g) Overall increase in their level of technological development, particularly by improving their technological capacity;

(h) Improvement of the human environment;

(i) Technical co-operation among developing countries, including technical co-operation in the field of all sources of energy;

2. Considers that these objectives should be achieved through appropriate and concerted action with a view to the adoption and implementation of a programme of economic co-operation. This should include a set of interrelated measures designed to remove constraints imposed by limited skills, inadequate technology, scarcity of investment funds, small domestic markets and insufficient transport, commercial and financial facilities. New links must therefore be forged as regards trade, transport, money and finance, agricultural, technical and scientific co-operation, together with a greater degree of harmonization of industrialization programmes, of horizontal and vertical commodity diversification programmes and of economic development policies generally. This programme of economic co-operation should contribute to the acceleration of the economic development of the developing countries and to the diversification of their economic structure;

3. Agrees that such co-operation calls for the establishment and/or strengthening of economic integration between developing countries at the regional and sub-regional levels together with economic complementarity and concerted action at the inter-regional level as well as concerted action through the setting up of consultations as regards economic policies with a view to promoting new forms of joint action;

4. Decides that measures in this field should be aimed at:

(a) Strengthening and widening the scope of regional and sub-regional community institutions;

(b) Improving the operation of existing instruments, in particular the liberalization of trade and common protection regimes;

(c) Emphasizing joint programmes in industry, agriculture and infrastructure;

(d) Expanding sub-regional, regional and inter-regional economic co-operation;

(e) Creating new economic co-operation groupings;

(f) Special measures in favour of the least developed, land-locked and island developing countries;

5. Recognizes that, in addition, a set of measures need to be designed to strengthen the collective bargaining power of developing countries in their export and import trade with the developed countries and their ability to exploit more fully available opportunities in the markets of those countries. To this end, developing countries should strengthen existing producers' associations, create new ones whenever desirable and co-ordinate as far as practicable the activities and policies of these associations;

6. Further recognizes that measures should be adopted in respect of trade in manufactures and semi-manufactures, particularly with regard to reduction of trade barriers among developing countries. The possibility of formulating a general system of trade preferences among developing countries should be explored. One way of contributing to the establishment of such a system would be to launch a new round of comprehensive multilateral trade negotiations among developing countries aiming at the extension of trade concessions. The preferential system would involve wide product coverage and could subsequently be expanded to cover non-tariff barriers and other aspects of trade policy. Such a comprehensive general system could ultimately encompass, in a harmonized and mutually compatible manner, the existing and proposed regional and sub-regional arrangements among developing countries, due account being taken of the need to ensure a smooth transition from these arrangements to the general system. The basic principles of the system of tariff preferences would be non-discrimination and reciprocity, compatible with the financial and trade requirements of each participating country. These principles should recognize the need for exceptions in favour of the least developed, land-locked and island developing countries, including the possibility of granting them unilateral concessions;

7. Agrees that measures of co-operation in the field of trade among developing countries could also include trade agreements which would stimulate direct trade and cover, whenever possible, long-term purchase commitments; the establishment and operation of commodity market exchange in developing countries; and joint operations of State trade organizations;

8. Agrees further that the following measures should be considered in order to allow the maximum utilization by developing countries of sources of supply in other developing countries;

(a) long-term agreements among developing countries for the supply and the purchase of commodities, manufactures, services and know-how;

(b) industrial integration agreements at the regional and sub-regional levels and wider industrial complementarity agreements at the inter-regional level in order to increase to the maximum the trade in manufactures and semi-manufactures among developing countries;

9. Decides that the possibility of establishing or strengthening a payments arrangement among developing countries should be explored in order to accelerate the flow of mutual trade and serve as an instrument of their overall economic co-operation. Co-operation in this field should be approached initially by means of a network of clearing arrangements at the regional or sub-regional levels through the linkage of these arrangements and the further extension of these links into a global scheme among the different regions;

10. Decides that links between the service sectors of the developing countries should be established or reinforced, with particular reference to interconnexion of their transportation and communications networks, and co-operation in respect of banking, insurance and credit;

11. Decides that the productive sectors should be stimulated through the multinational complementarity of natural, managerial, financial and technological resources and markets, particularly through joint ventures and multinational enterprises. Such arrangements could include financial and technical assistance for project inventories and feasibility studies of multinational projects, for the development of industrial and technological information systems and for the promotion of technological research in the developing countries;

12. Agrees that measures should be considered to increase the availability of capital on terms consistent with the promotion of co-operation among developing countries, including inter alia:

(a) Commitments to provide the necessary resources for financing buffer stocks;

(b) Promotion of programmes for financial co-operation between countries in a position to extend financial assistance on the one hand and countries and institutions requiring such assistance on the other;

13. Decides that, in the field of technology transfer, co-operation should include:

(a) Increased flow of technologies and know-how adapted or evolved in the developing countries, taking into account the specific needs of each developing country to fully utilize its sources of employment;

(b) Exchange of information and experience in respect of available technologies, sharing of technical, economic and legal information to facilitate technology evaluation and negotiations of contractual arrangements leading to the unpackaging of technology purchased from developed countries;

(c) Acquisition by the developing countries of know-how available in other developing countries as opposed to similar know-how offered on equal conditions by the developed countries;

(d) Technical assistance, in particular through exchange of experts, advisory services, training courses, etc.;

(e) Utilization of services of engineering design consultancy firms in those developing countries which could provide the appropriate technology and ensure maximum component of indigenous equipment;

(f) Collective efforts at joint projects for the acquisition and development of technologies for utilization by more than one developing country;

(g) Strengthening national institutions in developing countries dealing with technology transfers and establishing greater co-operation and co-ordination among such institutions in order to reinforce the national technological capacity of the developing countries;

(h) The elaboration of preferential arrangements for the development and transfer of technology among themselves; these preferential arrangements for co-operation should, inter alia, be consistent with arrangements involving sub-regional and regional co-operation and integration;

(i) The establishment of sub-regional and regional centres for the development and transfer of technology which could serve as essential links with national centres in developing countries, and also to implement initiatives, such as:

(i) the exchange of information on technological alternatives available to developing countries as a means of improving their negotiating power;

(ii) institutional arrangements in respect of common technological research and training programmes;

(iii) assisting national centres effectively to fulfil their role, inter alia, in implementing a code of conduct for the transfer of technology and preparing model contracts for licensing agreements on patents;

(j) The establishment of sub-regional, regional and interregional centres by the developing countries in specific and critical sectors of particular interest to these countries;

14. Decides to convene in Mexico City, during the month of September 1976, an intergovernmental working group of interested developing countries for the purpose of preparing the details of the programme for economic co-operation. For this purpose they should be assisted, among others, by the UNCTAD secretariat.

2. The use of Arabic

The Third Ministerial Meeting of the Group of 77,

Recognizing that Arabic is the language of 20 members of the Group of 77 and an official and working language of the United Nations General Assembly in accordance with General Assembly resolution 3190 (XXVIII),

Believing that the inclusion of Arabic as a working language of the Group of 77 will strengthen and deepen the understanding and co-operation among developing countries in their joint endeavour to establish the new international economic order,

1. Welcomes United Nations General Assembly resolution 3459 (XXX) to include Arabic as an official and working language;

2. Decides to include Arabic as an official and working language of the Group of 77, and to amend the rules of procedure accordingly.

3. Assistance to the victims of the earthquake in Guatemala

The Third Ministerial Meeting of the Group of 77

Aghast at the catastrophe which has occurred in Guatemala in the form of an earthquake that has claimed countless lives, left thousands of persons homeless and seriously affected the physical infrastructure of the country,

Mindful of the problems which the Guatemalan people are facing and the need for help from abroad to alleviate the situation,

Resolves:

1. To offer its condolences to the Government and people of Guatemala and publicly to express to them its sympathy and solidarity at this grievous time;

2. To recommend that the Governments of the countries of the Group of 77, and the developed countries and international organizations, both official and private, should with the utmost urgency provide the Guatemalan people with the material assistance which they at present require, in particular as regards medicines, food and clothing, using direct channels of communication or acting through the Office of the United Nations Disaster Relief Co-ordinator.

4. Contribution of the Philippines to the common financing fund of the integrated programme for commodities

The Third Ministerial Meeting of the Group of 77,

Recognizing the fundamental role of commodities in the expansion of trade and in the acceleration of the development of developing countries,

Bearing in mind the decision of the Third Ministerial Meeting concerning the integrated programme for commodities,

Recognizing the importance of the establishment of a common fund for the financing of international commodity stocks, which constitutes a key element of the integrated programme,

Welcomes with deep appreciation the offer of His Excellency Mr. Ferdinand E. Marcos, President of the Republic of the Philippines, of a subscription of $50 million to initiate the establishment of this fund, as a concrete expression of his Government's commitment to the integrated programme for commodities.

5. Appeal to the President of the Philippines to present the Manila Declaration and Programme of Action to the fourth session of UNCTAD

The Third Ministerial Meeting of the Group of 77,

Having expressed its warm appreciation of the excellent arrangements made by the Government and people of the Philippines for the holding of the Ministerial Meeting,

Recalling the eloquent inaugural address of the President of the Philippines on the opening day of the Meeting of Ministers of the Group of 77,

Inspired by his firm commitment and dedication to the cause of the developing countries in the Group of 77 in pursuing the attainment of their goals and objectives to secure for their peoples the blessings of a more comfortable and prosperous living,

Conscious of his standing as one of the most devoted leaders of the developing world,

Addresses an appeal to His Excellency President Marcos of the Philippines to consider making a trip to Nairobi in early May this year to present to the fourth session of UNCTAD the Manila Declaration and Programme of Action adopted in Manila this seventh day of February 1976,

Requests the President of the Ministerial Meeting to give the widest possible publicity to the contents of this resolution.

B. DECISIONS

1. Admission of new members

The Third Ministerial Meeting of the Group of 77

Decides:

1. To accept Romania as a member of the Group of 77 in the light of the following criteria:

(a) The countries in question should agree to participate in the work and positions of the Group of 77 in all forums and not only on specific topics and aspects of international relations;

(b) The fact of continuing to belong to the "B" or "D" lists would not constitute a problem, provided that the country in question did not aspire to elective offices;

(c) The initiatives of developing countries members of the Group of 77 which do not belong to any of the three regional groups should be endorsed and channelled through any one of them;

2. To accept Malta as a member of the Group of 77;

3. That the decision to admit Malta and Romania should not in any way or under any circumstances be considered as a precedent for the future;

4. That a working group chaired by an African country should be established by the Group of 77 to study and make recommendations on rules and procedures for the admission of new members to be adopted by the Ministers of countries members of the Group of 77 at the fourth session of UNCTAD;

5. That Malta and Romania should as soon as possible take the necessary steps which will enable them to be associated fully with the Group of 77 and to enjoy the full rights of membership of that Group in keeping with General Assembly resolution 1995 (XIX).

2. Establishment of a secretariat of the Group of 77

The Third Ministerial Meeting of the Group of 77

Requests the Group of 77 in Geneva to establish a working group under the chairmanship of the representative of the country holding the presidency of the Third Ministerial Meeting to carry out a comprehensive study on the proposed establishment of a secretariat of the Group of 77, including its terms of reference and means of financing, and to make available the conclusions of the study to member States before the Nairobi meeting.

3. Proposal to establish an interim committee

The Third Ministerial Meeting of the Group of 77

Decides that the proposal to establish an interim committee should be studied further in the context of an eventual change in the organizational structure of the Group of 77.

4. Co-ordination between the Group of 19 and the Group of 77

The Third Ministerial Meeting of the Group of 77

Decides:

1. That arrangements should be made for the constant exchange and flow of information between the Group of 19 participating in the Paris Conference and the Group of 77 in Geneva and in New York;

2. That the Group of 77 in Geneva establish a liaison group composed of the countries members of the Bureau of the Ministerial Meeting under the chairmanship of the representative of the country holding the presidency of the Ministerial Meeting, to transmit to the Group of 19 such information and views as the Group of 77 in Geneva or in New York may deem necessary for a more effective participation of the Group of 19 at the Paris Conference;

3. That members of the Group of 77, wherever they may be meeting, should keep each other informed on all matters of common interest.

5. The future role of UNCTAD

The Third Ministerial Meeting of the Group of 77

Decides that:

1. At the Nairobi Conference, the members of the Group of 77 should present appropriate proposals to vest UNCTAD with competence for the negotiation, adoption and implementation of multilateral legal instruments in the field of trade, development and related matters;

2. The Group of 77 in Geneva should establish a working group under the chairmanship of the representative of the country holding the presidency of the Third Ministerial Meeting to formulate the necessary proposals mentioned above and inform the member Governments of such proposals not later than the forthcoming special session of the Trade and Development Board to be held in March 1976;

3. The working group should consult with the Secretary-General of UNCTAD in the formulation of the above-mentioned proposals.

ANNEX II

ORGANIZATIONAL AND OTHER MATTERS

The Meeting of Ministers of the Third Ministerial Meeting of the Group of 77 held in Manila from 2 to 7 February 1976 was formally inaugurated and closed by H.E. Mr. Ferdinand E. Marcos, President of the Republic of the Philippines.

The Meeting was attended by representatives of: Afghanistan; Algeria; Argentina; Bangladesh; Bhutan; Bolivia; Botswana; Brazil; Burundi; Central African Republic; Chad; Chile; Colombia; Congo; Cuba; Cyprus; Democratic Yemen; Ecuador; Egypt; Ethiopia; Gabon; Ghana; Guatemala; Guinea; Guyana; India; Indonesia; Iran; Iraq; Ivory Coast; Jamaica; Jordan; Kenya; Kuwait; Lebanon; Liberia; Libyan Arab Republic; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritania; Mauritius; Mexico; Morocco; Nepal; Nicaragua; Nigeria; Oman; Pakistan; Palestine Liberation Organization; Panama; Papua New Guinea; Peru; Philippines; Qatar; Republic of Korea; Republic of South Viet-Nam; Romania; Rwanda; Saudi Arabia; Senegal; Sierra Leone; Singapore; Somalia; Sri Lanka; Sudan; Surinam; Swaziland; Syrian Arab Republic; Thailand; Togo; Trinidad and Tobago; Tunisia; Uganda; United Arab Emirates; United Republic of Cameroon; United Republic of Tanzania; Upper Volta; Uruguay; Venezuela; Yugoslavia; Zaire; Zambia.

The following organizations attended as observers: Economic Commission for Europe, Economic Commission for Latin America, Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, United Nations Conference on Trade and Development, United Nations Industrial Development Organization, United Nations Development Programme, Food and Agriculture Organization of the United Nations, World Bank, International Monetary Fund, World Intellectual Property Organization, Asian Clearing Union, Asian Development Bank, Asian and Pacific Coconut Community, East African Community, Central African Customs and Economic Union, Latin American Free-Trade Association, Organization for African Unity.

The meeting elected by acclamation H.E. General Carlos P. Romulo, Secretary of Foreign Affairs of the Philippines as its President and H.E. Dr. J.G. Kiano, Minister of Commerce and Industry of Kenya, as its Rapporteur-General.

The following were elected as Vice-Presidents:
H.E. Mr. Maurice Seri Gnoleba, Ivory Coast; H.E. Mr. Antonio Franck, Central African Republic; H.E. Mr. Belhadj Amor Moncef, Tunisia; H.E. Mr. C.M. Mwananshiku, Zambia; H.E. Mr. Widjojo Nitisastro, Indonesia; H.E. Mr. T.B. Illangartne, Sri Lanka; H.E. Mr. Abdul Rahman Allatyia, Qatar; H.E. Dr. Armando Pesantes, Ecuador; H.E. Mr. Frederick Wills, Guyana; Lic. Eliseo Mendoza Berrueto, Mexico.

On the proposal of the President, the Ministers decided to establish a Co-ordination Committee consisting of ten members from each regional group and under the Chairmanship of H.E. Mr. Gabriel Martinez of Argentina.[a/]

The meeting established four main Committees:

Committee I - (Commodities (item 8); Manufactures and semi- manufactures (item 9); Multilateral trade negotiations (item 10(a))

Chairman: H.E. Mr. Kenneth Dadzie (Ghana)

Vice-Chairman-cum-Rapporteur: Mr. Abel Garrido (Mexico)

Committee II - (Review of developments in the international monetary field (item 10(b)); Money and finance and the transfer of real resources for development (item 11))

Chairman: H.E. Dr. Javad Vafa (Iran)

Vice-Chairman-cum-Rapporteur:
Mr. Alfredo Enrique Vargas (Venezuela)

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a/ The membership of the Co-ordination Committee was as follows:- African Group: Nigeria, Senegal, Egypt, Kenya, Congo, Gabon, Ethiopia, Morocco, Mauritania, Ghana, Algeria (ex-officio); Asian Group: Afghanistan, India, Iran, Iraq, Kuwait, Philippines, Pakistan, United Arab Emirates, Sri Lanka, Malaysia, Indonesia (ex-officio); Latin American Group: Brazil, Chile, Colombia, Cuba, Mexico, Nicaragua, Trinidad and Tobago, Uruguay, Venezuela, Peru.

Committee III - (Least developed among the developing countries, developing island countries and developing land-locked countries (item 13); Economic co-operation among developing countries (item 14))

Chairman: H.E. Dr. (Miss) G.K.T. Chiepe (Botswana)

Vice-Chairman-cum-Rapporteur:
Mr. M.N. Chowdhury (Bangladesh)

Committee IV - (Transfer of technology (item 12); Trade relations among countries having different economic and social systems (item 15); Review of institutional arrangements in UNCTAD (item 16))

Chairman: H.E. Mr. Herbert Walker (Jamaica)

Vice-Chairman-cum-Rapporteur:
Mr. Badie Al-Kaddo (Iraq).

The President, the ten Vice-Presidents and the Rapporteur-General, together with the Chairmen and Vice-Chairman-cum-Rapporteurs of the main Committees and the Chairman of the Co-ordination Committee, constituted the Bureau of the Meeting.

The Ministerial Meeting took note with appreciation of a report by the Chairman of the Intergovernmental Group of 24 on the work done in pursuance of the mandate given by the Second Ministerial Meeting of the Group of 77 in Lima in 1971. In this connexion, the Ministerial Meeting recommended that the Group of 24 continue its work on the developments in the monetary and financial fields in the light of the guidelines adopted in this connexion at the Third Ministerial Meeting at Manila, which are contained in the Programme of Action; and it also recommended the convening, as soon as possible, of one or more ad hoc meetings in conformity with the requirements of international monetary reform in the light of the new international economic order.

A group of countries prepared a draft resolution on economic sanctions against the racist regimes of South Africa, Rhodesia and Israel. The authors of the draft resolution intimated their intention to present the draft resolution to the fourth session of UNCTAD.

At its final meeting on 7 February 1976, the Ministers adopted the Manila Declaration and Programme of Action and a number of resolutions and decisions which are reproduced in annex I above.

APPENDIX B

SPEECH BY SECRETARY OF STATE HENRY A. KISSINGER BEFORE THE FOURTH MINISTERIAL OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT, MAY 6, 1976

UNCTAD IV: EXPANDING COOPERATION FOR GLOBAL ECONOMIC DEVELOPMENT

Secretary Henry A. Kissinger before the Fourth Ministerial Meeting of the United Nations Conference on Trade and Development (UNCTAD).

We are assembled here to carry forward one of the most important enterprises in history—the endeavor of independent nations to advance global economic development and so to better the quality of human life on Earth. Our goal is nothing less than to shape an enduring structure of international collaboration that offers peace and prosperity, equal opportunity and dignity to all peoples.

Man has always yearned for peace and a just international order. In our time these twin goals have become a realistic possibility. Their attainment will require us to meet challenges whose scale eludes the grasp of individual nations, whose complexity mocks the slogans and solutions of the past, and whose pace outstrips the measured processes of traditional diplomacy.

There is before us all the imperative of world stability—the task of resolving conflicts, reducing tensions, and resisting the encroachment of new imperialisms, new oppressions, and new dangers. For this undertaking the United States, together with other nations, has assumed a heavy responsibility.

Beyond it lie our positive aspirations. The American people are a humane people. We know that stability is not enough; peace must extend mankind's reach for a better life. In the Declaration of Independence of the United States, the seminal document of our national existence, we have written that ". . . all Men are created equal. . ." and entitled to ". . . Life, Liberty, and the Pursuit of Happiness. . . ." This pursuit has brought me to Nairobi—to advance on behalf of President Ford and the U.S. Government the great cause we all hold in common.

In the long sweep of history, the future of peace and progress may be most decisively determined by our response to the necessities imposed by our economic interdependence. This is the challenge which we have assembled here to address—the urgent need for cooperative solutions to the new global problems of the world economy. These issues dominate the agenda of the evolving relationship between North and South, the industrial and the developing countries.

- They are issues of economics—of an effective system of trade, monetary relations, and development assistance and of insuring that the prosperity of some nations does not come at the expense of others.
- They are issues of politics—of how nations deal with each other and of how we can construct an international order that promotes peace.
- They are issues of morality—the recognition that economic might does not make right.
- And they are issues of justice—the awareness that the well-being of our peoples depends upon an international system fair and open to all.

The modern age and our common morality insistently demand respect for human dignity and

the fulfillment of the human personality. But a world in which poverty and misery continue to afflict countless millions would mock these imperatives. The daily preoccupation of men and women would be the harsh necessities of survival; the energies of nations would be consumed in hatred and rivalry. We must build, instead, a world of cooperation and widening human opportunity reflecting the fundamental interdependence of our destinies.

Today the accelerating forces of modernization—technological, economic, social, and political—link the peoples of the world as never before. They can intensify conflict or they can provide us with unprecedented possibilities to advance our common aims. All nations are part of a global economic system. If that system is to flourish it must rest on the firm foundation of security, fairness, and opportunity to all who wish to participate—rich and poor, North and South, consumer and producer. It must embrace the interests of all if it is to be supported by all. President Ford has sent me here committed to bring about a constructive and cooperative relationship between the developed and the developing countries over the remainder of this century.

This Ministerial Meeting of UNCTAD is the first of its kind to be held in Africa. This is altogether fitting, for Africa's importance in world affairs is growing. And African countries have an especially high stake in a successful conference leading to concrete progress. No continent has been more vulnerable to worldwide economic instabilities. No continent suffers so cruelly when crops fail for lack of rain. No continent endures a heavier burden when commodity prices fluctuate violently. And no continent has more to gain from the organized cooperation of all nations to promote economic and social progress and to insure a greater role for the developing nations in the world's economic deliberations.

This is a continent of proud traditions and new nations, of rising aspirations, and of determination in the face of monumental challenge. Here it can—indeed it must—be demonstrated that men of all races and colors can live and prosper together in peace with equal rights and mutual respect.

During the past two weeks I have been privileged to be a guest in Africa and to enjoy the extraordinary hospitality of its people and leaders. I have greatly benefited from my discussions with African statesmen, and I have learned much about the concerns and hopes of the peoples of Africa. The nations of this continent can be confident that the United States is prepared to cooperate with them in their great struggles for justice, economic progress, and freedom from external intervention.

Today we are all especially indebted to the Republic of Kenya and its world renowned leader, President [Jomo] Kenyatta, for making this beautiful city available as the site of this conference. The U.S. delegation has come to Nairobi to achieve, with representatives of other nations, a major step forward in international cooperation.

We begin this conference at a moment of opportunity. The world economy is recovering from a deep recession—my own country perhaps most rapidly. Increasing American demand for products of other countries will make a major contribution to recovery around the world. Many obstacles to sustained economic growth remain; but there are convincing signs that we have surmounted the worst part of the economic crisis and that before us, if we act with wisdom and energy, is the opportunity for a new and prolonged period of prosperity.

This, therefore, may be a decisive moment which offers us a brief, but special, opportunity to reinvigorate and improve the world's international economic system. Now is the time to free the world from disruptive cycles of boom and bust and to enhance the opportunities of the developing countries.

The United States, better than almost any other nation, could survive a period of economic warfare. We can resist confrontation and rhetorical attacks if other nations choose that path. And we can ignore unrealistic proposals and preemptory demands. But the historic opportunity which is at hand would slip away. It is up to us, as the spokesmen of nations meeting in this world forum, to reach beyond the doubts and temptations of the moment toward the permanent international interests of us all. In so doing we can take courage from the knowledge that the means exist to achieve a brighter future. It lies within our power to shape a world where all men can live in dignity and aspire to progress.

Let us, therefore, hold before us as the goal of this conference, and of the dialogue between

developed and developing nations, the motto of the Republic of Kenya: *"Harambee*—work together for the good of all."

Let us begin by building on the positive accomplishments of the Seventh Special Session of the U.N. General Assembly last September. At that meeting the industrial and developing nations, in an encouraging demonstration of consensus, put aside ideological confrontation, declared their common purpose of moving forward cooperatively, and adopted an agreed agenda for action.

On behalf of President Ford, I call upon this conference to accelerate the efforts and continue the cooperative spirit which began then. I will introduce new proposals on all the priority concerns of this conference to reflect what we have heard of your ideas and your aspirations in the Manila declaration and in other forums, including the Conference on International Economic Cooperation [CIEC] in Paris.

These proposals represent the contributions of all relevant agencies of the U.S. Government under the direction of the President. I have worked especially closely with my colleague, Treasury Secretary Simon, in shaping the program we are presenting.

The strong bipartisan support which our approach enjoys results from weeks of close consultations between the Executive and both Houses of our Congress. It is demonstrated by the presence here of two distinguished Senators representing our two political parties [Jacob K. Javits and Abraham A. Ribicoff]. Other Senators and members of the House of Representatives will follow as your work proceeds.

The United States pledges its dedication and willingness to cooperate over the decades ahead. We do so with an open mind. We want to hear your ideas and proposals. We are here to exchange views and to forge a fresh consensus.

The State of Our Efforts

Let me first review what our nations together have achieved since last September.

- We agreed at the Seventh Special Session to take measures to help insure basic economic security against cycles that devastate export earnings and undermine development. In January the International Monetary Fund expanded its compensatory financing facility as we had proposed, to make available several billion dollars to stabilize export earnings.
- In September we pledged to accelerate economic growth by improving developing countries' access to capital and new technology. To these ends the United States, other industrial countries, and several oil-producing countries have begun to marshal increased capital, technological, and human resources to promote development. Negotiations have been completed to increase World Bank capital by $8 billion; we will contribute our fair share to a $6 billion increase in the resources of the Inter-American Development Bank; we will contribute to an expansion of the African Development Fund; we are actively participating in discussions on replenishment of the Asian Development Fund and Bank.
- At the special session the world community dedicated itself to improving trade and investment in key commodities. International solutions have already been achieved on several key commodity issues, including the successful negotiation of coffee and tin agreements. Progress is also being made in expanding the world's supply of its most vital commodity—food.
- And finally, at the special session, the world community made a commitment to meet the special needs of the poorest countries which have suffered the most from recent economic dislocations. We have made significant progress by providing financial and technical assistance to increase food production and by introducing new measures to help relieve crushing balance-of-payments problems of the poorest nations.

These achievements are only the beginning of the process. We are—this year—in the midst of what may well be the most extensive series of international negotiations on trade, finance, commodities, and development in history—involving more nations, addressing more issues, and affecting more people than ever before. This conference has a major role to play. In particular we can advance our work in four key areas:

First, we must make renewed efforts on commodity issues, including the problems of resource investment and trade. Commodities—energy, food, and other primary products—are the building

blocks of growth and prosperity. For many countries development of resources is the key to industrialization, employment, decent incomes, and healthy diets. All nations need adequate supplies of primary products and fair compensation for their production. Solving the complex of these issues is a critical test of our ability to work together systematically to expand the world's wealth for the benefit of all.

Second, we must design a far-reaching long-term program to accelerate technology transfer. The quantity of capital investment by itself does not assure sustained development. There must be, as well, continuous improvements in productivity that only new technology and trained local manpower can bring. Comprehensive efforts are crucial; the subject deserves high priority and comprehensive efforts will be required.

Third, we must deal with serious balance-of-payments and debt problems which face a number of developing countries. Rising import costs—caused in large part by higher oil prices and reduced export earnings due to recession in industrialized countries—have created unprecedented international payments problems. An improved world economy will automatically ease the problem for many countries. Nevertheless we must continue to seek means of assistance for the particular problems of certain developing countries.

Fourth, we must continue to respond to the special and urgent needs of the poorest countries. Helping these nations will demonstrate not only the capacity of the international economy to serve all countries equitably; it will also reflect our collective sense of responsibility.

Let me now suggest specific new approaches for dealing with each of these four problems.

A Comprehensive Approach to Commodities

Commodity exports are critical for development. The non-oil developing countries rely on primary products for nearly two-thirds of their export earnings. Yet production and export of these resources are vulnerable to the whims of weather, the swings of worldwide demand, and new technology. Cycles of scarcity and glut, underinvestment and overcapacity, disrupt economic conditions in both the developing and the industrial world.

It has become clear in recent years that a piecemeal approach to these issues will not suffice. The UNCTAD Secretariat has made an important contribution to meeting these problems in its integrated commodity program. While the United States cannot accept all of its elements, there are many parts which we are prepared to consider.

At this conference the United States proposes its own comprehensive approach to commodity issues. It reflects many of the objectives contained in the integrated program and our desire for constructive action on all aspects of the challenge. It contains the following elements:

- Insuring sufficient financing for resource development and for equitable sharing in their benefits by the host nation;
- Improving the conditions of trade and investment in individual commodities and moderating excessive price fluctuations;
- Stabilizing the overall export earnings of developing countries; and
- Improving access to markets for processed products of developing countries while assuring consumers reliability of supply.

Let me discuss each of these elements in turn.

Adequate Investment. Most of the world's raw material production, in fact, takes place in the industrial countries. But if development is to take hold, a special effort must be made to expand the production and exports of primary products of developing countries. Such a program must overcome the following problems:

First, we must deal realistically with the political and economic problems which are diverting investments from developing to developed countries. For paradoxically resource development is often discouraged by the very countries which are most in need of it. Nationalization and forced change in the terms of concessions in some developing countries have clouded the general climate for resource investment in the developing world. Social and political uncertainties have further complicated investment prospects. As a result commercially viable projects have been postponed, cancelled, or relocated; and capital, management, and technology have been diverted to production of

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higher cost raw materials in the industrialized world.

Second, in the next decade alone the total requirements for global investment in resources will be massive. Individual projects will require unprecedented sums of capital and complex financial arrangements. The time required between the beginning of a project and its completion is increasing. All these factors compound the political uncertainties and further inhibit rational investment.

Third, there is no one institution that can work comprehensively to facilitate resource development, particularly in energy and minerals, or to promote equitable sharing of its benefits.

If present trends continue, serious misallocations of capital, management, and technology are inevitable. The costs of raw material and agricultural production will escalate. Many potential producers will be unable to attract adequate capital. All countries will pay the price in accelerated inflation and retarded growth—with the poorest countries suffering the most.

To overcome these problems the United States proposes the establishment of an International Resources Bank [IRB]. This new institution would promote more rational, systematic, and equitable development of resources in developing nations. It would facilitate technological development and management training in the developing countries. It would help insure supplies of raw materials to sustain the expansion of the global economy and help moderate commodity price fluctuations.

The International Resources Bank would mobilize capital for sound resources development projects by assisting individual resources projects to secure direct financing and issuing bonds which could be secured by a specific commodity. Alternatively these bonds could be retired through delivery of a specific commodity. "Commodity bonds" of this type could greatly improve conditions of supply and market access and help developing countries to stabilize export earnings.

To enhance confidence for both host governments and investors the International Resources Bank would begin operations with a capital fund of $1 billion. It would participate with foreign investors and the host government in project agreements specifying the conditions of the investment on a basis acceptable to all parties. Such an agreement could include a formula for production sharing and arrangements by investors to help develop the managerial, technological, and marketing capabilities of the host country. The bank would support guarantees of both investor and host nation performance in accordance with conditions established in the project agreement.

To insure effective coordination with other public institutions, the International Resources Bank could be associated with the World Bank group, in a form to be worked out by the participating countries. It could operate in close collaboration with—and render even more effective—other institutions such as the World Bank and its associate, the International Finance Corporation, and the Inter-American Development Bank as well as the U.N. Revolving Fund for Mineral Exploration. The IRB proposal offers many advantages and new concepts.

- Its facilitating role as third party with the host country and the foreign investor will encourage conditions for project development consistent with internationally accepted standards of equity.
- The IRB mechanism provides multilateral guarantees of the performance of both the host nation and the foreign investor in accordance with the project agreement—thereby reducing the noncommercial risks. This cannot fail to promote greater flows of investment capital for resource projects on reasonable terms.
- The proposal contemplates production-sharing arrangements under which the foreign investor is assured of an established percentage of total production with disposition of the balance to be controlled by the host nation. This allows the host nation to share in production from the outset, providing it with the basis for further processing of the raw material should this prove to be economically feasible.
- Commodity bonds would be a fruitful new international instrument for forward purchases of commodities. They could contribute to earnings stabilization. They would also provide added assurance of market access for the host country and supply access for the consumer.
- Finally, through the IRB, modern technology

would flow into developing nations. The two key elements required for development—management and technology—are provided by the foreign investor directly in a new form of capital investment. The trilateral agreement could include provision for the progressive acquisition of technology by the host country and thus contribute importantly to the process of technology transfer.

We consider the International Resources Bank to be an innovative and significant response to the basic needs of the developing nations and the international community. It will be a major advance in the sharing of benefits and responsibilities between industrialized and developing nations. It will help insure the essential flow of capital, management, and technology into resource development under conditions acceptable to host governments. And it will enhance the predictability that is essential to attract capital investment. We hope other countries will join us during the coming months to design and establish this global institution.

Improvement of the Conditions of Trade and Investment in Individual Commodities. We are all conscious of the problems the world economy has faced recently in this area. Within only two years the tight supply and astronomical prices of many critical materials have been followed by a period of declining prices. Many economies have been severely shaken, and several countries have suffered balance-of-payments crises. Drastic price changes affect the developing countries most severely, playing havoc with foreign exchange earnings and development plans. And because raw material production projects require years to develop and involve high risks, volatile prices tend to lead to erratic patterns of investment.

There are a number of ways to improve commodity markets—long-term contractual arrangements, better exchange of market information, improved distribution, more efficient production methods, and better storage and transport facilities.

We agree with the UNCTAD Secretariat that buffer stocks deserve special attention. For those commodities where buffer stocks are feasible, sharp fluctuations in prices can be moderated by building stocks when markets are weak. And adequate supplies at reasonable prices can be assured through releasing stocks when markets are tight.

The United States believes that buffer stocks can be financed from a combination of sources—direct contribution by the participants, export taxes, commercial borrowing guaranteed by the countries participating in the buffer stock, or through the existing facilities of international institutions. Should existing sources prove inadequate we would also be prepared to consider the IRB as a supplemental channel for financing a particular buffer stock. In these ways we are convinced that adequate international financing for buffer stocks can be assured within the context of the specific commodity agreement under which the stock is established. Clearly the United States would not want a buffer stock in which we had agreed to participate to fail for want of adequate financing.

The United States has pursued a constructive approach to other aspects of the commodities problem.

- We have joined with producers and consumers of key commodities to agree on measures to improve and stabilize markets.
- We have signed commodity agreements on coffee and tin, and we will participate in negotiations on sugar. We viewed cocoa as well-suited to a buffer stock arrangement but were disappointed in the agreement negotiated a few months ago which we believe is unlikely to improve the functioning of the cocoa market. If other parties are interested, we stand ready to renegotiate this agreement.
- The United States recently participated in the first meeting of producers and consumers of copper. We look forward to the establishment of a permanent producer-consumer group.
- Agicultural raw materials need serious attention as well. Those that face declining markets from growing competition from lower-cost producers and synthetics can benefit from market promotion, research to improve productivity, and marketability or diversification into other products. We recommend that producer-consumer forums dealing with individuals commodities focus on such possibilities. We urge that the World Bank and the regional development banks give high priority to funding projects for these purposes.

. Today the United States proposes these additional measures:

• First, let us reach agreement on a definite timetable for the study of specific commodity problems of interest to developing countries. We are prepared to initiate concerted consideration in producer-consumer forums this year of measures to improve the stability, growth, and efficiency of markets for all key developing countries' commodity exports. Particular attention should be given to the formation of groups for bauxite and iron ore.

• Second, since many of the poorest countries are dependent on these products for export earnings, we urge the World Bank and regional institutions to sponsor projects to improve production efficiency and markets for jute, sisal, and other hard fibers—or to facilitate diversification into other products in order to reduce excessive reliance on them.

• Finally, any program of resources development must emphasize the two most vital international resources—food and energy. Forecasts of good harvests must not lull us into letting the progress begun at the World Food Conference slip away. At that conference nations agreed to work toward a system of world grain reserves to improve food security, to increase support for agricultural research, to develop programs for nutritional improvement, and to increase agricultural development in low-income countries.

We urge other countries to join us to make the concept of world food reserves a reality, to increase support for agriculture development in poorer nations, and to provide necessary food aid.

In energy we strongly support the efforts of oil producers and consumers from both the industrialized and the developing world to achieve cooperative solutions at the Conference on International Economic Cooperation. We urge that our proposal for an international energy institute—which would help developing countries take advantage of their domestic energy resources—receive priority attention in the months ahead.

Stabilizing Export Earnings of Developing Countries. At the Seventh Special Session, the United States listed as its first priority the need to insure economic security for the developing world. We continue to believe that the world economic system must provide the developing nations greater security from the worst effects of fluctuating prices, recession, inflation, and other economic shocks which they are helpless to prevent or avoid.

We are gratified at the rapid implementation of our proposals to the special session for the far-reaching expansion of the International Monetary Fund. These innovations make available billions of dollars in new financing to offset steep declines in export earnings. The most significant step forward has been the Fund's agreement to liberalize its compensatory financing facility. As of now roughly $800 million from this improved facility has been provided. If this rate continues, more money will have been lent this year from the facility than the entire amount provided over the last 12 years.

Another major advance has been the establishment of an IMF trust fund to help meet the balance-of-payments needs of the poorest countries. While many developing countries have received substantial benefits from the compensatory financing facility, low-income countries, whose export revenues depend on one or two commodities, often need additional financial help to meet balance-of-payments problems. To assist the poorest countries the United States has proposed that the trust fund provide concessional financing to poorer countries to offset declines in earnings from an agreed list of particularly significant commodities.

Moreover the United States would be ready to join others in a review of the adequacy of the trust fund's resources, should they prove inadequate to stabilize earnings and thus provide general balance-of-payment financing for low-income developing nations. We especially urge those oil-producing nations with strong reserves to contribute to the trust fund's lending capacity.

Expanding Trade in Resources and Processed Goods. Trade has been an engine of growth for all countries; for many developing countries it is the most critical vehicle of development. The United States has taken a number of initiatives to meet the special needs of developing countries. We have reduced global trade barriers, especially those affecting processed goods; provided preferential access to our market for many exports of developing

countries; worked in the multilateral trade negotiations [MTN] in Geneva for reduction of barriers in tropical products; and recognized in our general trade policy the special trade needs of developing countries.

We now have these challenges:

- We must maintain the momentum in reducing world trade barriers.
- We must focus especially on reducing barriers against processed goods, which retard developing countries' efforts to industrialize.
- We need additional international arrangements to assure reliability of supply, for the steady flow of new materials is vital to every country.

To maintain momentum in reducing trade barriers, industrial countries of the OECD [Organization for Economic Cooperation and Development]—despite the strains on their economies from higher energy costs and recession—have pledged themselves to avoid restrictive trade measures. The United States intends to join with other developed countries in a renewal of that pledge at the next OECD ministerial meeting in June.

In addition at the multilateral trade negotiations now taking place in Geneva we will pay special attention to the interests of developing countries, particularly in such areas as processed exports, tropical products, and nontariff barriers.

The institution in January of a generalized system of preferences [GSP] by the United States, combined with the preference systems of other industrial countries, has opened significant trading opportunities for developing nations. Our own preference system already covers more than 2,700 items from nearly 100 countries. The annual trade value of these items is roughly $2.5 billion. We are examining the possibility of including additional products.

The United States will give priority support to the U.N. Development Program financing of a joint GATT/UNCTAD [GATT—General Agreement on Tariffs and Trade] program of technical assistance to developing countries. This will help those countries take full advantage of the preference schemes of industrialized countries by finding the most productive areas for new and increased exports and the best techniques of marketing their products.

In addition intensive negotiation is now underway in the MTN on tariff treatment of tropical products—including processed goods and manufactures—that are of particular interest to developing countries. The United States intends to implement negotiated tariff reductions in this area as soon as possible once the tropical product package is agreed upon.

In keeping with the Tokyo declaration, the United States believes that the MTN negotiations on rules concerning nontariff barriers must give greater attention to the needs of developing countries. For example the United States believes that a code to govern the use of countervailing duties against export subsidies should recognize the special conditions facing developing countries. We will urge that the special needs of developing nations be taken into account when new international rules pertaining to offsetting action are being developed.

With respect to new rules on safeguard measures against injury from imports, we will consider special treatment for less-developed countries which are minor suppliers or possible new entrants into the U.S. market.

We recognize, too, that developing countries have interests in other reforms of the trading system which are not presently under negotiation. We will respond to these views with an open mind. We are confident that with goodwill on all sides constructive agreement can be reached on specific reform issues within the timeframe of the multilateral trade negotiations.

The reduction of tariffs against the exports of processed raw materials from developing countries is especially important. Lowering these barriers would provide fresh opportunities to expand and diversify exports, particularly in cases where tariffs now escalate with the degree of processing. To this end the tariff reduction proposal which the United States has made in the MTN will not only result in significant tariff cuts but also will reduce tariff escalation. We expect that developing countries will regard this as an incentive to positive cooperation in the current negotiations.

If more open market access is one pillar of an expanding international trading system, greater reliability of supply is another. Without reasonable assurance from producer countries that they will not arbitrarily interfere with exports, importers must turn to other sources. Consumers will then

bear the cost of less efficient production, unreliable producers, the cost of lost markets, and reduced foreign investment.

There is an urgent need to analyze methods to improve reliability of supply. We urge that work begin promptly in the GATT to determine whether an international code on export controls is feasible. Such a code should define more clearly the circumstances under which countries may legitimately apply export controls. It would reduce the uncertainties for consumers and for exporters; and it would mitigate some of the political damage to relations between countries when restrictions are imposed on exports.

The United States will also continue to seek commitments of reliable supply in the context of specific arrangements negotiated for individual commodities.

This four-point program—a new International Resources Bank, a case-by-case effort to improve conditions of trade and investment in primary products, stabilization of export earnings, and improved market and supply conditions—recognizes that these issues are linked; yet it permits pragmatic and flexible treatment of specific problems. The approach I have described is a major effort by the United States to deal on a comprehensive basis with commodity issues. It is workable; it is achievable; it is a program which meets the needs of developing and developed nations alike. We urge favorable consideration and rapid collective action.

Technology For Development

Let me now turn to another area of major concern—the application of technology for development.

Technology is at the heart of the development process. It enables man to extend his horizons beyond the mere struggle for existence. Technology draws the fullest measures from the finite resources of our globe. It harnesses the intelligence of man and the force of nature to meet human needs.

For two centuries technological progress has been fundamental to rapid industrial growth. A central challenge of our time is to extend the benefits of technology to all countries.

There are a number of impediments to a rapid and effective technology transfer from industrialized to developing countries.

First, in many cases technology from industrial countries may not fit the real needs of developing countries. By and large the challenge is not to transfer a carbon copy of existing technology but to develop new technology and technological institutions that are most relevant to the conditions of individual developing countries.

Second, developing countries often lack adequate information and expertise to identify the technology which best meets their needs.

Third, there is often a shortage of the trained manpower needed to select, adapt, and effectively manage technology.

Fourth, technology often cannot be separated from capital and management. Hence it is one element of the overall investment process. And to be successful, technology must be applied within a framework of government policies which facilitate and nourish the process of technology transfer.

The task, therefore, is not simply the turnover of formulas or blueprints. We must pursue a comprehensive approach which provides a broad range of programs and incentives to transfer both technology and the fundamental skills that will give it root and effectiveness.

To promote this, the United States proposes a five-point approach.

First, to adapt technology to the needs of developing countries, the United States supports the establishment of a network of research and development institutions at the local, regional, and international level. We need to strengthen global research capacities for development and to expand intergovernmental cooperation.

Therefore, we propose the following:

- An International Industrialization Institute should be established to encougage research and development of industrial technology appropriate to developing countries. A founder's conference involving all interested countries should be held no later than this fall.
- The Energy Commission of the Conference on International Economic Cooperation should establish an International Energy Institute to facilitate energy research and the application of energy-related technologies to the special needs of developing countries.

• We should extend existing networks for applied research in the fields of agriculture, health, and education. The creation of new institutions must be accompanied by measures to help the process of technology transfer. To improve cooperation between industrialized and developing countries, the United States proposes new programs in three fields of advanced science, to which we are prepared to make major contributions of knowledge and experience—in satellite technology, in water resources development, and in oceans technology.

• Satellite technology offers enormous promise as an instrument for development. Remote sensing satellites can be applied to survey resources, forecast crops, and improve land use in developing countries. They can help to foresee and evaluate natural disasters. Modern communication technologies, including satellites, have large untapped potential to improve education, training, health services, food production, and other activities essential for development.

Therefore, from July through October of this year the United States will make available to interested developing countries demonstrations of the various applications for development of the experimental ATS-6 communications satellite, the Landsat remote sensing satellite, and high resolution photography. We are prepared to cooperate with developing countries in establishing centers, training personnel, and, where possible, adapting our civilian satellite programs to their needs.

• The United States will play a leading role in applying water resources technology to such objectives as improving the quality and productivity of agriculture and developing new industry. We will play an active role at the U.N. Water Conference to be held in March of next year, putting forward practical measures to share our knowledge and experience.

• The technology necessary to mine the deep seabed, to manage fisheries, and to exploit the vast potential of the oceans is rapidly being developed. The United States has made major advances in this field. We plan to invite scientists, managers, and technicians from different countries to participate in our scientific projects. And we strongly support provisions in the Law of the Sea treaty which will provide incentives for sharing of deep seabed technology appropriate to developing country needs.

• Finally, there is a pressing need to develop new ways to use technology to improve the basic condition of the poor. The United States is increasing the technical component of its development programs to provide basic nutrition, health, and education services.

The second element of our program is to improve the amount and quality of technological information available to developing countries and to improve their selection of technology relevant to their needs. We will support the efforts of the U.N. International Center for Exchange of Technological Information to provide comprehensive information on the capabilities and facilities of national and regional information services. For its part the United States will inventory its national technological information resources and make available, both to developing countries and to the U.N. Center, consultants and other services to improve access to our national information facilities. These include the National Library of Medicine, the Division of Scientific Information of the National Science Foundation, the National Agricultural Library, and the Smithsonian Information Service.

The United States also supports the proposed UNCTAD advisory service to strengthen the ability of developing nations to effectively identify, select, and negotiate for technology most appropriate to their requirements. We support the concept of regional advisory services under UNCTAD auspices to provide expertise and resources to the technology requirements of particular regions and countries. These regional centers could act as conduits for the activities of other programs and institutions for the application of technology to developing countries.

Third, to nurture new generations of technologists and technology managers, the United States proposes a priority effort to train individuals who can develop, identify, and apply technology suited to the needs of developing countries. To this end:

• Training competent managers of future technology should be central objectives of the

proposed International Industrialization Institute and the International Energy Institute.

• For its part the United States will encourage universities, research institutes, and industrial training schools in the United States to create special institutes and curricula for technology training for the developing countries; we will provide for and assist their sister institutions to developing countries. We invite other developed countries to join us in this effort.

• Finally, the United States proposes that appropriate incentives and measures be devised to curb the emigration of highly trained manpower from developing countries. For the benefits which developing nations derive from trained technology managers is of no consequence if they leave their home countries.

In this connection the U.S. Government will encourage the formation of a technology corps, which will parallel our executive service corps in organization and operation. This will be a private, nonprofit organization to which corporations and universities would contribute highly skilled personnel experienced in the management of scientific and technical operations. They will work with and help train local manpower in specific development projects.

The fourth element of our approach is to make the process of transferring existing technology more effective and equitable.

New technology in industrialized countries resides primarily in the private sector. Private enterprise is in the best position to provide packages of management, technology, and capital. To enhance that contribution, both industrialized and developing countries must create an environment conducive to technology transfer.

The United States recommends that voluntary guidelines be developed that set forth the conditions and standards of technology transfer which encourage, facilitate, and maximize the orderly transfer of technology.

The proposed International Resources Bank also contains features which can enhance the ability of developing countries to manage technology and thereby encourage its transfer. In the trilateral agreement with the host nation and the International Resources Bank, the foreign investor would generally undertake to provide both management and technology. The investment project could, by mutual agreement, include the obligation to progressively transfer some of the technology to the host nation over the period of the agreement—as well as accelerate the developing of the country's capacity to manage such technology.

The flow of technology in the channels of world commerce can be diverted by restrictive practices. Some practices may directly limit the transfer of technology; in addition, where technology is transferred, restrictive provisions on trade in high technology products can limit its benefits for others. The United States proposes that international attention be focused on the full range of these practices, with a view to their reduction or elimination.

The fifth element of the U.S. program is to set goals for achievement before and during the U.N. Conference on Science and Technology for Development, now proposed for 1979. The United States strongly supports this conference and its objectives. Preparations for it provide a major opportunity for both developed and developing countries to review their responsibilities for the sharing and use of technology.

To speed our preparations the United States will convene a national conference next year to bring together our best talent from universities, foundations, and private enterprise. They will be asked to consider the broad range of technological issues of concern to the developing world. They will be invited to help mobilize American resources to assist developing countries to meet their research requirements. And they will be encouraged to prepare detailed American proposals for the conferences and institutes I have described.

We recommend also that the OECD nations urgently study the possibilities of a greater contribution by all industrialized nations to overcoming the problems of technology transfer.

This five-point program represents the most comprehensive effort ever put forward by the United States to deal with the challenge of applying technology to development. We hope that the UNCTAD conference will give these initiatives serious consideration. We invite your ideas and

proposals. Working together we can see to it that this age of technology will improve the quality of the lives of all of our peoples in a manner undreamed of by previous generations.

Balance-of-Payments and Debt Problems

Rising import costs caused in large part by higher oil prices and reduced export earning resulting from recession in the industrialized nations have generated unprecedented international payments deficits. Although global economic recovery has begun, many countries will face persisting deficits this year.

A major institutional effort must be made if these countries are to avoid severe cutbacks in their imports and consequent reductions in their economic growth. There are three priority areas.

- We must insure that flows of funds for development projects are neither reduced nor diverted by short-term economic problems. In addition long-term financing must be increased and its quality enhanced.
- We must enable private markets to continue to play a substantial role in providing development capital. For many countries private capital flows are, and will continue to be, the principal form of development finance.
- We must see to it that the domestic economic policies of all our countries are sound. They should not place undue pressures on payment positions by unnecessary accumulations of debt. And we must give particular attention to those countries unable to avoid critical debt problems.

Resource Flows. We have been heartened by the immense effort made since the Seventh Special Session to assure adequate balance-of-payments financing for less-developed nations. Especially important has been the expansion of the International Monetary Fund's lending facilities. These efforts should help insure that sufficient balance-of-payments financing is available on an aggregate basis to developing countries.

But emergency lending cannot be a substitute for effective and high quality foreign aid. Although most foreign assistance from the United States and other donors is provided on highly concessional terms, much can be done to improve the quality of resource flows. In many cases the conditions of assistance restrict its financial and developmental impact; one example is the tying of aid to procurement in donor countries which can reduce its value. The United States therefore will urge the OECD Development Assistance Committee to develop arrangements for the reciprocal untying of development assistance.

Private Capital. For many developing countries, particularly those in the midst of industrialization, private sources make up the bulk of development capital. Of the $35 billion balance-of-payments deficit of the non-oil producing developing countries in 1975, nearly half was financed by private capital flows. Without this contribution, the consequences of the mammoth deficit would have been unmanageable. The IMF/IBRD Development Committee is studying a wide range of measures to insure that international capital markets continue their imaginative adaptation to the needs of developing nations.

In addition negotiations on the replenishment of the International Finance Corporation [IFC], which we proposed at the Seventh Special Session, have been completed. The IFC is actively engaged in examining the U.S. proposal for international investment trust to mobilize portfolio capital for investment in local enterprises. The United States gives its full support to these efforts.

Debt Problems. Many countries have had to resort to short-term external borrowing to finance their deficits. Debt payment burdens are mounting; a number of countries are experiencing serious problems in meeting their debt obligations.

Generalized rescheduling of debts is not the answer. It would erode the creditworthiness of countries borrowing in private capital markets. By tying financing to debt, it obscures the significant differences among countries and prevents an appropriate focus on those in most urgent need. And it would not be fair to those nations which have taken strong policy measures to reduce their obligations.

The debt problem must be addressed in relation to each country's specific position and needs. The United States stands ready to help countries suffering acute debt service problems with measures appropriate to each case. The procedures must be agreeable to creditor and debtor alike. The device of a creditor club is a flexible instrument for negotiations.

To improve the basis for consideration of balance-of-payments problems of particular developing countries, the United States proposes that the CIEC Finance Commission or another mutually acceptable forum examine the economic and acute financing problems of developing countries.

The Poorest Countries

The needs of many nations in the developing world are great, but the special requirements of the poorest countries are massive. This conference has a collective moral responsibility to respond to this challenge. We must devote major efforts to improve programs for the poorest countries and to devise new ones where necessary for, without adequate assistance, the poorest will be condemned to continuing poverty and helplessness. We must increase resource flows, improve their terms, and enhance their quality. And aid must be given on softer terms, because the poorest countries are by definition unable to service debt except on a highly concessional basis.

Resource flows to the poorest countries must be freed from restrictions on procurement sources and the financing of local costs which distort the design of projects, waste resources, and cause excessive reliance on imported equipment.

The IMF trust fund now being established will importantly ease the immediate balance-of-payments problems of the poorest countries.

For the longer term a substantial replenishment of the International Development Association is imperative. The United States will, as always, meet its commitments to this vitally important source of assistance. And we look forward to generous OPEC [Organization of Petroleum Exporting Countries] support for this important institution.

Thus the United States has already taken a number of steps to assist the most needy countries. We will do more.

- To meet the urgent needs of the Sahel region, we are actively participating in the deliberations of the *Club des Amis du Sahel.* In addition we have proposed that an urgent study be undertaken on ways not merely to ease the drought but to end the water shortage by mobilizing the great African rivers, not to perpetuate relief but to initiate basic reform.

- The U.S. Congress has already authorized a contribution of up to $200 million for the International Fund for Agricultural Development. We look forward to the June plenipotentiary conference which has been called to sign the agreement; and we urge others to contribute generously so that the one billion dollar target can be met.

- We have secured authority under our Foreign Assistance Act to finance all total costs of aid projects in least developed countries when necessary to insure their success.

- Seventy percent of our bilateral development assistance is now programmed for countries with per capita GNP of $300 or less.

- For countries whose per capita GNP is less than $500, we strongly support proposals to increase their share to over 80 percent of all UNDP [U.N. Development Program] grants. One-third of this should go to the least developed countries in this category.

- We pledge a major expansion of our efforts to develop integrated systems for basic community health services. These will combine medical treatment, family planning, and nutritional information while making full use of locally trained paramedical personnel.

In the Law of the Sea negotiations now under way in New York, the United States has made a detailed proposal that revenues from deep seabed mining and resources exploitation be shared with the international community, especially for the benefit of the poorest countries.

This is a substantial effort. It must be complemented, however, by improvement in the terms of bilateral assistance to the poorest countries. To this end the United States proposes that all donor countries agree to provide all development assistance to the relatively least developed countries on the UNCTAD list on a grant basis.

The United States will seek authorization from the Congress to provide all development assistance to the poorest countries on this basis. We already have congressional authorization to convert repayment of a portion of our loans under PL-480 to grants under certain circumstances. Taken together these two steps will significantly increase the grant element in our bilateral assistance programs.

Human suffering and human deprivation are not questions of ideology or bloc politics. They touch the elemental needs of mankind and the basic imperatives of universal moral values. We must not fail to do our duty.

Conclusion

Economic development is a task of many dimensions. Whatever may be our differing perspectives, the United States believes that a number of conclusions stand out clearly.

- Development is a mutually reinforcing endeavor. There is nothing permanent about the distinction between the developed and developing worlds. Developed countries thrive and advance most surely when the international economy grows vigorously and steadily. As the United States sees other nations develop and industrialize, we feel renewed confidence in the world economic system and in our own economic future. Sustained growth and development require that we work together cooperatively.
- Development involves mutual responsibility. International cooperation cannot be one-sided. The strength of the industrial countries must be regarded as a trust for the progress of all; the developing countries only hurt themselves if they weaken that strength through contrived scarcities, cartels, embargoes, or arbitrary seizures of property. At the same time the developed countries have an obligation to do their utmost to spur development. Our efforts here must take into consideration the concerns and the contributions of all countries—developed and developing, producer and consumer, East and West, North and South.
- Development is a process of change and innovation. It must respond not only to rapidly changing technology but also to the evolution of political attitudes. The old relationships of donor and recipient are increasingly paternalistic and anachronistic to the recipient; they may also come to seem a one-sided burden to those who have long been donors. We must fashion a new sense of cooperation that is based on the self-respect and sovereign equality of all nations. Each nation must find its path to development which allows it to retain its self-respect and identity, its culture, and its ideological preference. But development itself is not a function of ideology—it must unite practical solutions and a philosophy of international cooperation. It cannot grow from doctrines of confrontation and the exploitation of despair.
- Development is a human enterprise. It is the talents and efforts of individuals which make development a reality, and it is they who are its ultimate beneficiaries. Our first aim is the minimum essentials of life—food, clothing, shelter—and the relief of human suffering and monotony, debilitating illness and ignorance, and demeaning servitude to others. Then development must look beyond survival to provide opportunities for education, greater personal freedom, and individual dignity and self-respect. Finally development must deal with the quality of life—the dignity of the individual, personal freedom, and equality of opportunity regardless of race, religion, sex, or political belief.

The magnitude of the task before us will require unprecedented international collaboration. No nation alone can surmount—and only together can all nations master—what is inescapably a global challenge of historic proportions.

But we are not confronted by overwhelming odds or by intractable obstacles. We have it in our power to achieve in our generation a rate of economic advance that has no parallel in human experience.

In each age men and women have striven for greater prosperity and justice and dignity. Yet always in the past there have been setbacks; history has recorded a surfeit of misery and despair. Our age is the first where we can choose to be different. And therefore we must.

If we succeed this decade could be remembered as a turning point in the economic and political evolution of man. The new institutions and mechanisms we create could be perceived as building blocks of international cooperation that strengthened the world's sense of community. The implications for world peace, as well as for economic cooperation, are vast.

The United States proceeds from the conviction that both morality and practical interest point in the same direction—toward a dedicated enterprise of cooperation. If we are met in a cooperative and realistic spirit, we are prepared to offer our

national capacities in support of a historic extension of the global economy and global development.

So let us get down to business. Let us make this task a priority of all our foreign policies. Let us set our sights high, but let us not make our desire for the ideal block achievement of the attainable. Let us reach agreement on practical steps that improve the lot of our fellow man. We owe our people performance, not slogans; results, not rhetoric.

The United States extends its hand to those who will travel with us on this road to a more humane and bountiful future. We must travel it together, and we must take another step at this conference.

APPENDIX C

RESOLUTIONS AND RECOMMENDATIONS ADOPTED BY THE CONFERENCE AT ITS FOURTH SESSION

UNEC D-438/76

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16 June 1976

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United Nations Conference on Trade and Development

Fourth session
Nairobi
5-31 May 1976

RESOLUTIONS AND RECOMMENDATION
ADOPTED BY THE CONFERENCE
AT ITS FOURTH SESSION

[85 (IV) - 100 (IV)]

Note by the Secretary-General of UNCTAD

The Secretary-General of UNCTAD has the honour to circulate herewith, for information, a list of the resolutions and recommendation adopted by the Conference at its fourth session, held in Nairobi from 5 to 31 May 1976.

The texts are being issued separately in the series TD/RES/... and will subsequently constitute part one, A, of the report of the Conference on its fourth session (TD/217).

RESOLUTIONS ADOPTED BY THE CONFERENCE

No.	Title	Item	Date of adoption
85 (IV)	Credentials of representatives to the fourth session of the United Nations Conference on Trade and Development	5	28 May 1976
86 (IV)	Use of the Arabic language	18	28 May 1976
87 (IV)	Strengthening the technological capacity of developing countries	12	30 May 1976
88 (IV)	Industrial property	12	30 May 1976
89 (IV)	International code of conduct on transfer of technology	12	30 May 1976
90 (IV)	Institutional issues	10	30 May 1976
91 (IV)	The multilateral trade negotiations	10	30 May 1976
92 (IV)	Measures of support by developed countries and international organizations for the programme of economic co-operation among developing countries	14	30 May 1976
93 (IV)	Integrated Programme for Commodities	8	30 May 1976
94 (IV)	Debt problems of developing countries	11	31 May 1976
95 (IV)	Trade relations among countries having different economic and social systems: Multilateral action for expanding trade and economic relations among countries having different economic and social systems, in particular action that would contribute to the development of developing countries	15	31 May 1976
96 (IV)	A set of interrelated and mutually supporting measures for expansion and diversification of exports of manufactures and semi-manufactures of developing countries	9	31 May 1976

No.	Title	Item	Date of adoption
97 (IV)	Transnational corporations and expansion of trade in manufactures and semi-manufactures	9	31 May 1976
98 (IV)	Least developed among the developing countries, developing island countries and developing land-locked countries	13	31 May 1976
100 (IV)	Expression of gratitude to the people and Government of Kenya	18	31 May 1976

RECOMMENDATION ADOPTED BY THE CONFERENCE

No.	Title	Item	Date of adoption
99 (IV)	The economic situation of the Comoros	13	31 May 1976

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Date: JUL 1976
To: Washington

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TD/RES/85(IV)
9 June 1976

Original: ENGLISH

United Nations Conference on Trade and Development

Fourth session
Nairobi, 5 May 1976
Agenda item 5

RESOLUTION ADOPTED BY THE CONFERENCE

85 (IV). Credentials of representatives to the fourth session of the United Nations Conference on Trade and Development 1/

The United Nations Conference on Trade and Development

Approves the report of the Credentials Committee.2/

144th plenary meeting
28 May 1976

1/ The Conference adopted this resolution without dissent.

2/ Document TD/210.

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Date: JUN 1 2 1976
To: Washington

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TD/RES/86(IV)
9 June 1976

Original: ENGLISH

United Nations Conference on Trade and Development

Fourth session
Nairobi, 5 May 1976
Agenda item 18

RESOLUTION ADOPTED BY THE CONFERENCE

86 (IV). Use of the Arabic language 1/

The United Nations Conference on Trade and Development,

Recalling General Assembly resolution 3459 (XXX) of 11 December 1975, which provides in paragraph 3 that "the languages of the fourth session of the United Nations Conference on Trade and Development shall be those used in the General Assembly and its Main Committees",

Noting that Arabic is one of the official and working languages of the General Assembly and its Main Committees,

Noting further that Arabic is the official language of twenty States members of UNCTAD and realizing the importance of including Arabic among the official and working languages of UNCTAD in order to ensure full participation of those States in all sessions and activities of UNCTAD as the principal organ of the United Nations in the field of trade and development,

Recognizing that the inclusion of Arabic as an official and working language in all sessions and activities of UNCTAD requires an amendment of the relevant rules of procedure of the Conference, of the Board and of the main Committees of the Board, defining the official and working languages of UNCTAD,

1. Recommends to the General Assembly that it 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;

2. Requests the Secretary-General of UNCTAD to initiate the necessary action for the consideration of this matter by the General Assembly at its thirty-first session and subsequently to take any other action that may be required to incorporate the necessary amendments into the rules of procedure of the Conference, of the Board and of the main Committees of the Board.

144th plenary meeting
28 May 1976

1/ The Conference adopted this resolution without dissent.

GE.76-66100

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TD/RES/87(IV)
11 June 1976

Original: ENGLISH

United Nations Conference on Trade and Development

Fourth session
Nairobi, 5 May 1976
Agenda item 12

RESOLUTION ADOPTED BY THE CONFERENCE

87(IV). Strengthening the technological capacity of developing countries 1/

The United Nations Conference on Trade and Development,

Convinced that national technological capability is a corner-stone of economic development,

Bearing in mind the importance of transfer of technology to all countries, and recognizing the need for international co-operation in this area,

Reaffirming the principles and programme of action in the field of transfer of technology endorsed by the Conference in resolution 39 (III) of 16 May 1972, and subsecuent recommendations and decisions of the Intergovernmental Group on Transfer of Technology and of the Committee on Transfer of Technology at its first session concerning the desirability and urgency of reducing technological dependence as well as of promoting technological self-reliance of developing countries by strengthening their technological infrastructure and capabilities,

Recognizing the importance of international action linked, inter alia, with the process of revision of the Paris Convention for the Prctection of Industrial Property and with the preparation of an international code of conduct on transfer of technology,

Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order, adopted by the General Assembly at its sixth special session, 2/

1/ The Conference adopted this resolution without dissent.

2/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

GE.76-66154

Recalling further General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international co-operation,

Recalling also the pertinent provisions of the Charter of Economic Rights and Duties of States,3/

Recognizing the importance of the objectives of the International Development Strategy for the Second United Nations Development Decade, in particular paragraph 64 thereof, and General Assembly resolution 3517 (XXX) of 15 December 1975, concerning the mid-term review and appraisal of progress in the implementation of the International Development Strategy,

Drawing attention to the terms of reference of the Committee on Transfer of Technology, as approved by the Trade and Development Board in its decision 117 (XIV),

Noting the Manila Declaration and Programme of Action adopted by the Third Ministerial Meeting of the Group of 77,4/

Noting with interest the studies submitted to it for its consideration at its fourth session,5/

Noting the initiative taken by the non-aligned countries at the ministerial level at Lima in August 1975 regarding the establishment for the developing countries of an international centre for development and transfer of technology, within the framework of collective self-reliance,

Noting also the views expressed in the course of the seventh special session of the Trade and Development Board and the fourth session of the Conference,

1. Recognizes the importance of a series of interrelated measures for formulating policies, regulations and laws and establishing appropriate institutional structures in developing countries, both at the country level and in co-operation among themselves, and the importance of supplementing such action by a full range of measures at the international level, as well as by effective co-operation from the developed countries and co-ordinated action by international organizations;

2. Endorses resolution 1 (II) of the Intergovernmental Group on Transfer of Technology and resolution 2 (I) of the Committee on Transfer of Technology;

3/ General Assembly resolution 3281 (XXIX) of 12 December 1974.

4/ TD/195.

5/ TD/190, TD/190/Supp.1 and TD/L.106.

3. Recommends the following lines of action with a view to strengthening the technological capacity of developing countries in any region or subregion and thereby reducing their technological dependence;

I. Action to improve the institutional infrastructure and capacity of developing countries for the development and transfer of technology

A. Action by the developing countries

4. Recommends that each developing country take the necessary steps, at the national level, to ensure:

(a) The formulation of a technology plan as an integral part of its national development plans, as well as the co-ordination of its policies in a number of interrelated areas, including licensing arrangements, transfer, development and adaptation of technology, industrial property laws and practices, foreign investments, research and development;

(b) The establishment of appropriate institutional machinery, including a national centre for the development and transfer of technology, with urgent attention being paid to defining the role and functions of such a centre, including the principal linkages which need to be established with other national bodies or institutions;

(c) The elaboration of all necessary measures to ensure optimum utilization of its qualified manpower resources;

B. Co-operation among developing countries

5. Recommends that, in order to supplement national efforts and to promote collective self-reliance among themselves, the developing countries take action at the sub-regional, regional and international levels, in an integrated and complementary fashion, with a view to ensuring:

(a) The elaboration of preferential arrangements for the development and transfer of technology among themselves; these preferential arrangements for co-operation should, inter alia, be consistent with subregional and regional co-operation and integration, international co-operation, as well as relevant agreements involving matters related to transfer of technology to which they are signatories;

(b) The establishment of subregional and regional centres for the development and transfer of technology which could serve as essential links with national centres in developing countries, and also implement such initiatives as:

(i) Appropriate exchange of information on technological alternatives available to developing countries, as a means of improving their negotiating strength;

(ii) Institutional arrangements in respect of common technological research and training programmes;

(iii) Giving effective assistance to national centres or authorities, providing technical assistance, inter alia,

- on the identification of technological requirements,
- on the stimulation of training programmes,
- on the provision of information on sources of technology,
- on the preparation of model contracts for licensing agreements,

and acting as subregional or regional focus and co-ordination points for national centres;

(iv) Providing technical assistance as appropriate for the effective functioning of and co-ordination among national centres;

(v) Co-ordinating with relevant United Nations bodies, particularly UNCTAD, the United Nations Industrial Development Organization and the World Intellectual Property Organization, and with other institutions and programmes;

(c) The establishment of subregional, regional and interregional centres by the developing countries in specific and critical sectors of particular interest to these countries, such as those specified in paragraph 8 of resolution 2 (I) of the Committee on Transfer of Technology, as well as in agriculture, agro-based industries, mining, fishing, education, health and housing;

6. Welcomes resolution 164 (XXXII) adopted by the Economic and Social Commission for Asia and the Pacific on the establishment of a regional centre for transfer of technology;

7. Welcomes the decisions of the Fourth Conference of Trade Ministers of the countries members of the Organization of African Unity (Algiers, November 1975), the Third Conference of African Ministers of Industry (Nairobi, December 1975), and the Conference of African Ministers of Education (Lagos, February 1976), to establish an African centre for development and transfer of technology; and being convinced that such a centre must be multi-disciplinary in nature and function, and being further convinced, in this respect, of the need for concerted and co-ordinated action on the part of African Governments and institutions, as well as organs and bodies within the United Nations system, requests the Organization of African Unity and the Economic Commission for Africa, in collaboration with UNCTAD, the United Nations Industrial Development Organization, the United Nations Educational, Scientific and Cultural Organization and the World Intellectual Property

Organization, to convene a meeting of plenipotentiaries in 1977, preceded by appropriate preparatory work, to establish the centre, and further requests relevant organs of the United Nations to provide such continued assistance as may be required in setting up and operating the proposed African centre for the development and transfer of technology;

8. Welcomes also the initiative taken by countries and groups of countries in Latin America and in the Caribbean regarding the establishment of technological information and data banks, and commends their progressive transformation into centres for the development and transfer of technology;

9. Further welcomes similar initiatives taken by other developing countries in order to improve their technological capacities;

C. Co-operation from the developed countries

10. Recommends that developed countries:

(a) Implement as a matter of urgency the programme of action spelled out in paragraphs 13, 16 and 18 of Conference resolution 39 (III), as supplemented and reinforced by the decisions of the General Assembly at its sixth and seventh special sessions, culminating in General Assembly resolution 3517 (XXX);

(b) Co-operate actively and positively in the implementation of General Assembly resolution 3507 (XXX) of 15 December 1975 on institutional arrangements in the field of transfer of technology;

(c) Promote imports of technologies originating in developing countries;

(d) Encourage their enterprises and institutions to develop technology appropriate to the needs of the developing countries, disseminate such technology to them on equitable terms and conditions, and undertake in these countries research and development activities of interest to them;

(e) Encourage, taking into account the priorities of developing countries, universities and other research and training institutes and technical schools to create special programmes and curricula for developing countries and to work closely with corresponding institutions in developing countries;

(f) Assist in organizing training programmes in developing countries for improving the scientific and technological skills of the personnel of these countries;

(g) Assist in measures leading to greater utilization of the managerial, engineering, design and technical experience of the personnel of developing countries in specific development projects undertaken at the bilateral or multilateral levels;

(h) Encourage their enterprises and institutions to increase the implementation of manpower development programmes in developing countries in connexion with transfer of technology transactions with developing countries;

(i) Support the establishment of centres for the development and transfer of technology, especially at the national level, and also assist in the establishment of such centres at the subregional and regional levels where appropriate;

(j) Support the establishment of a network of research and development institutions, such as the United Nations University and other institutions, with the aim of strengthening global research capacities for dealing with specific and critical sectors of particular interest to developing countries;

(k) Expand their research and development activities which can be of benefit to developing countries, including the utilization of their research and development and engineering capacity in order to promote technological development and the adaptation of technologies which are suitable to the requirements of the developing countries;

(l) Promote the contribution of governmental institutions, as part of their activities, to the acceleration of the transfer of technology to developing countries on terms and conditions particularly favourable for the strengthening of the technological capacity of these countries;

(m) Undertake all practicable measures with respect to paragraph 11 (b) below, including provision of technical assistance and improvement of access by developing countries to the national information facilities of the developed countries;

D. Co-operation among all countries

11. Recommends that all countries:

(a) Improve the availability and quality of technological information needed to assist developing countries in the selection of technologies relevant to their needs, as a matter of high priority;

(b) Fully support all efforts within the United Nations, as referred to in General Assembly resolutions 3362 (S-VII) and 3507 (XXX), with a view to

establishing, for the exchange of technological information, an international network which should, inter alia, provide comprehensive data on the location and availability of information through the facilities of national and regional information services;

(c) Promote and undertake increased international co-operation and activities relating to: (i) Technological research and development, in the fields of, inter alia, industry, agriculture and energy, appropriate to the needs of developing countries, as well as the provision of training in these fields; and (ii) The strengthening of the resources and capabilities of existing institutions and relevant international organizations, in order to assist developing countries in these fields. Careful examination needs to be made, in the appropriate fora, of any new proposals aimed at achieving these objectives;

(d) Support international action to which they agree to eliminate and effectively control restrictive business practices which directly limit the transfer of technology to developing countries, wherever these practices may originate, and thereby grant improved access by developing countries to existing technologies required for their development;

II. Technical and operational assistance

12. Agrees that the necessary institutional basis to enable UNCTAD to meet the responsibilities assigned to it in the area of technical and operational assistance in co-operation with the international organizations concerned, particularly the United Nations Industrial Development Organization and the World Intellectual Property Organization, as outlined in Conference resolution 39 (III), resolution 2 (I) of the Committee on Transfer of Technology and General Assembly resolution 3507 (XXX), needs to be established;

13. Decides, in the above context, to establish an Advisory Service on Transfer of Technology within UNCTAD to render assistance at the request of developing countries from the regular budget of UNCTAD;

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

15. Urges international financing and development organizations, in particular the United Nations Development Programme and the World Bank, to give high priority to assisting the programmes and projects of the Advisory Service;

16. Further urges all countries to make voluntary contributions to the financing of the programmes and projects of the Advisory Service;

17. Recommends that special consideration and assistance be given to the needs of the least developed, land-locked and island developing countries;

III. Reverse transfer of technology (brain-drain)

18. Recommends that all countries, particularly those benefiting from the brain-drain, should, in the light of the studies assessing the magnitude, composition, causes and effects of the outflow of trained personnel from developing countries which are called for in resolution 2 (I) of the Committee on Transfer of Technology, consider what measures may be necessary to deal with the problems posed by such outflow, inter alia, refraining from adopting policies which might promote the exodus of trained personnel from developing countries, and assisting in making arrangements which contribute towards encouraging qualified personnel to remain in the developing countries, thereby strengthening their technological capacity and reducing their technological dependence;

IV. Environmental aspects of transfer and development of technology

19. Recognizes the interrelationships between environment, transfer and development of technology, and development planning;

20. Welcomes the co-operation between UNCTAD and the United Nations Environment Programme in this field;

21. Reiterates the request to the Secretary-General of UNCTAD contained in paragraph 1(e) of resolution 2 (I) of the Committee on Transfer of Technology;

V. United Nations Conference on Science and Technology for Development

22. Recognizes the important contribution which UNCTAD is making in the development of a comprehensive programme of action for strengthening the technological capacity of developing countries and, in this respect, emphasizes the importance of co-ordinated action between UNCTAD and other United Nations bodies, particularly the Committee on Science and Technology for Development;

23. Welcomes the arrangements that have been made at the third session of that Committee concerning the convening of the United Nations Conference on Science and Technology for Development in 1979;

24. Notes the proposals made by the Secretary-General of UNCTAD in his note[6/] concerning ways and means of participation by UNCTAD in that Conference;

6/ TD/L.106.

25. Recommends that the necessary arrangements be made within UNCTAD to ensure its effective participation in the preparatory process for the Conference, as well as in the Conference itself, including the UNCTAD contribution in terms of competent and high-level personnel to the Conference secretariat now being set up for this purpose;

26. Recommends that all countries give consideration to the convening of an expert meeting for the exchange of views on experience of and information on transfer, development and adaptation of technology, and on the co-ordination of bilateral and multilateral technical co-operation, under the auspices of the United Nations and in collaboration with UNCTAD in the context of preparations for the United Nations Conference on Science and Technology for Development.

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United Nations Conference on Trade and Development

Fourth session
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RESOLUTION ADOPTED BY THE CONFERENCE

88 (IV). Industrial property[1/]

The United Nations Conference on Trade and Development,

Recalling General Assembly resolution 3362 (S-VII) of 16 September 1975 which, in section III, paragraph 3, states: "International conventions on patents and trade marks should be reviewed and revised to meet, in particular, the special needs of the developing countries, in order that these conventions may become more satisfactory instruments for aiding developing countries in the transfer and the development of technology. National patents systems should, without delay, be brought into line with the international patent system in its revised form",

Recalling also resolution 3 (I) of the Committee on Transfer of Technology, adopted on 5 December 1975,

Noting the Declaration on the Objectives of the Revision of the Paris Convention as set out in the Report of the Second Session of the World Intellectual Property Organization Ad Hoc Group of Governmental Experts on the Revision of the Paris Convention,

Noting further the proposals made by the Group of 77 in the Manila Declaration and Programme of Action,[2/]

Recognizing the importance of continued successful co-operation between UNCTAD and the World Intellectual Property Organization,

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1/ The Conference adopted this resolution without dissent.

2/ TD/195.

GE.76-66160

Convinced that the encouragement of inventive capacity, as well as the improvement of the transfer of technology and the actual working of such technology, will accelerate the developmental process, particularly in developing countries,

Affirming that any new orientation in the industrial property field should give full recognition to the needs of economic and social development, particularly of developing countries, and should ensure an equitable balance between these needs and the rights granted by industrial property,

Stressing the importance of adequate working of patents in developing countries for their industrialization,

1. Reaffirms that, as recommended in resolution 3 (I) of the Committee on Transfer of Technology "the process of revision of the Paris Convention for the Protection of Industrial Property, as well as of the Model Law for Developing Countries on Inventions, should take full account of the responsibilities and competences of the World Intellectual Property Organization and UNCTAD and should be guided, inter alia by the following considerations:

(a) The need to improve the conditions for adaptation of technology and for development of indigenous technology in developing countries through, inter alia, the training of personnel and the provision of access to relevant documentation;

(b) The need to promote an effective transfer of technology to those countries under fair and reasonable terms and conditions;

(c) That the importation of the patented product is not as a general rule a substitute for the working of the patent in the developing country granting it;

(d) That more adequate provisions are required to avoid abuses of patent rights and to increase the probability of patents being worked in the developing country granting them;

(e) That the introduction of forms of protection of inventions other than traditional patents (e.g., inventors' certificates, industrial development patents, and technology transfer patents) should be examined;

(f) That the need for technical assistance to developing countries in the field of industrial property, and in particular for expanded access to and utilization of patent documentation by developing countries, in order to facilitate the transfer, absorption, adaptation and creation of suitable technology, should be recognized;

(g) That an in-depth review of the provisions on trade marks should be carried out;

(h) That there should be new and imaginative studies of possibilities of giving preferential treatment to all developing countries;

(i) That an ultimate aim of the on-going process of revision should be to provide reasonable conditions for universal membership in the Paris Union;"

2. Urges States members of UNCTAD participating in the process of the revision of the Paris Convention that they should decide as soon as possible on the final acceptance of the Declaration on the Objectives of the Revision of the Paris Convention, as adopted by the World Intellectual Property Organization Ad Hoc Group of Governmental Experts on the Revision of the Paris Convention at its second session, held in Geneva from 15 to 22 December 1975;

3. Recommends that the conclusions of experts from developing countries on the role of the patent system in the transfer of technology to developing countries[3/] should be taken into consideration by all States and organizations concerned during the process of the revision of the Paris Convention;

4. Recommends that, in view of the importance attached by the developing countries to the implications of the international field of industrial property on their economies and development, UNCTAD should play a prominent role with regard to the economic, commercial and developmental aspects of a review of that field, in particular the on-going revision of the Paris Convention for the Protection of Industrial Property. UNCTAD, within its sphere of competence, should continue to contribute actively to that review;

5. Decides that, as recommended in resolution 3 (I) of the Committee on Transfer of Technology, the Secretary-General of UNCTAD should "continue developing the activities of UNCTAD in providing its important contribution on the function of the international patent system in the transfer of technology and the main lines of its revision, related to economic, commercial and developmental aspects";

6. Reaffirms further that, as stated in resolution 3 (I) of the Committee on Transfer of Technology, "technical assistance on an increasing scale is urgently necessary and should be provided to developing countries by UNCTAD, the

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3/ TD/B/593, annex III.

United Nations Industrial Development Organization and the World Intellectual Property Organization, through resources as appropriate, from budgetary provisions, extra-budgetary provisions or other sources, within their respective spheres of competence and in a closely co-ordinated manner, for the development of the national capability and infrastructure of these countries, with regard to industrial property as a means of promoting national technological development".

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RESOLUTION ADOPTED BY THE CONFERENCE

89(IV). International code of conduct on transfer of technology [1]

The United Nations Conference on Trade and Development

Recalling General Assembly resolution 3362 (S-VII) of 16 September 1975, which in section III, paragraph 3, states: "All States should co-operate in evolving an international code of conduct for the transfer of technology, corresponding, in particular, to the special needs of the developing countries. Work on such a code should therefore be continued within the United Nations Conference on Trade and Development and concluded in time for decisions to be reached at the fourth session of the Conference, including a decision on the legal character of such a code with the objective of the adoption of a code of conduct prior to the end of 1977",

Recalling also decision 1 (I) of the Committee on Transfer of Technology, adopted on 4 December 1975,

1. Recommends:

(a) That work on a draft code of conduct for the transfer of technology should be accelerated with a view to its completion by the middle of 1977;

(b) That such work should consist in drafting an international code of conduct;

2. Decides to establish within UNCTAD an intergovernmental group of experts, open to the participation of all member countries, in order to elaborate the draft mentioned above, the group to hold one meeting in 1976 and as many meetings as may be required in

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1/ The Conference adopted this resolution without dissent.

1977. The group of experts shall be free to formulate the draft provisions ranging from mandatory to optional,*/ without prejudice to the final decision on the legal character of the code of conduct;

3. Recommends further that the General Assembly, at its thirty-first session, convene a United Nations conference under the auspices of UNCTAD, to be held by the end of 1977, and that the said conference should negotiate on the draft elaborated by the group of experts mentioned above, as well as take all decisions necessary for the adoption of the final document embodying the code of oonduct for the transfer of technology, including the decision on its legal character.

145th plenary meeting
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*/ The formulation "provisions ranging from mandatory to optional" is meant to cover also voluntary provisions.

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11 June 1976

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Fourth session
Nairobi, 5 May 1976
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RESOLUTION ADOPTED BY THE CONFERENCE

90(IV). Institutional issues[1]

The United Nations Conference on Trade and Development,

Recalling General Assembly resolution 1995 (XIX) of 30 December 1964, which provides, inter alia, for a regular review of the institutional arrangements of UNCTAD,

Recognizing that the present review of the institutional arrangements of UNCTAD is being made in the context of major changes in the world economic situation, which have led to the recognition of the development issue as a major factor in international economic relations, and partly in response to which the General Assembly adopted the Declaration and the Programme of Action on the Establishment of a New International Economic Order[2] and the Charter of Economic Rights and Duties of States,[3] as well as its resolution 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Noting that the General Assembly as the supreme organ of the United Nations system for the formulation of overall policies and strategies has thus placed increasing emphasis on international economic issues, and convinced of the need to maintain the close and co-operative relationship of UNCTAD with the General Assembly,

Conscious of the responsibilities of the Economic and Social Council under the Charter of the United Nations and of the need to co-operate with the Council in carrying out those responsibilities,

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1/ The Conference adopted this resolution without dissent.

2/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

3/ General Assembly resolution 3281 (XXIX) of 12 December 1974.

GE.76-66166

74-033 O - 76 - 9

Recalling further that the General Assembly, by its resolution 3362 (S-VII), section VII, decided to initiate "the process of restructuring the United Nations system so as to make it more fully capable of dealing with problems of international economic co-operation and development in a comprehensive and effective manner ... and to make it more responsive to the requirements of the provisions of the Declaration and the Programme of Action on the Establishment of a New International Economic Order as well as those of the Charter of Economic Rights and Duties of States,"

Considering that for the purposes indicated in the preceding paragraphs effective negotiating machinery is required to deal with international trade and related issues of international economic co-operation and to translate broad principles and guidelines in these fields, such as those formulated by the General Assembly, into specific policy measures and concrete agreements which have a substantial impact on the level, composition and conditions of international flows of goods and services, technology, payments and financial resources,

Convinced that UNCTAD has a major role to play in the achievement of the objectives of General Assembly resolutions 3201 (S-VI), 3202 (S-VI), 3281 (XXIX) and 3362 (S-VII), 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,

Having considered the relevant provisions of the Manila Declaration and Programme of Action,[4] the reports of the Secretary-General of UNCTAD,[5] and the proposals and statements made at the present session,

I

1. Invites the General Assembly to reaffirm and, in carrying forward the process of restructuring the United Nations system, to be guided by, inter alia, the following considerations:

(a) That in the exercise of its mandate, which provides, inter alia, for it to promote international trade, especially with a view to accelerating economic development, particularly trade between countries at different stages of development, between developing countries and between countries with different social and economic systems, UNCTAD has performed the following main tasks among others:

4/ TD/195, part two, section nine.
5/ TD/183, chapter IV, and TD/194.

(i) Formulating new principles and policy approaches in respect of international trade and related issues of international economic co-operation such as those embodied in General Assembly resolutions 2626 (XXV) of 24 October 1970, 3201 (S-VI), 3202 (S-VI), 3281 (XXIX) and 3362 (S-VII);

(ii) Providing a major forum within the United Nations for negotiation in respect of specific agreements and commitments on international trade and related issues of international economic co-operation such as the Charter of Economic Rights and Duties of States, international commodity agreements, the Convention on a Code of Conduct for Liner Conferences, the generalized system of preferences, and the elaboration of aid targets;

(iii) Reviewing on a continuous basis the interrelated problems in the field of international trade and related areas of international economic co-operation, in particular development finance and monetary issues, taking into account the progress being made in negotiations on these questions elsewhere, with a view to ensuring an effective contribution, including recommendations, by UNCTAD to the co-ordinated solution of such problems in accordance with Conference resolution 84 (III) of 21 May 1972 and Trade and Development Board resolution 95 (XII) of 10 May 1973;

(b) That these functions need to be strengthened in order to increase the effectiveness 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, which would play a major role in the improvement of the conditions of international trade, the acceleration of the growth of the world economy, including in particular the economic development of the developing countries, and the realization of the objectives of General Assembly resolutions 3201 (S-VI), 3202 (S-VI), 3281 (XXIX) and 3362 (S-VII);

(c) That UNCTAD, having regard to its universal membership and broad terms of reference, is qualified and required by its mandate to deal with relevant problems of interest to all member States, irrespective of the differences in their economic and social systems;

(d) That the strengthening of UNCTAD would be a step towards the objective, as envisaged in General Assembly resolution 1995 (XIX), paragraphs 30 and 31, related to the creation of a comprehensive organization to deal with international trade and related issues of international economic co-operation;

2. Recommends that the General Assembly urge all member States to co-operate with UNCTAD and to make full use of its potential for constructive contributions to the solution of problems arising in the field of international trade and related issues of international economic co-operation;

3. Recommends that the General Assembly, in the light of paragraph 1 above and on the basis of the views to be submitted by the Trade and Development Board, following consultations between the Secretary-General of the United Nations and the Secretary-General of UNCTAD in accordance with section II, paragraph 5, below, review the level of resources required by UNCTAD and take fully into account the need for UNCTAD to have greater flexibility in budgetary, financial and administrative matters for the efficient performance of its responsibilities;

4. Recommends that, within the terms of General Assembly resolution 1995 (XIX), paragraph 2, as amended by resolution 2904 (XXVII) of 26 September 1972, the fifth session of the Conference should be held not later than three years after the fourth session;

5. Recommends that the General Assembly, at its thirty-first session, further amend its resolution 1995 (XIX) so that the membership of the Trade and Development Board shall be open to all States members of UNCTAD;

6. Decides that the present membership of the Trade and Development Board shall continue in office until action is taken by the General Assembly on the recommendation contained in paragraph 5 above;

II

1. Reaffirms its determination to carry out its mandate fully and effectively;

2. Agrees that:

   (a) The Trade and Development Board should meet at ministerial level every two years between sessions of the Conference, unless it decides otherwise, provided that one session at that level shall be held between the fourth and fifth sessions of the Conference;

   (b) Such sessions should be of short duration, should focus on clearly defined important policy areas and should be properly prepared through prior meetings of senior officials;

3. Requests the Trade and Development Board:

   (a) For the purposes envisaged in General Assembly resolution 3202 (S-VI), section IX, the Charter of Economic Rights and Duties of States, article 34, General Assembly resolutions 3486 (XXX) of 12 December 1975, paragraph 6, and 3506 (XXX) of 15 December 1975, paragraph 2, and Economic and Social Council resolution 1911 (LVII) of 2 August 1974, paragraph 2, to establish an appropriate mechanism at its sixteenth session;

(b) To establish an open-ended Committee on Economic Co-operation among Developing Countries, whose function would be to consider, in accordance with General Assembly resolution 3362 (S-VII), section VI, paragraph 1, measures to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual co-operation at the subregional, regional and interregional levels;

(c) Taking into account the suggestions outlined in the report of the Secretary-General of UNCTAD (TD/194), to make appropriate arrangements to keep under constant review the interrelated problems in the field of international trade and related areas of international economic co-operation, in particular development finance and monetary issues, taking into account the progress being made in negotiations on these questions elsewhere, with a view to ensuring an effective contribution, including recommendations, by UNCTAD to the co-ordinated solution of such problems in accordance with Conference resolution 84 (III) and Trade and Development Board resolution 95 (XII), taking into consideration relevant aspects of the world economic situation and the need for the sustained development of the developing countries;

4. Further requests the Trade and Development Board, at its sixteenth session, taking into account the proposals and statements made at the present session of the Conference, and the results thereof, and bearing in mind the competence of the Board in this regard:

(a) To introduce greater flexibility into the operation of the Board and its subsidiary bodies, and, in particular, in the determination of their agendas and the timing and frequency of their sessions;

(b) To rationalize the structure of the committees and their subsidiary bodies, on the basis of a redefinition and consolidation, as appropriate, of their current terms of reference;

(c) To improve and, as necessary, expand existing procedures within the framework of UNCTAD for intergovernmental consultations and negotiations and for consultations between governments and the Secretary-General of UNCTAD;

5. Requests the Secretary-General of UNCTAD, taking account of section I, paragraph 3, above, to consult with the Secretary-General of the United Nations on the level of resources required by UNCTAD and on ways and means of increasing its flexibility in budgetary, financial and administrative matters, and further requests the Board at its sixteenth session to consider these issues in the light of the consultations mentioned above, and to submit in its report to the General Assembly its views on the guidelines and objectives to be pursued;

6. Reaffirms the important contribution which technical assistance can make to the achievement of the objectives of UNCTAD and recommends that the Governing Council of the United Nations Development Programme, in response to requests from developing countries, under their country programmes, as well as under the regional and interregional indicative planning figures, extend such assistance in international trade and related areas of international economic co-operation through UNCTAD as its executing agency, as well as through the International Trade Centre UNCTAD/GATT, as appropriate.

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RESOLUTION ADOPTED BY THE CONFERENCE

91 (IV). The multilateral trade negotiations[1/]

The United Nations Conference on Trade and Development,

Recognizing the vital role of international trade for the economic development of developing countries,

Considering the relevant provisions of the Charter of Economic Rights and Duties of States (General Assembly resolution 3281 (XXIX) of 12 December 1974),

Recalling Conference resolution 82 (III) and General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, 3310 (XXIX) of 14 December 1974, and 3362 (S-VII) of 16 September 1975,

Recalling also Conference resolution 21 (II) and the agreed conclusions of the Special Committee on Preferences at its fourth session, 2/

Recalling further the Declaration of Ministers approved at Tokyo on 14 September 1973 regarding the undertaking of comprehensive multilateral trade negotiations,

Reaffirming the need to secure additional benefits for the international trade of developing countries, as one of the major objectives of the multilateral trade negotiations, so as to improve the possibilities for these countries to participate in the expansion of world trade,

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1/ The Conference adopted this resolution without dissent.

2/ Trade and Development Board decision 75 (S-IV) of 13 October 1970, annex.

GE.76-66217

Reiterating 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 is feasible and appropriate, as a means of achieving the objectives stated above,

Recalling the provisions of paragraphs 2 and 9 of the Tokyo Declaration concerning the improvement in the international framework for the conduct of world trade, particularly as they concern trade between developed and developing countries and the competence of the Trade Negotiations Committee in this respect in accordance with paragraph 10 of the Tokyo Declaration,

I

1. Notes with appreciation the report by the UNCTAD secretariat on developments in the multilateral trade negotiations; 3/

2. Recognizes the importance of the multilateral trade negotiations for the developing countries and the advantages for these countries of the achievement of the successful conclusion of these negotiations by the end of 1977 consistent with the principles and objectives of the Tokyo Declaration, in such a way as to secure additional benefits for the international trade of developing countries;

3. Urgently invites the countries participating in the negotiations to ensure that the objectives contained in the Tokyo Declaration, in particular as they concern the problems of developing countries, shall be fully achieved;

4. Underlines the need to make rapid progress in each of the sectors of the negotiations, particularly with regard to the problems of developing countries;

5. Reaffirms the need to avoid any inappropriate bilateralization of the negotiating process in order to preserve the multilateral character of the trade negotiations;

6. Urges the concrete and expeditious application in the multilateral trade negotiations of differential measures which would provide special and more favourable treatment for developing countries in accordance with the provisions of the Tokyo Declaration;

7. Suggests that participating countries consider in the context of the development of appropriate general procedures the development of appropriate special procedures for the negotiations with the developing countries;

8. Underlines that in the sector of tropical products which is recognized as a special and priority sector, countries participating in these negotiations should aim at completing them by the end of 1976;

9. Stresses the need to ensure that least developed countries receive special treatment in the context of any general or specific measures taken in favour of the developing countries during the negotiations;

3/ TD/187.

10. Recalls that developed countries do not expect reciprocity for commitments made by them in the negotiations to reduce or remove tariff and other barriers to the trade of developing countries, i.e. the developed countries do not expect the developing countries in the course of the negotiations to make contributions which are inconsistent with their individual development, financial and trade needs;

11. Welcomes the agreement of the Trade Negotiations Committee that the negotiations shall cover all products of particular export interest to developing countries;

12. Stresses the importance of maintaining and improving the generalized system of preferences in accordance with the provisions of paragraph 5 of the Tokyo Declaration;

13. Underlines that there is widespread recognition that subsidies and countervailing duties are areas where special and differentiated treatment for developing countries is both feasible and appropriate;

14. Recalls the provisions of the Tokyo Declaration according to which consideration shall be given to improvements in the international framework for the conduct of world trade which might be desirable in the light of progress in the negotiations and in this connexion draws attention to the proposal for establishing a group with the following mandate: "to improve the international framework for the conduct of world trade, particularly with respect to trade between developed and developing countries and differentiated and more favourable measures to be adopted in such trade";

II

15. Recommends that the countries participating in the multilateral trade negotiations give consideration to the following views of the developing countries on specific issues which the latter countries consider to be of major importance:

(a) The need to ensure the immediate agreement on, and application of, differential measures in favour of developing countries in all areas of the negotiations;

(b) The need for agreement on differentiated measures for special and more favourable treatment to developing countries, to be applied to negotiations in specific areas of the multilateral trade negotiations prior to or at the same time as agreement on general rules or principles for negotiations in such areas;

(c) Immediate action on the specific requests and proposals of developing countries, in areas of special priority, by the middle of 1976, and the implementation of the agreed concessions, from 1 January 1977;

(d) Strict adherence to the principle of non-reciprocity. The question of the contribution of the developing countries to the over-all objectives of the negotiations consistent with their trade, development and financial needs should not be considered until the objectives and commitments of the Tokyo Declaration in their favour are adequately fulfilled;

(e) The binding of commitments and concessions in the negotiations in favour of developing countries;

(f) Inclusion of all developing countries as beneficiaries in the schemes of generalized preferences;

(g) Advance implementation of concessions in favour of developing countries;

(h) Special priority in the scope, content and depth of concessions relating to both tariff and non-tariff measures for tropical products requested by developing countries should be assured at the earliest possible date in accordance with sub-paragraph (c) above, on a non-reciprocal basis and, as appropriate, on a preferential basis;

(i) Deeper-than-formula tariff cuts for products of interest to developing countries not included in the generalized system of preferences;

(j) The binding in GATT of preferential tariff margins;

(k) Effective compensation in case of the erosion of preferential margins resulting from the most-favoured-nation tariff cuts;

(l) Immediate elimination or liberalization of quantitative restrictions and other non-tariff barriers affecting exports of developing countries. Quantitative restrictions inconsistent with the provisions of the GATT applied by developed countries should be eliminated without any delay;

(m) More favourable treatment in the application of government procurement policies in favour of developing countries as compared with developed countries. Developed countries should give to developing country suppliers treatment no less favourable than that they accord to their domestic suppliers in the field of government procurement;

(n) Recognition of the right of developing countries to accord export subsidies in the context of their development and industrialization policies without this giving rise to the application of countervailing duties;

(o) Exemption of the developing countries, in principle, from the application of safeguard measures;

(p) Provision for differential treatment for, and deferred compliance by, developing countries with the provisions of the codes being elaborated in the multilateral trade negotiations;

III

16. Recommends that:

(a) The Trade and Development Board and its subsidiary bodies concerned follow closely the developments and issues in the multilateral trade negotiations of particular concern to the developing countries;

(b) The Secretary-General of UNCTAD, in co-operation with the regional commissions, continue to give necessary technical assistance to developing countries to facilitate their effective participation in the negotiations. The United Nations Development Programme should consider as favourably as possible the strengthening of its Technical Assistance Project on the multilateral trade negotiations;

(c) In the light of developments in the negotiations, the Trade Negotiations Committee give consideration to improvements in the agreed arrangements concerning the attendance of the Secretary-General of UNCTAD at the meetings of the Committee and its subsidiary bodies and his receipt of relevant documents in as timely a manner as possible.

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RESOLUTION ADOPTED BY THE CONFERENCE

92(IV) Measures of support by developed countries and international organizations for the programme of economic co-operation among developing countries 1/

The United Nations Conference on Trade and Development,

Recalling General Assembly resolutions 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974 and 3442 (XXX) of 9 December 1975 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, 2/ as well as the Charter of Economic Rights and Duties of States, 3/

Recalling further its concerted declaration 23 (II) of 26 March 1968 and resolution 48 (III) of 18 May 1972 on trade expansion, economic co-operation and regional integration among developing countries,

Noting the relevant resolutions of the Conference of Ministers for Foreign Affairs of Non-Aligned Countries held at Lima from 25 to 30 August 1975 dealing with co-operation among developing countries, 4/ as well as the results of earlier conferences of the same group of countries,

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1/ The Conference adopted this resolution without dissent.
2/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.
3/ General Assembly resolution 3281 (XXIX) of 12 December 1974.
4/ A/10217, annex.

GE.76-66172

Considering the role and responsibility assigned to UNCTAD by the above-mentioned resolutions in the implementation of measures of support concerning promotion of co-operation among developing countries,

Taking note of the programme of economic co-operation among developing countries adopted by the Third Ministerial Meeting of the Group of 77[5/] and having considered the concrete measures through which effective and substantial support for this programme should be forthcoming from the developed countries and international organizations,

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,

Affirming the principle of interdependence and that the growth and development of the developing countries and the prosperity of the international community as a whole depend upon the prosperity of its constituent parts,

Reaffirming General Assembly resolution 3362 (S-VII) of 16 September 1975,

Urges the developed countries and the United Nations system to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual co-operation. To this end:

(a) The developed countries, both the developed market-economy countries and the socialist countries of Eastern Europe, commit themselves to abstain as appropriate from adopting any kind of measures or action which could adversely affect the decisions of developing countries in favour of the strengthening of their economic co-operation and the diversification of their production structures;

(b) The developed countries, both the developed market-economy countries and the socialist countries of Eastern Europe, agree to support and facilitate the implementation of legitimate decisions taken by the developing countries in order to ensure fulfilment of their programmes of economic co-operation, including the following measures:

5/ TD/195, annex I, resolution 1.

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(i) Support for existing and new programmes of interregional, regional and subregional economic co-operation and integration among developing countries, including those aimed at full economic integration as well as those with more limited trade, monetary and sectoral objectives;

(ii) Support for developing countries in the setting up and functioning of their multinational marketing enterprises. This support should include the removal of any restraints, where they exist, or of any future restraints which would adversely affect their operation;

(iii) Allocation of funds within their development assistance programmes for the promotion of multinational ventures of developing countries, such funds to be applied to the financing of feasibility studies, project inventories and the building up and assessment of available technologies and technological research;

(iv) Consideration of measures by developed countries, in furtherance of the programme of economic co-operation among developing countries, to reduce further the interest cost of loans to recipient developing countries, particularly in the context of multilateral development financing;

(v) Support, including financial support, for programmes of economic and technical co-operation of developing countries;

(vi) Facilitating the participation of developing countries, on a sub-contracting basis, in projects undertaken by the developed countries;

(c) The developed market-economy countries should, in particular:

(i) Support preferential trade arrangements among developing countries, including those of limited scope, through technical assistance and through appropriate policy measures in international trade organizations;

(ii) Facilitate in every way possible the conclusion of separate sales contracts, where feasible, for equipment and technological components, so as to encourage importation of technology by developing countries from other developing countries;

(iii) Provide technical support for the establishment of financial and capital markets in developing countries, so as to help strengthen direct financial links between surplus and deficit developing countries;

(iv) In order to encourage economic co-operation among developing countries, and to meet capital needs arising in that context, actively implement their undertakings in Genera Assembly resolution 3362 (S-VII) by adopting specific actions to grant developing countries increased access, on favourable terms, to the capital markets of the developed market-economy countries, to the extent that the possibilities in each of these countries allow;

(v) Consider the expansion of existing, and the creation of new, export credit finance and guarantee schemes by the World Bank and regional and subregional development banks in the light of existing studies and of on-going studies which are being undertaken by international institutions on this subject and which should be expeditiously finalized;

(d) The socialist countries of Eastern Europe should lend their support in particular through:

(i) The provision of technical assistance for the setting up and operation of State import and export enterprises of the developing countries, at both the national and the multinational level;

(ii) The promotion of links, wherever appropriate, between the transferable rouble system of the International Bank for Economic Co-operation and subregional and regional payments arrangements of developing countries;

(iii) Technical assistance to developing countries engaged in the formulation of joint investment programmes of developing countries in the productive sectors, as well as technical, commercial and financial support to those countries in the implementation of such programmes. In this context there should also be a sharing with developing countries of the experience of the socialist countries of Eastern Europe.

(e) International financial institutions, including regional and subregional ones, should, within the framework of their statutory provisions and potential to evolve further, give their strongest support for the programme of economic co-operation among developing countries, particularly by:

(i) Adjusting their internal operational and financial policies so as to take specific account of the particular difficulties involved in the promotion of multinational projects. This may be achieved by:
- the creation of special promotional units within these institutions;
- the creation of pre-investment funds for the preparation and promotion of multinational investment projects; and
- the provision of loan funds for such projects;

(ii) Making use of part of their resources for equity or other forms of financing of multinational enterprises set up by developing member States.

(f) UNCTAD should strengthen its capability commensurate with its expanding role as executing agency for technical assistance to developing countries, in the promotion and implementation of their programmes of economic co-operation at the subregional, regional and interregional levels.

(g) The United Nations system, and in particular the United Nations Development Programme, should devote a larger proportion of technical assistance resources, and UNCTAD should devote a larger portion of any funds in trust it may have available for that purpose, to projects related to economic co-operation among developing countries, especially those programmes which include, or are negotiated among least developed, land-locked and island developing countries. To that end, donor countries should favourably consider providing direct contributions, inter alia in the form of trust funds for specific projects of technical assistance undertaken by UNCTAD and other bodies of the United Nations system in the field of economic co-operation among developing countries.

(h) Donor countries should increase their voluntary contributions to the United Nations Development Programme, with a view, inter alia, to enabling it to meet the increasing technical assistance requirements of developing countries in the implementation of their programmes of economic co-operation at the subregional, regional and interregional levels.

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RESOLUTION ADOPTED BY THE CONFERENCE

93(IV). Integrated Programme for Commodities[1/]

The United Nations Conference on Trade and Development,

Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order[2/] as well as the Charter of Economic Rights and Duties of States,[3/] which lay down the foundations of the new international economic order, General Assembly resolution 623 (VII) of 21 December 1952 and Conference recommendation A.II.1.

Recalling, in particular, section I, paragraph 3(a) (iv), of the Programme of Action on the Establishment of a New International Economic Order, relating to the preparation of an over-all integrated programme for "a comprehensive range of commodities of export interest to developing countries",

Recalling also section I, paragraph 3, of General Assembly resolution 3362 (S-VII) of 16 September 1975, which states, inter alia, that "an important aim of the fourth session of the United Nations Conference on Trade and Development, in addition to work in progress elsewhere, should be to reach decisions on the improvement of market structures in the field of raw materials and commodities of export interest to the developing countries, including decisions with respect to an integrated programme and the applicability of elements thereof",

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1/ The Conference adopted this resolution without dissent.

2/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

3/ General Assembly resolution 3281 (XXIX) of 12 December 1974.

Taking note of the work undertaken on commodities in preparation for the fourth session of the Conference, in particular the proposals submitted by the Secretary-General of UNCTAD for an integrated programme for commodities.

Reaffirming the important role of UNCTAD in the field of commodities,

Bearing in mind resolution 16 (VIII) of the Committee on Commodities concerning decisions by the Conference at its fourth session with respect to an integrated programme for commodities, on, inter alia:

(a) objectives;

(b) commodities to be covered;

(c) international measures;

(d) follow-up procedures and time-table for the implementation of agreed measures;

Affirming the importance to both producers and consumers, notably the developing countries, of commodity exports for foreign exchange earnings and of commodity imports for welfare and economic development,

Recognizing the need to conduct international trade on the basis of mutual advantage and equitable benefits, taking into account the interests of all States, particularly those of the developing countries,

Recognizing also the need for improved forms of international co-operation in the field of commodities which should promote economic and social development, particularly of the developing countries,

Recognizing further the urgent need for substantial progress in stimulating food production in developing countries and the important bearing of international commodity policies on this aim,

Recalling the proposal in the Manila Declaration and Programme of Action for the establishment of a common fund for the financing of international commodity stocks, co-ordinated national stocks or other necessary measures within the framework of commodity arrangements,4/

Bearing in mind the view that there might be financial savings in operating a central facility for the purpose of financing buffer stocks,

Taking note of the readiness of a number of countries, expressed prior to and at the fourth session of the Conference, to participate in and financially support a common fund,

Noting that there are differences of views as to the objectives and modalities of a common fund,

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4/ TD/195, part two, section one, paragraph 5(a).

Convinced of the need for an over-all approach and an integrated programme for commodities which is a programme of global action to improve market structures in international trade in commodities of interest to developing countries, and which is consistent with the interests of all countries, particularly those of the developing countries, and assures a comprehensive view of the various elements involved while respecting the characteristics of individual commodities,

Decides to adopt the following Integrated Programme for Commodities:

I. OBJECTIVES

With a view to improving the terms of trade of developing countries and in order to eliminate the economic imbalance between developed and developing countries, concerted efforts should be made in favour of the developing countries towards expanding and diversifying their trade, improving and diversifying their productive capacity, improving their productivity and increasing their export earnings, with a view to counteracting the adverse effects of inflation, thereby sustaining real incomes. Accordingly the following objectives are agreed:

1. To achieve stable conditions in commodity trade, including avoidance of excessive price fluctuations, at levels which would:
   (a) be remunerative and just to producers and equitable to consumers;
   (b) take account of world inflation and changes in the world economic and monetary situations;
   (c) promote equilibrium between supply and demand within expanding world commodity trade;
2. To improve and sustain the real income of individual developing countries through increased export earnings, and to protect them from fluctuations in export earnings, especially from commodities;
3. To seek to improve market access and reliability of supply for primary products and the processed products thereof, bearing in mind the needs and interests of developing countries;
4. To diversify production in developing countries, including food production, and to expand processing of primary products in developing countries with a view to promoting their industrialization and increasing their export earnings;

5. To improve the competitiveness of, and to encourage research and development on the problems of, natural products competing with synthetics and substitutes, and to consider the harmonization, where appropriate, of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries.

6. To improve market structures in the field of raw materials and commodities of export interest to developing countries.

7. To improve marketing, distribution and transport system for commodity exports of developing countries, including an increase in their participation in these activities and their earnings from them.

II. COMMODITY COVERAGE

The commodity coverage of the Integrated Programme should take into account the interests of developing countries in bananas, bauxite, cocoa, coffee, copper, cotton and cotton yarns, hard fibres and products, iron ore, jute and products, manganese, meat, phosphates, rubber, sugar, tea, tropical timber, tin, and vegetable oils, including olive oil, and oilseeds, among others, it being understood that other products could be included, in accordance with the procedure set out in section IV below.

III. INTERNATIONAL MEASURES OF THE PROGRAMME

1. It is agreed that steps will be taken, as described in section IV, paragraphs 1 to 3, below, towards the negotiation of a common fund.

2. It is also agreed to take the following measures, to be applied singly or in combination, including action in the context of international commodity arrangements between producers and consumers, in the light of the characteristics and problems of each commodity and the special needs of developing countries:

(a) Setting up of international commodity stocking arrangements;

(b) Harmonization of stocking policies and the setting up of co-ordinated national stocks;

(c) Establishment of pricing 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;

(d) Internationally agreed supply management measures, including export quotas and production policies and, where appropriate, multilateral long-term supply and purchase commitments;

(e) Improvement of procedures for information and consultation on market conditions;

(f) Improvement and enlargement of compensatory financing facilities for the stabilization, around a growing trend, of export earnings of developing countries;

(g) Improvement of market access for the primary and processed products of developing countries through multilateral trade measures in the multilateral trade negotiations, improvement of schemes of generalized preferences and their extension beyond the period originally envisaged, and trade promotion measures;

(h) International measures to improve the infrastructure and industrial capacity of developing countries, extending from the production of primary commodities to their processing, transport and marketing, as well as to the production of finished manufactured goods, their transport, distribution and exchange, including the establishment of financial, exchange and other institutions for the remunerative management of trade transactions;

(i) Measures to encourage research and development on the problems of natural products competing with synthetics and consideration of the harmonization where appropriate, of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;

(j) Consideration of special measures for commodities whose problems cannot be adequately solved by stocking and which experience a persistent price decline.

3. The interests of developing importing countries, particularly the least developed and the most seriously affected among them, and those lacking in natural resources, adversely affected by measures under the Integrated Programme, should be protected by means of appropriate differential and remedial measures within the Programme.

4. Special measures, including exemption from financial contributions, should be taken to accommodate the needs of the least developed countries in the Integrated Programme for Commodities.

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5. Efforts on specific measures for reaching arrangements on products, groups of products or sectors which, for various reasons, are not incorporated in the first stage of application of the Integrated Programme should be continued.

6. The application of any of the measures which may concern existing international arrangements on commodities covered by the Integrated Programme would be decided by governments within the commodity organizations concerned.

IV. PROCEDURES AND TIME-TABLE

1. The Secretary-General of UNCTAD is requested to convene a negotiating conference open to all members of UNCTAD on a common fund no later than March 1977.

2. The Secretary-General of UNCTAD is further requested to convene preparatory meetings prior to the conference referred to in paragraph 1 above concerning, inter alia:

(a) Elaboration of objectives;

(b) The financing needs of a common fund and its structure;

(c) Sources of finance;

(d) Mode of operations;

(e) Decision-making and fund management.

3. Member countries are invited to transmit to the Secretary-General of UNCTAD, prior to 30 September 1976, any proposals they may have concerning the above and related issues.

4. The Secretary-General of UNCTAD is further requested to convene, in consultation with international organizations concerned, preparatory meetings for international negotiations on individual products, in the period beginning 1 September 1976. These meetings should complete their work as soon as possible, but not later than February 1978. The task of the preparatory meetings shall be to:

(a) Propose appropriate measures and techniques required to achieve the objectives of the Integrated Programme;

(b) Determine financial requirements resulting from the measures and techniques proposed;

(c) Recommend follow-up action required through the negotiation of commodity agreements, or other measures;

(d) Prepare draft proposals of such agreements for the consideration of governments and for use in commodity negotiating conferences.

5. The Secretary-General of UNCTAD is further requested to convene, as and when required, commodity negotiating conferences as soon as possible after the completion of each preparatory meeting held pursuant to paragraph 4 above. These negotiations should be concluded by the end of 1978.

6. The Secretary-General of UNCTAD is requested to undertake the necessary arrangements for the servicing of the preparatory meetings and the subsequent commodity negotiating conferences, in co-operation with the secretariats of the specialized commodity bodies and other organizations concerned.

7. It is agreed that international negotiations or renegotiations on individual commodities covered by existing agreements shall be in accordance with appropriate established procedures for the purpose of concluding international arrangements.

8. The Trade and Development Board is instructed to establish an ad hoc intergovernmental committee to co-ordinate the preparatory work and the negotiations, to deal with major policy issues that may arise, including commodity coverage, and to co-ordinate the implementation of the measures under the Integrated Programme.

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RESOLUTION ADOPTED BY THE CONFERENCE

94(IV). Debt problems of developing countries[1/]

The United Nations Conference on Trade and Development,

Bearing in mind the mounting debt burden and the critical problems of many developing countries,

Recalling the contribution that UNCTAD has been making in the field of debt problems of developing countries,

1. Welcomes the fact that at the fourth session of the Conference the governments of the developed countries pledged themselves to respond in a multilateral framework by quick and constructive consideration of individual requests, with a view to taking prompt action to relieve developing countries suffering from debt-service difficulties, in particular least developed countries and most seriously affected developing countries;

2. Invites appropriate existing international fora to determine, before the end of 1976, what features might usefully be discerned from past operations, together with others that might be identified in the light of the present situation of the least developed countries, the most seriously affected developing countries and other countries in need, which could provide guidance in future operations relating to debt problems as a basis for dealing flexibly with individual cases;

3. Requests the Trade and Development Board, at its ministerial session to be held in 1977, to review the action taken in pursuance of the present resolution, and requests the Secretary-General of UNCTAD to convene an intergovernmental group of experts to assist as necessary in that task.

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1/ The Conference adopted this resolution without dissent.

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RESOLUTION ADOPTED BY THE CONFERENCE

95(IV). Trade relations among countries having different economic and social systems: Multilateral action for expanding trade and economic relations among countries having different economic and social systems, in particular action that would contribute to the development of developing countries 1/

The United Nations Conference on Trade and Development,

Recalling General Assembly resolution 1995 (XIX) of 30 December 1964, section II, paragraph 3 (a),

Reaffirming the relevant provisions of Conference resolutions 15 (II) of 25 March 1968 and 53 (III) of 19 May 1972,

Recalling the relevant provisions of the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 2/ as well as of the Charter of Economic Rights and Duties of States 3/ and of General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Recalling also the Lima Declaration and Plan of Action on Industrial Development and Co-operation, 4/ adopted at the Second General Conference of the United Nations Industrial Development Organization, which, in particular, recommends that the share of developing countries "should be increased to the maximum possible extent and so far as possible to at least 25 per cent of total world industrial production by the year 2000",

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1/ The Conference adopted this resolution without dissent.

2/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

3/ General Assembly resolution 3281 (XXIX) of 12 December 1974.

4/ A/10112, chapter IV.

GE.76-66203

Taking into account the specific proposals of developing countries members of the Group of 77 as contained in section eight of the Manila Declaration and Programme of Action,5/ and taking note of the proposals submitted by the various groups of countries,

Taking further into account the unanimously accepted objectives of the International Development Strategy for the Second United Nations Development Decade,6/

Noting that in recent years trade among countries having different economic and social systems has been one of the most dynamic flows of international trade, but that still considerable and unutilized opportunities exist for further intensification of trade and economic relations among these countries and, in particular between developing countries and socialist countries of Eastern Europe.

Considering that the developments in East-West trade should have an increasingly positive impact on the over-all trade relations of developing countries,

Recalling the fundamental purposes of the United Nations, in particular the maintenance of international peace and security, the development of friendly relations among nations and the achievement of international co-operation in solving international problems in the economic and social fields (Charter of Economic Rights and Duties of States).

I.

1. Invites developing countries, socialist countries of Eastern Europe and developed market-economy countries to continue to implement Conference resolutions 15 (II) and 53 (III) aiming at intensifying their mutual trade and economic relations;
2. Invites the countries participating in East-West trade, in expanding their trade and economic relations, to take fully into account the interests of developing countries in order to provide them with really positive trade opportunities;
3. Invites developing countries, socialist countries of Eastern Europe and developed market-economy countries to expand multilateral forms of economic co-operation and to continue to study the possibilities of, and thereafter to

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5/ TD/195.

6/ General Assembly resolution 2626 (XXV) of 24 October 1970.

implement, tripartite economic and industrial co-operation in the fields, inter alia, of agricultural production, research and infrastructure, with the participation of developing countries, socialist countries of Eastern Europe and developed market-economy countries, paying particular attention to specific problems of developing countries;

II.

4. Recommends the socialist countries of Eastern Europe and the developing countries, in their relations, to:

(a) Extend the practice, where found mutually beneficial, of concluding medium-term and long-term agreements on trade, economic, scientific and technical co-operation;

(b) Extend the practice of concluding medium-term and long-term co-operation programmes in specific areas of trade, industry, science and technology;

(c) Make wider use of the practice of concluding compensatory agreements aimed at developing the export sectors in the developing countries; continue, where appropriate, to make provision in agreements and contracts for deliveries against credits granted and also for the purchase, on commercial terms, of the products of enteprises set up with the assistance of the socialist countries of Eastern Europe;

(d) Improve, jointly with their partners, the co-operation mechanism, by expanding, where appropriate, the functions of bilateral intergovernmental commissions in the field of economic, scientific and technical co-operation, and by increasing the volume and improving the quality of economic and corresponding administrative information;

III.

5. Recommends the socialist countries of Eastern Europe to:

(a) Widen the areas of economic co-operation through the identification and adoption of measures to promote an increase of exchanges with developing countries without prejudice to previously contracted commitments;

(i) Progressively reduce, and whenever possible eliminate, their tariff barriers on imports from developing countries, and this will continue to be on the basis of non-reciprocity and non-discrimination;

(ii) Further implement other, non-tariff measures of a preferential character on a non-reciprocal and non-discriminatory basis in accordance with the modalities of their foreign trade system;

(c) Expand and improve their schemes of generalized preferences with respect to the products of vital importance for developing countries and the list of beneficiary developing countries. These improvements should be made in the light of the provisions of Conference resolution 21 (II) of 26 March 1968, the agreed conclusions of the Special Committee on Preferences contained in Trade and Development Board decision 75 (S-IV), the joint declaration made by the socialist countries of Eastern Europe at the second part of the fourth session of the Special Committee on Preferences on 9 October 1970,1/ and section I, paragraph 8, of General Assembly resolution 3362 (S-VII);

(d) Give due consideration to the trade needs of developing countries when their national economic development plans are being formulated and later co-ordinated within the Council for Mutual Economic Assistance (CMEA), particularly by making appropriate provisions in their plans for an increasing volume of imports from the developing countries, especially in processed and semi-processed forms;

(e) Continue to intensify policies and measures aimed at increasing their imports from developing countries;

(f) In order to facilitate their trade with developing countries:

(i) Take specific measures so that products imported from developing countries are not re-exported to third countries, unless it is with the express agreement of the developing country concerned;

(ii) Seek, together with the developing countries, additional possibilities for the expansion of their mutual trade, while taking into account the interests of the developing countries to increase their exports to the markets of the socialist countries of Eastern Europe. To this end, these flows of trade should not necessarily and always be conducted on the basis of equivalent volumes of exports and imports;

(iii) Cover trade with interested developing countries, upon their request, by appropriate payments arrangements and, if necessary upon request, examine provisions for the convertibility of the surplus balances of developing countries into convertible currencies;

1/ Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329/Rev.1), part two, para. 192.

(iv) Expand the present CMEA payments arrangements in transferable roubles so as to take into account the trade needs of the developing countries; in the case of conclusion of trade agreements between developing countries and CMEA member countries in transferable roubles, the International Bank for Economic Co-operation will aid the developing countries to utilize the surplus, using the positive balance with one CMEA member country for settling accounts with another;

(g) Take steps to:

(i) Provide adequate opportunity to developing countries to participate in the realization of common projects in third countries;

(ii) Where appropriate, carry out, on considerations of the international division of labour with the developing countries on a long-term, stable basis, structural changes in favour of developing countries on mutually acceptable conditions in those branches of their national economy in which the comparative advantages lie with the developing countries, including those which involve processing of raw materials by these countries;

(iii) Continue to co-operate in establishing production capacities in developing countries, as appropriate, and to focus their efforts in the sphere of economic and technical assistance to developing countries on the development of production forces according to appropriate modalities, in particular in the State sector;

(iv) Provide interested developing countries with assistance in elaborating economic development plans and programmes for various sectors, including the foreign trade sector;

(h) Take appropriate steps to effectively and substantially increase economic and technical assistance to developing countries in order to assist them in their development efforts. To this end:

(i) Co-operate with interested developing countries with a view to assisting them to arrive at a comprehensive solution of major economic tasks and to join efforts in resolving these tasks, in particular in areas where complementarity in economic structures is apparent; assist interested developing countries in the development of their national resources;

(ii) Continue to co-operate with developing countries on a bilateral, as well as a multilateral, basis, having regard to their particular situation, in seeking mutually acceptable solutions with regard to the volume and terms of technical and economic assistance and the accompanying credits, including questions relating to their repayment;

(i) Examine the state of trade and economic relations with developing countries at the sixteenth session of the Trade and Development Board and, if it proves necessary, undertake to submit to the Board at its seventeenth session concrete proposals so as to give a new impetus to these relations;

IV.

6. Invites countries members of the Council for Mutual Economic Assistance to:

(a) Undertake to promote an increased flow of information on the terms and conditions of the Special Fund of the International Investment Bank in order to further the development of co-operation between the Bank and the developing countries, by granting the latter credits from the Special Fund, set up for taking credit actions in connexion with the provision of economic and technical assistance, and to enable the developing countries to effectively utilize the various facilities of the Bank;

(b) Promote the establishment of multilateral co-operation between the Council for Mutual Economic Assistance and individual developing countries, as well as their organizations;

(c) Facilitate, through the secretariat of the Council for Mutual Economic Assistance, the flow of information to developing countries, directly or through the technical assistance activities of UNCTAD, on trade opportunities for developing countries in countries members of the Council;

7. Recommends to the secretariat of the Council for Mutual Economic Assistance to expand the provision of information to developing countries on the activities of the CMEA, on the experience of economic co-operation between its member countries, and on the relations of CMEA with countries not members of the Council and with international economic organizations;

V.

8. Recommends the developing countries to:

(a) Continue their efforts with a view to increasing their trade and economic co-operation with the socialist countries of Eastern Europe and to creating, for that purpose, conditions which are no worse than those normally granted to their trading partners among the developed market-economy countries;

(b) Increase their efforts in studying the markets of the socialist countries of Eastern Europe, adapt as much as possible their export production to the latters' specific needs, and study ways of expanding purchases of goods in the socialist countries of Eastern Europe;

VI.

9. Requests the Secretary-General of UNCTAD:

(a) To enter as soon as possible into consultations with the countries members of the Council for Mutual Economic Assistance and the CMEA secretariat, in order to identify trade opportunities in favour of developing countries resulting from the implementation of various multilateral schemes by the CMEA member countries;

(b) On the basis of these consultations, to convene, under the auspices of UNCTAD and in consultation with the United Nations Industrial Development Organization, the Food and Agriculture Organization of the United Nations, and the regional commissions of the United Nations, not later than the first half of 1977, a consultative intergovernmental group of experts, on which interested countries of all regional groups should be represented, to evaluate the results of these consultations and to make recommendations to the Trade and Development Board at its seventeenth session on the measures which should be undertaken, as well as on their implementation. In order to ensure that the work of this group achieves concrete results, the Trade and Development Board, at its sixteenth session, is requested to further define the terms of reference of the said group, taking into consideration a report to be prepared by the Secretary-General of UNCTAD;

(c) Taking into consideration the provisions contained in section II, paragraph 3(a), of General Assembly resolution 1995 (XIX), to continue studies on ways and means of expanding trade and economic relations between countries having different economic and social systems, in particular between developing countries and socialist countries of Eastern Europe, especially on new forms of co-operation, favourable to the exports of the developing countries;

10. Decides for this purpose to improve the consultative machinery of UNCTAD dealing with problems in trade and economic relations among countries having different economic and social systems in order to make it more effective, flexible and responsive to concrete and specific issues. To this effect:

(a) These bilateral and multilateral consultations should be held in a regular manner annually and systematically within the framework of the sessions of the Trade and Development Board, as well as outside this framework, when necessary, at the request of interested countries;

(b) The UNCTAD secretariat will participate both in the technical preparation of these consultations and in their various subsequent stages and will report to the Trade and Development Board on the substantive results achieved;

11. Requests further the Secretary-General of UNCTAD to convene in 1977 an intergovernmental group of experts, on which interested countries of all regional groups should be represented, to study particularly the issue of a multilateral system of payments between the socialist countries of Eastern Europe and the developing countries, in conformity with the provisions of section III, paragraph 5 (f) (iii), of the present resolution, in order to impart a new dynamism to the trade between these two groups of countries. While setting in relief the positive achievements in international trade between countries having different economic and social systems, the said group of experts would aim at developing a new dynamic orientation for these relations, respecting the interests of all parties concerned, in particular the interests of the developing countries, and would report to the Trade and Development Board. The Trade and Development Board, at its sixteenth session, is requested to further define the terms of reference of this group;

12. Requests the Secretary-General of UNCTAD:

(a) To continue and intensify the present technical assistance activities of UNCTAD as an executing agency of the United Nations Development Programme in the fields of training and the dissemination of information on questions of economic and trade co-operation with the socialist countries of Eastern Europe, in close co-operation with the regional commissions of the United Nations;

(b) To assist the developing countries in the formulation of technical assistance projects in the context of the present resolution, in order to provide them with the necessary advisory services on a national, regional and interregional basis;

(c) To reinforce the secretariat services of UNCTAD in order to assure substantive support for the technical assistance projects envisaged in subparagraphs 12 (a) and 12 (b) above, in respect of both their initiation and their implementation, and for this purpose to make, at the initial stage, full use of the existing capacities of the UNCTAD secretariat;

13. (a) Affirms that technical and financial assistance is required in order to implement the provisions of the present resolution, especially section VI, paragraphs 10 and 12, in particular to enable the least developed among the developing countries to participate more fruitfully in the consultations mentioned above;

(b) Requests, therefore, the countries participating in the United Nations Development Programme to make voluntary contributions, and donor countries who have done so to increase theirs, in order to enable the United Nations Development Programme, through UNCTAD as its executing agency, to meet, inter alia, the constantly growing requests from the developing countries for technical assistance to implement their programmes in this field;

14. Recommends to the Trade and Development Board that it convene, at its regular sessions, a sessional committee to study in depth different problems pertaining to trade and economic relations as specified in the present resolution, to evaluate the results of the work of the intergovernmental groups of experts and of the consultations referred to in paragraphs 9, 10 and 11 above, and to make all necessary recommendations aiming at intensifying trade and economic relations between the two groups of countries.

145th plenary meeting
31 May 1976

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United Nations Conference on Trade and Development

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Agenda item 9

RESOLUTION ADOPTED BY THE CONFERENCE

96(IV). A set of interrelated and mutually supporting measures for expansion and diversification of exports of manufactures and semi-manufactures of developing countries 1/

The United Nations Conference on Trade and Development,

Recalling the relevant provisions of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, and of General Assembly resolutions 3362 (S-VII) of 16 September 1975,

Considering the relevant provisions of the Charter of Economic Rights and Duties of States, 2/

Recalling the Lima Declaration and Plan of Action on Industrial Development and Co-operation, 3/

Recognizing that, in order to eliminate the economic imbalance between developed and developing countries, concerted efforts should be made to assist the developing countries inter alia to expand and diversify their trade, improve and diversify their productive capacity, improve their productivity and increase their export earnings,

Convinced of the urgent need for developing countries to expand and diversify their exports of manufactures and semi-manufactures and of the need to accelerate their industrial development with a view to the attainment of the generally accepted goals for their accelerated industrial development,

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1/ The Conference adopted this resolution without dissent.

2/ General Assembly resolution 3281 (XXIX) of 12 December 1974.

3/ A/10112

Recalling, inter alia, Conference resolutions 21 (II) of 26 March 1968, 25 (II) of 27 March 1968, and 73 (III) and 77 (III) of 19 May 1972,

Recalling further the Declaration of Ministers approved at Tokyo on 14 September 1973 regarding the undertaking fof comprehensive multilateral trade negotiations,

Recalling Trade and Development Board resolutions 51 (VIII) and 131 (XV), and decision 75 (S-IV),

Recalling resolutions 7 (VII), 8 (VII), and 9 (VII) of the Committee on Manufactures and resolution 2 (VI) of the Special Committee on Preferences,

Recalling also the joint declaration made by socialist countries of Eastern Europe at the second part of the fourth session of the Special Committee on Preferences,4/

Taking note of the relevant proposals of developing countries members of the Group of 77 in the Manila Declaration and Programme of Action,5/

Noting the report by the Secretary-General of UNCTAD on a "Comprehensive strategy for expanding and diversifying the export trade of developing countries in manufactures and semi-manufactures"6/ and other relevant documentation submitted to the Trade and Development Board at its seventh special session,

1. Agrees on the need to formulate and adopt a set of interrelated and mutually supporting measures to expand and diversify the export trade of the developing countries in manufactures and semi-manufactures, with a view to contributing to the attainment of the generally accepted goals for their accelerated economic and industrial development;

2. Decides to adopt the following measures and recommendations:

I. Improving access to markets in developed countries for manufactures and semi-manufactures of developing countries

Access to markets of developed countries for manufactures and semi-manufactures should be improved, in particular in the following areas:

A. Generalized system of preferences

(a) The generalized system of non-reciprocal, non-discriminatory preferences should be improved in favour of the developing countries, taking into account the

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4/ Official Records of the Trade and Development Board, Tenth Session, Supplement No.6A (TD/B/329/Rev.1), part two, para. 192.

5/ TD/195.

6/ TD/185.

relevant interests of those developing countries enjoying special advantages as well as the need to find ways and means of protecting their interests. Preference-giving countries should achieve this in their respective schemes through the adoption, inter alia, of the following measures:

(i) Extension of the coverage of the system to as many products of export interest to developing countries as possible, taking into account the export needs of developing countries and their desire to have all such products included in the schemes;

(ii) As far as possible, application of duty-free entry for manufactured and semi-manufactured products and, where applicable, the substantial increase of ceilings and tariff quotas for these products;

(iii) As flexible and liberal application as possible of the rules for the operation of the schemes;

(iv) Simplification, harmonization and improvement of the rules of origin of the generalized system of preferences in order to facilitate the maximum utilization of the schemes and exports thereunder. Preference-giving countries which have not yet done so should give serious consideration to adopting appropriate forms of "cumulative origin" treatment in their respective schemes;

(v) Adaptation of the generalized system of preferences to respond better to the evolving needs of the developing countries, taking account in particular of the interests of the least developed countries;

(b) Preference-giving countries shculd implement the provisions of Conference resolution 21 (II) regarding the generalized, non-reciprocal and non-discriminatory system of preferences;

(c) The generalized system of preferences should continue beyond the initial period of ten years originally envisaged, bearing in mind, in particular, the need for long-term export planning in the developing countries. The relevant provisions of section III of the agreed conclusions adopted by the Special Committee on Preferences at the second part of its fourth session 7/ should be taken into account;

7/ Trade and Development Board decision 75(S-IV), of 13 October 1970, annex.

(d) The generalized system of preferences has been instituted to help meet the development needs of the developing countries and should only be used as such and not as an instrument of political or economic coercion or of retaliation against developing countries, including those that have adopted or may adopt, singly or jointly, policies aimed at safeguarding their national resources;

Additional measures to increase the utilization of preferences

(e) Efforts should be made by all preference-giving countries and beneficiary countries to increase, as much as possible, the degree of utilization of the different schemes of generalized preferences by all appropriate means. In this connexion, developed countries should make efforts to give technical assistance to countries benefiting from generalized preferences, particularly to the least advanced countries, to enable them to draw maximum advantage from preferences. Among other measures, this assistance could focus on better information to beneficiary countries concerning the advantages granted and on technical training for the personnel of developing countries dealing with the generalized system of preferences. Moreover, it is recommended that UNCTAD, with the assistance of other appropriate international institutions, pursue work in the field of dissemination of information, trade promotion and industrial promotion for products covered by the generalized system of preferences.

(f) Application of the above provisions by the socialist countries of Eastern Europe in their schemes of preferences, taking into account the joint declaration made by socialist countries of Eastern Europe at the second part of the fourth session of the Special Committee on Preferences, and with due observance of the relevant provisions of the Charter of Economic Rights and Duties of States;

B. Tariff reclassification

Tariff reclassification through identification for tariff purposes of products of export interest to developing countries and establishment of tariff sub-headings for such products can in some cases facilitate liberalization for the products of the developing countries. To this end, studies should continue on the possibility of introducing appropriate tariff sub-headings with a view to identifying products of special export interest to the developing countries in order to allow developed countries to grant more favourable treatment to these products. In particular the Customs Co-operation Council should continue its technical studies on the possibility of introducing such sub-headings into the new Harmonized Commodity System;

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C. Tariffs and non-tariff measures

(a) Principle of standstill: Developed countries should implement fully and adhere strictly to the standstill provisions they have accepted concerning imports from developing countries. Any departure should be subjected to such measures as consultations and multilateral surveillance and compensation, in accordance with internationally agreed criteria and procedures;

(b) The least developed countries: In the context of the liberalization of tariff and non-tariff measures, special attention should be paid to the least developed countries, with the aim of substantially improving their exports;

D. Non-tariff measures

(a) In conformity with the Tokyo Declaration the multilateral trade negotiations should aim, inter alia, to reduce or eliminate non-tariff measures or, where this is not appropriate, to reduce or eliminate their trade restricting or distorting effects, including in particular those which apply to products of export interest to developing countries, and developed countries should take effective measures, where feasible and appropriate, to extend special and more favourable treatment for developing countries on specific non-tariff measures;

(b) It is noted that the countries participating in the Arrangement Regarding International Trade in Textiles have recognized that measures taken under this Arrangement should be considered as exceptional, and not lending themselves to application in other fields. It is also noted that, pursuant to article 10 of the Arrangement, the GATT Textiles Committee "shall meet not later than one year before the expiry of this Arrangement in order to consider whether the Arrangement should be extended, modified or discontinued";

(c) The developed countries are requested to give consideration to the following views of the developing countries concerning issues relating to non-tariff measures:

(i) Developed countries should apply the principle of differential and more favourable treatment in favour of developing countries to non-tariff barriers also;

(ii) Developed countries should take effective steps for the reduction or removal of non-tariff barriers, particularly quantitative restrictions, affecting products of export interest to developing countries on a differential and more favourable basis for these countries;

(iii) Developed countries should avoid prolongation and proliferation of arrangements requiring developing countries "voluntarily" to restrict their exports, and such measures should be discontinued;

E. 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 concerned and the need for such industries to move into more viable lines of production or into other sectors of the economy.

II. Industrial development and co-operation

1. Industrial development and co-operation should be promoted by the international community through concerted measures at the national, subregional, regional, interregional and international levels with a view to benefiting the economies of the developing countries. Special attention should be paid to the particular needs of the least developed countries;

2. The developing countries should, in their national industrialization policies, evolve long-term industrialization goals, plans and strategies, which should include concrete measures and institutional machinery for their execution, appraisal and, if necessary, adjustment.

A. Improving the capability of the developing countries to supply exports of manufactures and semi-manufactures

3. Consistent with the evolving programme priorities of both donors and recipients, serious consideration should be given, including by international institutions, to, inter alia, the following measures, with a view to improving the supply capability of the developing countries:

(a) Developing countries should develop, in sectors and industries where they face serious problems in exporting manufactured goods because of their early stage of industrialization, adequate and effective measures of assistance for industrial exports consistent with their agreed international obligations, in order to make these exports competitive in world markets;

(b) Serious consideration should be given inter alia by international financial institutions to assisting developing countries in setting up and strengthening financial and commercial institutions and the marketing, distribution and other supporting infrastructure required by them for development and promotion of their industries and exports;

(c) International institutions should consider the possibilities of increasing programme loans to industrial sectors. In addition, the World Bank and regional development institutions are urgently invited to pursue consideration of the establishment or expansion of facilities which would provide export credit refinancing for developing countries;

(d) Note is taken of the view of the Group of 77 that consideration should be given to the idea of setting up a new international industrial financial institution to assist the flow of funds for the industrial development of developing countries;

(e) International private investment in developing countries and the financing thereof should be consistent with their industrial needs and with their legislation and policies;

(f) Consideration should be given inter alia by international institutions to making available, through bilateral or multilateral channels, adequate financial aid and other assistance in accordance with the development plans and priorities of developing countries, with the objective of accelerating their industrial development and effectively contributing to the realization of the target of increasing the share of developing countries in world industrial output by the year 2000, as set out in paragraph 28 of the Lima Declaration and Plan of Action;

(g) Exchange of publicly available and, to the extent possible, other technological and industrial information to facilitate the establishment of new industrial structures;

(h) Dissemination of publicly available and to the extent possible, other technical and market studies and other relevant information.

B. International co-operation for industrial development, restructuring and trade

4. Appropriate trade and related measures should be taken with a view to achieving the goals for accelerated industrial development, recalling in this context the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Lima Declaration and Plan of Action on Industrial Development and Co-operation, and General Assembly resolution 3362 (S-VII), taking into account the present set of interrelated and mutually supporting measures for expanding and diversifying the export trade of developing countries in manufactures and semi-manufactures as well as relevant international decisions in this field;

5. Action for strengthening the production of and trade in manufactures of developing countries, including those manufactures involving the use of advanced technology in their production, should include the elaboration of specific measures, including the following:

(a) Identification of industrial activities that could be the subject of industrial collaboration arrangements;

(b) Identification of ways of promoting industrial collaboration arrangements in their various forms;

(c) Action on appropriate adjustment assistance measures as outlined in section I.E above;

(d) Commercial co-operation between developing and developed countries and among developing countries, aimed at facilitating the operation of collaboration arrangements;

(e) Financial and technical co-operation, including appropriate assistance from international institutions;

(f) Improving the competitiveness of natural materials of developing countries facing competition from synthetic substitutes, and consideration of harmonization, where appropriate, of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;

(g) Supporting measures consistent with agreed international obligations, to be taken by the developing countries for the above, recognizing that it may be necessary for the developing countries to protect their nascent industries;

(h) Provision of technical assistance, where appropriate, with regard to the fields of action referred to in subparagraphs (a) to (g) above.

C. Trade and industrial co-operation between the socialist countries of Eastern Europe and the developing countries

6. Trade and industrial co-operation shall be improved by developing new forms of economic relations in order to strengthen the national industrial potential of the developing countries as a decisive condition for expanding and diversifying their exports of manufactures and semi-manufactures. This objective could be achieved by means, inter alia, of:

(a) Evolving with interested developing countries, medium-term and long-term arrangements on trade, economic, scientific and technical co-operation, providing for broad and stable economic relations based on equitable terms and without reciprocity in respect of preferential measures, and with due observance of the relevant provisions of the Charter of Economic Rights and Duties of States;

(b) The development and expansion of appropriate medium-term and long-term co-operation programmes in specific areas of trade, industry, science and technology;

(c) Wider use of the practice of concluding compensatory agreements aimed at developing the export sectors in the developing countries, and making, where appropriate, provision in agreements and contracts for deliveries against credits granted and also for the purchase, on commercial terms, of the products of enterprises set up with the assistance of the socialist countries of Eastern Europe;

(d) Improving the machinery for trade and industrial co-operation, in particular by broadening the functions of existing intergovernmental commissions and evolving other appropriate institutional forms, expanding the exchange of economic information and improving the complementarity of the industrial structures of the socialist countries of Eastern Europe and developing countries, taking into account the development needs of developing countries;

(e) Providing interested developing countries with assistance in elaborating economic development plans and programmes for sectors, including the foreign trade sector;

(f) Corresponding efforts by the developing countries.

7. The continuation and development by the socialist countries of Eastern Europe and the developing countries of measures aimed at the promotion of economic growth and the strengthening of the national industrial potential of the developing countries should help the latter to increase their share in world industrial production to 25 per cent by the year 2000;

D. Co-operation with the United Nations Industrial Development Organization

8. As there exists a close interrelationship between industrial development and trade, concerted co-operation between UNCTAD and the United Nations Industrial Development Organization is required in implementing the various measures in their respective areas of competence, bearing in mind the central role of the United Nations Industrial Development Organization in industrial development and co-operation and of UNCTAD in trade and development in the United Nations system;

9. UNCTAD and the United Nations Industrial Development Organization should co-operate fully in their respective areas of competence in promoting the action described in section II.B, paragraph 5, above;

10. The decision to establish a system of consultations at the global, regional, interregional and sectoral levels within the United Nations Industrial Development Organization should be implemented expeditiously. The Secretary-General of UNCTAD

should co-operate fully with the Executive Director of the United Nations Industrial Development Organization in these consultations. In particular, in these consultations, UNCTAD should provide assistance, inter alia, as regards questions of commercial policies in relation to the industrialization process of the developing countries and trends in international trade.

III. Restrictive business practices

1. 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;

2. In this respect, action should be taken by all countries, particularly by developed countries, to institute or improve appropriate procedures for notification on restrictive business practices;

3. Action should be taken at the international level, particularly within the framework of UNCTAD, including:

(a) Negotiations with the objective of formulating 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 these countries;

(b) Supply of publicly available, and as far as possible, other information, particularly by developed countries, on restrictive business practices adversely affecting the trade and development of developing countries, including such information as may be necessary for the effective control of such practices;

(c) Collection and dissemination of information on restrictive business practices generally by the UNCTAD secretariat and in close co-operation with the Research and Information Centre on Transnational Corporations;

(d) Continuation of the review of the ways of improving the exchange of information between the governments of developed and developing countries on restrictive business practices affecting developing countries;

(e) Provision of technical assistance to developing countries in the area of restrictive business practices, especially in respect of the training of their officials;

(f) Elaboration of a model law or laws on restrictive business practices, taking into account, inter alia, the principles examined by the Second Ad hoc Group of Experts on Restrictive Business Practices,[8/] in order to assist developing countries in devising appropriate legislation;

4. Action should be taken to convene further meetings of the Ad hoc intergovernmental group of experts on restrictive business practices which, taking into account the work of the Second Ad hoc Group of Experts on Restrictive Business Practices, is to prepare detailed proposals and recommendations in respect of the matters in paragraph III.3 above and should report to the Committee on Manufactures at its eighth session.

145th plenary meeting
31 May 1976

8/ See TD/B/600.

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RESOLUTION ADOPTED BY THE CONFERENCE

97(IV). Transnational corporations and expansion of trade in manufactures and semi-manufactures 1/

The United Nations Conference on Trade and Development,

Recalling the relevant provisions of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, and of General Assembly resolution 3362 (S-VII) of 16 September 1975,

Considering the relevant portions of the Charter of Economic Rights and Duties of States, 2/

Recalling the Lima Declaration and Plan of Action on Industrial Development and Co-operation, 3/

Recalling part two, section two, of the Manila Declaration and Programme of Action, 4/ on a comprehensive strategy to expand and diversify the export trade of the developing countries in manufactures and semi-manufactures,

Recognizing that the activities of transnational corporations have a significant impact on world trade in manufactures and semi-manufactures,

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1/ The Conference adopted this resolution by 84 votes to none, with 16 abstentions.

2/ General Assembly resolution 3281 (XXIX) of 12 December 1974.

3/ A/10112.

4/ TD/195.

GE.76-66178

Noting Economic and Social Council resolution 1913 (LVII) of 5 December 1974 establishing a Commission on Transnational Corporations and an Information and Research Centre on Transnational Corporations,

Noting further with satisfaction that the Commission, at its second session, formulated a programme of work for itself and the Centre which assigns priority to the formulation of a code of conduct for transnational corporations, and which calls upon the Commission and the Centre to take into account, inter alia, the work going on in UNCTAD of relevance to their work,

1. Recommends that:

(a) Action should be taken at the national, regional and international levels aimed at achieving a reorientation in the activities of transnational corporations towards more complete manufacture in developing countries and towards further processing therein of raw materials for both domestic and foreign markets and, in this connexion, action should be taken particularly in the developed countries to adjust especially their tariff and non-tariff and fiscal and financial policies;

(b) Measures should be implemented with a view to strengthening the participation of national enterprises of developing countries in activities undertaken by transnational corporations in their territories, particularly those relating to the import and export of manufactures;

(c) Action envisaged in the field of restrictive business practices should fully take into account the activities of transnational corporations, and specific rules should be developed to control practices of such corporations likely to affect adversely the import and export trade of developing countries in manufactures and semi-manufactures;

(d) Measures should be designed with the aim of ensuring that the activities of transnational corporations become a positive factor in the export efforts of developing countries and with the aim of bringing about greater control by these countries over the processing, marketing and distribution of their manufactures and semi-manufactures;

2. Decides that UNCTAD should continue and strengthen its work on the trade in manufactures and semi-manufactures of developing countries in such fields relating to transnational corporations as restrictive business practices and issues related to marketing and distribution aspects and increased processing of raw materials in developing countries;

3. Requests UNCTAD to extend full co-operation to the Commission on Transnational Corporations and the Information and Research Centre on Transnational Corporations in matters arising in the fields of trade in manufactures and semi-manufactures of developing countries, transfer of technology, etc., with the objective of effectively contributing to the work of the Commission and the Centre.

145th plenary meeting
31 May 1976

AGENDA ITEM 13

ANNEX F

Resolution on Least Developed among the Developing Countries, Developing Island Countries and Developing Land-Locked Countries

The United Nations Conference on Trade and Development

I. Introduction

1. The Conference reaffirms the need to agree upon effective international action towards the solution of the particular and long-term or permanent problems of the least developed among the developing countries, developing island countries and developing land-locked countries.

2. The Conference stresses the urgency for the developed countries, both market economy countries and the socialist countries of eastern Europe, and the competent international agencies to adopt and execute, through appropriate machinery, the measures identified and agreed upon within the framework of UNCTAD and other fora i the fields of trade and financial policies, capital and technical assistance, shipp insurance, and transfer of technology in favour of these developing countries.

3. The increasing efforts of the developing countries in a position to do so to provide special measures and specific action, respectively, in favour of the least developed countries and in favour of land-locked and island developing countries should be implemented through the machinery which these countries deem appropriate.

4. Special measures and specific action, respectively, in favour of the least developed countries and in favour of land-locked and island developing countries wo be supplementary to the general measures applicable to all developing countries in spirit of the United Nations Declaration and Programme of Action on the Establishme of a New International Economic Order. In executing these measures, attention shal be given to the safeguarding of the interests of other developing countries.

4.A. The Conference expresses its firm conviction that, in the interest of world economic development, the international community, and in particular those countrie best able to do so, should act urgently in favour of the least developed countries and the land-locked developing countries by implementing further their commitments in Conference resolutions 62 (III) and 63 (III) and in Board resolution 119 (XIV), well as the measures and actions agreed below for these countries and for developin island countries.

II. Action on special measures in favour of the least developed among the developi countries

A. Financial and technical assistance

Expanding the flow of assistance

5. The developed countries should:

- in the case of the developed market economy countries:

(a) expand the flow of official development assistance in keeping with their commitments in the International Development Strategy, and in so doing should ensure that the least developed countries receive a higher proport of this flow and endeavour to increase their proportion of the total flow to meet their urgent needs;

(b) provide the least developed countries, on a continuing basis, with a higher proportion of official development assistance flows in actively working towards achieving or surpassing the target of 0.7 per cent of the gross national product of developed countries at market prices, taking into account their commitments under the International Development Strategy;

- in the case of the socialist countries of eastern Europe:

(c) expand the flow of financial and technical assistance to the least developed countries, taking into account their special needs and problems with a view to providing a higher proportion of their total development assistance to the least developed countries.

6. Bilateral and multilateral donor agencies should agree on effective measures to ensure that each least developed country receives a higher flow of assistance in proportion to its individual needs and in support of its efforts as reflected in its plans and programmes.

7. Developed countries, both the market economy countries and the socialist countries of eastern Europe, developing countries who are in a position to do so, multilateral donors, 1/ other sources, such as private grant programmes and voluntary agencies, should give high priority to increasing their assistance to the least developed countries.

8. Developed countries and others in a position to do so, where their specific aid policies so permit, should provide strong financial support for a special fund for the least developed countries without delay, and should provide stronger financial support to the least developed countries through existing funds or programmes particularly geared to the needs of these countries.

Terms and conditions for financial and technical assistance

9. The terms and conditions of all future assistance to the least developed countries should, inter alia, be as follows:

(a) Such bilateral official development assistance of developed countries to the least developed countries should essentially be provided in the form of grants;

(b) 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;

1/ The World Bank Group, particularly the International Development Association, the United Nations Development Programme, the regional development banks and other multilateral institutions.

(c) Multilateral financial agencies should provide assistance to the least developed countries in the form of grants, or where this is not possible, such assistance should be given on the most highly concessional terms permitted by their statutes and financial position, if possible as concessional as those provided by the International Development Association.

(d) Developed countries should cancel the official debts of the least developed, the developing island and the developing land-locked countries;

(e) The developed market-economy countries should give immediate and favourable consideration to providing highly concessional terms of relief for the other outstanding debt burdens of the least developed, the developing island and the developing land-locked countries;

(f) Multilateral financial institutions should convert loans to the least developed countries into highly concessional forms;

The Conference decided to remit the above sub-paragraphs 9(d), 9(e) and 9(f) to the permanent machinery of UNCTAD. Developed countries should give due consideration, on a top priority basis, at the next session of the Trade and Development Board, to the problems of debt and other related matters, as set out in these paragraphs, and should agree on definite and favourable measures to relieve debt burdens.

(g) Bilateral donors and multilateral assistance agencies should provide official development assistance flows to the least developed countries on a predictable, continuous and increasingly assured basis;

(h) Developed countries should provide programme aid to the least developed countries and the projects should be selected in consultation with the donor countries;

(i) As a general rule all official development assistance loans to the least developed countries should be untied; where this is not possible, alternative arrangements should be sought in order to offset possible disadvantages of tying.

9.A In their continued endeavour to assist in developing the economies of the least developed countries, the soc. ist countries of Eastern Europe should:

(a) grant credits on highly concessional terms;

(b) find mutually acceptable solution. to financial and credit issues, such as the repayment of credits received by the least developed countries;

(c) devise forms and methods of utili ation of the mechanism of multilateral payments in economic relations with the least developed countries, within the framework of the International Bank for Economic Co-operation.

Criteria and procedures for financial and technical assistance

10. All bilateral and multilateral aid agencies should adopt more suitable and flexible criteria and procedures in granting assistance to the least developed countries. They should, in particular:

(a) Adapt financial criteria to take fully into account the longer-term social rate of return including related secondary effects in these countries;

(b) Provide financial and technical assistance to help these countries design and implement their programmes which substantially increase the participation of the majority of the population in the benefits of social and economic development as well as support the necessary structural changes and ensure that critical needs are satisfied;

(c) Increase various forms of financial and technical assistance for the development of public services, including projects, in the countries consistent with their national development plans and programmes;

(d) Finance local costs and, during an appropriate phasing-out period, recurring and maintenance costs of both capital and technical assistance development projects, including on-going projects and projects after their completion, wherever the lack of adequate local resources makes this appropriate;

(e) Provide increased help in identifying, planning and preparing technical and financial assistance projects with a view to expediting the approval and implementation of projects;

(f) Assist these countries in carrying out feasibility and pre-investment surveys and post implementation reviews;

(g) Endeavour to attract the highest quality technical assistance personnel, speed up recruitment and project implementation procedures and ensure the most urgent response to the technical assistance needs of those countries;

(h) Arrange for rapid training of local replacement personnel.

11. The Governing Council of UNDP is invited to continue to keep under constant review the needs of the least developed countries for additional resources and to take appropriate action - including, whenever necessary, revision of the criteria of allocation - and, in particular, to avoid cutbacks in programmes for these countries in times of UNDP budgetary stringency. The Conference calls upon all donor countries to increase their overall voluntary contributions in freely convertible currencies to UNDP for the second cycle to enable it to meet the increasing technical co-operation requirements of developing countries and in particular to secure additional resources for the least developed countries.

B. Commercial policy

12. Special consideration should be given in the context of commodity agreements, to the least developed countries in a flexible and favourable manner with a view to improving the marketing of their production of such commodities in order to increase their foreign exchange earnings, bearing in mind the characteristics peculiar to each product, and taking into consideration the need to protect the interests of other developing countries.

13. In the continuous improvement of their GSP and in the implementation of resolution 62(III), special attention would be given by developed countries to processed and semi-processed agricultural and mineral and handicraft products and to other products of export interest to the least developed countries.

14. Developed countries through their work in MTN should accelerate adoption of special treatment in favour of the least developed countries, as envisaged in the Tokyo Declaration, with the aim of substantially improving their exports through the removal or reduction of tariff and non-tariff barriers at the earliest possible date with regard to products of present and potential export interest to the least developed countries

15. The rules of origin in respect of products of export interest to the least developed countries should be subject to further work towards improvement, including where appropriate measures of liberalization, as well as towards simplification and harmonization.

16. If the evaluation of the recent liberalization of the IMF compensatory financing facility should prove it necessary, taking particular account of the export earnings shortfall problems of the least developed countries, further improvement and enlargements of compensatory financing facilities to stabilize export earnings should be considered.

17. Developed countries should assist the least developed countries in a co-ordinated manner, from the stage of planning through the production transportation and promotional stages towards the maximization of sales of their products at remunerative prices.

17.A In the promotion of trade and economic co-operation with the least developed countries, the developed countries should encourage the least developed countries in their exports of traditional and non-traditional goods, taking into account the specific difficulties and peculiarities of these countries, through the expansion and strengthening of mutually beneficial co-operation.

18. Developed countries and international organizations should adopt measures to foster the creation of industries for on-the-spot processing of raw materials and food products.

19. The preference-giving countries should actively work towards adapting the GSP to respond better to the evolving needs of the developing countries taking account in particular of the interests of the least developed countries.

20. The least developed countries should be granted special treatment in the multilateral trade negotiations, priority being given to tropica products of particular interest to the least developed countries.

21. Special measures, including exemption from financial contributions, should be taken to accommodate the needs of the least developed countries in integrated programme for commodities.

22. The developed countries, both market economy countries and the socialist countries of eastern Europe, should:

(a) provide assistance to the promotion and the expansion of the sales of the products exported by the least developed countries, and encourage the conclusion of longer-term purchase arrangements;

(b) actively consider giving favourable treatment, in the case of government procurement to imports from the least developed countries;

(c) assist the least developed countries to develop the production potentialities of food, energy and other resources, including manufactures.

22.A The socialist countries of eastern Europe should conclude with the least developed countries, taking into account their specific needs, long-term agreements or contracts on favourable terms for the export of their goods and imports of goods, where required by them.

23. "The interest of importing least developed countries adversely affected by measures under the integrated programme for commodities, should be protected by means of appropriate differential and remedial measures within the programme.

C. Economic co-operation among developing countries

24. The developing countries in a position to do so should:

(a) Provide preferential treatment, as far as possible, to imports of goods produced by the least developed countries;

(b) Assist the least developed countries to develop the production potentialities of food, energy and other resources, including manufactures;

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(c) Provide under preferential terms and conditions and at a minimum cost the results of scientific and technological development adapted to the development needs of the least developed countries;

(d) Provide increased flows of financial and technical assistance and goods for the benefit of the least developed countries through special preferential arrangements;

(e) Promote and expand joint ventures with the least developed countries involving the transfer of equipment and technology in the context of long-term bilateral agreements or special arrangements;

(f) Explore the possibilities of undertaking long-term arrangements to assist least developed countries to achieve a reasonable level of sales of their products.

D. Shipping and promotional freight rates

25. The governments of developed and developing countries should invite and urge ship owners and members of liner conferences, as far as is feasible, to establish freight rates for the least developed countries which will encourage and assist the expansion of the export trade of these countries, and to develop promotional rates for the non-traditional exports of these countries, which will facilitate the opening up of new markets and the development of new trade flows.

26. The developed countries and the international financial institutions should consider giving higher priority in their financial and technical assistance to help the least developed countries in acquiring and expanding their national or regional merchant marines, where beneficial, and in improving their port facilities; similar assistance should be considered in order to carry out pre-feasibility and pre-investment studies and to execute port infrastructure projects and repair and maintenance of ships and road infrastructure.

Insurance and re-insurance

26.A Based on General Assembly resolution 2626 (XXV) and on recommendations of the Committee on Invisibles and Financing related to Trade, developed countries should make special efforts to minimize the foreign exchange cost of insurance and re-insurance for the least developed countries, to the extent that this is compatible with the effective operation of insurance and re-insurance companies, and to financially and technically assist the growth of domestic insurance and re-insurance markets in the least developed countries and the establishment to this end, where appropriate, of institutions in these countries and at the regional level.

26.B With this in view, the least developed countries should make all efforts to:

(a) take appropriate legislative and administrative actions to ensure more effective supervision and to regulate the insurance operations which are transacted in their territories by both national and foreign insurance concerns;

(b) take necessary measures so that the technical reserves and guarantee deposits of insurance and re-insurance companies should be invested in the country where the premium arises, without prejudice to their effective operation.

26.C UNCTAD and UNDP and other related agencies should render all adequate and necessary assistance within their spheres of competence in the implementation of the above measures.

E. Transfer of Technology

27. The developed countries and competent international institutions should:

(a) Assist the institutions of least developed countries in obtaining the results of scientific and technological developments appropriate to their requirements. They should consider particularly ways of transferring technology on terms and conditions favourable to the least developed countries and the dissemination of technological information to these countries to enable them to select technology appropriate to their needs. In their activities for the development and adaptation of technology to the technological needs of developing countries, governments should consider particularly the needs of the least developed countries.

(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) 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, and to consider appropriate linkages with international and regional centres of technology and research.

F. Other action by UNCTAD

28. The Secretary-General of UNCTAD should convene as soon as possible a special meeting at which multilateral and bilateral financial and technical assistance institutions can carry out, together with representatives of the least developed countries themselves, a general review and assessment of their requirements and progress and of the problems arising in the co-ordination and implementation of assistance programmes on both the donor and the recipient sides, with the aim of agreeing on specific proposals for the more rapid increase in growth and welfare in the least developed countries. The results of this meeting should be communicated to the Inter-governmental Group on Least Developed Countries.

29. The Secretary-General of UNCTAD, in consultation with other competent organizations, should convene an ad hoc expert group to study:

(a) improved methods for expanding the exports of the least developed countries which would involve co-ordinated efforts ranging from the planning and production in the least developed countries to the sale of their products in developed countries;

(b) possibilities for providing or promoting long-term arrangements for the sale of exports of least developed countries in the markets of developed countries;

(c) possible measures for the expansion and improvement of the work of existing institutions and financing corporations, or if necessary creation of new institutions, in the developed countries as well as in the least developed countries, specifically designed to promote the sale of products of the least developed countries, including the development of suitable arrangements by the developed countries concerned to reduce the risks and maximize the benefits of such trade;

(d) possibilities for improving existing institutional arrangements, procedures and practices at the national, regional and global level, to ensure efficient procurement of imports by the least developed countries at minimum cost.

30. The Secretary-General of UNCTAD should:

(a) Strengthen the technical assistance activities of UNCTAD, in collaboration with UNDP and with 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 adequate advisory services to assist the least developed countries in these areas; and co-ordinate, as appropriate, with other agencies concerned with technical assistance related to these activities, such as FAO, UNIDO, the UNCTAD/GATT International Trade Centre, and the regional economic commissions;

(b) Make more adequate provision for the needs of the least developed countries in the orientation of the work programme of UNCTAD, stressing also the need for in-depth study of the circumstances of the individual least developed countries, and including inter alia, the following:

(i) to carry out a methodical analysis and evaluation of the progress and difficulties encountered in implementing the policy measures designed to assist the least developed countries, and to suggest additional measures that may be needed;

(ii) to explore possible ways and means of increasing both the absorptive capacity and the effectiveness of external assistance to least developed countries, as well as to provide a more satisfactory basis for an assessment of the external requirements of least developed countries;

(iii) to explore the export potential and import substitution possibilities for least developed countries (including diversification possibilities);

(iv) to study the potential benefits for least developed countries from expanded trade and co-operation arrangements among developing countries;

(v) to evaluate the adequacy of the institutions, both public and private, in the foreign trade sector of the least developed countries;

(vi) to evaluate the overall policies regarding the foreign trade sector of the least developed countries and to make recommendations for possible improvements in the planning and programming of their external sectors;

(vii) provide necessary background studies in preparation for the meetings in paragraphs 28 and 29 above.

III. Specific action related to the particular needs and problems of developing island countries

Many developing island countries face major difficulties in respect of transport and communications and their distance from market centres and are therefore seriously hampered in their economic development. Frequently, the smallness of their economies and markets, low resource endowment and heavy dependence on a few commodities for their foreign exchange earnings are further and particularly important impediments. In the face of these impediments to their development specific action in favour of these States 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 overall prospects for, as well as existing level of, development.

A. Shipping

Trans-shipment problems

31. Shipping is often of vital importance to island developing countries. Several such countries need to trans-ship goods through other countries which are on world traffic routes. This can involve extra cost and delay for both imports and exports; it can further cause difficulty in meeting export commitments and is inhibiting the development of exports from affected island countries. Measures to facilitate trans-shipment, including, inter alia, appropriate storage and port facilities, are needed.

Prevention of discrimination against island ships

32. In any case where island ships are discriminated against in transit ports or in the ports of trading partners, the government concerned should take steps to prevent such discrimination.

Insurance of inter-island ships

33. Wherever necessary, measures should be taken to ensure that break-bulk carriers plying between islands in a region are not discriminated against in obtaining insurance

Promotional freight rates

34. The Governments of developed and developing countries should invite and urge ship owners and members of liner conferences, as far as is feasible, to establish freight rates for the island developing countries which will encourage and assist the expansion of the export trade of these countries, and to develop promotional rates for the non-traditional exports of these countries, which will facilitate the opening up of new markets and the development of new trade flows.

Research on appropriate ship and shore facilities for archipelagic countries

35. Islands within an archipelago can be hindered by poor inter-island shipping services from full participation in foreign trade. Special research and development efforts should be undertaken to evolve appropriate types of ship and shore facilities.

Co-operation with shipping conferences

36. In the interest of advancing their economic development, it would be desirable to achieve better co-operation between the island developing countries and shipping conferences on the matter of freight rates and port surcharges through an appropriate consultation machinery among the parties concerned. In such consultations, the composition of the trade of those countries should be taken into account.

Training for ship repair and maintenance

37. Assistance from UNCTAD, the regional commissions and other bilateral and multilateral organizations would be desirable in training the technical manpower needed for ship repair and maintenance and for marine insurance.

Assistance in establishment of shipping services to promote regional co-operation and in the improvement of ports

38. A. Assistance from UNCTAD, the regional commissions and bilateral and multilateral organizations would be desirable in promoting sub-regional co-operation among developing countries, and in particular island developing countries, towards the establishment of consortia or international shipping companies to develop trade between these countries.

38. B. The developed countries and the international financial institutions should consider giving higher priority in their financial and technical assistance to help the island developing countries in acquiring and expanding national or regional merchant marines, where beneficial, and in improving their port facilities; similar assistance should be considered in order to carry out pre-feasibility and pre-investment studies and to execute port infrastructure projects concerning the repair and maintenance of ship and road infrastructures.

B. Air services

39. Measures are desirable to improve the quality and cost of air services, including appropriate airport facilities. Islands within an archipelago can be hindered by poor inter-island air services from full participation in foreign trade and tourism. This calls for advice on appropriate types of aircraft and ground facilities.

40. It would be desirable to achieve better co-operation between the island developing countries and airlines on the matter of freight rates and fares through an appropriate consultation machinery among the parties concerned. In such consultations, the composition of trade and traffic of those countries should be taken into account.

41. Likewise, special research and development efforts are needed for air services, with particular attention to the scope for air transport of imports and exports. This should include the urgent study of the feasibility of applying promotional rates to the non-traditional imports and exports of developing island countries.

42. Assistance from regional commissions and bilateral and multilateral organizations within their frame of reference would be desirable in training the technical manpower needed for the repair and maintenance of aircraft and other equipment related to air transport.

43. Assistance from UNCTAD in collaboration with other appropriate institutions should be made available in promoting sub-regional co-operation among the developing countries, in particular island developing countries, and in promoting the establishment of consortia or international air transport companies to develop trade and travel between those countries.

C. Group of experts on feeder and inter-island services

44. The Secretary-General of UNCTAD, in consultation and in conjunction with other appropriate institutions, should convene a meeting of experts on feeder and inter-island services by air or sea, and provision should then be made for UNCTAD to undertake studies and technical assistance within its competence, the need for which the group of experts might identify.

D. Telecommunications

45. Technical and financial support should be provided to island developing countries for the creation and improvement of inter-island telecommunication links with the rest of the world.

E. Marine and undersea resources

46. The multilateral financial institutions and technical assistance agencies should provide effective assistance to developing island countries to enable them to exploit fully their marine and submarine resources, and in this connexion technical and financial assistance should be provided to developing island economies in the development of their fishing industry.

F. Commodity export earnings

47. Developing island countries which depend on a few commodities for their foreign exchange earnings, especially when their economies are small, have a particular interest in efforts to increase and stabilize their commodity export earnings. The Secretary-General of UNCTAD should study the extent to which the problems which these countries face in this regard are resolved by the action on commodities to be agreed upon within UNCTAD and should advance for consideration, additional proposals, including, if necessary, for financial assistance

Commercial policy

47.A In the continuous improvement of their GSP schemes attention would be given by developed countries to the possibility of including additional products of export interest to the developing island countries.

47.B Developed countries and international organizations should adopt measures to foster the creation of industries for on-the-spot processing of raw material and food products.

47.E In the promotion of trade and economic co-operation with the island developing countries, the developed countries should encourage the island developing countries in their exports of traditional and non-traditional goods, taking into account the specific difficulties and peculiarities of these countries, through the expansion and strengthening of mutually beneficial co-operation.

G. Import co-operation

48. Technical and financial assistance should be extended to groups of developing island countries which request it on a priority basis to facilitate the establishment of schemes for collective import operations, which could represent substantial savings in terms of cost, insurance, freight and handling and storage charges.

H. Human geography and small islands

49. Aid donors, and in particular international organizations, should be urged to pursue and intensify studies and technical assistance efforts to assist small islands to plan rationally in order to deal with the peculiar problems which their precarious environment and rugged topography impose upon human settlement, including the provision of public services and the problem of harmful aspects of urbanization. In advising governments of island countries, UNCTAD, in close co-operation with UNEP and other competent international agencies, should bear particularly in mind the consequences of different kinds of foreign trade development on the human geography and ecology of the islands.

I. Tourism

50. In the case of developing island economies tourism is an important sector of their economic development, and financial and technical assistance should be given to these countries to develop their tourism potential.

51. (New paragraph 38. B).

J. Flow of external resources

52. The multilateral and bilateral financial institutions, including international organizations, should intensify their efforts in raising the flow of resources for overall economic development, which is constrained by the geographical and other disadvantages of island developing countries, and in particular for the development and maintenance, during a mutually agreed phasing-out period, of the transport facilities necessary for these countries.

52.A The criteria, terms and conditions governing the flow of bilateral and multilatera financial and technical assistance to the island developing countries should be geared to the special needs and problems of each of the countries concerned. In particular, the criteria and procedures in paragraph 10 governing the flow of bilateral and multilateral technical and financial assistance would also be applicable to the island developing countries where it is necessary to help offset the specific disadvantages of their adverse geographical situation and where the overall social and economic situatio of each island developing country calls for such specific actions. Special considerati should be given to improving the terms and conditions of financial assistance for measures to foster inter-island transport and communications, and to alleviate the transport and communications problems, particularly of those islands remote from their markets.

53. Assistance from UNCTAD, the regional commissions and bilateral and multilateral organizations should be provided in order to promote sub-regional co-operation for the establishment of inter-State shipping lines for the development of trade among the countries concerned.

K. Insurance and reinsurance

54. Paragraphs 26A, 26B and 26C should apply also to island developing countries in so far as appropriate to their individual circumstances.

IV. Specific action related to the particular needs and problems of land-locked developing countries

55. The lack of access to the sea, aggravated by remoteness and isolation from existing and potential markets, and by additional transportation, transit and transshipment costs, constitute a major and persistent impediment to the social and economic development of the land-locked developing countries. This fact has been recognized in several United Nations resolutions, particularly in resolution 63 (III) which recommended specific action by the international community in order to help offset the geographic disadvantages of these countries. Specific action in favour of the developing land-locked countries, given the particularly difficult geographical circumstances that they face, should be undertaken by the international community, consistent with the development plans and priorities of these countries, and financial and technical assistance provided in accordance with accepted economic and social criteria.

A. Joint co-operation

56. A co-operative approach to each specific transit situation should be encouraged so that all available possibilities for improving particular route and transit facilities could be considered together and each of the transit routes available to a particular land-locked country could be evaluated in order to determine the best available options for future progress.

B. Regional and sub-regional planning

57. The land-locked developing countries can derive substantial long-term benefits from the improvement and development of integrated regional and sub-regional transport infrastructure. The international organizations and financial institutions should give high priority in their assistance programmes for such projects.

58. Land-locked countries would benefit from the harmonization of transport planning and the promotion of joint ventures in the field of transport at the sub-regional level. Where applicable, similar actions should be encouraged on a bilateral basis between the developing land-locked countries and the transit countries.

59. Interested land-locked countries, in co-operation with other countries, might consider creating a co-operative air transport development project based upon a central organization which could undertake the necessary planning studies with appropriate technical assistance.

C. Commercial policy

60. In the continuous improvement of their GSP schemes, special attention should be given by developed countries to the possible inclusion of additional products of export interest to the developing land-locked countries.

60.A A study as described in paragraph 47, above, should also be carried out by the Secretary-General of UNCTAD for those land-locked developing countries which are dependent on only a few commodities for the bulk of their foreign exchange earnings.

D. Transport

61. At the joint request of the land-locked developing countries and their transit neighbours, technical and financial assistance should be provided for studies of the feasibility of extending and integrating the railway systems of transit countries with those of their land-locked neighbours.

62. The international community should undertake specific action to provide technical and financial assistance in the form of grants or in the form of concessional loans on appropriate terms consistent with the over-all economic situation of the countries involved for the construction or improvement of transit roads in land-locked countries and transit countries, the purchase of road transport vehicles and where necessary during a mutually agreed phasing out period, for the maintenance of transit roads and road transport vehicles.

63. Developed countries should assist land-locked developing countries in promoting the development of their air transport infrastructure with a view to facilitating and broadening the means of market access for these countries at competitive freight rates, as well as the development of tourism for which most of them have high potential. Particularly, it is suggested that each land-locked country should have at least one fully equipped international airport and that feasibility studies of providing such airports should be undertaken as a matter of urgency. For this international organizations and financial institutions should provide technical and financial assistance.

64. The possibility of establishing alternative transport routes on a competitive basis from land-locked countries to the sea should be explored and developed. For this purpose, technical assistance is required from the international community.

E. Communications

65. Fast and reliable communication links between the commercial centres of the land-locked countries and the transit ports on the one hand and with the overseas markets on the other hand should be developed.

66. Financial and technical assistance should be provided for the improvement and creation of communications facilities in the land-locked developing countries.

F. Restructuring of the economy

67. Land-locked developing countries require technical and financial assistance for the restructuring of their economies. It would be worthwhile for these countries to explore the possibility of establishing import substitution industries which produce high-bulk low-value goods. This would save them incurring high transport costs for their imports from other countries. Furthermore, the development of export industries producing high-value low-bulk goods should receive high priority. International organizations and financial institutions should provide technical and financial assistance for this purpose and accord high priority for the establishment of pilot projects to achieve the aforesaid objective.

68. In order to enable land-locked countries to derive substantial gains from regional economic co-operation, UNCTAD should, on request, provide technical assistance to these countries in formulating suitable regional economic co-operation agreements with their neighbouring countries.

69. Land-locked countries require financial and technical assistance in order to carry out a detailed survey and development of their mineral and energy resources and to study new forms of transport which will enable them to exploit such resources.

G. Port facilities and development

70. Ways and means to develop and improve the transit and port facilities should be explored and undertaken.

71. The competent international organizations should, if requested by the countries concerned, provide appropriate technical and financial assistance with a view to improving and facilitating the use of the transit port or transit areas therein specifically for the land-locked developing countries.

H. Flow of external resources

72. The multilateral and bilateral financial institutions, including international organizations, should intensify their efforts in raising the flow of resources for overall economic development, which is constrained by the geographical and other disadvantages of land-locked developing countries, and in particular for the development and maintenance, during a mutually agreed phasing-out period, of the transport infrastructure necessary for these countries.

73. The criteria, terms and conditions governing the flow of bilateral and multilateral financial and technical assistance to the land-locked developing countries should be geared to the special needs and problems of each of the countries concerned. In particular, the criteria and procedures in paragraph 10 governing the flow of bilateral and multilateral technical and financial assistance would also be applicable to the land-locked developing countries where it is necessary to help offset the specific disadvantages of their adverse geographical situation and where the overall economic situation of each land-locked developing country calls for such specific actions. Special consideration should also be given to improving terms and conditions of financial assistance for the construction, modernization, improvement and maintenance of port facilities and of transport and communication infrastructure for movement of goods between the transit port and a land-locked developing country, in order directly to support efforts to relieve the access problems of these countries.

I. Shipping freight and transit cost

74. The governments of developed and developing countries should invite and urge shipowners, members of liner conferences and insurance companies, as far as is 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 these 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.

75. Ways and means have to be explored to further reduce the transit costs, wherever possible.

76. The developed countries and international financial institutions should provide financial and technical assistance to explore and develop alternative transport routes on a competitive basis to the sea.

77. Land-locked developing countries and their transit neighbours should consider the application of single and multi-modal customs, facilitation and transport conventions - such as the TIR Convention - for achieving a more integrated and free-flowing circulation of their road, rail sea and air transport. In this connexion, UNCTAD and other competent agencies should provide, when appropriate, technical or financial assistance.

J. Air transport and tourism

78. Bilateral and multilateral organizations, in particular the regional economic commissions, should assist the land-locked developing countries in the development of air transport and tourism with a view to maximizing their foreign exchange earning capacity through merchandise exports and invisibles.

79. Financial and technical assistance should be provided to the land-locked developing countries on favourable terms consistent with the economic situation of the countries concerned for the purchase of aircraft and other equipment related to air transport.

Special fund for land-locked developing countries

80. The Secretary-General of UNCTAD should prepare proposals on the organizational arrangements for the Special Fund for land-locked developing countries, including draft statutes, in accordance with General Assembly resolution 3504 (XXX).

81. The developed countries and others who are in a position to do so should undertake immediate action to contribute to this special fund in order to make it operational.

L. Review of progress

82. The countries members of UNCTAD, especially the developing countries, should review measures which they have taken in favour of the land-locked developing countries including the means by which such measures are undertaken.

83. The Secretary-General of UNCTAD should continue to follow-up the recommendations and programme of action concerning land-locked developing countries contained in Conference resolution 63 (III), Board resolution 109 (XIV) and the present resolution, and, in consultation with other international organizations, should submit to the Trade and Development Board:

(a) further recommendations for action in favour of the land-locked developing countries with a view to reducing the real cost of their access to and from the sea and to world markets;

(b) a report on the results of initial pilot costing studies, to be undertaken by the secretariat, of the existing transit cost structure in a few particular transit situations, with a view to identifying the most promising cost reduction measures.

M. Free access to and from the sea

84. The developing land-locked countries reaffirmed their right of free access to and from the sea, a right affirmed by the Fourth Conference of Heads of State or Government of Non-Aligned Countries and by the Dakar Conference on Raw Materials. Some developing transit countries reserved their position on the matter.

V. Action on special measures applicable to the least developed, developing island and developing land-locked countries

A. Natural disasters

85 and 86. In the event of natural disaster in the least developed, developing island and developing land-locked countries, effective and speedy external relief should be extended by the international community and co-ordinated by UNDRO. These countries should take into account the likelihood of natural disasters in elaborating their economic development programmes. Appropriate financial and technical assistance in the preparation of national and regional plans for disaster preparedness and the organization of relief efforts, including training and advisory services, should be provided by bilateral and multilateral agencies, including UNDRO and regional organizations.

87. The Secretary-General of UNCTAD is invited to communicate to the competent organizations within the United Nations family the earnest desire of the Group of 77 that these organizations should intensify their research and projects under way concerning the forecasting of natural disasters and that they should make the results readily available to the countries concerned.

B. Industrialization

88. Least developed, developing island, and developing land-locked countries, especially those lacking natural resources, are dependent on industrialization for their export earnings. Special endeavours are necessary in their efforts towards industrialization in order to help them overcome those problems created by the limited size of their internal markets.

C. Transfer of technology

89. Least developed, developing island, and developing land-locked countries frequently face particular problems in developing and supporting their own technological capacity. These problems and necessary remedies thereto should be taken into account as appropriate in an eventually agreed code of conduct concerning the transfer of technology.

D. Review of progress

90. The Secretary-General of UNCTAD, in consultation with the international organizations and the regional economic commissions, should keep under constant review the progress in the implementation of the special measures in favour of least developed countries, land-locked developing countries and island developing countries called for in the relevant UNCTAD recommendations and resolutions as well as in the Programme of Action on the Establishment of a New International Economic Order, and report to the Trade and Development Board.

POUCHED
Date:
To: Washington

Distr.
GENERAL

TD/RES/100(IV)
9 June 1976

Original: ENGLISH

United Nations Conference on Trade and Development

Fourth session
Nairobi, 5 May 1976
Agenda item 18

RESOLUTION ADOPTED BY THE CONFERENCE

100(IV). Expression of gratitude to the Government and people of Kenya 1/

The United Nations Conference on Trade and Development,

Meeting in its fourth session at Nairobi at the invitation of the Government of Kenya,

Appreciative of the efficiency and thoroughness of the administrative arrangements made, the beauty and utility of the Conference Centre and the warmth of the welcome accorded to all delegations,

1. Applauds the Government and people of Kenya for the enormous efforts which they have devoted to the preparation and organization of the Conference and for the outstanding success of those efforts;

2. Records its lively appreciation of the generous hospitality and universal friendship accorded to participants in the Conference by Kenyans from all sectors;

3. Requests the President of the Conference to express its deep gratitude to the President of the Republic of Kenya and through him to the whole Kenyan people.

145th plenary meeting
31 May 1976

1/ The Conference adopted this resolution by acclamation.

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United Nations Conference on Trade and Development

Fourth session
Nairobi, 5 May 1976
Agenda item 13

RECOMMENDATION ADOPTED BY THE CONFERENCE

99(IV). The economic situation of the Comoros

The Conference has been informed of the serious and disturbing economic situation in the Comoros, whose per capita income is approximately US$65, one of the lowest in the world.

Consequently, the Conference:

1. Recommends to the appropriate organs of the United Nations system that the Comoros be included in the categories of the least developed, island and newly independent 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 them 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 Comoros, and of the urgent need to take all necessary measures which may assist them to cope with the serious problems affecting them in particular and with those connected with their basic situation as under-developed islands.

4. Recommends that the appropriate organs of the United Nations system should urgently take similar measures with regard to such other newly independent States in Africa.

145th plenary meeting
31 May 1976

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APPENDIX D

RESOLUTIONS ON THE INTERNATIONAL RESOURCES BANK

United Nations Conference on Trade and Development

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LIMITED

TD/L.136
30 May 1976

Original: ENGLISH

Fourth session
Nairobi, 5 May 1976
Agenda item 8

COMMODITIES

International resources bank

Draft resolution submitted by Belgium on behalf of Group B

The United Nations Conference on Trade and Development,

Recalling the proposal to establish an International Resources Bank,

Decides that early consideration should be given to the development of international mechanisms to facilitate resource development in developing countries, including the proposal to establish an International Resources Bank, with a view to a decision on negotiations.

NBO.76-1191

APPENDIX E

U.S. STATEMENTS OF RESERVATION AND/OR INTERPRETATION OF UNCTAD RESOLUTIONS

1. U.S. Statement at the close of the UNCTAD Plenary session:

Mr. President,

Now that the plenary session of the Fourth UNCTAD Conference has completed action on the resolutions before it, the United States Delegation would like to express some views on certain aspects of those resolutions. My delegation has been pleased to join the consensus on a number of important resolutions, which we are confident will contribute to international economic cooperation and development. The United States, knowing the hopes attached to UNCTAD IV by the developing countries, has expended significant effort to make constructive contributions toward the success of this conference.

The Nairobi conference marks another significant step forward in the era of constructive negotiation launched at the Seventh Special Session of the General Assembly. We have taken major steps by consensus in such essential fields as commodities, trade, transfer of technology, debt, special measures to assist the poorest and least developed of the developing countries, and in strengthening UNCTAD itself.

The spokesmen for Group B have made certain statements on behalf of the Group as a whole. The United States was associated with those statements.

In addition, Mr. President, I wish to make several supplementary observations on particular resolutions. These observations are made in a constructive spirit. We believe it important there be no uncertainty as to the views of any country as we increasingly broaden areas of agreement.

Commodities:

The consensus resolution on commodities is a central element of this conference. We are all aware of the massive effort, by all parties, which has led to this text. We can be satisfied that on a matter

where such disparate views exist, the common desire to reach agreement has produced consensus. We particularly welcome the practical elements of the program of work on commodities which it has been for sometime our policy to support.

With regard to Section IV of this resolution, our understanding of the request to the Secretary-General to convene preparatory meetings is that the purpose of such meetings is to determine the nature of the problems affecting particular commodities and to determine, without commitment, the measures which might be appropriate to each product. Such meetings will indicate the cases where we can enter into negotiation of agreements or other arrangements which could encompass a broad range of measures to improve trade in commodities.

It is our further understanding that the secretary-General in convening preparatory meetings will utilize existing commodity bodies. Where there are no such bodies, ad hoc groups will be convened. We interpret this section to mean that preparatory meetings will be convened on individual products and that the preparatory meetings are consultations prior to a decision whether to enter negotiations.

A decision on a financial relationship among buffer stocks will need to be considered in the light of developments on individual funds. However, since there may be advantages in linking the financial resources of individual buffer stocks, we will participate, without any commitment, in preparatory meetings to examine whether further arrangements for financing of buffer stocks, including common funding, are desirable. After the outcome of these preparatory discussion we will decide on our participation in any negotiating conference.

We have accepted this resolution on the understanding that its various positions, including those on commodity arrangements and compensatory financing, do not alter our reservations on the concept of indexation.

We are not indicating in this or other resolutions of this conference, as far as the U.S. is concerned, any change in our known views on the New International Economic Order and the Charter of Economic Rights and Duties of States.

We would emphasize the difficulties we see related to the concept that production of synthetics and substitutes should be harmonized with supplies of natural resources.

We regret that this resolution which is supposed to deal with commodity problems in an overall sense, does not address the problem of supporting development of resources in developing countries. Failure to adopt the proposed resolution regarding the International Resources Bank represents a similar lack of attention to this task.

We accept this resolution on commodities with these reservations and explanations.

MTN:

Regarding resolution L.113 on the Multilateral Trade Negotiations (MTN), we do not view the MTN as the appropriate forum for the consideration of the nature or operation of the generalized systems of preferences. Despite the importance we attach to these systems as a means to increase trade opportunities for developing countries.

Economic Cooperation Among Developing Countries:

With regard to the resolution on Economic Cooperation Among Developing Countries (L.117), particularly paragraph 3(B), my delegation will support decisions taken by developing countries in the understanding that such decisions are consistent with international obligations and standards.

Institutional Arrangements:

With respect to the resolution on Institutional Arrangements contained in TD/L.118, we are pleased to be able to join in the consensus.

The United States believes that this resolution affords an opportunity to transform UNCTAD into a more effective organization which will serve the interests of all member states within its important mandate. We urge that the Secretary-General of UNCTAD undertake early consultations pursuant to paragraph 5 of Section B with the Secretary-General of the United Nations so that the results can be thoroughly considered before the October meeting of the Trade and Development Board.

We also believe that it would be useful for the United States to reiterate its position on certain issues raised in L.118 and in certain other resolutions of the conference. The United States, while not supporting the declaration and program of action for the establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States, has recognized that majority decisions of the General Assembly place obligations on the subsidiary bodies of the General Assembly to respond.

While the U.S. firmly maintains its reservations on these two matters, we will continue to work cooperatively to carry out those portions with which we agree in UNCTAD and elsewhere.

We have adopted the same attitude toward the Lima Declaration on the Plan of Action.

Debt:

The U.S. supports the resolution passed on the important question of debt. The policy of the U.S. remains that of engaging in debt rescheduling negotiations in the creditor club framework only where there is some presumption of imminent default.

Finally, Mr. Chairman, the U.S. wishes to make clear, with regard to all of the resolutions passed at UNCTAD IV, that it will honor the undertakings it has accepted during this conference to the full measure permitted by relevant laws, policies, and international obligations.

2. Separate explanation of U.S. abstention on resolution on Transnational Corporations:

We would like to explain why we cannot support this resolution. Developing countries, which consider that TNCs as well as other private investment can be a positive contribution for their development process or plans, should endeavor to promote an appropriate investment climate. We recognize that the Transnational Corporations should conduct their operations in accordance with local laws and in harmony with local policy, but we would also like to underline the importance of local laws being stable and consistent with international laws.

In regulating the activities of TNCs, governments should be guided by an understanding of the legitimate

methods of an entity that is often privately owned, otherwise the positive contributions from such activities to development could be diminished.

Cooperation among governments can improve the foreign investment climate, encourage the positive contribution which TNCs can make to economic and social progress and minimize and resolve any difficulties which may arise from their various operations.

For this reason we welcome the decision by ECOSOC to establish a commission and a Centre on Transnational Corporations for "comprehensive and in-depth consideration of issues relating to Transnational Corporations." We hope UNCTAD will be available to help in this work, particularly through its work in fields of restrictive business practices and Transfer of Technology.

3. Separate explanation of vote by U.S. regarding resolution on Expansion and Diversification of Exports of Manufactures and Semi-Manufactures of Developing Countries:

Manufactures:

Regarding the resolution on Expansion and Diversification of Exports of Manufactures and Semi-Manufactures of Developing Countries (1.115), we support that provision of the resolution which states that the generalized system of preferences should continue beyond the initial period of ten years originally envisaged. Since the legislation authorizing our scheme expires in 1985, our GSP will continue four years beyond the period envisaged in the original Gatt Waiver. As we approach the expiration of our legislation, we will make a decision as to its prolongation, taking into account the evolving needs of beneficiary countries.

The U.S. views on redeployment of industries (Section E), as expressed in the Seventh Special Session of the UNGA, are unchanged. While we favor policies which will facilitate the normal evolution of industrial production in response to market forces, our government cannot intervene directly in this process.

Restrictive Business Practices:

With regard to Restrictive Business Practices and their International REgulation and Control, we welcome

the decision to continue work in this area. We believe that in this area we should focus principally on situations where there is an adverse effect on international trade. Other criteria would be insufficient in our view. We also believe that multilaterally-agreed principles and rules should be voluntary. With regard to notification and exchange of information on restrictive business practices, it is our understanding that these procedures should be reciprocal and at the intergovernmental level.

Generalized Preferences:

Mr. Chairman,

We are pleased that it was possible to adopt this resolution by consensus. I should like to state for the record, however, that if there had been a vote, we would have abstained on paragraph (D) of Section I.1,A on page 3.

We do not accept the possible implication that some countries are using the GSP for coercive purposes.

4. Transfer of Technology:

Group B joined the U.S. in making the following statements:

Mr. Chairman,

We are pleased to note that notwithstanding initial divergent positions on questions relating to a code of conduct for the transfer of technology, the Conference has reached a consensus on a Resolution which enables concrete work on this matter to go forward. We are ready and willing to engage in negotiations, in accordance with the Resolution contained in TD/L.128, towards the end of establishing a code of conduct which sets reasonable standards for both governments and enterprises.

We remain convinced that the establishment of a voluntary code of conduct would best serve the transfer of technology and that such a code of conduct should be universally applicable -- covering all international transfer of technology -- and be directed to source and

recipient enterprises and their governments. The Conference agreed not to prejudge the legal character of the code and the Resolution contained in TD/L.128 is also compatible with the concept that the code may be entirely voluntary in character and may be adopted as a United Nations Resolution.

It is with these understandings in mind that we look forward to participating in the work of the Intergovernmental Group that has been established by this Conference. We believe that a code can be produced which will make a major and positive contribution to the international transfer of technology, as well as to strengthening the technological capacity of all States, especially developing countries.

We hope that negotiations to come will permit further progress and facilitate full agreement on this most important matter.

The members of Group B lend their full support to the Resolution on strengthening the technological capacity of developing countries (TD/L.111 and TD/L.111/corr.1) which we believe contains positive and meaningful measures aimed at improving the technological infrastructure and capability of developing countries.

Mr. Chairman, the members of Group B wish to make clear their interpretation of paragraph 5(b)(i) of this Resolution. We support appropriate exchange of information on technological alternatives between developing countries. It is recognized that much of the technological information available to governments is developed by enterprises. Therefore, we affirm that "appropriate" exchange of "available" information must be consistent with contractual agreements and, where relevant, respect confidentiality of technological information.

APPENDIX F

PRESS STATEMENT BY DEPUTY SECRETARY OF STATE CHARLES W. ROBINSON MAY 31, 1976, IN NAIROBI AT CONCLUSION OF UNCTAD IV

The United States is highly gratified at the successful conclusion of UNCTAD IV. This conference will clearly be a milestone in the course of the constructive dialogue between industrial and developing countries launched last fall at the Seventh Special Session of the UN General Assembly. In an atmosphere of constructive compromise the industrial and developing countries have here achieved substantial progress in each of the areas of particular concern to this conference; commodities, transfer of technology, financial and debt issues and the role of UNCTAD.

The United States made a major contribution to these achievements. In his address at the beginning of this conference Secretary Kissinger put forward a comprehensive set of U.S. proposals which helped set the right tone from the outset throughout the discussions here. This significant number of high-ranking U.S. officials who attended this conference as well as the large and very active U.S. congressional delegation are further evidence of our commitment. Finally, the U.S. delegation played a major role in negotiations leading to several consensus resolution which were key to a successful outcome.

In some key areas the results of this conference closely reflect significant U.S. proposals. The resolution on strengthening the technological capability of developing countries incorporates major elements of a comprehensive approach to technological transfer presented by Secretary Kissinger.

We regret that the Group B nations proposed resolution on the International Resources Bank failed to pass by only two votes, as it was proposed in the interest of supporting accelerated economic growth in the developing nations. This decision will not reduce our dedication to this task, however we can't help but feel that our efforts will be handicapped by the lack of a multilateral financing institution along the lines we had proposed. Other resolutions contain significant U.S. proposals on grant assistance for the least developed countries and multilateral untying of development assistance.

The centerpiece of UNCTAD IV is clearly its resolutions on commodities, particularly the comprehensive resolution submitted by the President of the conference. There are two major elements of the commodity program launched in this resolution which was adopted by a consensus. First, this resolution launches a program of consultation and negotiation on individual commodities. Under this program the Secretary-General of UNCTAD is authorized to convene preparatory meetings on specific commodities. The purpose of such preparatory meetings is to determine the nature of the problems affecting particular commodities and to determine the measure which might be appropriate to each of these products.

We expect that the Secretary-General in convening preparatory meetings will utilize existing commodity bodies where they exist.

Second, this resolution launches a process of considerations on new mechanisms of buffer stock financing, in particular for a common fund to finance buffer stocks. The U.S. will participate in preparatory meetings called for under this resolution, the purpose of which is to clarify the objectives, modalities, financial arrangements and other aspects of a possible common fund. The resolution itself notes that differences persist regarding the objectives and modalities of a common fund.

Our participation in a negotiating conference will depend on the results of such a preparatory meeting and, importantly, on the results of the work underway on individual commodities.

It is extremely encouraging that the industrial and developing countries here at UNCTAD, despite diverging views, were able to negotiate such a broad resolution on commodities which could be supported by all.

These are the comments on the U.S. role in the course and outcome of this conference which I wish to make. Now I, and Paul Boeker, working head of the U.S. delegation during most of this conference, will be glad to take your questions.

APPENDIX G

JOINT STATEMENT ON UNCTAD IV BY SECRETARY OF STATE HENRY A. KISSINGER AND SECRETARY OF THE TREASURY WILLIAM E. SIMON

June 1, 1976

The United States went to UNCTAD IV at Nairobi in a serious and cooperative spirit. In preparation for the Conference, we conducted a thorough review of US international economic policies in which all agencies of the Government participated. There was agreement on a series of proposals of special relevance to the developing countries, which we presented at UNCTAD. We were represented by the most senior delegation in the history of UNCTAD meetings, and, for the first time, the United States position was set forth in an opening statement by the Secretary of State. In that statement, the United States put forward its proposals to deal with the problems of the developing world, including proposals directly related to commodities, and at the same time indicated that there were certain proposals that we could not accept. Throughout the four-week meeting, the United States cooperated with other nations and important progress was made on a number of matters before the Conference.

In our review of international commodity policies in preparation for the UN CTAD meeting, and otherwise, we have tried to find ways of meeting the concerns of the developing countries, within the framework of an efficient international market system. As we have made clear at the UN Conference, we are prepared to participate in a case-by-case examination of arrangements to improve the functioning of the international commodity markets through a broad range of measures appropriate to specific commodities, but we have opposed mechanisms to fix prices or limit production by intergovernmental action.

One of the most significant of the US proposals addressed the problem of increasing investment in mineral development. For that reason, the United States, in an effort to meet the interests of the developing countries and the world economy at large, proposed an International Resources Bank to facilitate the continued flow of essential capital, management and technology for the development of new resources in the LDCs.

As the Conference progressed, a senior interagency group in Washington reviewed all proposals before the Conference with a view to accepting as many as possible of the suggestions being made by the LDCs and other countries consistent with our basic principles.

At the final plenary session an LDC resolution on commodities was adopted by consensus. The interagency group authorized reservations about parts of this resolution, which were read at the Conference. Nevertheless, we joined the consensus because we wanted to contribute to the spirit of harmony in the closing sessions of the Conference and because the resolution contained a number of elements of our own comprehensive approach which had been agreed within the Government and advanced by Secretary Kissinger in his address to the Conference three weeks earlier. As our reservations indicate, we did not believe that all aspects of the LDC proposals were practical and feasible. However, we committed ourselves to the search for concrete, practical solutions to commodity problems that will be in the interests of both producers and consumers.

It is all the more regrettable, therefore, that the resolution proposing further study of the International Resources Bank was defeated by two votes with 31 votes in favor. Ninety countries at the last minute abstained or absented themselves.

A substantial number of the 33 votes against were the Socialist countries, whose contribution to the development of the poorer countries of the world is negligible.

Forty-four countries cooperated in this effort by abstaining on the International Resources Bank and forty-six absented themselves almost all of which were the developing countries. This does not augur well for the future of the dialogue of the world-wide development effort. The United States, whose role is so vital,

does not expect when it makes major efforts to cooperate, that its proposals will be subject to accidental majorities.

If the dialogue between the developing and developed countries, to which we attach great importance, is to succeed, suggestions put forward by the developed nations, such as the IRB at UNCTAD, must be treated on the merits and with serious consideration. The LDCs must not lend themselves to parliamentary manipulation by those states who contribute nothing to the development of the poor nations of the world.

We will be addressing the problems of resource development financing again in later meetings, including the preparatory conferences contemplated by the commodities resolution of UNCTAD IV. We will advance the IRB proposal again and we expect that it will be considered with the same respect and care which the United States will lend to the study of the proposals which the LDCs will table.

The United States went to Nairobi with a wide range of other proposals aimed at dealing constructively and pragmatically with the urgent problems of the developing world. We are gratified that the Conference embraced a number of these suggestions, dealing with resource and technology transfer and trade expansion. We will continue to elaborate these proposals—as well as the proposal for the Resources Bank—in appropriate fora, because they are right for the profound problems we are addressing.

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