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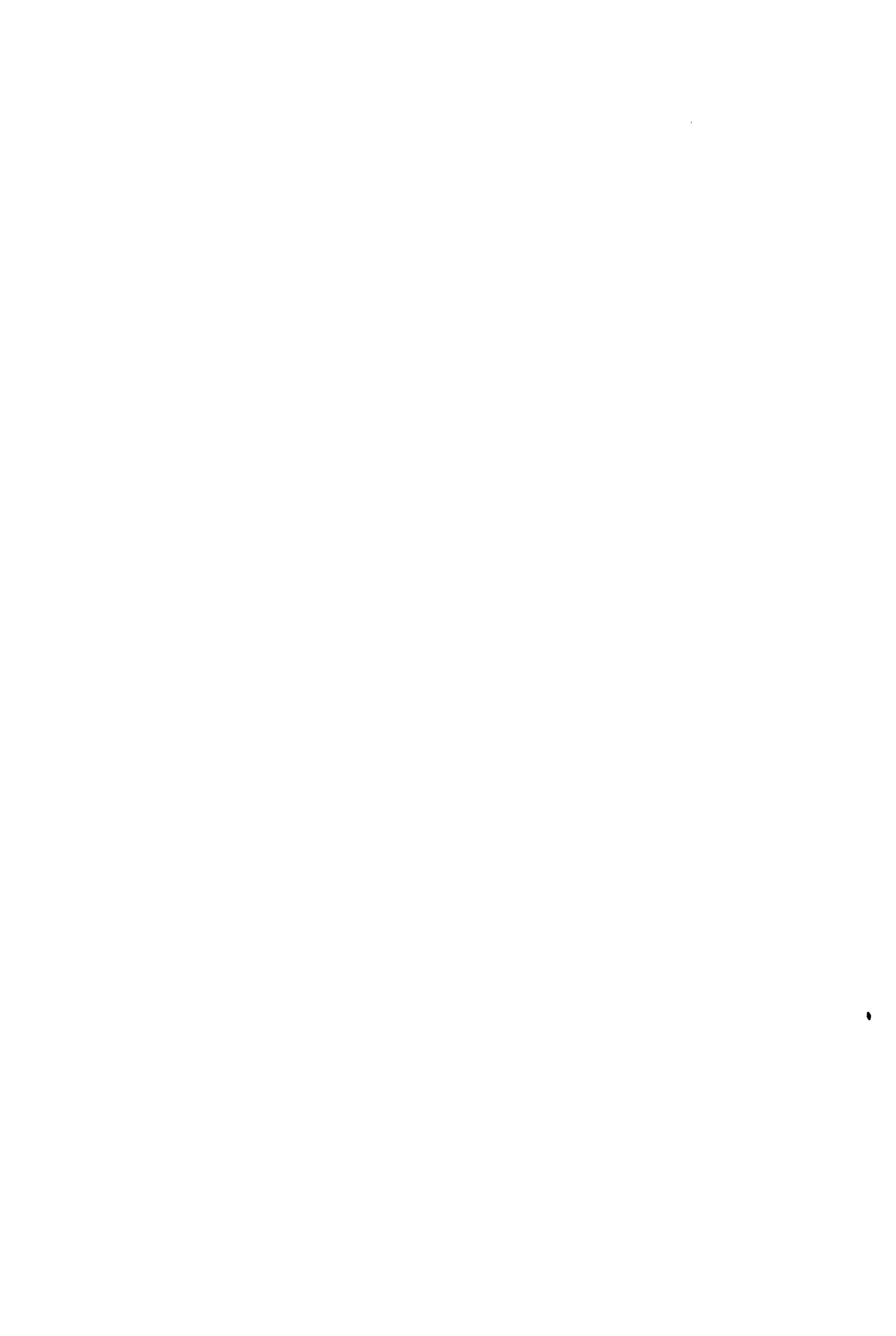
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### Report

drawn up on behalf of the Committee on Development and Cooperation

on the preparation, conduct and outcome of the fourth United Nations  
Conference on Trade and Development (5 to 31 May 1976)

Rapporteur: Mr P. DESCHAMPS



By letter of 26 March 1976 the Committee on Development and Cooperation requested authorization to draw up a report on the preparation, conduct and outcome of the fourth United Nations Conference on Trade and Development.

Authorization was given by the President of the European Parliament in his letter of 9 April 1976.

On 21 April 1976 the committee appointed Mr Deschamps rapporteur.

It considered the draft report at its meetings of 20 May, 24 June, 21 September and 29 September 1976 and unanimously adopted the motion for a resolution and the explanatory statement with 1 abstention on 29 September 1976.

Present: Miss Flesch, chairman; Mr Sandri, vice-chairman; Mr Deschamps, rapporteur; Mr Bersani, Mr Broeksz, Mr De Keersmaeker (deputizing for Mr Schuijt), Mr Delmotte (deputizing for Lord Walston), Mr Dondelinger, Mr Durieux, Mr Espersen, Mr Flämig, Mr Jakobsen, Mr Martens (deputizing for Mr Härzschel) and Mr Brøndlund Nielsen.

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A

The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the preparation, conduct and outcome of the fourth United Nations Conference on Trade and Development (5-31 May 1976)

The European Parliament,

- having regard to the communications from the Commission of the European Communities to the Council of 4 February 1976 (COM(76) 39 final) and 31 March 1976 (COM(76) 139 final),
  - having regard to the report of the Committee on Development and Cooperation (Doc. 333/76 ),
1. Emphasizes that UNCTAD, for all its faults, is the world's major forum for discussion of questions relating to development and therefore hopes that the EEC will not be limited to an observer's role;
  2. Regrets that the Member States and the EEC itself on the basis of a common political will did not prepare UNCTAD IV in the same depth as the Group of '77', which, by publishing its Manila Plan several months before the Conference opened, was in a position to take the initiative on many points;
  3. Notes that, at the conference, only partial cohesion was achieved between the Member States and that internal dissension prevented the EEC from taking fuller advantage of the credit it enjoys with the developing countries;
  4. Recognizes the need for a major change in relations between developing and industrialized countries, but emphasizes its agreement with Secretary-General GAMANI COREA that unsatisfactory internal structures cannot be modified by international measures alone but require a greater striving for justice within the countries themselves;
  5. Urges the Council of the EEC and its Member States to accept the principle of a 'new world economic order' based on rights and obligations both of the developing countries and the industrialized countries, taking into account the growing interdependence of the various factors that shape the world economy ;

6. Affirms the need to improve the real income of the developing countries by increasing their export earnings and by protecting them against wild and excessive fluctuations in these earnings;
7. Requests the Community and its Member States, in this respect, to push ahead with their efforts to achieve a better organization of basic trade, with particular emphasis on the integrated programme for commodities, a study of which was approved in Nairobi;
8. Recommends - while recognizing that a general moratorium would not be in the interests of the developing countries - that an urgent study be undertaken, case by case, of the developing countries' debt burden, and that an operation be set up and criteria determined for the poorest countries within an appropriate international context;
9. Approves the resolutions adopted at UNCTAD IV concerning the transfer of technologies and requests the EEC and its Member States to cooperate actively in drawing up an international code of conduct for the transfer of techniques designed to meet the specific needs of the developing countries;
10. Emphasizes that UNCTAD involves a continuous and progressive effort and that the results of a Conference depend to a large extent on the reactions of other international authorities;
11. Therefore, urges the appropriate authorities of the EEC and the competent committees of the Parliament to follow closely the implementation of the programmes decided in Nairobi, to make sure that the timetable is adhered to and to report to Parliament on the progress made;
12. Instructs its President to forward this Resolution and the report of its committee to the Council and Commission of the European Communities and, for information, to the Secretary-General of the United Nations Conference on Trade and Development.

B  
EXPLANATORY STATEMENT

I - INTRODUCTION

1 - The European Parliament held a preliminary exchange of views on the outcome of the Fourth United Nations Conference on Trade and Development (UNCTAD) at its sitting of 16 June 1976.

It emerged that, in the opinion of the Press, the Nairobi Conference had been either a 'partial failure' or a 'qualified success'. The European Parliament, on the other hand, felt that the results had been largely 'satisfactory', though some Members had expressed disappointment.

That there should have been slight, even wide, differences of opinion is understandable: those who followed the Conference from the very beginning will naturally be inclined to see the results as somewhat encouraging, given the difficulties that had to be overcome, whereas those whose opinions are based solely on the resolutions adopted at its close will be unimpressed by the conclusions they embody.

Furthermore, most Members realize that it is premature to form a categorical and definitive judgment, since a comprehensive and objective assessment of the results cannot be made for some months.

It is the view of your rapporteur, moreover, that, in order to make a sound assessment of the value of the Nairobi Conference, it is also necessary to look back at UNCTAD's history and examine its importance for relations between the developing and industrialized countries.

2-(a) UNCTAD was established on 30 December 1964 as a permanent organ of the United Nations General Assembly by Resolution 1995 (XIX). The fact that it is a permanent organ whose work is continuous must always be borne in mind when assessing the results of its labours. To expect everything to be achieved at a single conference and to make a general assessment of UNCTAD's work at the end of that conference would be to misconstrue its on-going and progressive nature.

(b) The aim of UNCTAD is above all to promote international trade, especially with a view to accelerating economic development, particularly trade between developing countries and countries with different systems of economic and social organization.

A further aim is to formulate principles and policies for international trade and related problems of economic development, and to make proposals for putting the said principles and policies into effect.

Lastly, UNCTAD has to exist as a centre for harmonizing the trade and related development policies of governments and regional economic groupings.

- (c) The first Conference was held in 1964 in Geneva, consequent upon which the United Nations decided to hold similar conferences on a regular basis. It was originally planned to organize a conference once every three years but in practice they are held every four.

UNCTAD II was held in 1968 in New Delhi and UNCTAD III in 1972 in Santiago de Chile.

- (d) 154 countries are at present members of UNCTAD, the preparatory work of which is entrusted to a permanent body, 'the Trade and Development Board', which comprises 68 Members.

The Board meets in regular session annually and in special session as necessary.

The work itself is divided between the following five committees:

- The Committee on Commodities,
- The Committee on Manufactures,
- The Committee on Invisibles and Financing related to Trade,
- The Committee on Shipping,
- The Committee on the Transfer of Technology.

- (e) The Commission of the European Communities participates in the work of the Conference without voting rights in the same capacity as some 40 other sundry organizations such as:

- The International Lead and Zinc Study Group,
- The Italo-Latin American Institute,
- The World Intellectual Property Organization.

This is another point to remember when assessing the role of the EEC: officially, its status is quite simply that of an observer.

- (f) The first Secretary-General of UNCTAD was an Argentinian, Raúl Prebisch. He was succeeded in 1969 by a Venezuelan, Manuel Perez-Guerrero. Since 1974, the post has been occupied by Mr Gamani Coréa of Sri Lanka.

- 3 - (a) Since the first Conference in 1964 in Geneva, the developing countries have been represented en bloc. The countries comprising this bloc originally numbered 77, which is why they continue to be known as the Group of 77, despite the fact that they now number 111.



The 'Group of 77' is not, however, a concept formally recognized by UNCTAD, which has divided its member countries into the following groups:

- Group A

all the Asian countries (except Japan), Yugoslavia and the African countries.

- Group B

the developed market economy countries, i.e. the Western European countries, Australia, Canada, Japan, New Zealand and the United States.

- Group C

the Latin-American and Caribbean countries

- Group D

the Soviet Union and the other East European socialist countries.

- (b) The work of the United Nations Conference on Trade and Development normally proceeds on the following lines:

The beginning of each conference is set aside for official speeches. Thus, the 5,000-odd delegates to UNCTAD IV were allotted 207 official speeches, delivered by ministers who then returned to their respective countries, leaving the main business of the Conference to be carried on by working parties (mainly consisting of civil servants). The ministers then return to the Conference - generally towards its end - for the adoption of the resolutions and final declarations.

This procedure is not, of course, capable of producing the best results, which is why the view is held in some quarters that UNCTAD is rendered powerless by its very organization. But is this view borne out by its twelve years' existence? And can it truly be said that each of its conferences has been a failure? In any objective appraisal of the results, the fact should not be overlooked that the main conferences held every four years, however large and serious they may be, are no more than general assemblies of all of the Conference's members. In between these ceremonious and infrequent gatherings, meetings of the Board are held once or twice annually and sessions of the various committees once annually.

Thus, the Conference's work is an on-going process which, under the direction of a 'committed' and diligent secretariat, keeps the governments on their toes and does not allow them to be content with the indifferent results achieved.

Furthermore, there can be no denying the fact that every Conference has culminated in the adoption of one or other resolution of major historical importance.

4 - First Conference: Geneva (23 March-17 June 1964)

The United Nations General Assembly's decision to continue with its experiment of holding a special conference on development problems undoubtedly was prompted by the success of the first UNCTAD held in 1964 in Geneva. It was at this first Conference that the decision was taken to set targets for the volume of aid to be furnished by the developed to the developing countries. At the time, the total aid commitment (official and private) was envisaged as one per cent of GNP. Since then, however, the objective has been further defined by the introduction of a second target - set at 0.70% - for official aid alone. Even so, the point of departure was the 1964 resolution, which at the time was quite revolutionary.

Second Conference: New Delhi (1 February-29 March 1968)

The commitment entered into by the developed countries to grant generalized tariff preferences to the developing countries was undoubtedly the achievement of the 1968 Conference held in New Delhi. Though nowadays accepted without question, this commitment was only ten years ago regarded as a heresy in some quarters.

Third Conference: Santiago de Chile (13 April-19 May 1972)

Recognition of the right of the developing countries to participate fully in consultations on international monetary reform and multilateral trade negotiations dates from this Conference.

Previously, that right had not seemed self-evident to those countries which traditionally play by far the major part in the world's financial, monetary and commercial transactions.

At Santiago, agreement was reached for the very first time on the need to take account of the importance of regional integration between the developing countries themselves and of the impact of the international monetary situation on their trade.

Thus, whilst the major achievement of the first Conference had been to give the developing countries an opportunity of joining forces, subsequent conferences provided the inspiration for a number of ambitious ideas in the field of development cooperation. These ideas found immediate acceptance, but much has still to be done before most of them are fully realized. Nevertheless, the very fact that they have gained currency and that plans have been laid for their realization represents in itself an undoubted achievement.

This was above all a political achievement for which the joint position adopted by the Group of 77 was primarily responsible. It was because of the determination of this Group that the decision was taken to set up an international forum to deal exclusively with development matters. Hence the political necessity for the developing countries to spell out clearly their problems, so as to draw the attention of world public opinion to their needs. The results of the UNCTAD conferences have, moreover, always been of a political nature, which is in no way surprising, since the aim of UNCTAD is to determine development policy priorities and to establish guidelines for world leaders. UNCTAD's most important function is to mobilize world public opinion in support of ambitious ideas for promoting development and cooperation - its role is to record the progress made in these areas through the appropriate political agencies, rather than to adopt resolutions which are compulsory and binding. UNCTAD lays down guidelines, recommends courses of action and provides a forum for the coordination of policies which will later be implemented in other international bodies.

- 5 - A definition of the 'inspirational' role played by organizations such as UNCTAD was given by Chadwick F. Alger in the early 1960s<sup>1</sup>.

This definition was endorsed by Robert S. Walters in an article in 'International Organization' (No. 4 - Autumn 1971), which rightly pointed out that there is a tendency to judge the international organizations first and foremost by their ability to accomplish their explicit goals through appropriate mechanisms established for that purpose.

Walters concluded, however, that this was not necessarily the only or the most important method of determining the impact that an organization had on relations among its members. A sounder approach, he felt, was to examine the way in which international organizations affect the broader international system in which they operate, even when such organizations fail to solve their own specific problems.

Walters further maintained that the developing countries have found in UNCTAD a mechanism for articulating, securing approval and pressing their demands for a reshaping of the international political and economic environment, which could enable them to play an increasingly important part in tackling problems directly affecting their welfare. In short, UNCTAD is an international organization admirably suited to the efforts of the developing countries to restructure political relationships between themselves and the industrialized countries. Clearly, an organization must

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<sup>1</sup> 'Non-resolution Consequences of the United Nations and their Effect on International Conflict' - Journal of Conference Resolutions, June 1961.

do more than simply define its interests in order to be able to exert any influence on political decisions. If, however, it is not even able to put its political goals into concrete terms, it has no chance of giving shape to those decisions.

- 6 - UNCTAD is, then, the main 'pressure group' of the developing countries. Its secretariat is not neutral, but serves as a mouthpiece for the aspirations of the developing countries. The part long played by its Secretary-General, Raul Prebisch, in this respect is well known.

The East-West Cold War seems to have given way to a 'confrontation' between North and South and this is largely attributable to the work of the 1st United Nations Conference on Trade and Development and particularly to that of its 5th committee (the Committee on the Expansion of International Trade).

- 7 - Consequently, your rapporteur believes that the results of the last UNCTAD will have to be examined from a suitable distance and in the medium and long term. In its communication to the Council of 8 March 1972<sup>1</sup>, the European Commission again raised doubts about the real scope of the guidelines formulated by the second UNCTAD held in New Delhi four years earlier. However, the progress that has since been made, especially as regards the granting of generalized preferences to exports of the developing countries' manufactured products and the amount of aid given, clearly demonstrate that it takes several years for the ideas and measures agreed upon after long and arduous negotiation at a large multi-national conference to find practical expression in the policies of each member country. This is probably why the Commission took the view in the 1972 document that, although the concrete results of so much work had been so limited, the political importance of UNCTAD continued to be such as to call for as constructive a contribution as possible from the Community and its Member States.

Were all these factors borne in mind by the future participants in the fourth UNCTAD in Nairobi? Were they guided by these basic historical matters of fact in their preparation for this Conference and their assessment of its results? These are the questions which your rapporteur now intends to consider, starting with the Conference's preparation.

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<sup>1</sup> See Doc. SEC(72) 931 final, p. 2.

## II - PREPARATION OF THE CONFERENCE

### 8 - Preparation by the Community

- (a) The European Commission prepared the Community's position for UNCTAD IV, notably with the submission of two communications to the Council<sup>1</sup>.

In Doc. COM(76) 39 final of 4 February 1976, it first of all outlined the position which the Community might adopt at the meeting from 8 to 19 March 1976 in Geneva of UNCTAD's Trade and Development Board. As is known, this meeting was a dress rehearsal for the Conference proper.

On 31 March 1976, the Commission published a second document (COM(76) 139 final) setting out the area and scope of the decisions to be taken by the EEC at the Nairobi Conference itself.

In its communication to the Council of 31 March 1976, the Commission pointed out that UNCTAD would continue in the years ahead to be the main forum for the discussion of all matters relating to development. It further stated that the discussions in UNCTAD were closely linked to those held in the context of the North-South dialogue.

Against this background, the Commission recommended the adoption of a strategy based on the following principles<sup>2</sup>:

- for developing countries as such, improved market access and the adoption of guidelines on indebtedness;
- for the raw materials producers, agreement on a list of commodities, on a precise timetable, on the consumer/producer financing of costs arising within commodity agreements, and, for the poorer countries, stabilization of export earnings as appropriate;
- for the more advanced developing countries, agreement on measures to strengthen their technological capacity and on a comprehensive but non-binding code of conduct;
- for the poorer developing countries - in addition to the measures mentioned above - increased flows, improved distribution and improved terms of aid, including such specific measures as may be agreed before or at the Conference. Special trade measures might also be considered.

<sup>1</sup> Many preparatory documents were drawn up by Commission officials which, although unpublished, proved to be extremely useful in the actual Nairobi discussions.

<sup>2</sup> See COM(76) 139 final, para. 31.

9 - (b) On 3 and 4 May 1976, the Council of Ministers took note of the work carried out by the Commission departments in connection with the North-South dialogue and UNCTAD's Trade and Development Board.

The press release published at the end of the meeting<sup>1</sup> was characteristically vacuous, simply stating : 'The Council also held a detailed discussion on the subject of the 4th UNCTAD. It worked out the joint positions to be taken by the Community in Nairobi and set out the guidelines to be followed by the delegations of the Nine attending the Conference.

At the opening of the 4th UNCTAD, the President of the Council and the Commission representative will make general statements on behalf of the Community, the texts of which will be published in Brussels on the same day'.

Your rapporteur is well aware that it is difficult for the Community to publish an extensive statement of its negotiating position on matters as sensitive as those dealt with by UNCTAD. But to publish on that account a statement of such insipidness... it seemed obvious that President Thorn would have to go to Nairobi without even a draft Community statement!

(c) The European Parliament was not to be misled, however, and Members seized the opportunity afforded by Mr Cousté's question of 12 May 1976 on the terms of reference which had been drawn up in preparation for UNCTAD IV to pursue the matter in the House.

Mr Cousté was concerned at the lack of consistency in the Community's position, not only at the Nairobi UNCTAD Conference, but also in the North-South dialogue in Paris and the Tokyo Round in Geneva.

The President-in-Office of the Council, Mr Thorn, merely replied that the Council had defined the Community's position on 3 and 4 May and that he himself had explained this position in Nairobi.

When pressed upon this point by several speakers - Mr Laudrin, Lord Reay as also your rapporteur - the President admitted that there had been disagreement between the members of the Community and that they had reached unanimity only on a minimum of points, although some had wished to go further. 'The day immediately following the meeting', he continued, 'several colleagues, speaking on behalf of their countries, did in fact go beyond the positions I put forward on behalf of the Community'.

<sup>1</sup> See Doc. PE 44.668

Replying to another question, the President of the Council said that the Council could not as yet define its position on Dr Kissinger's proposal that an International Resources Bank be set up, since there had been no Council meeting and, besides, not all nine Ministers of the Member States had been present in Nairobi.

Lastly, Mr Thorn indicated that the Community had not reached a favourable position on the question of indebtedness, not even a minimal one.

10 - As regards the developing countries, the preparatory work for the UNCTAD Conference was carried out by the Group of 77 at a meeting held in Manila from 26 January to 7 February 1976. A declaration (the Manila Declaration) and a programme of action were drawn up, reviewing the economic situation of the developing countries and the results obtained since the adoption of the International Development Strategy. The Declaration also refers to the Programme of Action on the Establishment of a New International Economic Order and to the Charter of the Economic Rights and Duties of States.

- (a) The Declaration begins by expressing the developing countries' deep disappointment at the fact that so few concrete results had been achieved in the field of development cooperation. It maintains that the developed countries as a whole had neither implemented the general policy measures nor fulfilled the commitments they had undertaken in order to improve the situation of the developing countries particularly that of the least developed countries which had worsened since the last UNCTAD.

The fact that the economy of all the developing countries had been seriously affected by international economic conditions was primarily due to world inflation, monetary disorders, recession in the highly industrialized regions and 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 were also causes of this decline, according to the Manila Declaration. This was why the Group of 77 had decided 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 certain concrete objectives in the various fields of international economic cooperation.

11 - (b) The objectives set forth in the Manila Declaration and programme of action are as follows:

- to restructure international trade in commodities;
- to reshape the structure of world industrial production and trade;
- to expand the total export capacity of the developing countries;
- to achieve substantial results for the developing countries in the multilateral trade negotiations;
- to condemn and reject all forms of discrimination, threats or coercive economic policies and practices;
- urgently to achieve a reform of the international monetary system which will meet the interests and needs of the developing countries;
- to secure short-term and long-term financing in sufficient volume and on favourable terms, and to accelerate the flow of financial assistance from the developed countries;
- to ensure that the developed countries and international organizations take immediate steps to alleviate the increasing debt problems of the developing countries;
- to promote national technological progress through the acquisition of a technology adapted to the needs, interests and priorities of the developing countries, and to ensure the transfer of technology at international level.
- to ensure that the activities of transnational corporations operating in territories of developing countries are compatible with their objectives of national development;
- to promote and foster a programme of economic cooperation among developing countries;
- to devote efforts towards urgent action for the expansion of trade between the developing countries and developed countries with centrally planned economies;
- to establish more effective and realistic measures and policies through suitable mechanisms in favour of the least developed, land-locked and island developing countries;
- to implement without delay effective measures in favour of the most seriously affected developing countries;
- to further cooperation in the solution of major and urgent international economic problems affecting the developing countries;
- to continue and intensify efforts to effect the changes urgently needed in the structure of world food production;
- to strengthen the negotiation function of UNCTAD.



12 - The Manila Declaration is a document of more than 85 pages, which your rapporteur obviously cannot go into at length. He has therefore decided to concentrate his analysis on the three most important topics of discussion at the 4th UNCTAD, viz:

- the integrated programme and the common fund;
- the debt problem;
- the problem of the transfer of technology.

13 - A. The objectives of the integrated programme are:

- (a) to improve the terms of trade of the developing countries in the field of commodities;
- (b) to support 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) to reduce excessive fluctuations in commodity prices and supplies in the interests of both producers and consumers;
- (d) to improve and stabilize in real terms the purchasing power of the export earnings of individual developing countries;
- (e) to expand developing country exports of primary and processed products, improve the competitiveness of natural products vis-à-vis synthetic substitutes and harmonize the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;
- (f) to diversify production, including food production, and expand the processing of primary commodities in developing countries with a view to promoting their industrialization and increasing their export earnings;
- (g) to ensure access to markets of developed countries for exports from developing countries;
- (h) to increase the participation of developing countries in the transport, marketing and distribution of their exports and their share in the earnings therefrom.

B. To achieve the objectives of the integrated programme, the Manila Declaration proposes that the following measures be taken:

- establishment of a common fund for the financing of international commodity stocks;

- setting up of international commodity stocking arrangements;
- harmonization of stocking policies and the setting up of coordinated national stocks financed, in the case of the developing countries, by the common fund or by international financing agencies through a broader and more liberal financing scheme for buffer stocks;
- negotiation of other measures necessary for the attainment of the objectives of this programme within the framework of international commodity arrangements;
- effective application of appropriate measures and procedures for indexing the price of commodities exported by developing countries to the prices of manufactures imported from industrialized countries;
- improvement and enlargement of compensatory financing facilities;
- promotion and support of processing and diversification activities in the developing countries;
- appropriate measures for greater participation by developing countries and for improving their share in the transport, marketing and distribution of commodities.

14 - As regards official debts, it is proposed that debt relief should be provided by bilateral creditors and donors to those developing countries which request it. Such relief could take the form of waivers or postponement of interest payments and/or amortization, or cancellation of the principal of the official debt etc.

It is proposed, inter alia, that the official debts of the least developed countries should be written off.

It is also proposed that the commercial debt of the developing countries concerned should be consolidated and payments rescheduled over a period of at least 25 years.

Finally, it is proposed that a conference of major developed creditor and interested debtor countries should be held under the auspices of UNCTAD in 1976.

15 - As regards the transfer of technology, the Manila Declaration proposes that a conference of plenipotentiaries should be held under the auspices of UNCTAD during 1977 to establish a multilateral, legally binding code of conduct on the transfer of technology.

The aim of the Conference should be to facilitate and increase the international flow of technology of all forms on favourable terms and conditions and to eliminate restrictive and unfair practices affecting technology transactions.

In this way, the Manila Declaration affirms, the national technological capabilities of all countries will be strengthened. The Declaration also proposes 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 on-going revision of that system.

16 - In addition to the three central topics of discussion at the 4th UNCTAD, the Manila Declaration and Programme of action define the Group of 77's position on a number of other problems such as:

- improving access to markets in developed market economy countries and the communist countries of Eastern Europe for manufactures and semi-manufactures of developing countries;
- restrictive business practices;
- transnational corporations and the expansion of exports of manufactures by developing countries;
- export and industrial financing;
- international cooperation for industrial restructuring;
- the 0.7% target for official development assistance;
- access to capital markets in developed countries;
- cooperation among developing countries.

A special section is devoted to the least developed among the developing countries, developing island countries and developing land-locked countries.

In this connection, it is proposed that the developed countries should cancel the official debts of these countries and that the developed market-economy countries should give immediate and favourable consideration to providing highly concessional terms of relief for the other least developed countries.

17 - There can be no doubt that, by drawing up the Manila Declaration, the developing countries achieved a much more unified position and gave proof of their capacity for close cooperation. By doing this the Group of 77 made a positive contribution to the smooth conduct of its proceedings.

In fact, the Manila Declaration and programme of action were used by the UNCTAD secretariat for the preparation of a whole set of reports, which analysed in greater detail some of the ideas they embodied.

The secretariat also prepared a study on the range of products which it intended to include in the integrated programme. It was proposed to include in it a sufficiently wide range of commodities which featured prominently in the external trade of the developing countries (see Annex I). As a start, 17 products were chosen, 10 being classified as 'essential', viz: coffee, cocoa, tea, sugar, cotton, rubber, jute, sisal, copper and tin.

Seven others were also chosen: wheat, rice, bananas, beef and veal, wool, bauxite and iron ore. Of the 17 products chosen, the 10 regarded as essential together represent approximately 75% of the value of the developing countries' exports. Overall, the 17 products account for approximately 3/4 of the developing countries' export revenue from agricultural and mineral products, other than oil.

It will be noted that five of these products are already covered by international agreements of one kind or another.

- 18 - One of the most important sections of the integrated programme is that which deals with the creation and management of international stocks. It was proposed that, for each of the ten essential products, international stocks should be created or a review carried out of existing arrangements.

The study carried out by the UNCTAD secretariat suggests that negotiations could be held with a view to creating stocks of some of these products immediately, in order to support agreed minimum prices. In the case of other products, new mechanisms could be introduced to strengthen those which exist already, so as to meet the situation created by falling prices or production surpluses as and when appropriate.

As for cereals and other food products, it was noted that any policy designed to improve the supply in the developing countries must, to be complete, include stockpiling provisions.

It was also proposed that, for most of the products for which the setting up of international stocks was envisaged, the stockpiling machinery should be combined with other market regulation techniques.

The main point of this proposal was that management supply measures should include controls on exports or production so as to ensure remunerative prices for producers.

- 19 - The purpose of the proposed common fund would be to grant, on appropriate terms, loans to organizations dealing in specific products and managing international stocks. The common fund should be the central financing source for all organizations dealing in products, the object being to secure on the capital market more advantageous loans for such organizations than for those operating for their own account. The cost of setting up a common fund was estimated at \$3,000 million for the 10 essential products. A sum of \$1,000 million would be paid in the form of subscribed capital and the remaining \$2,000 million in the form of loans. In addition, it was proposed that the governments should undertake to place at the disposal of the common fund an additional sum

of \$3,000 million : \$1,000 million in the form of subscribed capital and \$2,000 million in the form of loans.<sup>1</sup>

The capital would be subscribed by the countries importing or exporting the products listed in the integrated programme.

As regards the oil-exporting countries, it was thought that these would be encouraged to provide long-term loans to finance the common fund because investment in the international stocks would offer a safe guarantee and also yield reasonable interest rates.

20 - It was proposed that agreements relating to the various products covered by the integrated programme should be negotiated separately because, besides the considerable differences in the institutional structures of the developing countries, the supply and demand situation, price instability and price trends varied appreciably from one product to another. The UNCTAD secretariat stressed, moreover, that such negotiations on a product-by-product basis within the framework of an integrated programme would signify a clean break with the system most widely used theretofore. As will be seen later, it was precisely this new conception of the negotiating procedure which was the cause of a profound and as yet unresolved disagreement between the industrialized countries and the Group of 77.

Your rapporteur decided to devote a substantial part of his report to the preparatory work for the Conference because he was convinced that thorough preparation was essential and perceived that this had obviously been taken less seriously by some parties than by others.

The Manila Declaration, representing the best possible compromise between the demands of the developing countries, served as the basis for nearly all the committee's deliberations.

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<sup>1</sup> It was thus envisaged that the common fund would be largely financed by interest-bearing loans, because the system would be essentially a self-financing one.

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Conversely, inadequate preparation and failure to adopt a joint position on the part of the countries comprising Group B, and on the part of the Community in particular, frequently compelled them to take a defensive stance, although their contribution to the Conference itself demonstrated that they, too, could have submitted proposals to serve as a basis for discussion.

Lastly, it was clear that an adequate appraisal of the ideas of some countries taking part in the Conference, especially those of the United States, was precluded by their untimely submission.

This is why the main Kissinger proposal was rejected by a slender majority and with many abstentions, even though the representatives of the developing countries themselves saw that it had much to commend it.

In the opinion of your rapporteur, it is important that the parties to such negotiations, without adopting positions so inflexible that any genuine negotiations would prove impossible, should nonetheless state their main areas of interest and the lines they intend to take well before the beginning of the Conference. The lesson of adequate preparation must first be learned if we are to carry out our present tasks effectively.

### III - PROGRESS OF THE CONFERENCE

#### A. - First stage : Preliminary and main statements

21 - The Fourth Session of the United Nations Conference on Trade and Development opened on Wednesday, 5 May 1976 at 11 a.m. in the presence of some 3,000 delegates, at the Kenyatta Center, Nairobi. As it is traditional for the proceedings to be presided over by a minister of the host country, the Kenyan Minister for Trade and Industry, Mr Elind Mwamunga, had been elected to this office.

Before the opening of the Conference, Dr Kissinger had met some of the representatives of the poorer countries and had appealed for economic cooperation and warned against the establishment of 'economic blocs'.

The American Secretary of State had pointed out that :

'Attempts to use economic blocs as weapons will destroy the whole system and, in the last resort, will have dire consequences for all mankind ..... A second stage in international economic cooperation must now be established to enable us to adapt our institutions to different fundamental economic conditions. The problems of cooperation are now so complex that they cannot be resolved in confrontation'.

In his speech, the Kenyan Minister stated that the industrialized countries must recognize that the Third World nations are also entitled to a share in international prosperity. He went on to enumerate the key problems to which the Conference should endeavour to find solutions: development aid in general, reform of the international monetary system, especially with regard to financing arrangements, an agreement on the problems of the transfer of technology, the world commodity market on which (according to the Minister) prices were constantly fluctuating to the detriment of the producer countries, and finally, inflation.

Doctor Kurt Waldheim, United Nations Secretary-General, delivered a short address, stating that UNCTAD provided a unique opportunity for tackling the main problem of our time, namely, how to improve the well-being of men and women throughout the world.

Mr Gamani Coréa, UNCTAD Secretary-General, presented the programme of action and agenda for the Conference (for the agenda, see Annex 2 to COM (76) 139 final).

- 22 - The Community's position was presented by the Luxembourg Prime Minister and President-in-Office of the Council, Mr Thorn. As it is customary for each minister to give an account of his country's contribution to development cooperation, Mr Thorn began by briefly reviewing the measures taken by the Community in this field over the past few years. He then went on to make the following observations :

'The community of nations is today facing an enormous challenge. The objective it has set itself is nothing less than the creation of a more just and equitable economic order which would give the developing countries a greater share in the benefits of world growth and a more powerful voice in the international decision-making process.

Such an objective has worldwide significance and necessarily calls for universal cooperation. Upon its achievement will depend the peace, stability and progress of our world in the years ahead.

I am confident that the European Community has the political will to give practical effect to the objectives to which it has subscribed.

I have no wish to appear complacent, but the Community believes that it has no cause to feel ashamed at the policies it has pursued over the past few years. The problem of development is given high priority in our external relations. Our policies encompass both regional and international activities, which complement each other and are integral to an overall programme without which a constructive response to the changing conditions of our time would not be possible'.

Mr Thorn said that the essence of the Community's approach to the problem of development was still to be found most clearly in the Lomé Convention, which was designed to create a new model of relations between the developed and developing countries, reflecting the aspirations of the international community for a juster and more balanced world order.

Turning to the 'global Mediterranean approach', Mr Thorn referred to the cooperation links forged by the Community with the countries of the Mediterranean Basin. He mentioned the agreements with the Maghreb countries and those which it was hoped would shortly be signed with the Mashrek countries, thereby completing the Community's network of agreements in the Mediterranean region. He added that the Community had reaffirmed the principle of granting financial and technical aid to non-associated developing countries<sup>1</sup>.

23 - The Commission of the European Communities was represented by its Commissioner for Development, Mr Claude Cheysson. The central theme of Mr Cheysson's speech was the need for interdependence and solidarity in the present world situation. 'We, the industrialized countries', he said, 'must be modest and recognize that all we can offer are the means of development: it is not for us to propose a suitable model'. It will be noted that, in common with several other speakers, Mr Cheysson had chosen to preach the virtues of self-reliance.

'Measures to expand the developing countries' resources, to strengthen their technological capacity, to promote the competitiveness of their goods on our markets and to facilitate their access to them - all such measures will have repercussions for our countries, our peoples and our structures. Progress under these conditions is of interest not only to the experts in relations with the Third World. The representatives and managers of our own economic, political and social system should also be directly involved in the relevant policies. This is a prerequisite for the effectiveness of such policies, because in our market economy the technological, commercial and financial means of industrial development are in the hands of the entrepreneurs. Their close involvement in the industrial development of the developing countries, through all possible

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<sup>1</sup> This remark is certainly not lacking in piquancy, in view of the persistent efforts by the European Parliament to persuade the Council to use the amount earmarked for such aid effectively. The President of the Council also said that, although this amount had been entered in the 1976 budget, a decision on its utilization had still to be taken by the appropriate Community bodies.



forms of joint activity, is therefore essential. The whole justification for 'industrial cooperation' in the agreements concluded with the ACP States and the Mediterranean countries derives from an understanding of these requirements, universal recognition of which should now be our goal.

Furthermore, there is a fundamental reason for associating the representatives of our political, economic and social organizations in this new policy, which is that it must be shaped by popular consensus and not merely by governmental decisions. It should be accepted by our workers and, better still, the struggles of the developing countries should be seen by them as giving wider expression to their own.

It is for this reason that provision has been made in our cooperation agreements for our partners to hold regular meetings with our managers, trade unions, the organizations representative of public opinion and the elected representatives of our peoples, i.e. the members of our parliaments.

It is for this reason, too, that we attach so much importance to the activity of non-governmental organizations, for such activity has the merit of being well-informed, wide-ranging, realistic and disinterested.

UNCTAD gives expression to a great ambition. At this its fourth session, the Conference must, in a spirit of active cooperation, open the doors to a constructive future. But we have to recognize that the problems are formidable.

I feel, however, that they can be overcome, provided that we resolutely adhere to the principle of growth. Without growth, the arguments about sharing can only lead to all kinds of conflicts and tensions. We in the Community are placing our trust in mutual understanding, cooperation and development'.

The President of the Philippines, Mr F. Marcos, delivered a moving address on behalf of the Group of 77, in which he enumerated the main points of the Manila Charter.

In presenting this outline programme, President Marcos identified what the Third World countries considered to be the most urgent problems and went on to propose reasonable and equitable solutions.

24 - As regards the main topics of the Conference, the initial positions adopted were as follows:

Commodities - Item 8 on the agenda.

(a) Summary of the position of the Group of 77

Because of the paucity of the results so far achieved in this area, the UNCTAD Secretariat had decided to draw up a programme (the Global Integrated Programme on Commodities), which was adopted in Manila.

It will be recalled that the originality of this programme, as compared with previous initiatives, consists in the application of international measures to some 20 products, including a system of buffer stocks for about 10 of them and compensatory financing measures to offset any fall-off in the export earnings of the producer developing countries.

The programme's key proposal - even though submitted as a preliminary proposal - was that a common fund should be set up to finance the buffer stocks and possibly, any other measures deemed to be necessary.

(b) Speaking on behalf of the Community, the President of the Council said:

'We adhere to the programme adopted by Group B in Geneva. Although this programme takes no account of matters relating to indexing and the common fund, it provides a framework within which substantial improvements can be made to market structures in the not too distant future.

A number of additional proposals can easily be incorporated into the programme. I should like to give particular emphasis to the following points:

- we have undertaken to find appropriate solutions to the problems of commodity markets and of improving market structures. Consequently, we must try to establish more stable conditions for trade in commodities, both in terms of volume and prices, and to devise suitable measures to that end.
- we are, therefore, bound by the principle that agreements or arrangements on products should embody price-adjustment clauses and provide for price levels to be geared to changing economic circumstances, including increases in costs, profits and the price of manufactured goods.
- we intend to fulfil these undertakings by carrying out a comparative study of a specified number of commodities over a given period of time, with a view to determining the most

appropriate solutions.

- nevertheless, we feel that special consideration must also be given to the question of investments. Investment continues to be the necessary basis for economic growth and for the diversification of all our economies. Accordingly, we must seek to establish mutually acceptable conditions under which investment prospects may be improved.
- as regards the stabilization of export earnings, we are ready to examine what international facilities may have to be made available in the light of the use finally made of the IMF Trust Fund.
- to turn, finally, to the common fund, I must frankly admit that there is still disagreement among the Community delegations and that the matter is still under consideration. Most of us feel that the problem of the common fund must be dealt with per se, i.e. without reference to matters relating to the redemption of financing costs. At the same time, most of us consider that, before an answer is given to the UNCTAD secretariat's proposals, studies ought to be carried out to assess whether financial provisions embodied in the agreements concluded should subsequently be combined under a single arrangement'.

25 - (c) For the United States, an extensive programme designed to ease and promote economic relations between the Northern and Southern hemispheres on the basis of cooperation, mutual respect and confidence, was presented by the US Secretary of State, Dr Kissinger.

Of the proposals put forward by Dr Kissinger with regard to the main commodities, the most important were as follows:

- the establishment of an International Resources Bank for the financing of reliable commodity projects in the developing countries on financing terms acceptable to those countries and to investors.
- the establishment of a timetable for the study of problems specific to individual countries and the holding of producer/consumer conferences, starting this year, to study measures to improve the stability, growth and efficiency of the main commodity markets.
- special study of the needs of the developing countries at the multilateral trade negotiations in Geneva.
- study of an international code on export controls, with a view to clearing up exporters' and consumers' uncertainty regarding conditions.

- (d) As regards raw materials, France reiterated its long-standing viewpoint in a proposal that each market should be organized jointly by producers and consumers.

The French Minister maintained that agreements should be negotiated on a product-by-product basis and that a special fund should be set up for each of them. Once four or five special funds existed (there are already two), the procedure could be speeded up by creating a central fund which would be financed, partly by the surpluses from the special funds, and partly by World Bank or IMF loans.

This central fund could also issue bonds on the capital market. It would function as a kind of 'umbrella fund'.

- 26 -(e) Germany was totally opposed to a planned organization of the raw materials market, declaring that nothing should be allowed to sap the vitality of the free market economy. It maintained that the integrated programme could result in the creation of surpluses.

The European Community and its agricultural policy were even invoked by the German Press in support of this argument.

The British, the Americans and the Japanese likewise had strong misgivings about the integrated programme and the common fund, and were extremely reluctant to discuss either of them in detail.

- 27 - Speaking for Belgium, Mr Renaat Van Elslande, Minister for Foreign Affairs, stated that, while Belgium did not discount the idea of a common fund, it considered it necessary to concentrate first on the negotiation of agreements for individual products and then to ensure their financing by the whole international community through the most suitable machinery.

- 28 - Monetary and financial problems (indebtedness) - Item 11 on the agenda

1. Summary of the position of the Group of 77

The problem of indebtedness has become especially acute since 1973. The total external debt of the non-oil-producing developing countries rose from \$53,000 million at the end of 1972 to \$96,000 million at the end of 1976.

Indebtedness is now one of the major problems facing developing countries. Recommendations made by the 77 on this question may be summarized as follows:

1. For the least developed countries : cancellation of their official debt.
2. For the most seriously affected countries : a moratorium on their official debt.
3. For the rest : establishment of a fund to refinance their commercial debt.

2. The President set out the Community position on debt as follows: 'First and foremost I should like to stress the supreme importance of adopting a coherent and effective preventive approach to the problem of debt, based:

- in the creditor countries, on an appropriate policy on the volume and conditions of aid, trade liberalization and promotion;
- in the debtor countries, on sound management of their external debt. If wished, we could assist in this by giving technical aid to establish and operate effective systems of recording and controlling debt, especially in the private sector.

As regards corrective measures, I must admit that there are still slight differences of opinion. The countries concerned know that the Member States of the Community have, in the past, always been prepared to study the problems of each individual case and, in conjunction with the debtors, to seek appropriate solutions.

Since the problem of debt occurs in its own special context in each country, we feel that the attempt to find a solution should take account of this individuality and that we should therefore continue to consider these problems case-by-case, without losing sight of the general context in which they arise.

In general, our delegations feel that the instruments currently available in this field have proved their worth. Their continued use would be accompanied by a willingness to apply them generously in all deserving cases. In addition, the possibility of making these instruments more readily available could be investigated.

We also have grave doubts about the possible value of a conference on debt.

I am aware that the position of the majority of our Member States, which I have just outlined, does not agree in all respects with that of most of the developing countries. I must, however, emphasize that our attitude in no way casts doubt on the seriousness of the problem of indebtedness, nor on our desire to approach it with the understanding it

deserves and the flexibility needed to open negotiations. Indeed, we are not in disagreement about the need to solve the problem but about the means, the detailed procedures to be employed'.

3. On the question of finance, the French Minister, Mr Fourcade, proposed that as part of the dual aims of stabilizing international monetary relations and assisting the developing countries, the mobilization of international capital - mainly petro-dollars - should be directed towards viable projects in the developing countries. This could be done by establishing a multilateral system of guarantees, perhaps under the auspices of the World Bank.

Mr Fourcade therefore suggested a sort of 'package deal' for the whole question of raw materials and debt.

4. The Dutch, supported by the Danes, presented a 'leftist' image by accepting, with a few reservations, the proposals submitted by the developing countries concerning raw materials and indebtedness.

5. The United States made only general comments on this point:  
- a concerted effort should be made to help the developing countries cope with their financing, balance of payments and debt problems.

29 - Transfer of Technology

Item 12 on the agenda.

(a) Summary of the position of the Group of 77

The difficulty here lay not in the actual transfer of technology, on which agreement can be reached, but in the request by the 77 for an international, legally-binding code of conduct for these transfers.

In order to further the acquisition of the technology they need, in a form adapted to their requirements and on acceptable terms, the 77 recommend the adoption of an international code, applicable to the governments and firms of both the countries supplying and those receiving technology.

According to the 77, the code should contain provisions - some extremely detailed - concerning restrictive commercial practices, guarantees to be provided by the holders of technological information, and, naturally, the accordance of special treatment to developing countries.

As regards the legal nature of the code, the developing countries consider the only way to control transfers of technology effectively is to establish a multilateral instrument, which is legally binding.

However, resolution 3362 of the last special meeting of the UN General Assembly required UNCTAD IV to decide on the nature of the code.

On this point, the 77 would be prepared to compromise: either a code without legal force but containing certain binding provisions, or a legally-binding code allowing 'options'.

(b) The Community position

30 - The position of the Nine on this matter was as follows:

The Community felt that the vital problem involved in cooperation with the developing countries on the question of technology, was that of strengthening their technological capacity.

The EEC considered that, in the long term, the most suitable way to further the transfer of technology to the developing countries was to remedy this situation. At the same time, however, the developing countries should be given greater access to the technology of the industrialized countries, without discrimination and on the best possible terms, although the authorities' freedom of action was restricted by the fact that, in market economy countries, most applied technology was discovered and developed by individuals and firms, and was therefore protected by the laws on ownership. The Community felt that the development of the transfer of technology to the developing countries nevertheless required a firm commitment from the authorities in both the industrialized and the developing countries.

These measures should be complemented by the creation of international mechanisms to facilitate the transfer of technology to developing countries.

The Community was prepared to discuss with the developing countries and those international organizations most closely concerned, the practical measures which could be taken in response to the resolutions of the seventh special session and the thirtieth ordinary session of the UN General Assembly.

As regards the third international aspect of the problem of the transfer of technology, which chiefly concerned the code of conduct, the Community confirmed its acceptance of both the objective of such a code - to improve the conditions governing the transfer of

technology - and the actual concept of a code. The Community was therefore prepared to conduct the negotiations on the code with an open mind and with the intention of actively seeking practical solutions.

However, not only did the adoption of the proposal from the developing countries for an international, legally-binding code seem impracticable in industrialized market-economy countries - which prevented the EEC from accepting it in that form - but it might seriously hinder rather than encourage the transfer of technology to the developing countries, which was certainly not the intention.

The Community therefore recommended that a code be drawn up defining the rules of conduct. It felt that, in the long run, this would be more likely to have a positive effect on the transfer of technology between industrialized and developing countries. It hoped that in future work on the code, the emphasis would be placed on the content of the rules to be defined rather than too heavily on the legal aspects.

(c) Position of the United States

31 - Among the measures proposed by Mr Kissinger to help adapt modern technology to the needs of developing countries, were, in particular, the following:

- to intensify research and development programmes and to increase cooperation on the technology involved in satellites, the exploitation of the sea-bed and water resources.
- to set up a body of technological experts, responsible for training workers and technicians from the developing countries.
- to hold a conference in the United States of experts from universities and private enterprise, to prepare for the United Nations Conference on the application of science and technology to economic development, planned for 1979.

B - Second phase : Committees

32 - The second phase of the conference was held at committee level.

(a) Organization of the Committees

UNCTAD's work is basically organized by a general committee of 35 members, which heads five special committees involved in the negotiations which decide the outcome of the conference. Each has a chairman, a vice-chairman, a rapporteur and a spokesman. As usual



these posts were fought over among the rich and poor countries and sometimes even within certain continental groups. The five committees are as follows:

- Committee 1 (chaired by the representative from Sri Lanka) concerned with the problem of raw materials.
- Committee 2 (chaired by a representative from West Germany) concerned with manufactures and semi-manufactures and the transfer of technology.
- Committee 3 (chaired by the representative from Columbia) concerned with monetary questions and the transfer of resources.
- Committee 4 (chaired by the representative from Uganda) concerned with the problems of developing countries.
- Committee 5 (chaired by the representative from Czechoslovakia) concerned with trade relations between countries with different economic and social systems, and with institutional questions.

The general committee was chaired by an Australian, with a Polish vice-chairman and a rapporteur from the United Arab Emirates.

- 33 - It is difficult for your rapporteur to know exactly what happened at each committee, as he was not allowed to take part in the proceedings.

From talks with many people who did take part and who allowed the rapporteur to consult their documents, and from a close study of articles in the Press, it is clear that the committees' work was not easy.

Having outlined the initial positions on the major themes of the conference, it will be interesting to record how the main protagonists' standpoints evolved in the course of the work. To do so, the chronological order will be followed, with special mention of the events which marked the development of the Conference as a whole.

- 34 - (b) Reactions to the unexpected proposals made by Mr Kissinger

Mr Kissinger's proposals were given a qualified reception. According to the Press, the Western delegates generally considered that he had presented a wide range of proposals, but that the American position had changed very little.

In general, the representatives from Third World countries felt that the speech could not be rejected a priori and that it contained some interesting points. However, they regretted that the United States had not stated its position earlier, for example in Geneva in March 1976. This would have allowed them time to study it and to draw

up counter-proposals. It was pointed out that the most interesting points made by Mr Kissinger did not concern the key questions of the dialogue to be initiated by the rich and poor countries in Nairobi.

The Group of 77 felt that the proposal to set up an International Resources Bank was very remote and could not be reconciled with the integrated programme drawn up at Manila.

Mr Maciel, head of the Brazilian delegation, stated that the Kissinger plan chiefly favoured the Western countries. It was in fact primarily aimed at guaranteeing investments in commodities, thus ensuring long-term supplies to western countries, while the problem of processing raw materials in the developing countries was given secondary importance and no mention was made of price indexation.

As regards the European Community, Mr Cheysson considered it encouraging that the Nine had not adopted a rigid position in advance. 'It was clear that the Nine had come to Nairobi to negotiate, not to adhere rigidly to the points made in their inaugural speech'.

(c) The integrated programme and indebtedness - how the positions evolved

On behalf of the member states of the Group of 77, Jamaica outlined the integrated programme for commodities in the form of a draft resolution.

Since Mr Cheysson had declared that the Nine had come to Nairobi to negotiate, not to adhere rigidly to the points made in their inaugural speech, there was clearly still a possibility of reconciling the various opinions.

35 - As regards the problem of raw materials, Mr Cheysson stated that the difference between the global approach proposed by the Community and the Group of 77's integrated approach, was simply one of 'semantics'.

The Community did not exclude the possibility of provisions which initially referred to specific products (individual product agreement), acquiring global application at a later stage. The Nine had stated that Mr Kissinger's proposal for an International Resources Bank would be considered in Brussels.

According to Mr Thorn, there was one question on which the Nine were relatively united: that of indebtedness. With reference to this the President stated :

'We have adopted a firm though negative position. We feel that a general moratorium would run counter to the interests of the developing countries by penalizing those countries which have repaid their debts, and blocking any future possibility of official aid, since this would be rejected out of hand by the parliaments of the industrialized countries'.

However, the EEC was prepared to examine case by case the problem of countries with the highest debts.

Canada, Japan and the United States supported the Community's position on indebtedness. They all felt that even if the various governments accepted a moratorium, this in itself would jeopardize future official aid to the developing countries, since public opinion would never allow the industrialized countries to renounce their claims.

36 - (d) USSR, the socialist countries and China - reaction from the developing countries

Meanwhile, the People's Republic of China and the USSR were each accusing the other of seeking to divide the Third World. These accusations were apparently made principally at committee level. According to the Chinese Deputy Minister for Foreign Trade, the USSR opposed the emancipation of the developing countries. The Minister alleged that the USSR considered the Manila programme to be unrealistic and was recommending the developing countries to revise their demands. For his part, the Russian Minister of Foreign Trade accused China of being a messenger of a new world war by refusing to accept the idea of détente and disarmament recommended by the Soviet Union. The two countries were, however, united in their support of the integrated programme submitted by the developing countries, and in their criticism of the negative attitude shown by the United States in rejecting this programme and undertaking manoeuvres aimed at diversion. However, the Russian representative was more virulent in his attack on the United States than the Chinese Minister. The dispute between China and Russia, which was simply over who should assume the leadership of the Third World, arose when the developing countries again strongly questioned the relations between the rich and poor countries and called for the establishment of a new international economic order.

The People's Republic of China, which though it considers itself a developing country does not belong to any particular group, gave full support to all points of the Manila programme, and in doing so strengthened its ties and created new allies in the Third World.

37 - On the other hand, the Soviet Union and its satellite countries were frequently accused of aligning themselves with the industrialized countries. For example Mr Yaker, Minister of Trade and head of the Algerian delegation, declared that: 'The positions adopted by the Group of 77, and strongly supported by China - as shown in the committees - are reflected in the proposals from the developing countries to the industrialized and socialist countries'.

Although they supported the integrated programme the socialist countries nevertheless often seemed to trail behind the more advanced position of the Nordic Group B countries. The socialist countries outlined their position on raw materials in a six-page document. It is interesting to note that there is no mention of the concept of a 'common fund', which, by financing the buffer stocks, is the mainspring of the integrated programme.

The socialist bloc also felt that stocks were only a secondary means - closely linked with other measures - of ensuring the stabilization of the raw material market, since their financing, on a voluntary basis, had been guaranteed when the Netherlands and Norway unconditionally accepted the integrated programme as a whole, including the common fund. They were closely followed by Sweden and Denmark, whose approval was, however, subject to the programme being adopted by all the other countries.

38 - The socialist countries' manifesto, as reported in the Press, may be summarized as follows:

Firstly, the Group D countries (USSR and all the east European countries) declared that the strengthening of international détente, the reduction of military expenditure and a halt in the arms' race were prerequisites to the expansion of trade, and economic, technical and scientific cooperation between all the groups of countries and to a greater international division of labour in the interests of all those concerned.

As regards their relations with the developed capitalist countries, they confirmed that they would take the interests of the developing countries into account, and that they firmly believed in the close interdependence of all world trade patterns.

They therefore felt that increased trade and closer economic relations between East and West would have a favourable effect on trade in the developing countries.

As regards their relations with the developing countries, the socialist bloc aimed in particular:

- to continue its efforts to base their relations on a firm and mutually beneficially division of labour, to increase cooperation with the Third World countries on a just and democratic basis and to strengthen the latter countries' economic independence;
- to concentrate its efforts on economic and technical aid;
- to conclude more long-term agreements;
- to promote the sales of the products from regional industries in the developing countries on the basis of non-reciprocal preferential tariffs;
- to investigate the possibility of making its payments in convertible roubles;
- whenever possible, to increase aid and cooperation in all sectors (economic, technical, administrative etc.).

Again, the problem of indexation, to which the developing countries attach particular importance, received no mention.

- 39 - This programme was greeted with scepticism by many delegates from the developing countries. Many Third World countries are justifiably dissatisfied with their trade relations with the east bloc countries, since the latter are far from generous and insist on reciprocal terms in their contracts.

Moreover, when the chairman of Committee 5, the Czech Miroslav Pravda, tried to base the discussions on the Group D Document, the Chinese representative apparently insisted that they revert to the Manila programme.

(e) 18 - 26 May: Threats to block the conference ; reconciliation

It appears that by 18 May, the various participants in the negotiations had more or less reached stalemate. On the one hand, countries such as Japan, the United States and Germany refused to accept the notion of a common fund and were pressing for a measure of liberalism. On the other hand, smaller countries such as the Netherlands and Denmark accepted the integrated programme presented by the developing countries. The French adopted a middle position (see section 27).

However, it seemed that, around 18 May, a common position was gradually being approached from which the negotiations could proceed. This was due to:

(1) the fact that the Belgians were prepared to accept the French position and, if everyone was in agreement, the English and Italians might eventually do so too. The Federal Republic of Germany remained to be convinced.

40 - (2) According to well-informed sources the developing countries had, by then, already collected promises of \$430 million for the common fund, i.e. \$250 million from the OPEC countries, \$50 million from the Philippines, \$25 million from India, \$25 million from Indonesia, \$30 million from Yugoslavia and \$50 million from Malaya.

(3) Moreover, it appears that in order to resolve the situation, several of the most important Third World countries such as Brazil, Venezuela and India, then insisted that they abandon the 'hard line' in view of the virtual breakdown of negotiations on all the vital questions on the agenda of UNCTAD IV. The motives behind this move will emerge later.

(4) The Group B countries had meanwhile reached agreement on the need to harmonize raw material prices and on the adoption by the Conference of a list of products suitable for case-by-case agreements. They were also seriously investigating ways of setting up an organization to continue negotiations after Nairobi.

(f) Further disagreement: threatened breakdown - extension of the Conference

The most difficult point on which agreement had yet to be reached concerned the procedure for joint financing by producer and consumer countries of the agreements on individual products, and details concerning the common fund. Meanwhile, at a press conference, the German representative had vigorously defended the market economy system, and stated that the German economic miracle was not attributable to colonialism but to technical know-how and the will to work<sup>1</sup>.

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<sup>1</sup> See also the declaration by Mr Joachim Jänicke, head of the German delegation who stated: 'The idlers of this world must first get used to working themselves before demanding money which has been earned by the hard work of other countries' ('Der Spiegel' of 7 June 1976, and the 'Frankfurter Rundschau' of 1 June 1976).

On Friday 21 May, the Nine made slight progress towards a more united position. Agreement was reached on 5 of the 6 points contained in the Commission's proposals, leaving the final, most important point undecided. This concerned the implementation and future role of the common fund. Faced with the opposition of the Federal Republic of Germany and the United Kingdom, who were prepared to 'discuss' but not to 'negotiate', the Netherlands threatened to take out their own document. And this happened the day after Norway had decided to support the Group of 77 on this matter by contributing \$ 27 million to the common fund.

At this point it seemed that the discussions between industrialized and developing countries had reached stalemate and that only the United States or the Federal Republic of Germany could save UNCTAD IV from total breakdown.

The American Secretary of State, Mr Kissinger, and the German Chancellor, Mr Helmut Schmidt, had in fact arranged to hold discussions on Sunday 23 May. The German Cabinet had arranged a meeting for Monday 24 May at which, mainly with the help of Mr Friderichs, Minister for Economic Affairs, and Mr Bahr, Minister for Cooperation, the West German position was to be decided. Meanwhile, the British were still opposed to the setting up of a common fund. They too were only prepared to negotiate with the Third World countries on agreements for individual products and, unlike the other Community countries, were unwilling to discuss these agreements in the context of a central fund.

On the afternoon of Wednesday 26 May, a 'common' position on debt and raw materials was finally established.

41 - As regards the debt problem, the EEC countries unanimously agreed that an attempt should be made to establish, by the end of the year, a programme of action for the poorest countries, to be implemented by a suitable international body.

As far as raw materials were concerned, agreement could not be reached on the whole Community text since the German and the British objected to paragraph 6. This stated that, taking account of the effectiveness of the existing buffer stocks and the negotiations for new agreements involving such stocks, an investigation could be made into the role and operation of a financial body set up to coordinate the common fund, negotiations to be opened in the near future.

However, this brought a protest from the Dutch, who felt that the text did not go far enough.

A drafting committee from Group B had meanwhile prepared a text which was much more vague and, in particular, did not include a binding time-table for the commodity agreements. Since this text was much closer to the German and British position, it was decided to put the two texts to the Group of 77. At this, the Third World countries appear to have rejected en bloc the proposals from the developed countries on this question. The Group of 77 then formulated a third proposal concerning the integrated programme for commodities, which followed the lines of the Manila declaration but was amended to take account of the options that still remained open.

42 - Under these circumstances it was decided to extend the conference by a few days. Meanwhile, a declaration (see Annex II) by the Dutch and Belgian parliamentarians in Nairobi stated that the success of UNCTAD IV depended on the European Economic Community.

(g) Final agreement - 'reservations' and 'declarations'

It was during the night of Saturday 29 May that the industrialized countries finally accepted the principle of the common fund and the negotiation of product agreements as stipulated by the developing countries.

An agreement had also been reached on the debt problem. The American proposal that an International Resources Bank be created was rejected by a marginal majority - 33 votes to 31 with 44 abstentions.

It should be mentioned that certain countries, such as the United States, the Federal Republic of Germany and the United Kingdom, reserved their position on the creation of a common fund (see annexes III, IV and V).

43 - On the other hand, in a declaration read by Mr Jan Pronk, the Dutch Minister for Cooperation, 16 western countries accepted and firmly approved the integrated programme on raw materials. They felt that the resolution contained the basis for a process which could lead to a more equitable structure in the economic relationships between developed and developing countries (see annex VI).

The declaration calls on the Members of UNCTAD to concentrate on the objectives and possibilities inherent in the resolution rather than on its limitations and reservations, and it gives an undertaking that the 16 signatories will work actively together in order that the resolution shall result in a true integrated programme on raw materials.



The signatories to the text are: Austria, Belgium, Canada, Denmark, Finland, Greece, Ireland, Italy, Luxembourg, Norway, the Netherlands, Portugal, Spain, Switzerland, Sweden and Turkey.

France declared its approval of the integrated programme and affirmed that throughout the Conference its efforts had been directed towards achieving a decision by consensus (see annex VII).

#### IV - RESULTS

44 - A. Since raw materials, debt and the transfer of technology were the most important subjects discussed at the Conference, the text of the resolutions on these questions has already been published in the form of a Notice to Members (PE 44.888). Anyway, we have already described at length how these results were arrived at.

B. As regards the other subjects under discussion, the following is a brief summary of the results:

- Multilateral trade negotiations:

The Conference urges the rapid and effective implementation of measures to grant the developing countries more favourable treatment, in accordance with the Tokyo declaration. It recommends special arrangements for the least developed countries.

- Trade relations among countries with different economic and social systems:

The Conference invites the European socialist countries to increase their aid, extend their generalized system of preferences for products of vital importance to the developing countries and to increase their imports from these countries.

- Manufactures:

The Conference recommends that the generalized system of preferences be improved in favour of the developing countries, without reciprocal terms or discrimination. The industrialized countries should take steps to eliminate restrictive commercial practices. The Conference also recommends that steps be taken to reorganize the activities of transnationals with a view to more comprehensive production of manufactures in the developing countries.

- Measures to help the least-developed countries:

The Conference recommends the developed market-economy countries to increase their official aid so as to achieve or exceed the target of 0.7% of their gross national product. These countries are requested to contribute to a special fund for the least-developed countries.

The socialist countries are requested to allocate a larger proportion of their development aid to this category of countries.

The Conference also recommends a series of special measures for island and land-locked countries. Finally it recommends that the Comoro Island be included in the category of the least-developed island and newly independent countries.

- Institutional issues:

Measures were requested to strengthen the role of UNCTAD, whose next meeting is to be held in three instead of four years' time. The UNCTAD Board will meet at ministerial level every two years, the first meeting to be held between now and 1979.

- Monetary questions:

Since agreement could not be reached, the Conference referred the working documents to the UNCTAD Development Board (see the complete list of resolutions, annex VIII).

45 - C. Assessment of the results

We consider that the Conference achieved some notable results, and it is clear from the resolutions adopted that considerable progress was made.

(1) Integrated programme:

The important point here was the acceptance of the principle on which the programme is based.

- Directly linked to the integrated programme is the establishment of a common fund. Although the amount has not been specified, it is obvious that the decision to investigate the possibility of establishing a common fund for the financing of international commodity stocks is of fundamental importance for the developing countries.

- Moreover, the establishment of the common fund is combined with a series of measures (see chapter III, paragraph 2 of the resolution (PE 44.888)) concerned in particular with the harmonization of stock policies and the creation of coordinated national stocks, the introduction of price agreements and supply regulation, including export quotas and production policy.
  - Your rapporteur also considers it important that the list of products concerned has been drawn up, for although it was agreed that other products could be included in the scheme, this initial list does seem fairly exhaustive. He feels that the scheme should be tried with the 17 listed products to see whether in the long-term the list should be extended. Since the addition of any new product to the list will necessarily increase the financial and organizational problems, it is better to proceed tentatively.
- 46 - The most important aspects however, are the detailed arrangements and the timetable.
- It was decided that the Secretary-General of UNCTAD should convene a negotiating conference on the common fund in March 1977 at the latest. Before the conference, preparatory meetings will be held to draw up measures and procedures for achieving the aims of the integrated programme and to assess the cost of the programme.
  - The member states were invited to submit proposals on this question by 30 September 1976. Your rapporteur would like to know what action the EEC has taken in this connection.
  - The negotiations on the various international agreements for the 17 listed commodities will begin after 1 September 1976 and should be completed by February 1978.
- 47 - Several of the parties to the Conference - in particular the United Kingdom, the Federal Republic of Germany and the United States - made declarations qualifying their approval of the resolution on the integrated programme.
- The most important point in the British declaration is that, while accepting the resolution, their position has not altered as far as the problem of indexation is concerned. This is apparently a reference to the text of chapter III, paragraph 2 C of the resolution, which states that prices would be revised having regard in particular to price fluctuations for imported manufactures.

Your rapporteur emphasizes that the price of manufactures is only one of many factors (world inflation, exchange rates, etc.). Furthermore, the resolution only refers to 'having regard', which does not imply that an increase in the price of manufactures imported by the developing countries must be wholly reflected in commodity prices. Prices will be revised 'in an appropriate manner', not automatically.

- In their declaration, the Germans maintain the view that it would not be in the interests of developing countries to create a 'dirigistic' mechanism for central management. They also point out that it is only the outcome of the preparatory meetings that can determine which commodity agreements should be reached, and whether a common fund will be the best means of financing buffer stocks.

Like the British, the Germans reject the concept of indexation. They emphasize that in their opinion, arbitrary intervention with reference to prices and intervention in production structures will not further the growth of the world economy, given the share of developing countries in world trade. Finally, the German declaration stresses the 'inflation' of many international organizations, a situation which in their view does not further progress.

- The United States, for its part, though prepared to discuss the linking of the various financial sources, is not willing to give a commitment on the methods of financing buffer stocks or the need for a common fund. The United States will reach a decision in the light of the preparatory meetings, in particular as regards its participation in a conference convened to negotiate the provisions for setting up a common fund.

The United States is also opposed to indexation and has not changed its views on the new international economic order.

(2) Indebtedness

- 48 - The resolution on the debt problem invites international bodies to decide by the end of 1976, which aspects of previous measures could usefully be incorporated into future policies on indebtedness, so as to allow a flexible approach to each individual case. The least developed countries are particularly mentioned in this context. Finally, the Trade and Development Board is asked to consider the action taken on the basis of this resolution at its 1977 ministerial meeting.

- Although the possibility of a conference on debt was not officially adopted, it is obvious that in adopting the resolution on indebtedness the rapidly increasing debt problem facing the developing countries has been clearly recognized.

Your rapporteur sees this as a concrete example of the value of a conference such as UNCTAD. For while the debt problem has long been under discussion in certain specialized bodies, it has never been dealt with outside meetings of experts. Now that it has been at the centre of the UNCTAD discussions, public opinion is beginning to take an interest and this is always a good sign. Although the idea of a total cancellation of the developing countries' debts has not **gained** unanimous support at international level, it is certain that the debt problem of the poorest countries will be tackled in a more positive way in the next few years.

- Moreover, the Conference certainly achieved some important results as regards the position of the least developed countries. The resolution on these countries, island countries and land-locked countries contains new elements which represent considerable progress.
- Your rapporteur shares the view that in the long-term it would not be in the interests of the developing countries to have the whole of their debt cancelled. However, he considers that a moratorium for the poorest developing countries should be given serious consideration. It is inhuman to apply strict 'banking' rules to those developing countries, which have been forced to incur debts in order to feed their people. He therefore proposes that a serious study be undertaken to draw up a list of the poorest countries (and those with the greatest debts) which could be granted a moratorium.

(3) Transfer of technology

49 - The Conference adopted three resolutions on the transfer of technology, concerning:

- the strengthening of the technological capacity of the developing countries,
- patents,
- an international code of conduct for the transfer of technology.

- This final resolution (see PE 44.888) instructs a group of experts to prepare a programme and establish a timetable for its implementation. The code of conduct is to be drawn up by the end of 1977 under the auspices of UNCTAD.

The question of whether the code should be binding was left open.

We therefore feel that the resolution on the least developed countries helped to balance the final resolutions, which mainly concern those countries whose industrialization is well under way.

## V - CONCLUSIONS

50 - I. With all its inadequacies, UNCTAD nevertheless provides the largest world forum for discussion of development problems, and its importance should not be underestimated.

II. Every UNCTAD conference concludes with a statement on one or two broad themes of world importance and UNCTAD IV was no exception:

- the problem of commodities has now been set forth, and the use of buffer stocks, financed from a common fund, is to be investigated as a possible solution;
- the indebtedness of the developing countries, and especially the poorest ones, has reached intolerable proportions and a solution must be found without delay, either by means of a general conference or in some other way;
- priority must be given to the transfer of a provisional, simple technology, adapted to mass needs.

III. The world situation as regards under-developed countries, as shown by the figures quoted at Nairobi (the population, commodity prices, instability and indebtedness, etc. of the developing countries), is indeed 'scandalous'. The EEC can no longer accept this situation and its refusal to do so should determine its attitude in the international negotiations, particularly those for which a timetable was drawn up at Nairobi and at the North-South Conference in Paris.

IV. The European Community played a decisive role, in that its proposals frequently formed the basis of the positions adopted by the Conference, and to a large extent foreshadowed and shaped the final compromise. With this in mind, the Community should derive certain lessons from UNCTAD IV:

- (a) that important international conferences cannot be organized at a moment's notice, but require more long-term and more thorough preparation at all levels than the EEC devoted to UNCTAD IV.
- (b) Such preparation would free the Community from the necessity to adopt a defensive position at future conferences, and allow it to put forward liberal but realistic proposals, which would enable the work to proceed more quickly and more effectively.

- (c) The Community cannot play a leading role unless it presents a united front. At Nairobi, strangely enough, agreement was only reached with difficulty and internal disputes prevented the EEC from deriving greater advantage from the good reputation it enjoys among the developing countries.
- (d) It will be the European Parliament's responsibility to act as a stimulus, to hold timely, frank and open discussions on the problems on the UNCTAD agenda and to induce the Council to reach unanimous decisions.

This should allow the Committee on Development and Cooperation to play a more significant role.

- (c) Without prejudicing its good relations with the other industrialized countries or groups of countries at UNCTAD, the EEC must emphasize the independent nature of its policies. Since it is more dependent than the United States on the goodwill of raw-material-exporting countries, the Community, and in particular the position adopted by the British and German delegations, should not have appeared so closely associated with the United States. Care should have been taken to avoid creating the impression that the Conference's fate had been decided in Bonn by the Germans and Americans.
- (f) However, it is not only the major partners who must be brought into line. Certain countries must realize that it is better to take one step forward together, than to adopt a progressive independent line, which achieves nothing in the end and emphasizes the divisions within the Community in the eyes of the developing countries; especially as some of these ostensibly altruistic policies do not quite manage to conceal major national interests.
- (g) Priority must be given to the social aspect of development, since there is a tendency by some to concentrate exclusively on the economic aspect. The group of 16 at Nairobi pointed to a course of action, which your rapporteur hopes will be taken up by the major powers and by the Community in particular.

51 - V. The narrow, 'wait-and-see' attitude adopted by the United States prevented it from playing as significant a role at UNCTAD IV as it might reasonably have hoped. It may have lost much of its prestige in the Third World but, in the opinion of many developing countries,



the Kissinger proposals were at least worth discussing.

The United States was particularly disappointed that the proposal to investigate the creation of an International Resources Bank was rejected, especially as there was a majority of only 2, and 90 countries abstained or did not take part in the vote.

Your rapporteur understands this disappointment but feels that the vote proves that such a detailed, far-reaching plan, introduced at the last minute and without preparing the ground, is unlikely to be adopted immediately.

As in the case of the Community's inadequate preparations, the United States should have followed the example of the Group of 77 and published their plan several months before the Conference.

In any event, UNCTAD IV has not increased the United States' prestige. Yet even their opponents are obliged to recognize the importance of their role in solving the major problems of development, whether it be raw materials, indebtedness, or the transfer of technology.

52 - VI. The USSR and the socialist countries also seem to have been handicapped by lack of preparation and indecision. Moreover, for the first time ever, they were the target of openly expressed and severe criticism from the developing countries, and this certainly did not increase their prestige.

In particular, they were accused of taking a negative stand in trade relations with the Third World, and of not actively cooperating in attempts to further development.

It is clear that the majority of the developing countries wish to remain completely independent of both the socialist countries and the United States, and to stand by their demands.

The developing countries, which represent a vast potential market and produce vital raw materials, now seem to regard Western Europe more highly than the two major power blocks, and we must turn this situation to our advantage.

VII. A close study of the Conference proceedings reveals that the developing countries, and the Group of 77 in particular, were not totally united. Although both before and at the start of the Conference the maximum-demand position established at Manila was

maintained and defended by all the developing countries, a more flexible approach was recommended by several countries and finally adopted when it became clear that continued insistence on the 'hard line' was leading to a breakdown.

It is clear that the developing countries did not wish to make a fuss about the failure of the Manila declaration, preferring to emphasize the partial success achieved at the Conference's conclusion.

This is because certain of the developing countries realize that in the long run, their problems can only be solved with the cooperation of the West, and that the industrialized countries had made all possible concessions and had not in fact expressed such opposition as to justify the sort of hard line attitude on the part of the developing countries, which might lead to total breakdown and a cold war situation.

There was therefore a majority of developing countries prepared to adopt a 'reasonable' line.

53 - VIII UNCTAD itself presents problems. This type of conference has no effect on the internal structural injustices of the the industrialized countries or indeed of the developing countries, about which less is said. When we question the effect of our resolutions on the poorest strata of the under-developed countries, we are accused of interfering in internal affairs. Yet what is the point of increasing their gross national product if the buying power of the mass of the population is insufficient to satisfy their basic requirements?

In Nairobi, several leaders and in particular Mr COREA, Secretary-General of UNCTAD IV, in speaking of the new national order, for the first time clearly acknowledged that international measures do not alter internal structural injustices, and that to achieve rapid, lasting results in this field, each country must make a genuine effort to act fairly and justly.

IX All these concluding remarks underline the difficulties posed by a world conference, where agreement is sought between independent governments or groups of governments. To offset this lack of cohesion, certain countries form themselves into groups which then present a joint programme. This inevitably means that at the beginning of the conference there are two groups - a more easily united, maximum-demand group, and a

minimum-demand group for whom it is difficult to find a common base. It is in this second group that the progressive elements have to try to get the upper hand. It is claimed that by dividing into groups representing opposing views, UNCTAD contains within itself the seeds of failure, or at the very least of major difficulties. However, if each country were to adopt its own position, the Conference would face an impossible task.

X This report has repeatedly stressed the fact that the work of UNCTAD is an ongoing, progressive process and that it would be wrong to make a definitive judgment immediately after a conference.

The real significance of Nairobi will only emerge in the action taken on its resolutions, and in Europe this action depends to a large extent on the Commission and the Council.

The success of UNCTAD IV will largely depend on the degree of unity that can be established within Europe, particularly at the North-South Conference, in adopting a forward-looking approach to the implementation of the Nairobi resolutions. With this proviso, and if the EEC's unified policy gains the support of the other Conference participants, then Nairobi will have marked an important stage in the establishment of the new economic world order, for which we and the Third World countries are striving.

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## ANNEX I

RANGE OF PRODUCTS FOR INCLUSION IN THE INTEGRATED PROGRAMME

	Exports from the developing countries						
	Growth rate 1953-1972			Fluctuation index 1953-1972 a/			Value in 1972
	Market price	Value	Corrected value b/	Market price	Value	Corrected value b/	(In \$1,000 million)
	Annual percentage			Percentage			
1. <u>'Essential'</u> <u>products</u>							
Coffee	- 1.6	1.0	- 0.4	17.0	11.1	9.2	3.0
Cocoa	- 1.3	1.7	0.2	23.0	13.4	12.6	0.7
Tea	- 1.9	0.0	- 1.5	6.2	5.5	6.0	0.6
Sugar	0.2	3.8	2.2	33.4	9.2	7.5	2.2
Cotton	- 0.7	1.1	- 0.4	8.2	9.1	7.9	1.8
Rubber	- 1.2	- 1.7	- 3.1	13.2	14.7	14.4	0.9
Jute	1.9	0.7	- 0.8	11.9	12.2	14.1	0.7 c/
Sisal	- 1.2	- 0.3	- 1.8	18.0	26.3	28.6	0.1
Copper	4.0	7.8	6.2	21.5	17.1	17.5	2.4
Tin	4.0	5.2	3.6	7.9	18.8	18.4	0.6
2. <u>Other</u> <u>products</u>							
Wheat	-	- 2.8	- 4.2	4.7	28.6	31.1	0.2
Rice	0.5	0.3	- 1.2	11.3	12.9	14.8	0.4
Bananas	- 0.9	3.9	2.4	4.3	7.7	7.2	0.6
Beef & Veal	6.9	12.0	10.3	20.8	15.4	15.1	1.4 d/
Wool	- 2.2	- 3.6	- 5.0	11.4	10.2	12.5	0.2
Bauxite	2.6	8.1	6.5	4.7	8.8	10.8	0.5 e/
Iron ore	- 2.4	9.3	7.7	8.3	10.8	12.3	1.0
Total	-	-	-	-	-	-	17.3

Sources : UNCTAD, Monthly bulletin of commodity prices; FAO, Trade annual; national statistics.

a/ The fluctuation index is equal to the mean difference, for the reference period, between the annual observed data and the calculated trend values (upwards or downwards), expressed as a percentage of the trend value.

b/ The export value is corrected according to the UNO unit value index of world exports of manufactures.

- c/ Including goods made from jute.
- d/ Including cattle.
- e/ The 'prices' correspond to the unit export value; the value shown for 1972 includes alumina.

DECLARATION OF 28 MAY 1976 BY THE BELGIAN AND DUTCH MEMBERS OF PARLIAMENT

The Dutch and Belgian Members of Parliament attending the Nairobi Conference, recognizing their responsibilities, and after detailed discussions with their colleagues of all parties and delegations from the Member States and the United States.

1. Affirm that the significance of the results of the Nairobi Conference is such, both for the developing and the industrialized countries, that each country's internal political problems must be subordinated to the solution of serious world problems.
2. Make a final appeal to the leaders of all the political parties in the European Community to support the considerable efforts at compromise made by the President of the Council, the Commission and all the Ministers and Heads of Delegations from the Member States, so as to establish a Community position for the negotiations on commodities, the common fund and debt.

The success of the Conference depends on the Community.

Extracts from U.S. Statement

(based on notes taken in the meeting)

Commodities

The United States is pleased to join in the consensus on the resolutions passed at UNCTAD IV which it records as a constructive contribution. The Nairobi Conference is a step forward on the problems of debt, commodities, transfer of technology, etc. (The spokesmen for Group B have made statements which the United States supports).

There is a common desire to reach agreement. Section IV of the Resolution shows that the purpose is to determine the nature of the problem and the measures for each individual product. The United States understands in this respect that use will be made of existing commodity bodies for the preparatory meetings on products, etc. The United States will participate in the discussion on the linking of financial sources without any commitment on the methods of financing buffer stocks and on the desirability of common funding. It is in the light of the results of these preparatory discussions that the U.S. Government will be able to take a decision on its participation in a negotiating conference on a Common Fund. The United States has not altered its opinion on the concept of indexation, neither has it changed its views on the new international economic order.

It regards the reference to synthetic substitution as a different concept.

It regrets the lack of attention to the transfer of resources and to the failure of the Conference to pass the resolution on the IRB

Statement  
by the Head of Delegation  
of the  
Federal Republic of Germany

Mr President,

At this Conference great efforts were needed to attain results to which all could agree. Neither side can triumphantly claim to have imposed its views upon the other. The countries of the Group of 77 will uphold their convictions as laid down in their documents. The Federal Republic of Germany on its part will maintain the opinion, often enough explained, that the market economy which takes care of the economically weak as well, opens up the best prospects for cooperation among our countries.

This Conference could only be brought to a successful conclusion because both sides were determined to agree to a series of practical measures with the common aim of attaining a genuine partnership between industrial and developing countries.

Resolutions TD/L 131 and TD/L 136 are documents demonstrating the common conviction that our mutual interdependence is growing. In joining the consensus we have not now post factum agreed to what has been called the "New International Economic Order" or to its basic documents. Rather, we agreed to some practical steps designed to improve the structures of the world economy.

The Federal Republic of Germany intends to play an active role in the preparatory meetings and negotiations. Their outcome will determine which commodity agreements we can arrive at and whether a common fund will be the best means for financing buffer stocks. We maintain our view that it would not be in the interest of the developing countries either to create a "dirigistic" mechanism for centralised management.

We continue to reject indexation. We do not believe that arbitrary intervention with regard to prices and intervention in production structures and trade patterns are suited to further the growth of the world economy or apt to increase the share of the developing countries in world trade.



I should like to express here in all frankness one of our concerns. I am thinking of the inflation in the number of international organizations, a situation which, in our view, does not further progress.

Today, we have reached here an atmosphere of objectivity in which we now can discuss issues concretely and in detail. The Federal Republic of Germany maintains excellent bilateral relations with more than a hundred countries in the developing world.

Against this background, Mr President, the German delegation has made vigorous efforts in order to create a chance, a chance which, one day looking back at UNCTAD IV, will, hopefully, allow us to say: all of us here at Nairobi have done our best and taken the right decisions.

Statement by the Head of Delegation  
of the United Kingdom

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Mr President,

A massive effort by all parties has led to this Resolution and it is welcome that on a matter where different views exist the common desire to reach agreement has indeed produced consensus. The United Kingdom particularly welcomes the practical elements of the programme of work on commodities which it has for some time been our policy to support. We understand the feeling among developing countries that a Common Fund is an essential element in that programme. We think it realistic however that the Resolution notes that there are differences of views on the objectives and modalities of the Common Fund and provides for further preparation prior to negotiations on the Fund. Our own position on the concept of indexation is not altered by our acceptance of this Resolution. Having made these points we wish to express our positive support for the practical content of this Resolution and the support of my Government in the spirit of the Commonwealth initiative of Kingston.

Statement at the Plenary session of UNCTAD IV, Nairobi,  
May 30th, 1976, by Jan P. Pronk, Minister for Development  
Cooperation of the Netherlands, on behalf of 16 countries  
of Group B

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Mr President,

I am speaking on behalf of 16 members of Group B: Austria, Belgium, Canada, Denmark, Finland, Greece, Ireland, Italy, Luxembourg, Norway, Netherlands, Portugal, Spain, Switzerland, Sweden and Turkey.

The delegations of these countries welcome strongly resolution TD/L 131. There exists in this resolution a basis for a process which can lead to a new and more equitable structure in the economic relationship between developing and developed countries. The process will be difficult, and will require political will and determination. Let us all, at the closure of this Conference concentrate on the objectives and possibilities inherent in the resolution we have just adopted, rather than on limitations and reservations. Our countries will work actively together with you all in order that this resolution shall result in a true and comprehensive integrated commodity programme. We will then have taken a decisive step towards a more just and equitable international economic order.

Thank you, Mr President.

DECLARATION MADE BY THE FRENCH MINISTER AND HEAD OF THE FRENCH DELEGATION,  
MR FRANCOIS-PONCET

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It is well-known that France actively supports the creation of a new international economic order, and more especially the joint organization of the commodity markets. During the Conference it has been closely involved in the drawing up of resolution 131, which it firmly approves.

Under these circumstances, and so as not to jeopardize either the resolution or the negotiations which are to follow, it considers further comment unnecessary.

RESOLUTIONS AND RECOMMENDATION ADOPTED BY UNCTAD IV

<u>Title</u>	<u>Date of adoption</u>
Credentials of representatives to the fourth session of the United Nations Conference on Trade and Development	28 May 1976
Use of the Arabic language	28 Ma <sub>1</sub> 1976
Strengthening the technological capacity of developing countries	30 May 1976
Industrial property	30 May 1976
International code of conduct on transfer of technology	30 May 1976
Institutional issues	30 May 1976
The multilateral trade negotiations	30 May 1976
Measures of support by developed countries and international organizations for the programme of economic cooperation among developing countries	30 May 1976
Integrated Programme for Commodities	30 May 1976
Debt problems of developing countries	31 May 1976
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	31 May 1976
A set of interrelated and mutually supporting measures for expansion and diversification of exports of manufactures and semi-manufactures of developing countries	31 May 1976

Title

Date of  
adoption

Transnational corporations and expansion  
of trade in manufactures and semi-manu-  
factures

31 May 1976

Least developed among the developing  
countries, developing island countries  
and developing land-locked countries

31 May 1976

Expression of gratitude to the people and  
Government of Kenya

31 May 1976

The economic situation of the Comoros

31 May 1976

INTEGRATED PROGRAMME FOR COMMODITIES

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<sup>1</sup> as well as the Charter of Economic Rights and Duties of States,<sup>2</sup> which lay down the foundations of the new international economic order, General Assembly resolution 623 (VII) and 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",

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 timetable for the implementation of agreed measures;

<sup>1</sup>General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of May 1, 1974

<sup>2</sup>General Assembly resolution 3281 (XXIX) of 12 December 1974 .

Affirming the importance to both producers and consumers, notably the developing countries, of commodity exports to foreign exchange earnings and of commodity imports to welfare and economic development,

Recognizing the need to conduct international trade on the basis of mutual advantage and equitable benefits, taking into account the interest of all States, particularly those of the developing countries,

Recognizing also the need for improved forms of international cooperation 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, coordinated national stocks or other necessary measures within the framework of commodity arrangements,

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 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,

Convinced of the need for an overall 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 counter-acting 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 systems 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 oil-seeds, 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 1-3, 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 coordinated 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.
  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 TIMETABLE

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 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 cooperation 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 coordinate the preparatory work and the negotiations, to deal with major policy issues that may arise, including commodity coverage, and to coordinate the implementation of the measures under the Integrated Programme.

MONEY AND FINANCE AND TRANSFER OF REAL RESOURCES FOR DEVELOPMENT

Debt problems of developing countries

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 UNCTAD 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 a 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 this resolution, and requests the Secretary-General of UNCTAD to convene an intergovernmental group of experts to assist as necessary in that task.

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 1977. The group of experts shall be free to formulate the draft provisions ranging from mandatory to optional<sup>2</sup>, 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 conduct for the transfer of technology, including the decision on its legal character.

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

<sup>2</sup>The formulation "provisions ranging from mandatory to optional" is meant to cover also voluntary provisions.