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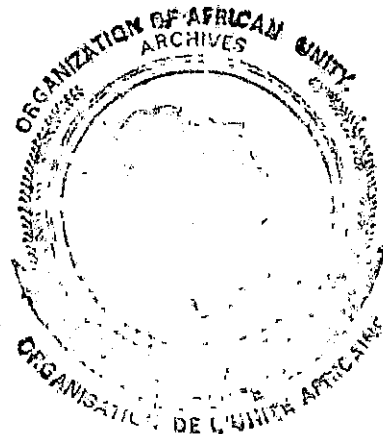
CM/757 (XXVII)

COUNCIL OF MINISTERS

TWENTY-SEVENTH ORDINARY SESSION

Port Louis, Mauritius, 24-29 June, 1976

REPORT OF THE ADMINISTRATIVE SECRETARY-GENERAL ON  
THE FOURTH SESSION OF THE CONFERENCE OF AFRICAN  
MINISTERS OF TRADE - Algiers, November 1975



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REPORT OF THE ADMINISTRATIVE SECRETARY-GENERAL ON  
THE FOURTH SESSION OF THE CONFERENCE OF AFRICAN  
MINISTERS OF TRADE - Algiers, November, 1975

INTRODUCTION

Although Article XX of the OAU Charter provides for an Economic and Social Commission, this Commission has never met; every time the General Secretariat has made an effort to convene the Commission such an effort has resulted in failure. At the same time, a tradition has developed whereby Ministers of the OAU Member States, other than Foreign Ministers, have found it increasingly necessary to meet, consult and compare notes. These meetings have generally taken the form of conferences of ministers dealing with certain sectors of development in their countries, e.g. Ministers of Labour, Ministers of Trade, Ministers of Finance, Ministers of Industry, etc.

2. In fact these conferences have by now had several sessions. Last year the Assembly of Heads of State and Government took an innovative step when it directed that the Conference of African Labour Ministers be converted into a Specialized Commission of the OAU under Article XX of the Charter. At its Fourth Session, the Conference of African Ministers of Trade recommended that it too should become a Specialized Commission of the OAU. The relevant resolution - Resolution CMC/Res.2 (IV) - reads as follows:

"The Conference of African Ministers of Trade, meeting in its Fourth Session, held in Algiers, Algeria, November 24 to 28, 1975,

Bearing in mind the provisions of the Charter of the Organization of African Unity,

Noting that the various meetings of African Trade Ministers have achieved considerable progress towards co-ordinating the action of African States in the field of trade;

Aware of the need to elaborate a global African trade strategy at the continental level,

3. Thus, the most important aspect of the reports of the African Ministers of Trade which are presented herewith as Annexes I - IV, is the request at resolution No. 2 that this Conference should become a Specialized Commission of the OAU. If the Council recommends to the Assembly of Heads of State and Government the acceptance of this request, the General Secretariat will take the necessary measures, so that at their next meeting, due probably in 1977, the Ministers of Trade from the OAU Member States will constitute themselves into a Specialized Commission of the OAU.

4. Apart from this cardinal decision of the Conference, it made the following other recommendations which the Council might find useful to consider seriously:

- (a) That in principle an organization to be known as an African Trade Organization is to be aimed at by the OAU Member States. The OAU and the ECA are to co-operate to make a joint study, with a view to making relevant proposals in due course, possibly at the next Session of the Conference; and
- (b) A specific position of Africa on the trade of developing countries was formulated and presented to the Ministerial Conference of the Group of 77 in Manila, the Philippines in January this year. The Conference later adopted what has come to be known as the Manila Declaration. This Declaration, it will be remembered, formed the backbone of the discussions which ended in Nairobi at the end of May this year. It is perhaps necessary to point out that the two burning issues, namely, the question of the prices of commodities and the question of debts owed by developing countries to the developed countries were central to the African position presented in Manila. One can, therefore, conclude, without unduly patting the African Ministers of Trade on the back, that they were responsible for the somewhat optimistic prospects of constructive arrangements in the area of commodities in particular, with which UNCTAD IV concluded its business in Nairobi.

CM/757 (XXVII)

Annex I

COUNCIL OF MINISTERS

TWENTY-SEVENTH ORDINARY SESSION

Port Louis, Mauritius, 24-29 June, 1976

REPORT OF THE RAPPORTEUR OF THE FOURTH SESSION OF  
THE CONFERENCE OF AFRICAN MINISTERS OF TRADE

SECRET

Rapporteur's Report

of the Fourth Conference of African Ministers of Trade

Algiers 24 - 28 November 1975

RAPPORTEUR'S REPORT OF THE 4TH CONFERENCE OF AFRICAN MINISTERS OF  
TRADE

The Fourth Conference of African Ministers of Trade was held in Algiers from 24 to 28 November 1975. It was preceded by OAU/ECA Joint Meeting of Experts on Trade and Development called for by resolution CM/437 (XXV) of the OAU Council of Ministers. The Meeting concluded its work by adopting an action programme which it recommended for consideration by the Conference of Ministers.

Attendance

2. The meeting was serviced by the Secretariats of the OAU and ECA and was attended by representatives from the following Member States of OAU and ECA:

Algeria	Botswana	Burundi	Liberia
Cameroon	Chad	Congo	Malawi
Egypt	Ethiopia	Dahomey	Somalia
Gambia	Guinea	Gabon	Comoro Islands
Ghana	Kenya	Guinea Bissau	Libya
Ivory Coast	Tunisia	Senegal	Mauritania
Madagascar	Uganda	Sudan	Niger
Mauritius	Mali	Upper Volta	Togo
Nigeria	Morocco	Rwanda	Zaire
			Zambia

3. The following organizations were also represented in the meetings:

ADB, UNCTAD, UNIDO, IDEP, BADIA, CAEU, OCAM. A delegation from Angola was also present as observer.

Election of Officers

4. The Administrative Secretary-General of the OAU Chaired the first meeting and the first business of the Conference. The Conference elected the following members of the bureau:

Chairman	- H. E. LAYACHI YAKER (Algeria)
Vice Chairman	- H. E. ALPHONSE POATY (Congo)
	- H. E. KABINA QUASHI (Ghana)
Rapporteur	- JOHN K. MUCOKI (Kenya)

### Organization of the Work of the Conference

5. The Conference decided to conduct its work in the plenary session which would listen to general statements and consider all the items of <sup>the</sup> agenda. Two drafting Committees were established the first one to deal with item 4 and the second to deal with item 5 of the agenda. The following countries were elected members of the drafting committees:

Drafting Committee I -- Agenda item 4 - under the Chairmanship of the Vice Chairman, H.E. ALPHONSE POATY (Congo).

Madagascar, Ethiopia, Zambia, Burundi, Chad, Cameroon, Gambia, Nigeria, Ivory-Coast, Egypt, Tunisia and Algeria.

Drafting Committee II -- Agenda Item 5 under the Chairmanship of the Vice Chairman, H. E. KABINA QUASHI (Ghana).

Mauritius, Somalia, Uganda, Gabon, Rwanda, Zaire, Guinea, Liberia, Mali, Libya, Morocco and Sudan.

6. It was also decided that small Ad hoc working groups would be formed if the need arose, to study specific issues and report to plenary.

### Working Hours

7. The Conference decided to adopt the following working hours:

9.00 a.m.	to	1.00 p.m.
3.30 p.m.	to	6.30 p.m.

Opening of the Session

8. The meeting was opened on behalf of the Algerian Government by the Algerian Minister of Commerce, Mr. Layachi Yaker. His opening remarks drew attention to the need to intensify intra-African Trade in the light of both past and current geographical and commodity constraints. He enumerated various measures, including the creation of an African Common Market for consideration as part of a strategy for radical transformation within the context of the New International Economic Order.

9. The Algerian Minister also dealt with the subject matter of the importance of preparatory work for effective African participation in the Manila Ministerial Meeting as well as at the Fourth Session of UNCTAD. He referred in particular to the report of the OAU/ECA Joint Meeting of Experts as a basic document for the work of the Conference of Ministers.

10. The opening statement of Administrative Secretary-General of the OAU reviewed a chain of meetings to the Seventh Special Session of the United Nations General Assembly. He regarded the conclusions reached at both the Sixth and Seventh Special Sessions of the General Assembly as positive reply to the third world's call for eradicating international economic and social injustices. He also laid emphasis on the need to organize and promote intra-African trade as a challenge which ought to be taken up seriously by the developing African countries, in order to ensure the stability of commodity prices of their exports and the financial machinery.

11. The opening statement of the Secretary-General of UNCTAD highlighted the importance of intra-African cooperation and trade expansion as a clear response to self-reliance, as reflected in the New International Economic Order.



12. The Secretary-General of UNCTAD not only referred to the background to UNCTAD IV but also provided information on the preparatory work in hand within his secretariat and elsewhere, in particular the forthcoming Manila Ministerial Meeting.

13. He stressed the fact that each of the three previous sessions had been a landmark in their own right in the history of international trade development. His statement indicated above all else, that UNCTAD IV would provide an occasion for taking important decisions and negotiations on specific issues in the light of the resolution adopted by the Seventh Special Session of the General Assembly.

14. The opening address of the Executive Secretary of the United Nations Economic Commission for Africa, went into some depth in respect of the conceptual and practical aspects of trade as part of the ECA secretariat's exercise in carrying out and interpreting the New International Economic Order as applied to the African region.

15. He observed that trade was one of several means. It was not of the components in the engine of economic development and that it should be made capable of helping with restructuring of the socio-economic systems in order to turn them into self-sustaining and responsive to changes to the needs of the people of the region.

16. The Executive Secretary of ECA referred also to the challenge of the trade sector in the future of the region. He enumerated various measures including the need to determine the region's specific requirements and their timing, identifying of the most appropriate sources and negotiation of what was to be exchanged and for what.

17. He observed that there existed within the region a major institutional gap which could not be filled by Chambers of Commerce and the like. He therefore called for the creation of regioned specialised centres where supply and demand could be matched. He also laid stress on several other related issues such as the problems of transport facilitation and intermodal transport arrangements, the need for international trade promotion officers to be highly trained specialists, the multinational pooling of key imports, etc.

18. The statement of the Executive Director of UNIDO dealt among other things with the importance of the Lima DECLARATION in the light of Africa's strategy in industrialization as an important supplier of raw materials. He referred in addition to certain other developments taking place and the role which UNIDO was poised to play in collaboration with ECA, UNCTAD and OAU.

#### Adoption of the Agenda

19. The meeting at its second sitting amended the provisional Agenda to include under item 4 a new sub-item (a) and a new item appearing as item 6 of the Agenda. The following is the adopted Agenda of the Conference.

#### A G E N D A

1. Opening of the Conference.
2. Election of Officers
3. Adoption of the Draft Agenda and organization of the work of the Meeting.

4. Intra-African co-operation and expansion of Intra-African Trade:

- (a) obstacles to intra-African trade and measures likely to remove them;
- b) review of the matters relating to setting up of an African Common Market;
- c) Intra-African trade institutional matters

5. The African position on issue before the Fourth Session of the United Nations Conference on Trade and Development

- a) Review of the results of the recent major African and United Nations meetings of relevance to preparations for UNCTAD IV.

6. Recommendations regarding the African position on issues before UNCTAD IV.

6.\* Measures likely to speed up the political decolonization and economic liberation of the African continent.

7. Any other business.

8.\* Adoption of the report and of the decisions of the Conference.

General Debate

20. The General debate was preceded by a report from the Chairman of the OAU/ECA Joint Meeting of Experts on Trade and Development Mr. Ferhat Lounes, Director in the Ministry of Foreign Affairs of Algeria. In his introductory remark he highlighted the main points of the two reports prepared by the Experts in their week long deliberations. A Complementary introduction/<sup>was</sup> presented by Mr. Osanya-Nyenneque, Assistant Administrative Secretary-General of the OAU in charge of Economic and Social matters. In his report he made the following observations:

(a) The 4th Conference of African Ministers of Trade was taking place against the background of two important political considerations: the first was that the Conference was following closely after the 7th Special Session of the General Assembly; the second was that it was part of the general preparation at the level of the Group of 77, which would meet in Manila at Ministerial level to finalize its position and outline its strategy for the 4th Conference of UNCTAD.

(b) Issues arising from the 7th Special Session of the General Assembly had two important bearings on the Conference. The first was that the session dealt with the establishment of a new economic order, which was the greatest general issue facing the international community. Africa's interest in this issue was clearly illustrated in ECA document E/CN.14/WP.1/100, which was before the Conference, particularly paragraphs 3 and 43.

(c) Secondly, Chapter I of the Resolution adopted by the 7th Special Session instructs the 4th Conference of UNCTAD to examine the most important aspects of the adjustments which are to be made in the existing patterns of international trade. These include the following areas:

UNCTAD IV should aim at reaching decisions on the improvement of market structures in the field of raw materials and commodities of export interest to developing countries including covering all the different aspects of this matter as enumerated in the VII Special Session Resolution and UNCTAD document on the integrated programme for Commodities.

The Secretary-General of UNCTAD should prepare a report to the UNCTAD IV on the impact of an integrated programme of commodities on the imports of developing countries; and also that he should continue to study direct and indirect indexation schemes. He was also requested to

Prepare a preliminary study on the production between prices of raw materials and commodities exported by developing countries and the final consumer prices.

21. Mr. Nyneque drew the attention of the Conference to the ECA Document E.CN.14/WP.1/100, which brought out the relevance of these points to Africa and particularly paras 9, 28, 29, 34 to 36 dealing with indexation, the GSP, compensatory financing and non-traditional exports. He concluded his remarks on this section by stressing that economic conditions in Africa had remained largely the same since UNCTAD III particularly. He stressed the need for this Conference to suggest general guiding principles for the continent.

22. On the second substantive issue of the Agenda, Mr. Nyneque referred to a general provision in the OAU Charter in favour of Economic co-operation as well as the resolution adopted by the third session of the African Ministers of Trade on the establishment of the Common Market. He then went on to illustrate the efforts of African countries to achieve economic co-operation and listed the different institutions established in the different sub-regions of the continent.

23. Referring to the mandate given by the 3rd Conference of Ministers of Trade, he stressed the fact that it was a flexible mandate which allowed the Conference to take some practical steps towards achieving the ultimate objective of the Conference, namely, the Common Market. Referring to the study prepared by ECA/OAU on this matter he outlined the main points of the study and expounded on the unique characteristics of the continent. He also enumerated a number of technical and political constraints to achieving the desired integration. He suggested that a number of measures be taken at the national level to facilitate co-operation and that any institution established for the purpose of co-operation should be vested with enough powers to act without referring each time to the signatories. In conclusion he agreed with the findings of the

report presented by the experts meeting and requested that it be studied carefully by the Ministers.

24. Following this Report, many delegations took the floor to express their views on issues before the Conference. The meeting commended the report prepared by the experts and considered it a good basis for the discussion. It was stressed that the meeting was taking place at a historical time in the development of international Economic Order by the sixth and seventh Special Sessions of the General Assembly. The meeting generally agreed with the identification and solutions of problems facing inter-African co-operation and the need to intensify intra-African trade. It was also stressed that the African countries were determined to achieve their complete economic emancipation and implement their previous resolutions and declarations in the field of co-operation. The need to strengthen existing regional co-operations was also stressed, particularly the OAU and ECA, and to re-orient them to achieve the medium and long term objectives of Africa in the field of trade.

25. The inter-relationship between trade and development was also stressed. It was generally agreed that trade was one of the most effective means of development and as such due consideration should be given to it on the African level. Many delegations stressed the need for reorienting Africa's trade and to rid it of any precolonial bondage, so that it would become a real instrument for development directed to benefit the widest sector of the African population.

26. Political independence should be supported by the complete freeing of African trade and economy in general from exploitation and domination by extra-African powers and multi-national corporations.

27. The need to reorient the existing sub-regional groupings towards closer co-operation among them, was also stressed. The need for elaborating the second part of the experts group dealing

with intra-African co-operation was stressed during the general debate.

28. The meeting stressed the need for Africa to present single document of issues before UNCTAD IV which will stress the points of particular interest to the African continent.

29. During the general debate, the representatives of the African Development Bank, the Arab Bank for Economic Development in Africa, the Council for Arab economic Unity, and the Institute for Development and Economic Planning (IDEP) informed the Conference of the activities of their organizations relating to the issues before the Conference and highlighted certain aspects of intra-African co-operation, the obstacles hindering such efforts, and made concrete proposals on ways and means to overcome them. The General Secretary of the Algerian National Organization for Fairs and Exhibitions made a statement on the preparation for the Second Pan-African Trade Fair, which will take place in Algiers in September, 1976. Other points made during the general debate relating to specific issues on the Agenda of the Conference have been reflected under these items in this report.

Agenda item 4                    Intra-African Co-operation and the expansion of intra-African Trade:

30. The debate on this issue centred around the following areas:

(a) Obstacles to intra-African trade and possible measures to overcome them;

(b) Institutional matters relating to the expansion of intra-African trade;

(c) Institutionalization of the African Ministers Conference;

(d) Matters relating to the setting up of an African Common Market;

(e) Special measures at the African level to assist the least-developed, land-locked, Island and newly independent countries in Africa.

31. In relation to obstacles to intra-African trade, the meeting agreed to the conclusions drawn up by the expert group. It was generally felt that these recommendations cover adequately the main obstacles.

32. Some delegations felt that point 4.1 of the experts group, concerning granting African countries similar tariff treatment as given to non-African countries fell short of what had already been achieved and should therefore be amended by the Drafting Committee.

33. It was also felt that some of the obstacles and measures fell outside the competence of the Trade Ministers and should be brought to the attention of the other OAU Ministerial colleagues. The view was expressed that the text of the declaration in some areas fell short of what had already been adopted in the OAU and should therefore be strengthened.

34. The sub-regional and gradual approach to the obstacles was recommended by many delegations. It was also felt that the ECA/OAU/ADB and other regional organizations should undertake studies on the different measures taken in different fields and suggest concrete measures for areas not so far covered, particularly tariff and non-tariff barriers.

35. On the question of institutional arrangements relating to the expansion of intra-African trade, there was general agreement in principle for the need for an African Trade and Development Organization. Some delegates advocated the need to establish this organization as soon as possible. They argued that trade was one of the important instruments of development and that the gap in the African institutions should be filled by the creation of this new organization as soon as the basic studies



for its establishment were completed. Other delegations while, agreeing in the principle, felt that a detailed study was needed, covering the role, structure and financial implications of the institution. Yet another group of countries felt that the sub-regional approach was the more appropriate for solving intra-African trade problems.

36. They suggested the strengthening of existing regional and sub-regional organization, expanding the existing ones and creating new groupings where non-existent. In their view, this approach would depend on the man-power constraints of the continent. It was also suggested that African countries should enter into joint ventures, such as joint railways, roads, pipelines, port-development airlines and shipping lines. This approach would improve the atmosphere for further trade and co-operation as well as provide necessary information in trade opportunities between the participating countries.

37. In this respect, one delegation put forward a comprehensive approach in view of the interrelation between trade, finance, planning and other aspects of development. The Conference might recommend a greater emphasis by the OAU on economic matters, through the creation of an OAU Economic Council parallel to the OAU Council of Ministers, to be followed by periodic meetings of the OAU Heads of State in sessions devoted wholly to economic issues. If the suggestion was acceptable a delegation recommended that a resolution be drafted in this sense to request the OAU to consider it and amend the Charter accordingly.

38. The meeting felt that whatever decision was taken, the OAU and ECA would still play an important role in co-ordination and preparation of studies at the African level. It was suggested the African Trade Centre within the ECA and the Association of African Trade Promotion Organizations, sponsored by OAU and ECA, should be given full support in the criteria, to

allow them to play their roles in expanding and promoting intra-African Trade.

39. In this respect, the Executive Secretary of the ECA informed the meeting that he intended to strengthen the Africa Trade Centre and entrust it with a major role in the promotion of intra-African trade. The need to strengthen OAU secretariat was also stressed.

40. In conclusion, the meeting agreed to the establishment of an African Trade and Development Organization in principle, and that the matter should be studied further by OAU and ECA, which should submit a report to the next Conference of African Ministers of Trade. The Drafting Committee was asked to prepare a text on this issue for consideration by the plenary.

41. On the question of institutionalization of the African Trade Ministers there was general agreement that the Conference should meet regularly. Some delegations favoured an annual meeting, while others felt that a meeting once every two years was more adequate. It was agreed that an inter-session Follow-up Committee should be established to follow up the work of the Conference and the implementation of its declarations and resolutions. Views were expressed as to whether a Ministerial Follow-up Committee or an Experts Committee should be established. The arguments for a Ministerial Committee were that this form had been adopted by the African Ministers of industry under the joint sponsorship of OAU/ECA and UNIDO, and had produced tangible results.

42. It was also suggested that such a Ministerial Committee carried more weight in its recommendations for Experts in the different United Nations forums and facilitated contact with their colleagues, the other ministers of Trade. The supporters of an Experts Committee stated that at this stage we were entrusting the ECA and OAU to prepare many studies and it would be more appropriate to have an Expert Committee. They also argued

that Ministers were very busy, so that this would not allow the Committee to meet as frequently as the work might require. However, there was general agreement that the Committee or the Conference decided upon should meet at least twice every year.

43. In his summary, the Chairman requested the Drafting Committee to finalize this matter and suggested that the Ministers could meet once every two years and annually if the need arose. He also requested them to look into the matter of financial implications and include it in the resolution, so that the OAU would have the means to service the Conference. The Chairman also informed the meeting that, in his capacity as Chairman, he would take the matter up with the OAU on the basis of the decisions of the Conference.

44. In relation to the question of establishing an African Common Market it was agreed that this was one of the important objectives of the African continent and that steps should be taken to hasten its implementation. It was also felt that detailed studies were needed for such a step to be taken and embarked upon to ensure that the Organization would be born strong and have all the means for its growth and development. In this respect, the Conference called upon the OAU and ECA to prepare a detailed study on all the aspects of the African Common Market, including legal matters, and make concrete suggestions for the African Ministers Conference. The study should be presented to a group of Inter-Governmental Experts to scrutinize it before submission to the Conference.

45. On the issue of special measures in favour of the least developed, land-looked, island and newly-independent countries, the meeting stressed the fact that these were mainly African matters, and expressed its disappointment that they were not fully covered in the Action Programme on Intra-African Co-operation, while they were adequately covered in the part of the report on UNCTAD IV. It was consequently suggested that this situation be rectified and that the Action Programme should be expanded to include this matter adequately.

46. It was stressed that the newly-independent African countries required assistance in many fields, and that African countries should do everything possible to allow these countries to develop their economies. It was stressed that this was a test and a challenge for African solidarity, unity and co-operation.

47. It was pointed out that African countries should assist their least-developed and land-locked sister countries and demonstrate to the international community their declared policy of self-reliance and co-operation. In this respect, African countries were requested to make every possible effort to facilitate the transit trade of their land-locked neighbours. They were also requested to ratify the International Convention on Transit Trade. The Drafting Committee was requested to draw a draft resolution embodying the above points.

Agenda Item 5 — African position on issues before the fourth Session of UNCTAD:

48. The Chairman invited UNCTAD to shed some light on the document prepared by the Group of Experts. The representatives of UNCTAD informed the meeting that his organization was attending the meeting in advisory capacity, and that the work of the experts was done on the basis of the document prepared by the group of ~~17~~ in Geneva. He stressed that during our preparations for UNCTAD IV, we should always bear in mind the resolution adopted by the 7th Special Session of the United Nations General Assembly. He then went on to elaborate on the different points in the report and laid particular emphasis on the integrated programme for commodities, including its various aspects, manufactures, special measures for the least developed land-locked and island developing countries and co-operation among developing countries.

49. On the question of arrangements for the meeting of UNCTAD IV he formed a Special Session in March 1976 to prepare all issues before the Conferences. As for the arrangements for the Conference, the Conference was told that there will be a plenary and only one committee which will conduct all the business and take positions on the issues. The Bureau of the Conference will consist of 35 members, of which 7 are allocated to Africa.

50. The representative of the ECA informed the meeting that the ECA had held a seminar just before this Conference and that the findings of the seminar were before this Conference in document E/EN.4/WP1/101. He stressed the fact that Africa had so far not benefited from UNCTAD III and that African countries should intensify their efforts particularly in support of the integrated programme on commodities. He also stressed that African countries should be given all financial assistance to enable them to process their raw materials in order to benefit from the GSP. He also stressed that Africa should exploit to the maximum its negotiating weight in favour of these issues as well as the issue of special measures in favour of the least developed, land-locked and island developing countries.

51. The meeting expressed satisfaction for the work done by the experts and was of the opinion that it generally took account of the major preoccupation of African countries. It was felt that the international economic community was entering a new era after the 6th and 7th Special Sessions of the UN General Assembly, and that it was high time declarations were translated into concrete action. UNCTAD IV, it was felt, would provide such an opportunity for all countries to demonstrate this spirit.

52. Some delegations felt that we should only concentrate and take to UNCTAD IV issues ripe for final decision. They stressed the delegations' firm support for the integrated programme on commodities, indexation and the need to diversify the African economy vertically on the basis of their own raw materials.

53. On trade with socialist countries, the Conference agreed to the conclusions of the experts and suggested that socialist countries should intensify trade with African countries and contribute to the funds established to assist the developing countries.

54. The meeting was of the general view that developing countries should stick to the main principles they were pursuing since those constituted the right and just causes. It was also stressed that this was the only way to achieve radical changes in the international system as opposed to marginal changes suggested by the developed countries. Particular reference in this respect was made to the Code of Conduct on Transfer of Technology and the debt problem.

55. Reference was made to the need for safeguard clauses to protect African interests, particularly in relation to preferences given in the Lome Convention, and the need to incorporate them in the text. Reference was also made to a number of paragraphs which needed to be amended. The drafting group was requested to note this.

56. Reference was also made to the need to make the African Group in Geneva more effective, particularly by ensuring permanent representation in Geneva in accordance with OAU resolution. This would allow the African Group to participate effectively in UNCTAD work, particularly on issues, such as voting, which required the presence of the Board members.

57. The Nigerian delegation introduced to the meeting a Darft Resolution on restructuring of UNCTAD (Conference Doc.13) which was transmitted to the drafting group for its consideration.

Agenda Item 6 — Measures Likely to Speed up the Political  
Decolonization and Economic Liberation of  
the African Continent

58. The Chairman, in introducing this issue, laid emphasis on the need to decolonize Africa and on the interdependence between economic and political independence. One delegation supported this and suggested that a working group composed of Somalia, Guinea, Zambia, Egypt, and Congo be set up. Another delegation expressed its total support that the Conference, being a forum of responsible government representatives, should make its views very clear on this issue and suggested that the Algerian delegation be included in the working group.

59. A lengthy procedural debate followed, in which some delegations expressed their fear that, since African countries are not united on two important areas touched by such resolutions namely, the so-called Spanish Sahara and Angola, it would be advisable not to pursue such a motion. Other delegations held the view that they did not have instructions on this matter, since they were mandated to discuss only economic matters and would therefore like to reserve their positions on the item.

60. A third position was that the matter was on the agenda, and that the Conference should take action and express views on it. It was emphasised in this respect that a line could not be drawn between economic and political issues, and that the OAU resolutions and Charter gave a wide mandate for any group of responsible African Ministers to express their views on important matters. It was argued in this respect that the declaration of the Conference would leave a big question mark on the minds of its readers in case of such an omission.

61. At the end of the discussion, the Conference agreed that a Working Group should meet and prepare a text for consideration by the Plenary. A first draft was presented by the working group, and in view of the many objections to it a new ammended text was presented by Liberia.

62. Some Countries felt that, while they subscribed to the principles of the Charter of the OAU, they did not agree to the resolutions before the Conference for various reasons. They mentioned that the matter fell outside the Competence of the Conference, and that it presented no concrete measures to assist the declaraziation of the Continent. They therefore opposed and rejected the resolution totally. These Countries were, Gabon, Mauritania, Morocco, Senegal, Uganda and Zaire.

63. The following Countries reserved their positions on the resolution: Botswana, Ethiopia, Malawi, Kenya, Sudan, Togo, Zambia, (Niger)

64. On the question of giving the floor to a delegation from Angola some delegations said that in their view the delegation represented MPLA, which was recognized as an observer to OAU meetings, and as such they had no objection to their participation.

65. At the end of the discussions the chairman declared that the resolution has been adopted unanimously. The delegate from Morocco stated that this was not the understanding of his delegation. The Uganda delegation stated that he would report his objection and the discussions on this point to the Current Chairman of the OAU.

#### Adoption of the Reports of the Drafting Committee

66. At the conclusion of the debates on the main substantive items, the Drafting Committees and Working Groups set up as per paragraphs 5 and 6 of this report went into sessions to draft appropriate texts on the Conference's conclusions.



67. The first Committee presented a Declaration and Programme of Action on the Promotion of Intra-African Trade, and Development and Co-operation Among African Countries, as well as three resolutions.

68. The Second Committee presented the African Position on Issues coming before the Fourth Session of the United Nations conference on the Trade and Development as well as four resolutions annexed to the Committee's report. The report of the Second Committee also included a decision mandating the Chairman of the Conference to submit the Report & Resolutions to the third Ministerial Meeting of the Group of 77, which is scheduled for Manila, Philippines Jan/Feb. 1976.

69. The Conference adopted unanimously the Reports and resolutions of the two Committees and expressed its appreciation for the work done by the Committees.

#### Closing Session

70. In his closing statement the Chairman of the Conference emphasized the fact this was the first time African Ministers of Trade had met to discuss Inter-African Co-operation as well as International Co-operation. He also stressed the fact that the Conference had established the institutions that would guarantee the continuation of its work in future. The Conference also expressed its full support for the newly independent countries and the need for action to assist them. The Chairman also referred to the support given by the Conference to the struggle of African peoples still under colonial and racial domination. He thanked all those who participated in making the Conference a success.

CM/757 (XXVII)

Annex II

COUNCIL OF MINISTERS

TWENTY-SEVENTH ORDINARY SESSION

Port Louis, Mauritius, 24-29 June, 1976

RESOLUTIONS ADOPTED BY THE FOURTH SESSION OF THE  
CONFERENCE OF AFRICAN MINISTERS OF TRADE

RESOLUTION NO. 1

ON THE CREATION OF AN

AFRICAN ORGANIZATION FOR TRADE AND DEVELOPMENT (A.O.T.D)

The Fourth Conference of OAU Ministers of Trade Meeting in Algiers  
from 24 - 28 November 1975,

Considering the Charter of the OAU,

Taking into account the objectives assigned to the various  
African bodies for economic, financial and monetary cooperation,

Convinced that African States must in the very first place rely  
on themselves, and that the concretisation of such fundamental  
principle must take form in the formulation and implementation of  
an African policy of concerted cooperation for the reinforcement  
and consolidation of economic independence of African States,

Considering the necessity to define a global strategy for intra-  
African trade,

Noting however that trade could not be isolated from development  
as a whole, and that trade and development are inter-dependent,

Convinced of the necessity to ensure coordination, in the field  
of trade and development, between the National State policies on  
the one hand, and the activities of African Conferences and  
Organizations on the other hand,

Considering that the objectives of trade and development cannot  
be achieved without an adequate structure,

The IVth OAU Conference of African Ministers of Commerce

DECIDES

- (1) To entrust the OAU Secretariat, in collaboration with the ECA, ADB, IDBP, AICB, with the task of examining the creation of an African Organization for Trade and Development (A.O.T.D.); and defining inter alia its structure, role and financial implications, whilst taking into account existing institutions;
  
- (2) To mandate the current Chairman of the IVth Conference of African Ministers of Trade to submit these studies to the next Conference.

RESOLUTION NO. 2

ON THE INSTITUTIONALIZATION OF THE CONFERENCE OF THE  
TRADE MINISTERS OF OAU MEMBER COUNTRIES

The conference of African Ministers of Trade, meeting in its fourth session, held in Algiers, Algeria, November 24 to 28, 1975.

Bearing in mind the provisions of the Charter of the Organization of African Unity;

Noting that the various meetings of African Trade Ministers have achieved considerable progress towards coordinating the action of African States in the field of trade;

Aware of the need to elaborate a global African trade strategy at the continental level;

Taking account to the weakness of intra-African trade due, inter alia, to the vertical structure of trade relations between African States and the developed countries;

Noting the need to reduce and eliminate all obstacles to inter-African trade;

Bearing in mind the existence of regional sub-groups in Africa, particularly in the field of trade relations;

Taking note of the various resolutions of African conferences and organizations as well as those international organizations relating to co-ordination in the field of intra-African trade relations, particularly of the 10th OAU Summit Conference;

Aware of the pressing need for co-ordinated action by African countries in international negotiations, with a view to adopting a common position.

Recalling the pertinent resolutions and decisions which recommend the strengthening of the OAU through adequate human and physical means.

DECIDES TO:

1. RECOMMEND that the Conference of African Trade Ministers be established as a specialized commission of the OAU in accordance with the provisions of Article XX of the Charter of the OAU;
2. CONVINCE, in principle annually, a conference of Trade Ministers of member countries of the Organization of African Unity; and entrusts the OAU General Secretariat, in coordination with the ECA and ADB, with the task of making preparations for this conference;
3. INVITE the Administrative Secretary General of the OAU to make the appropriate administrative, budgetary and statutory arrangements, with a view to implementing the present resolution; and to submit this recommendation to the February 1976 Session of the Council of Ministers of the OAU.

RESOLUTION NO. 3  
ON THE ESTABLISHMENT OF INTER-GOVERNMENTAL  
COMMITTEE OF EXPERTS ON TRADE AND DEVELOPMENT

The Fourth Conference of OAU Ministers of Trade, meeting in Algiers, from November 24 - 28, 1975,

Recalling the provisions of Article II of the Charter of the Organization of African Unity which lists one of the purposes of the Organization as co-ordinating and intensifying co-operation and efforts among Member States;

Recalling also the Solemn Declaration of May 1973 on co-operation, Development and Economic Independence of the OAU Heads of State and Government to inter alia, intensify efforts to promote co-operation in the field of the general integration of economic infrastructure, particularly through the restructuring of production structures, distribution systems and market integration on a sub-regional basis; establish common trade and development institutions to consider; co-ordinate and supervise, where necessary, the implementation of agreements and arrangements among African countries on co-operation, trade and development";

Noting that several resolutions have been adopted by previous sessions of the Conference dealing with the expansion of intra-African trade and economic co-operation;

Recognizing the role of the ECA, ADB, IDEP and AECB in these areas, and in particular as regards economic transformation of the African continent;

Recalling further Resolutions 3201 and 3202 (S-VI) adopted by United Nations General Assembly at its Sixth Special Session in May 1974, on the Declaration and Programme of Action on the Establishment of a New International Economic Order, particularly Section IX of 3201 (S-VI) which entrusted the implementation of

the Programme of Action to all organizations, institutions, subsidiary bodies of the United Nations system;

Aware of the existence of several African institutions and organizations in the fields of trade, finance and economic co-operation and the need to rationalize, strengthen and achieve greater co-ordination and co-operation among these organizations;

Noting with interest, the various proposals made to it regarding institutional arrangements in the field of intra-African trade and economic co-operation;

Taking into account the need for a firm foundation for economic co-operation among all African countries in all fields, primarily at the sub-regional level in order to achieve regional economic integration as a long-term objective;

Believing that co-operation between all African regional organizations, particularly the OAU, ECA, ADB, IDEP etc. is an essential prerequisite for establishing a firm foundation for achieving economic integration in Africa;

DECIDES to establish an Inter-Governmental Committee of Experts on Trade and Development, open to all Member States of the OAU under the auspices of the OAU and in Collaboration with the ECA which will deal with all matters in the field of intra-African trade, finance, economic co-operation and development on the continent. The Inter-Governmental Committee of Experts should meet at least once a year; to work out concrete proposals to be submitted to the Conference of Trade Ministers, as well as, undertake follow-up work;



RECOMMENDS urgent strengthening of the Economic and Social Affairs Department of the General Secretariat of the OAU through, inter-alia, the recruitment, as need arises, specialists and consultants, as well as permanent staff, to enable the OAU (a) to be more responsive to the needs of African countries in the field of economic development, and (b) make it better to play its co-ordinating role in the field of intra-African trade and economic co-operation;

REQUESTS the ECA, UNCTAD, ADB, IDEP etc. to co-operate closely with the OAU in the effective implementation of this resolution and, in particular to:

- (a) undertake studies on how the existing sub-regional institutions could be utilized to promote intra-African trade and economic co-operation,
- (b) suggest and present studies on possible areas of co-operation among the sub-regions, and
- (c) study carefully the key sectors of the regional economies and recommend possible areas of integration which would lead, in particular, to the establishment of an African Common Market eventually.

INVITES all OAU Member States and sub-regional, regional and other relevant bodies to co-operate in the full and effective implementation of this Resolution.

RESOLUTION NO. 4

ON THE CREATION OF A WORKING GROUP ON THE PROBLEM OF THE LEAST DEVELOPED OF THE DEVELOPING COUNTRIES, DEVELOPING LAND-LOCKED COUNTRIES AND DEVELOPING ISLAND COUNTRIES

The Fourth Conference of African Ministers of Commerce, meeting in Algiers, from 24-28 November 1975;

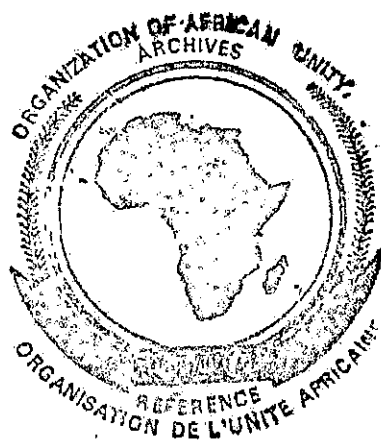
Having examined the African economic situation;

Concerned by the economic situation of the least developed among the developing countries, the developing land-locked countries and the developing island countries in Africa;

Conscious of the need for strengthening co-operation among the African countries;

Convinced that this objective can be achieved only by means of concerted action to establish a programme of measures that will facilitate and reinforce the economic relations among African countries;

DECIDES to create, within the OAU, a working group on the problems of the least developed among the developing countries, the developing land-locked countries and the developing island countries in Africa.



RESOLUTION 2ON THE ESTABLISHMENT OF A SPECIAL FUND FOR THE LEAST DEVELOPED  
AMONG THE DEVELOPING COUNTRIES

The Fourth Conference of African Ministers of Commerce, meeting in Algiers from 24-28 November 1975,

Recalling the International Development Strategy for the Second Development Decade adopted by the General Assembly in resolution 2626 (XXV) of 24 October 1970, which envisages, in particular, special measures in favour of the least developed among the developing countries with a view to increasing their possibility of benefitting fully and equitably from general policy measures adopted in the context of the Decade;

Recalling also resolution 62 (III) which was unanimously adopted by the United Nations Conference on Trade and Development, concerning special measures in favour of the least developed among the developing countries;

Further recalling resolution 63 (III) of the Conference on special measures relating to the special needs of land-locked countries;

Recalling notably the Algiers Charter, the Dakar Declaration and Programme of Action and General Assembly resolutions 3201 and 3202 (S-VI), and which emphasize the urgent need to implement special measures in favour of the least developed countries;

Convinced that the least developed countries have primary responsibility for the planning and co-ordination of all development projects undertaken in those countries; that these countries are aware of the need to make every effort to strengthen their desire for autonomy, but that the international community has a duty to assist them;

Noting with satisfaction the financial and material support provided by the international community and certain countries to the least developed countries which have suffered the hardships of natural disasters;

Noting that the question of the establishment of a special fund for the least developed countries has been the subject of numerous studies and discussions in various international fora, following the adoption of several resolutions, and that the question is now before the General Assembly at its present session for its consideration;

Bearing in mind the strong desire of the developing countries, expressed at the meeting of the UNCTAD Inter-governmental Group on the least developed countries in July 1975, that the special fund be established immediately;

INVITES the General Assembly at its present session to establish the special fund for the least developed countries;

FURTHER INVITES the President of the Fourth Conference of African Ministers of Commerce to transmit this resolution to the Secretary-General of the United Nations, with a request that he circulate this resolution to the General Assembly at its present session.

RESOLUTION 6

ON THE FUTURE ROLE OF UNCTAD III

The Fourth Conference of OAU Ministers of Trade, meeting in Algiers from 24-28 November 1975,

Recalling General Assembly resolution 1995(XIX) (as amended) of 30 December 1964, which established the United Nations Conference on Trade and Development (UNCTAD);

Recalling also resolutions 3201 and 3202 (S.VI) adopted at the Sixth Special Session of the General Assembly on the Declaration and Programme of Action on the Establishment of a New International Economic Order, particularly Section IX of 3202 (S.VI);

Taking note of Conference resolution 80(III) on Review of the Institutional Arrangements of UNCTAD, and Resolution 81(III) on the Further Evolution in the Institutional Machinery of UNCTAD;

Recognising the role of UNCTAD in the field of trade and development;

Bearing in mind the interdependence of the problems of trade, development finance and international monetary issues and the need for UNCTAD to be strengthened in order to be able to respond effectively to these problems;

Noting that when the Conference is not in session the functions that fall within its competence are carried out by the Trade and Development Board;

Noting further the need for a more adequate and more broadly based representation at the UNCTAD Trade and Development Board;

Reaffirms Resolution 10 adopted in Dakar by the Ministerial Conference of the Developing countries on Raw Materials, in February 1975, which recommended the establishment of a comprehensive international trade organization;

1. RECOMMENDS that the future evolution of the work programme of UNCTAD and its institutional structure should conform to the requirements of the New International Economic Order and the further development of international economic relations as outlined in Resolution 3362 (S-VII) adopted at the Seventh Special Session of the General Assembly;
2. ALSO RECOMMENDS that the restructuring of the economic and social sectors of the United Nations systems should take into account the need to strengthen the role of UNCTAD as a strong and effective negotiating forum which will take into account the interest of the developing countries;
3. REQUESTS UNCTAD to recommend to the General Assembly during its 31st Session the transformation of UNCTAD into a "World Trade and Development Organization" within the framework of the restructuring of the United Nations;
4. REQUESTS the 4th Session of UNCTAD, pending the afore-mentioned transformation, to recommend to the General Assembly of the United Nations in its 31st Session:
  - i) to transform the Trade and Development Board into a high level ministerial body open to membership by all the Member States of the Conference,
  - ii) to transform the annual Session of the Board into a high level ministerial meeting and,
  - iii) to ensure that such a ministerial meeting does not last longer than two weeks and that it is preceded by a meeting of experts.

RESOLUTION NO. 7

ON THE MINISTERIAL MEETING OF THE GROUP OF 77 IN MANILLA

The Fourth Conference of OAU Ministers of Trade, meeting in Algiers from 24 - 28 November 1975,

Noting with satisfaction the Report of the OAU/ECA Joint Meeting of Experts on Trade and Development, in connection with the Fourth Session of UNCTAD;

Bearing in mind that the Preparatory Committee of the Group of 77 for the Ministerial Meeting of the Group in Manila, has not completed its work;

Bearing in mind also that certain documents prepared by the UNCTAD Secretariat for UNCTAD IV were not ready for consideration by the Expert Meeting, and therefore by the Conference, and that important preparatory meetings within UNCTAD (notably the third part of the 8th Session of the Committee on Transfer of Technology) are scheduled to take place after the Conference:

1. DECIDES that the Joint OAU/ECA Meeting of Experts on Trade and Development be reconvened in Manila, three days before the Ministerial Meeting of the Group of 77 in January 1976, in order to examine the additional documents and relevant matters and developments within UNCTAD, and prepare a supplementary report for consideration by the Ministers during their pre-conference meeting in Manila.
2. REQUESTS the Chairman of the African Group in Geneva, after appropriate consultations with the Chairman of the Sub-Group on Organization of the Preparatory Committee of the Group of 77 and the UNCTAD Secretariat, to work out the necessary arrangements for the meeting of experts.
3. REQUESTS the OAU and ECA to make adequate preparation for and service the meeting of experts.

CM/757 (XXVII)

Annex III

COUNCIL OF MINISTERS

TWENTY-SEVENTH ORDINARY SESSION

Port Louis, Mauritius, 24-29 June, 1976

DECLARATION AND PLAN OF ACTION ON AFRICAN

ECONOMIC CO-OPERATION



CMC/2 (IV)

DECLARATION AND PROGRAM OF ACTION ON THE PROMOTION  
OF INTRA-AFRICAN TRADE AND DEVELOPMENT OF CO-OPER-  
ATION AMONG AFRICAN COUNTRIES.

DECLARATION

The African Trade Ministers meeting in Algiers from 24 to 29 November, 1975, in accordance with the decision taken by the Assembly of Heads of State and Government of the OAU at the Kampala Summit (in August 1975) examined in depth the problems of trade and economic development of African countries in the light of the resolutions adopted at the Seventh Special Session of the General Assembly of the United Nations on Development.

The African Trade Ministers reaffirm their adherence to the provisions of the OAU Charter and the solemn declaration of the Heads of State of the OAU of May 1973 on Co-operation, Development and Economic Independence, and the objectives and principles adopted by the 4th Conference of Non-Aligned countries in Algiers and the Dakar Conference of developing countries on raw materials held in february 1975.

The African Trade Ministers, concerned at the little progress made in the field of intra-african trade and co-operation, as well as the continued deterioration of the position of Africa in the system of international economic relations, reaffirm their determination to rely primarily on themselves through conformity with the principle of self-reliance of developing countries.

They recognise that the present situation of intra-African trade is characterized by a very small volume in comparison with Africans share in world trade, restricted to a very limited range of products. Indeed, in 1974, while the total volume of Africans external trade stood at 68 billion dollars, intra-African trade was 1,460 million dollars or 2.6% of this volume. Furthermore, this rate shows an alarming regression if one considers that it was 5.5% in 1970, 4.2% in 1972 and 3.8% in 1973.

This situation is to be attributed essentially to the economic structures inherited from the colonial era, based on exploitation and domination. This has given rise to extraverted economies characterised by vertical trade with former colonial

powers to the detriment of the interests of Africa.

Thus most of the exports were from African countries were primary products particularly agricultural and mineral items. The exploitation and marketing of these goods often use the channels of foreign firms established in Africa, which direct the trade flow towards the former administering powers. Besides, the exclusion of African countries from the fixing of prices and the disastrous effects of inflation further contributed to the deterioration of the terms of trade, thus increasing the net transfer of resources from African countries to developed countries and in this way reducing the former's development ability.

In order to check such trend, and consolidate the negotiating power of African countries, the co-operation among African countries should be strengthened and measures introduced with a view to ensuring a genuine economic decolonisation. At the trade level, this implies co-operation efforts to create markets, in order to facilitate a better application of the principle of the recovery of national resources, local processing and marketing the resultant products.

Furthermore the least developed countries, furthermore land-locked countries, island countries and newly independent countries are facing specific difficulties in the pursuit of harmonious and integrated development of intra-African trade.

One of the major obstacles to the development of intra-African trade lies in the difficulties in forwarding goods, resulting from the inadequacy or the unsuitability of the infrastructure and the means of transport as well the disparities between the various national regulations.

In a number of African countries, external trade is still partially or completely controlled by transnational corporations which, through restrictive practices, direct trade to their exclusive

benefit. There is therefore need for the African countries to establish increased and effective controls at the level of both production and marketing.

In view of the highly positive role of information in the development of trade, and considering its present inadequacy, it has become necessary to organize, at the level of a data bank, the collection<sup>of</sup>/dissemination of statistical and other information related to the economic activities of African countries, including production, consumption, foreign trade and prices.

7. On attaining independence, African countries erected tariff barriers either to protect their economies or to obtain government revenues or both, and at the same time, continued links with the former colonial powers led to the conclusion of preferential agreements with countries or economic groupings outside Africa.

In order to achieve such objectives, the African Trade Ministers believe that measures should also be taken by the international community for improving the international economic environment through the establishment of a New World Economic Order, and adopt the following resolution and programme of action.

PROGRAMME OF ACTION

PREAMBLE

The Conference of Trade Ministers of the OAU Member states at its 4th Session held in Algiers from November 24 - 28, 1975.

Having examined the problems facing the expansion of intra-African trade and the possibility of creating an African Common Market,

Guided by the African Declaration on the Co-operation, Development and Economic Independence, (CM/ST 2) adopted by the OAU Heads of State and Government in May 1973, in particular Section BI concerning intra-African trade,

Recalling the Resolution of the 3rd Conference of African Ministers of Trade meeting in Dar-es-Salaam, which liter-alia requested the fourth Session of African Ministers of Trade to (a) "study the machinery to be set up in order to fulfill the objectives of African Unity including the implementation of an African Common Market",

Recalling further Resolution CM/Res/437 (XXV) adopted by the OAU Council of Ministers<sup>at</sup> its 25th Session in June 1975,

Conscious of the low volume of intra-African trade which constituted in 1974 about 3,8 per cent of the total African trade,

Concerned by the continuous decline in the percentage share of intra-African trade in the total trade of African countries which accounted for 5.5 per cent, 4.6 per cent, 4.2 per cent and 3.8 per cent of the total African trade in 1971, 1972, 1973, and 1974 respectively,

Convinced that the volume of intra-African trade can be increased substantially on the basis of existing complementarity,

Agreeing that the ultimate objective of African countries is to attain complete unity by among other things intensifying intra-African trade and economic co-operation among themselves and particularly by elaborating and implementing whenever possible a form of economic integration such as an African Common Market,

Agreeing further that measures have to be taken and a programme has to be established in order to expand and promote intra-African trade and co-operation through bilateral, sub-regional and regional approaches, which in the long run would lead to the realization of the ultimate objective of an African Common Market,

Determined to identify all the obstacles which hinder or retard the growth of intra-African trade and to seek adequate ways and means to overcome them,

Convinced of the need for continuous dialogue among African countries in the search of solutions to problems facing intra-African trade and co-operation and of the need to have a permanent institution for such consultations,

Adopts the following Programme of Action.

#### PROGRAMME OF ACTION

1.0 - The present poor state of infrastructure, transport and communications constitutes one of the major obstacles to the promotion of intra-African trade. The difficulties are mainly due to the insufficiency and inadequacy of infrastructures and means of transport and communications. In order to remedy this situation, African countries undertake among other things to:

- 1.1 - Develop transport infrastructure and communications networks;
- 1.2 - Ensure improved utilization of existing African facilities in the fields of transport and communications;
- 1.3 - Prepare a model intergovernmental agreement relating to all forms of transport, including a draft international convention on road and rail transport;
- 1.4.- Encourage the establishment of African transport companies at the bilateral, sub-regional and regional levels;
- 1.5 - Encourage the creation of African Liner Conferences and consultations in order to defend African interests, namely by the establishment of an African Shippers Council;
- 1.6 - Grant mutual opportunities and facilities in matters of transport and related operations, such as transit, storage facilities etc.

2.0 - The vertical orientation of the pattern of trade inherited from the colonial period aggravated by the control of extra African multinational corporation on the distribution circuits made the African economy extraverted. In these conditions and in order to re-direct and promote intra-African trade, African countries should, among other things, endeavour to:

- 2.1 - Promote the establishment of their own distribution networks and companies and control the activities of transnational companies;
- 2.2 - Establish direct trade relations and avoid triangular operations.

3.0 - The absence or inadequacy of information and the difficulties in exchanging information between various countries are often responsible for the paucity of intra-African trade.

To contribute effectively towards a better exchange of information, African countries undertake to:

- 3.1 - Collect and disseminate statistical data on
  - production;
  - exports and imports;
  - prices.
- 3.2 - Supply African countries with regulations governing external trade including customs and taxation regulations,
  - exchange control regulations;
  - regulations relating to financial transactions;
  - trade regulations;
- 3.3 - Provide information on:
  - respective development policies;
  - investment programmes and policies.

4.0 - Since tariff barriers often constitute an obstacle to the development of intra-African trade, the following measures should be adopted:

- 4.01 - Granting African countries at least the same favourable terms as those granted to countries outside Africa;
- 4.02 - Reducing and progressively eliminating heavy customs duty in intra-African trade in respect of a minimum list of goods in which trade can be rapidly increased;
- 4.03 - Eliminating all fiscal measures which might constitute disguised tariff protection;
- 4.04 - Harmonizing tariff nomenclatures.

4.1.0 - Provisions relating to the implementation of these measures should include an appropriate clearing system safeguard clauses and any other necessary provisions in order to avoid disruption of the economies of African countries.



- 5.0 - Non-tariff in the same way as tariff barriers hamper trade development. Consequently they should be removed by:
- 5.1 - eliminating the restrictive business practices of trans-national corporations based in African countries;
  - 5.2 - gradually eliminating quantitative restrictions;
  - 5.3 - increasing flexibility and harmonization of regulations and procedures governing foreign trade and related activities.
- 6.0 - Hence, it is necessary to elaborate a trade promotion programme by:
- 6.1 - Preparing a list of products for various sectors (mining, industry, agriculture) on the basis of complementary studies and drawing up trade programmes for these products at the bilateral, sub-regional and regional levels;
  - 6.2 - Model contracts for sales and purchases to protect outlets and supplies;
  - 6.3 - Increasing trade promotion activities, particularly through:
    - exchange of trade missions;
    - participation in African fairs and exhibitions;
    - setting up of joint chambers of commerce at sub-regional levels;
    - active support and use of the Association of African Trade Promotion Organizations;
  - 6.4 - Establishing an African multilateral payments system to facilitate commercial transactions on the basis of the work accomplished by the Association of African Central Banks;
  - 6.5 - Examining the possibility of establishing a harmonized system of credit insurance.

- 7.0 - Given that the different levels of development in African countries and the lack of harmonization in planning and economic development policies reduce the degree of complementarity of African economies; and considering that the various existing trade structures favour vertical relations to the detriment of intra-African trade; it is necessary to adopt long term-measures, in the context of the global strategy of Third World countries with a view to achieving the economic integration of the African continent. Such measures should include:
- 7.1 - formation where possible of associations of commodity producers and exporters by constituting buffer stocks whenever necessary and establishing a Finance Fund at the African level;
  - 7.2 - systematic exchange of information and experiences in planning, with regard to development policies;
  - 7.3 - implementation of joint economic projects in particular those aiming at reinforcing the complementarity of African economies;
  - 7.4 - strengthening the existing sub-regional African groupings and the establishment of new ones where none exist;
  - 7.5 - establishment of an African trade and development organization within the framework of the OAU; the establishment of such an organization should however be preceded by a detailed study taking into account existing institutions and defining, inter alia, its structure, role and financial implications;
  - 7.6 - the institutionalization of the Conference of Trade Ministers of Member States of the OAU;

- 7.7 - Reorienting and strengthening the activities of the OAU Secretariat in particular its Economic and Social Department and also the need for the ECA and other economic regional organizations in Africa to intensify their collaborative activities with the OAU so as to make them more responsive to the needs of African countries in the field of trade and economic development.
- 7.8 - Practical steps towards the establishment of an African Common Market, on the basis of the various experiences of the African sub-regional groupings, call for a definite programme of action including, inter-alia studies by OAU, ECA, ADB, AACB, IDEP and bilateral sub-regional organizations of the structure of an African Common Market to be followed, if desired, by a meeting of experts to draw up a time table for the establishment of an African Common Market.
- 7.9 - The creation of an Inter-governmental committee of experts entrusted with the task of:
- (i) following up of the establishment of the African Trade and Development Organization as well as the implementation of the resolutions adopted at the Conferences of African Ministers of Commerce;
  - (ii) serving as a driving and guiding force to OAU and ECA activities which aim at the realization of the above-mentioned objectives and in particular the African Common Market.

CM/757 (XXVII)

Annex IV

COUNCIL OF MINISTERS

TWENTY-SEVENTH ORDINARY SESSION

Port Louis, Mauritius, 24-29 June, 1976

ISSUES COMING BEFORE UNCTAD IV

FOURTH OAU CONFERENCE OF MINISTERS  
OF COMMERCE  
Algiers, 24 - 28 November 1975

CMC/1 (IV)

The African Position on Issues before the Fourth  
Session of the United Nations Conference on  
Trade and Development

MANDATE TO THE PRESIDENT OF THE CONFERENCE

The Ministers of Trade of Member States of the Organization of African Unity entrust the President of the Fourth Conference, H.E. Mr. Layachi YAKER, Minister of Trade of the Democratic and Popular Republic of Algeria, the task of submitting this Programme of Action to the Third Ministerial Conference of the Group of 77 which is scheduled for Manila, the Philippines, January 1976 in preparation for the fourth session of the United Nations Conference on Trade and Development.

The African Position on Issues before the Fourth Session  
of the United Nations Conference on Trade and Development

Preamble

The African Trade Ministers of the OAU Member States meeting in Algiers, in November 1975,

- Inspired by the principles of the Charter of the OAU and of the Charter on Co-operation and Economic Independence of the OAU and guided by the decisions and recommendations of the OAU Council of Ministers, of the Algiers Charter, the Lima Declaration and Programme of Action, the Declaration and Economic Programme of Action of the Non-Aligned countries, the Dakar Declaration and Action Programme, and Resolutions 3201 and 3202 (S-VI) and 3362 (S-VII) adopted by the General Assembly at its Sixth and Seventh Special Sessions;

- Having considered in depth the policies pursued and the results achieved in the fields of trade and development since UNCTAD III;

- Considering that very few concrete results have been achieved in these fields;

- Concerned at the persistent deterioration in the economic situation of African countries despite the various measures undertaken by the international community;

- Concerned at the fact that the present economic condition created by the economic situation in the developed countries is producing serious effects on the economies of the developing countries;

- Convinced that the attainment of the objectives of the establishment of new forms of international economic co-operation depends to a large extent on the implementation on the basis of a specific time-table, of the decisions and recommendations adopted by the Sixth and Seventh Special Sessions of the General Assembly with a view to establishing a new international economic order;

- Fully aware of the vital importance of maintaining and strengthening a common and united action and solidarity among all developing countries members of the Group of 77;

1. REAFFIRM their conviction that the responsibility for achieving, in accordance with the principles of "self-reliance", economic growth and social progress, lies, in the first instance, with our peoples, through the exercise of permanent sovereignty over their natural resources; and that the achievement of national and regional objectives essentially depends on the efforts of each individual country, on collaboration and increased harmonization of their countries' economic policies and on closer cooperation between other developing countries, in accordance with the principles of collective self-sufficiency;
2. DECIDE to adopt the following programme of action which presents the common position of African countries, with a view to effecting the economic transformation of Africa, thus contributing to the establishment of a new international economic order.



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

1. The present situation of raw materials contains a number of new factors which could form the basis for a fresh initiative aimed at establishing a new international economic order including the setting up of new production and market structures for raw materials. Concerted efforts should therefore be made to restructure the world commodity economy in order to revalorize the commodity exports and improve the commodity earnings of developing countries and thus improve the terms of trade of developing countries and eliminate the economic imbalance between developed and developing countries. With this basic aim in mind, UNCTAD IV should adopt decisions on the objectives, international measures and negotiating plan of the integrated programme for commodities of export interest to developing countries, including perishables.

Urgent and necessary changes in the pattern of world food production should be introduced, and trade policy measures should be implemented in order to obtain a substantial increase in agricultural production, particularly food production, and the agricultural export earnings of developing countries.

A. Objectives of the programme

2. The integrated programme should include inter alia the following objectives:
  - i) Supporting commodity prices at levels which, in real terms, are remunerative and just to producers and equitable to consumers, taking full account of the rate of world inflation;
  - ii) Reducing excessive fluctuations in commodity prices and supplies in the interests of both producers and consumers;

- iii) Stabilizing and improving the purchasing power of the export earnings of individual developing countries;
- iv) Expanding the exports of primary and processed products of all developing countries with a view to promoting their industrialization and improving the competitiveness of the natural products of developing countries vis-a-vis synthetics and substitutes;
- v) Increased processing of primary commodities in developing countries; and
- vi) Increased participation by developing countries in the transport, marketing and distribution of their commodity exports.

3. In the light of the above mentioned objectives and taking into account the evolution of world commodity trade which is characterized by pronounced instability in the prices of raw materials and the commodities exported by developing countries and by deterioration in their terms of trade, international measures to be adopted for restructuring commodity trade should be designed to ensure that the exports of commodities of developing countries play a key role in their economic development. Consequently, the programme of measures should satisfy certain conditions including inter alia:

- i) Account should be taken of the effects the terms of trade of countries producing and exporting raw materials have on their economic development.
- ii) A remedy should be found for imbalances resulting from fluctuations in the prices of individual raw materials or commodities and movements in the value of groups of such goods (product solidarity) in relation to that of manufactures and semi-manufactures.
- iii) Account should be taken of the fact that the economic development of the developing countries is particularly sensitive to wide fluctuations in the price of raw materials and commodities affecting their terms of trade which, when unfavourable, adversely affect

the economic development and monetary equilibrium of the developing countries, thereby hampering not only the acquisition of adequate resources to cover payments made abroad but also the formation of national savings.

- iv) Due account should be taken in the adoption of measures affecting commodity prices, of the effect which those measures might have on the terms of trade of the developing countries, so as to maintain an appropriate, fair and equitable relationship between the prices of commodities and those of capital goods and other manufactures and semi-manufactures with a view to promoting the formation of national savings in the developing countries under satisfactory conditions and establishing equitable wage levels in order to reduce the present disparity between living standards in developing countries and those in developed countries.
- v) Account should be taken of the need for developing countries to diversify production through wider product coverage and increased processing, expand existing markets and develop new ones for their products.
- vi) Efforts should be intensified to reduce barriers to the commodity exports of developing countries to developed countries.
- vii) Account should be taken of the need to safeguard the interests of the least developed among the developing countries in accordance with Conference resolution 62 (III).
- viii) There should be co-operation in the preparation of international, bilateral and multilateral arrangements and agreements covering groups of commodities and manufactures as well as individual commodities.

B. International measures of the programme

4. To achieve the objectives of the integrated programme, decisions should be adopted at UNCTAD IV concerning the following international measures which call for inter-governmental negotiations:

- i) Establishment of a common fund for the financing of international commodity stocks or other commodity arrangements;
- ii) The setting-up of international commodity stocking arrangements;
- iii) Negotiation of other measures necessary for the attainment of the objectives of the programme within the framework of international commodity arrangements;
- iv) Indexation of the prices of commodity and raw material exports from developing countries to the prices of their imports from developed countries;
- v) Improvements in compensatory financing with a view to stabilizing the export earnings of developing countries in real terms;
- vi) Promotion of processing activities and diversification in developing countries and liberalization of access to markets of developed countries for developing country exports of primary and processed commodities.

All developed countries, both the developed market economy countries and the socialist countries of eastern Europe, should be associated with the implementation of the integrated programme, including its financing.

5. The interests of developing countries experiencing an adverse net effect from commodity pricing policies within the integrated programme should be protected by means of appropriate differential measures.

6. The commodities to be covered by the integrated programme should include inter alia: coffee, cocoa, tea, sugar, vegetable oils including olive oil and oil seeds, cotton, rubber, jute, hard fibres, copper, phosphate, tin, bananas, timber, bauxite, meat and iron ore.

7. Agreement should be reached at UNCTAD IV on recommendations to be made to the IMF regarding improvements in the IMF compensatory financing facility along the following lines:

- i) an easing of the balance of payments criterion for assistance to developing countries;

- ii) calculation of export shortfalls in terms of the real value (import purchasing power) of exports;
- iii) provision to developing countries of a right to base claims for compensation on shortfalls in their aggregate commodity export earnings instead of their total export earnings;
- iv) easing of repayment terms and expansion of the grant element in compensatory financing, particularly for the poorest developing countries.

8. Agreement should be reached at UNCTAD IV on the following recommendations relating to improved access to markets of developed countries for developing country exports of primary commodities including agricultural products, bearing in mind the interests of those developing countries which enjoy special advantages and the need for finding ways and means for protecting their interests:

- i) the generalized system of preferences should be improved with the aim of including all products of export interest to the developing countries. The GSP should be recognized as a permanent feature of an international trading system renovated and adapted to the establishment of the new international economic order;
- ii) removal on a preferential and non-reciprocal basis of tariff and non-tariff barriers affecting products of export interest to developing countries. Should the elimination of these barriers be excluded from the negotiations, developing countries' exports should benefit from preferential treatment in the form of tariff-free or levy-free quotas;
- iii) any individual commodity agreement should include special and preferential provisions for both developing exporting and importing countries. These provisions should cover assurances of a gradual increasing share in this commodity trade by developing exporting countries as well as assurances of access to markets at all levels of prices. For developing importing countries there should be assurances of supplies at stable, preferential prices;

- iv) agreement should be reached on the limitation of agricultural protection in developed countries. Agreed margins of support should be frozen and lowered progressively. High-cost developed producing countries should agree on a self-sufficiency ratio for certain commodities and satisfy their demand for these products from imports from developing producing countries;
- v) there should be agreement in principle on ways and means of substantially reducing and the eventual removal of agricultural export subsidies and long-term export credit finance by developed countries to their agricultural exports that compete in the world market with those from developing countries;
- vi) the imposition of safeguards by developed countries restricting their imports from developing countries should be the subject of internationally agreed criteria and procedures such as consultations and multilateral surveillance. If applicable, compensation should be given to the developing countries affected by this measure;
- vii) tariff, non-tariff or other trade liberalization concessions given by developed countries during the multilateral trade negotiations should be immediately implemented for developing countries, even if a gradual implementation schedule has been agreed for other countries;
- viii) there should be agreement on a code or a set of general guidelines on health and sanitary regulations in order to reduce or eliminate their trade restrictive or distortive effects;
- ix) the principle of standstill concerning quantitative restrictions shall be strictly adhered to. In no events shall new quantitative restrictions, including embargoes and export restrains or any other trade inhibiting measures, be introduced nor existing restrictions be intensified to the disadvantage of developing countries. The aim should be the removal of quantitative restrictions. In cases where the removal of quantitative restrictions, for example quotas, is not possible, restrictions should be progressively eased in favour of developing countries in order to effect a gradual increase in their share of the market.

9. Agreement should be reached at UNCTAD IV on the following recommendations relating to the processing of primary commodities in developing countries, bearing in mind the interests of those developing countries which enjoy special advantages and the need for finding ways and means for protecting their interests. Some of these recommendations may be subsequently incorporated into individual commodity arrangements under the integrated programme:

- i) The GSP should be improved for agricultural products as follows:
  - (a) the GSP should be extended to cover all processed and semi-processed agricultural products of current and potential export interest to developing countries;
  - (b) all ceilings, tariff quotas and maximum limitations should be suppressed;
  - (c) the developing countries should be treated under the GSP rules of origin as one area, i.e. there should be "cumulative treatment".
  - (d) tariff escalation should be completely eliminated; alternatively, tariff escalation should be eliminated on MFN basis within the MFN, with immediate and full implementation in favour of the developing countries.
- ii) Developed countries should eliminate all tariff barriers to imports of processed commodities from developing countries.
- iii) Developed countries should adopt appropriate adjustment assistance measures in order to accommodate an increasing flow of processed commodities from developing countries.
- iv) Measures to promote vertical diversification in developing countries and to improve access to markets of developed countries for developing country exports of processed commodities should form part of international commodity arrangements under the integrated programme. In particular, such arrangements should incorporate:

- (a) commitments by governments of importing countries not to discriminate against the imports of processed and semi-processed forms of the commodity covered by the arrangements;
- (b) provisions for inclusions of processed forms of commodity in quota arrangements;
- (c) provision for stocking the commodity in processed form in developing countries should also ensure stable supply for domestic utilization;
- (d) financial and technical assistance to developing countries to assist them in their processing activities;
- (e) measures to foster research and development activities in developing countries, aimed at improving the marketing and technical characteristics of processed forms of the commodity;
- (f) developing new end-uses for the commodity and adapting imported processing techniques to the local conditions of the developing producing countries.

C. Negotiating plan of the programme

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

- (i) establishment within UNCTAD of an ad hoc inter-governmental group for the negotiation of the common financing fund referred to in paragraph 4, (i);
- (ii) inter-governmental preparatory meetings and negotiating conferences for the negotiation of international arrangements for the commodities referred to in paragraph 6;
- (iii) establishment within UNCTAD of an ad hoc inter-governmental Co-ordinating Committee for Commodity Negotiations to give impetus to the negotiations referred to in (i) and (ii) above, review progress and to deal with such major policy problems as may arise during the negotiations.



Agreement should also be reached on a timetable for the implementation of the integrated programme.

Manufactures and semi-manufactures

Measures, including the elaboration of and a decision on a comprehensive strategy to expand and diversify the export trade of the developing countries in manufactures, with a view to the attainment of the generally accepted goals for their accelerated industrial development.

11. The Lima Declaration and Plan of Action recommended that the share of the developing countries in total world industrial production should be increased to the maximum possible extent and, as far as possible, to at least 25 per cent of total world industrial production by the year 2000. This target can be achieved only by a reorientation of the structure of world industrial production and trade involving inter alia a substantial increase in the share of developing countries in the exports of manufactures and semi-manufactures. To this end, UNCTAD IV should elaborate and adopt a comprehensive strategy to expand and diversify the export capability of developing countries in manufactures and semi-manufactures.

12. The comprehensive strategy should be designed to improve not only the conditions of access to markets of developed countries for the exports of manufactures and semi-manufactures of developing countries but also the capability of the developing countries to industrialise and to supply those exports. It should also be designed to improve the conditions for expansion of trade in manufactures and semi-manufactures among developing countries. 1/

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1/ This particular issue is covered under item 14.

4. Improvement of access to the markets of developed countries for the exports of manufactures and semi-manufactures of developing countries

13. The principle of a generalized non-reciprocal preferential treatment in favour of developing countries should be extended to non-tariff barriers and other trade policy measures.

14. All developed countries should agree to, and fully implement, a firm standstill on further restrictions on the exports of developing countries, as well as agree to the abolition of liberalization of existing restrictions.

15. There should be advanced implementation of trade liberalization measures under negotiation in the MTN in favour of the developing countries. The implementation of such measures should not erode the benefits already enjoyed under certain preferential arrangements. The GSP should not in any circumstances be used as a political weapon against a particular developing country or group of developing countries. Quantitative import restrictions on products of export interest to developing countries should be removed as early as possible. Developing countries should be exempted from the application of "voluntary" export restraints.

16. Developed countries should give the same treatment to suppliers in developing countries as to their domestic suppliers in the field of government procurement. For the purpose of evaluating bids, the value of import duties levied on products from developing countries should be excluded from the price of the products under tender. Government purchasing agencies in developed countries should improve information on bids to potential bidders in developing countries.

17. Bearing in mind the interests of those developing countries which enjoy special advantages and the need for finding ways and means for

protecting their interests, the GSP should be improved so as to include all products of export interest to the developing countries. The GSP should be recognized as a permanent feature of the international trading system. The GSP should not be used as an instrument of economic coercion or retaliation against developing countries which have adopted or may adopt joint policies aimed at safeguarding their natural resources. Developing countries should be compensated for erosion of preferential margins in the GSP resulting from MFN tariff cuts in the MTN;

18. The export products, including unprocessed and semi-processed products included in BTN 1-24, of developing countries not covered by the GSP that can be distinguished from similar products of developed countries, should be identified and separately classified in developed countries customs tariffs in order to allow more favourable customs treatment to these products.

19. The developed countries should adopt appropriate adjustment assistance measures for facilitating industrial restructuring with a view to accommodating an increasing volume of imports of manufactures and semi-manufactures from developing countries.

20. The developed countries should eliminate tariff escalation on products of export interest to developing countries within the context of the MTN with immediate implementation in favour of the developing countries.

B. Restrictive business practices

21. The developing countries should take action aimed at establishing suitable and effective control of restrictive business practices adversely affecting their foreign trade.

22. The developed countries should formulate and take action aimed at eradicating restrictive business practices, including the extensive utilization of notification and registration procedures and the amplification and development, where necessary, of policies designed to eliminate restrictive business practices.

Action should be taken on the international level, within the framework of UNCTAD or the following elements:

23. i) Elaboration and implementation of set of multilaterally acceptable principles and of equitable regulations which should govern the control of restrictive business practices adversely affecting foreign trade of developing countries;
- ii) Elaboration of a set of elements which might be included within one or several model laws relating to restrictive business practices, which might prove useful to developing countries;
- iii) Establishment of consultation and conciliation procedures under UNCTAD auspices;
- iv) Exchange of information between developed and developing countries necessary for controlling restrictive business practices;
- v) Establishment at UNCTAD of a centre for collecting and disseminating information on a restrictive business practices and exchanging views in that respect.
- vi) Provision of technical assistance for developing countries in the area of restrictive business practices, inter alia for the training of officials.

C. Transnational corporations and expansion of exports  
of manufactures by developing countries

24. Measures should be taken at both the national and international level to ensure that transnational corporations reorient their activities towards the further processing therein of raw materials for both domestic and foreign markets. An international system for the control and surveillance of the activities of transnational corporations should be established within UNCTAD.

25. The set of equitable principles and rules to govern the control of restrictive business practices suggested above should aim, inter alia, at ensuring that the policies of transnational corporations do not adversely affect the ability of their subsidiaries, affiliates and licencess in developing countries to competitively export manufactures and semi-manufactures.

D. Financing of industrialization

26. International financial institutions should consider the possibility of granting programme loans to industrial sectors in developing countries in addition to project loans.

27. International private investment and the financing thereof should be adapted to the industrial needs of the developing countries.

28. The developed countries should make available, through multi-lateral and bilateral channels, larger amounts of financial aid to assist the industrialization of developing countries, particularly with a view to achieving the 25 per cent share for these countries in world industrial output by the 2000.

E. Export incentives

29. The right of developing countries to subsidize their exports of manufactures and semi-manufactures should be recognized. In general, the export of developing countries should be exempted from the application of countervailing duties. Countervailing duties should be applied by the developed countries only in very exception cases and should be subject to internationally agreed criteria.

F. International co-operation for industrial restructuring

30. Agreement should be reached on measures to be taken in the field of trade in manufactures and semi-manufactures with a view to the achievement of the goals for international industrial restructuring contained in the Lima Declaration and Plan of Action and further stressed in General Assembly resolution 3362 (S - VII), including the following measures:

- i) Establishment of a system of global, regional, inter-regional and sectoral consultations within appropriate international bodies, including UNCTAD, in order to facilitate the achievement of the aforementioned goals;
- ii) Need for and ways of strengthening co-operation between UNCTAD and UNIDO as requested particularly by decision 8 (VII) of the Committee on Manufactures;
- iii) Action on guidelines relating particularly to the promotion in developing countries of the production and trade of a large number of manufactures, including those involving the use of advanced technology in their production, including guidelines on the following:

To achieve this end and to ensure that ODA flows are predictable, continuous and assured, developed countries should, inter alia;

- a) introduce a development tax, as a means of raising the required budgetary revenues without annual appropriations by legislatures;
  - b) use the interest subsidy technique, as a means of minimizing the budgetary burden of achieving the 0.7 per cent target and of generating a large expansion of flows in short span of time.<sup>1</sup>
- ii) Agreement should be reached, for the purpose of the 0.7 ODA target, that:
- a) at least 90 per cent of ODA flows should be in the form of grants or loans of the IDA type;
  - b) ODA loans should be calculated net of amortization and interest payments;
  - c) ODA loans with a grant element of less than 50 per cent should be excluded from the measurement of the target;
  - d) ODA loans and grants should be united and multilateral agreement should be sought as soon as possible for the untying of aid;
  - e) financial flows to areas which the developed countries themselves do not regard as sovereign political entities should be excluded from the measurement of the target.

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<sup>1/</sup> The establishment of national interest subsidy funds would enable the developed countries to reach the 0.7 ODA target through annual budgetary allocations of around \$5 billion; the rest (about \$10 billion) to be drawn from private capital markets.

- a) identification of industrial activities that could be the subject of industrial collaboration arrangements;
- b) ways of promoting industrial collaboration arrangements in their various forms such as sub-contracting, co-production and specialization arrangements, and joint ventures;
- c) redeployment of industries from developed to developing countries;
- d) supporting measures in developing countries including measures to protect their infant manufacturing industries;
- e) supporting measures in developed countries including adjustment assistance measures;
- f) commercial co-operation between developing and developed countries, and among developing countries, aimed at facilitating the operation of the proposed arrangements;
- g) financial and technical co-operation, including relevant assistance from international institutions.

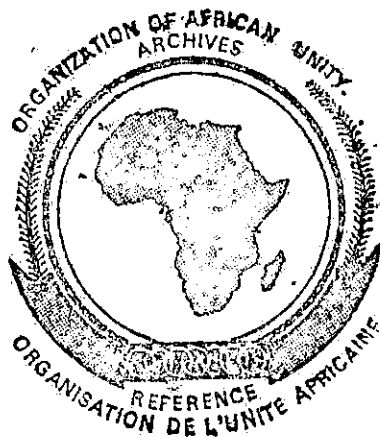


Money and finance and the transfer of real resources  
for development

1. Measures to resolve and alleviate the critical debt problems of developing countries.

31. Heavy debt services payments, current account deficits stemming from maladjustments in the world economy, inadequate balance-of-payments support and long-term development assistance, coupled with tight conditions and the high cost of loans in international capital markets and difficulties of access to markets in developed countries for exports of developing countries, have all combined to create a serious and critical strain of the import capacity and reserves of developing countries putting their development process into jeopardy. The severe problem of indebtedness resulting from this situation calls for decisive relief measures in respect of both their official and commercial debts.

32. The framework within which the negotiations should be sought at UNCTAD IV is set out in a draft resolution of the Group of 77 (TD/B/C 3/L.107).



In this framework, the following specific measures should be considered:

A. Official debts

33. Agreement should be reached on the following measures:

- i) All developing countries should be accorded debt relief in the form of waivers, postponement of interest payments and/or amortization, cancellation of principal, etc.;
- ii) The least developed, the developing landlocked, the developing island and the developing newly-independent countries should have their ODA debts cancelled;
- iii) The other MDG countries should have either their ODA debts cancelled or their debt service payments waived during the remainder of the second United Nations Development Decade;
- iv) Multilateral development finance institutions should provide programme assistance to each developing country in an amount no less than its debt service payments to these institutions.

B. Commercial debts

34. Agreement should be reached to consolidate commercial debts of developing countries and to reschedule payments at market-related interest rates or at the original interest rate, whichever is more favourable to the developing countries, over a period of at least 25 years. The consolidation of commercial debts and the rescheduling of payments should be undertaken through the establishment of a special fund for commercial debt redemption. For such an institution, creditor countries would undertake to contribute resources to the fund, either by lending directly or by guaranteeing bond fluctuations of the Fund. The share of each creditor country to total funds will be based on the debt owed by developing countries

to financial institutions of that country. The fund shall disburse to each debtor developing country an amount equal to its annual debt repayments arising from its commercial debt.

C. Debtor/creditor conference

35. In the light of the agreements and decisions to be reached at UNCTAD IV on the principles and guidelines for debt re-negotiation, agreement should be reached to convene a conference of major creditor and debtor countries under the auspices of UNCTAD during 1976 to decide on appropriate ways of implementing these principles and guidelines.

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

36. The General Assembly, in its resolution 3362 (3-VII), agreed that "concessional financial resources to developing countries need to be increased substantially, their terms and conditions ameliorated and their flow made predictable, continuous and increasingly assured so as to facilitate the implementation by developing countries of long term programmes for economic and social development. Financial assistance should, as a general rule, be united".

4. The 0.7 per cent ODA target

37. i) In accordance with the commitments they made at the seventh special developed countries should effectively achieve their net 0.7 per cent ODA target as soon as possible, and in any case, no later than 1980.

1. The oil facility

- i) This should be extended beyond its present term and its conditions for developing countries relaxed;
- ii) developing countries should have first claim on its resources;
- iii) developed countries and other countries in a position to do so should effectively contribute to the Subsidy Account.

2. Credit tranches

The size of each tranche with regard to regular drawings in IMF should be at least doubled.

3. Compensatory Financing Facility

- i) Developing countries should be able to draw under the CFF on long-term and at low interest rates to the extent that the shortfalls in their foreign exchange earnings in real terms result from recession and inflation in developed countries. Developed countries should make available the additional resources needed for this purpose.
- ii) Additional technical improvements in the operation of the CFF are required. These include:
  - a) Nominal export earnings should be adjusted by some index of import prices (i.e. export shortfalls should be calculated in real terms);
  - b) the coverage of the facility should be expanded to include manufactures and semi-manufactures and services; 1/

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1/ See General Assembly resolution 3362 (S-VII), Section I, Para. 17.

iii) Agreement should be reached to treat the 0.7 ODA Target as the actual financial flow target, and to consider the 1 per cent target (in the measurement of which private capital flows are included) as merely a broad indicator of financial co-operation, whose significance can only be judged when additional quantitative and qualitative information relating to the type of flows is available.

B. Flows from multilateral development finance institutions

38. The multilateral development finance institutions should substantially increase their lending to developing countries. To make this possible, capital subscriptions to these institutions should be increased. Contributions to the World Bank's Third Window should be increased substantially, without prejudice to IDA and the soft-loan windows of the regional banks. Moreover, balance-of-payments support should be provided for developing countries commensurate with their long-term development needs. In this connection, a link should be established between SDRS and development finance. The Compensatory Financing Facility should be liberalized in order to enable developing countries to make drawings on long-term and at low interest rates because of exogenous factors and the Trust Fund should be put into effect as soon as possible.

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

C. Access to capital markets

40. The developed market economy countries should make immediate measures designed to enhance the access of developing countries to their money and capital markets. Such measures should include:

- i) exemption of all developing countries from the various administrative measures governing the issues of foreign bonds in domestic capital markets;
- ii) a liberalization of statutory provisions limiting the extent to which domestic financial institutions can acquire debt of developing countries;
- iii) exemption of developing countries from general measures designed to control capital outflows from capital exporting countries;
- iv) the provision by governments, either individually or through a new multilateral facility established for that purpose of guarantees of financial obligations of developing countries.

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

41. The exceptionally serious balance-of-payments deficits of developing countries are threatening to undermine their development process and have reached crisis proportions. Consideration of the financing of these balance-of-payments deficits should take into account the fact that these deficits have arisen not because of "unrealistic" exchange rates or because of excessive government spending, but because of inflation and recession in industrial countries which have worsened the terms of trade of developing countries and lowered their export volume. Under the circumstances, there is need for balance-of-payments support on long term at low interest rates and free of policy conditions, so that the developing countries can make the necessary adjustments without damage to their long term development process. The traditional IMF facilities fall short of these requirements.

42. Consequently improved balance-of-payments financing facilities are required consistent with the long term development needs of developing countries. To that end, the following proposals are put forward:

- c) the quota limitations should be either abolished or raised to the point at which they cease to constitute an effective constraint on the volume of drawings, thus allowing the entire shortfall to be financed by CFF drawings;
- d) repayment should be triggered only by "excesses" just as drawings are triggered by "shortfalls", both being measured on the same basis;
- e) developing countries should be allowed to draw on the CFF immediately when, in their view, they have suffered a shortfall, within certain limitations, based perhaps on rules of thumb, with discrepancies between the amount of drawings and the size of the shortfall being corrected subsequently, when the requisite data are available. In case where the export shortfall may be foreseen, drawings should be permitted in anticipation of the shortfall;
- f) increased import volume should qualify a country for drawings when it results from climatic or other natural factors;
- g) for the least developed among the developing countries, all drawings under the facility should take the form of outright grants.

43. The developed countries should provide compensation to the developing countries that have suffered from the realignment and floating of the major trading currencies.

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

44. The international monetary system in its present state is not sufficiently conducive to world trade and development, and requires fundamental changes to meet the interests of the

international community and in particular those of the developing countries. These changes must explicitly take into account the interdependence of the problems of the international monetary, financial and trade systems, and base themselves universal membership and a just decision-making process. Whereas in the monetary system of the past the promotion of development and trade of developing countries was an objective secondary to the interests of the developed countries, the new monetary system should have the promotion of the trade and development of developing countries as one of its central objectives. The new monetary system must provide for a process of balance of payments adjustment and financing that will remove the inequities involved in the system as presently constituted, for the creation and distribution of international liquidity in ways which will mobilize resources for development, and for stability in exchange rates.

A. Universality of the monetary system

45. The international monetary system should evolve in the direction of increased multilaterality. To that end, the formation of monetary blocks centred around major currencies should be resisted, and monetary co-operation between developing countries fostered. The rationalization of the monetary relationship of the socialist countries of eastern Europe with other countries, including in particular the developing countries, is also required.

B. Decision-making

46. Decision on international monetary issues which affect the international community at large, should be taken with the full participation of developing countries at all stages of discussion and negotiation. To that end, the authority of the IMF in international monetary negotiations and decisions should be increased and the role of restricted and unrepresentative groups reduced. Moreover, the voting power and representation of developing countries in the IMF should be strengthened, and the share of developing countries in the IMF quotas progressively raised so as to accord them a greater say in fund decisions and greater access to its resources.



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

47. The compartmentalization of international monetary, financial and trade problems that prevailed in the past should give way to greater recognition of the interdependence of these problems, not only in principle but in terms of concrete action. It should be recognized that problems of the international monetary system are to a large degree generated by inadequacies in the international trade and financial systems, including insufficient access of developing countries to markets for capital and goods. There should be a co-ordinated approach to deliberations and negotiations on problems in each of these three areas in order to ensure that the overall evolution of the international economic system serves to promote development and world trade. UNCTAD has a particularly important role in this connection, since it is not only the institution with the widest membership but also that with the widest mandate, covering monetary, financial and trade problems; for that reason, UNCTAD is best placed to take a comprehensive, global overview of the various problems as they affect the process of world trade and development.

D. The balance of payments adjustment process

48. The ways in which groups of countries in the present monetary system are dealt with as regards the avoidance, correction, and financing of payments imbalances are asymmetrical; reserve centres are treated differently from other countries, surplus and deficit countries are subjected to vastly different pressures to adjust imbalances; and the payments position of developing countries is much more sensitive to inflation and recession in developed countries than in the payments position of developed countries themselves. This asymmetry places an inequitable burden on developing countries, which should be lightened through the following measures:

- (i) The International Monetary Fund should be equipped with a full array of facilities to provide payments support to developing countries. The terms and conditions, including policy conditions, carried by IMF credit should take due account of the cause, and hence the likely duration, of the deficits they are designed to cover. Greater automaticity of credit, and reduced policy conditionality, are required. Existing mechanisms must be strengthened to protect the external positions of developing countries from being adversely affected by internal maladjustments in developed countries, such as recession and inflation, and by other exogenous factors. The overall access of developing countries to Fund resources must be considerably enlarged and liberalized.
- (ii) Since developing countries face special problems in their balance of payments management, they should be free to choose the policy instruments that they consider best suited to their specific situation and structural characteristics.
- (iii) Improvement in the balance of payments adjustment process of developing countries inevitably requires improvements in the world trading system. The stabilization of the commodity earnings of developing countries would help to reduce imbalances. Similarly, the removal of trade restrictions, and above all quota restrictions, in developed countries, would, inter alia, foster smoother adjustment of deficits by facilitating export expansion and thereby reducing the need for import reduction.

- (iv) A properly working adjustment process also requires an increased transfer of real resources to developing countries. This would allow developing countries to adjust imbalances at higher levels of imports and rates of growth, thereby reducing the costs of such adjustment.

E. Creation and distribution of international liquidity

49. The creation and distribution of international liquidity should be brought under international control in order that the needs of the world economy as a whole, and, in particular those of developing countries, in respect of additional monetary instruments may be satisfied in the most rational way. To that end, the role of SDRs as a reserve asset should be strengthened, and the role of gold and national currencies reduced. The articles of agreement of the IMF should be amended immediately so that forthcoming issues of SDRs are linked to the provision of additional development finance. Recent decisions regarding gold, which have the effect of redistributing world reserves away from developing countries and in favour of developed countries, should be offset to the fullest extent possible.

F. Exchange rates

50. The exchange rate system should evolve in the direction of increased consistency in exchange rate policies and greater stability in exchange rates.

Transfer of TechnologyAction to strengthen the technological capacity of developing countries

51. Agreement should be reached in UNCTAD IV on measures for strengthening the technological capacity of developing countries and thereby reducing their technological dependence including the following measures:

Action by the developing countries

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

- (a) the elaboration of a technology plan, as an integral part of their national development plan, for the purpose of strengthening their technological capacities and thereby reducing their technological dependence; this would require a co-ordination of policies in a number of inter-related areas, including licensing arrangements, transfer, development and adaptation of technology, industrial property laws and practices, foreign investments, research and development,
- (b) the establishment of appropriate institutional machinery, including national centres for the development and transfer of technology,
- (c) elaboration of all necessary measures to ensure optimum utilization of qualified manpower resources in order to avoid any drain which might constitute an impediment to the development of their economies.

53. To supplement the national effort, the developing countries, at the sub-regional, regional and inter-regional levels, should consider:

- (a) the elaboration of preferential arrangements for technology transfers among themselves,
- (b) the establishment of sub-regional and regional centres for the transfer and development of technology, which could serve as an essential link with the national centres in the developing countries, and also help to implement initiatives with a view to:-
  - implementing a code of conduct for the transfer of technology,
  - assisting national centres to effectively fulfil their role,
  - facilitating the exchange of information on industrial property in order to improve the technological alternative available to developing countries and improve their negotiating power,
  - preparing model contracts for patents,
  - and making institutional arrangements in respect of common technological research and training programmes.
- (c) The establishment of international centres for specific sectors, such as the pharmaceutical sectors, mechanical construction, food processing, agricultural machinery, fertilizers and pesticides.

Supporting action

54. The developed countries should grant the developing countries unrestricted access to existing technology irrespective of the ownership of such technology. Developed countries and international institutions should contribute to the establishment of a bank for technological data of interest to industry and regional and sectoral banks with a view to ensuring a comprehensive flow of technological data to developing countries which would enable them to make the most appropriate selection.

55. The adoption of multilateral legally binding code of conduct for the transfer of technology, and the revision of the patent system, taking into account the particular needs of developing countries, would facilitate the strengthening of their technological capacity by providing the appropriate legal conditions.

a) The Paris Convention should be revised with a view to establishing a "non-reciprocal preferential treatment" system in favour of the developing countries containing, inter alia provisions relating to:

- the amount and form of royalties and the progressive scale of annual instalments,
- duration of protection, which should be reduced. The new international convention should terminate industrial property infractions and increase the rights of importers of patents and trade marks particularly with regard to the legal conditions governing the signing and implementation of agreements concerning the transfer, adaptation, exploitation and control of imported technology.

- b) With regard to the settlement of disputes arising between transnational corporations and developing countries concerning the supply of technology, developing countries shall establish their own Court of Arbitration to represent their interests.
- c) States should prohibit or exercise effective control over restrictive business practices or provisions in the transfer of technology to developing countries. Provisions should be made for the application of sanctions in respect of restrictions which might directly or indirectly produce adverse effects on the national economies of recipient countries.
- d) Developed countries shall refrain from pursuing policies which might encourage the exodus of trained personnel from developing countries which is seriously jeopardizing their progress.

56. The technical assistance and operational activities of UNCTAD and other international agencies concerned (particularly UNIDO) should be greatly strengthened, particularly in the areas of country programmes, training programmes and seminars, advisory services, and assistance in the preparation of technology plans and in the establishment of appropriate technical and other institutional machinery for implementing such programmes.

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

57. The General Assembly, in its resolution 3362 (S-VII), called upon all states to 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 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".

58. The draft outline for the preparation of an international code of conduct on transfer of technology, submitted on behalf of the experts from the Group of 77 at the first session of the Intergovernmental Group of Experts on a Code of Conduct on Transfer of Technology held in Geneva from 5 to 16 May 1975 should form the basis of subsequent negotiations.<sup>1/</sup>

59. The modalities to be established at UNCTAD IV should provide for the adoption of a multilateral legally-binding code of conduct on the transfer of technology.<sup>2/</sup>

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<sup>1/</sup> The text of third draft outline is reproduced in Annex III to the Report of the Intergovernmental Group of Experts on a Code of Conduct on Transfer of Technology (TD/B/C.6/1).

<sup>2/</sup> The Group of 77 has on several occasions stated its position in favour of an internationally legally-binding instrument as the only form capable of effectively regulating commercial transfers. See, for example, the report of the Intergovernmental Group on Transfer of Technology on its third session (TD/B/520) paragraph 105. Summary of replies from Governments to the Note Verbale of the Secretary-General of UNCTAD of 20 September 1974, (TD/B/C.6/AC/1/3); report of the Intergovernmental Group of Experts on a Code of Conduct on Transfer of Technology, Geneva, 5-16 May 1975, (TD/B/C.6/1), Paragraph 9.



111. Action to be undertaken by UNCTAD with respect to the economic and commercial aspects of the international patent system and to its development aspects in the context of the on-going revisions of that system.

60. The General Assembly, in its resolution 3362 (S-VII), stated that "international conventions on patents and trade marks should be reviewed and revised to meet, in particular, the special needs of the developing countries, in order that these conventions may become more satisfactory instruments for aiding developing countries in the transfer and development of technology. National patent systems should, without delay, be brought into line with the international patent system in its revised form".

61. The conclusions reached by the experts from developing countries which participated in the meeting of the Group of Governmental Experts on the Role of the Patent System in the Transfer of Technology to Developing Countries, held in Geneva from 1 to 12 September 1975 should form the basis of subsequent negotiations.<sup>1/</sup>

62. UNCTAD, in collaboration with the international agencies concerned, should play a prominent role in the revision of the industrial property system, in particular in the on-going process of revision of the Paris Convention in view of the importance attached by the developing countries to the economic, social and development implications of the international patent system for their economies. The modalities to be established at UNCTAD IV should provide for such a role by UNCTAD in the revision of the system.

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<sup>1/</sup> See Conclusions of experts from developing countries.

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

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

63. The International Development Strategy for the Second United Nations Development Decade, adopted by the General Assembly in resolution 2626 (XXV) of 24 October 1970, provided inter alia, for special measures in favour of the least developed among the developing countries, in order to enhance their capacity to benefit fully and equitably from the policy measures for the Decade. Subsequently, 29 countries selected on the basis of criteria relating to per capita income, literacy and their relative share of manufacturing in total output were identified as hard-core least developed countries. Since the adoption of the Strategy, a number of policy measures have been initiated in favour of these countries. However, as a group, they have continued to remain as poor as before. The real per capita GNP of the hard-core least developed countries grew at an annual rate of only 0.8 per cent during the 1960's and an even lower rate was recorded during the first three years of the Second United Nations Development Decade of 1970's (0.6 per cent). Furthermore, their export purchasing power per capita has in fact deteriorated in the first half of the Second United Nations Development Decade. Stagnation of this sort means that the hope expressed in the International Development Strategy that the poorest developing countries would achieve a per capita income growth rate of higher than 3-5 per cent per annum this far remains entirely unfulfilled. Indeed 12 of the hard-core countries suffered actual declines in per capita income during the early 1970's. This situation has been aggravated in recent years by the accumulated effects of inflation and natural disasters. Therefore, there

is an urgent need to provide greater financial and technical assistance flows to the least developed among the developing countries under more favourable and more flexible terms than in the past and to initiate more effective commercial policy measures in favour of these countries. Such measures should, in particular, take into consideration the urgent need in these countries to remove structural bottlenecks, expand the production base, ensure adequate levels of consumption and alleviate balance of payments problems.

A. Financial and technical assistance

I. Expanding the flow of assistance

64. The developed countries should:

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

(ii) provide the least developed countries by the end of 1976 with an amount at least equivalent to their share in the international development assistance target of 0.7 per cent of the gross national product of developed countries at market prices.<sup>1/</sup>

65. Developed countries should compensate for the erosion of the purchasing power of past aid commitments to the least developed countries which have not yet been disbursed.

66. Bilateral and multilateral donor agencies should agree on effective arrangements to ensure that a minimum flow of assistance at least equal to the average for all developing countries is provided to each least developed country.

67. Developed market-economy countries and the socialist countries of Eastern Europe should give high priority to increasing their assistance to the least developed countries.

68. Bilateral and multilateral donors (i.e. the World Bank Group, particularly the International Development Association, the United Nations Development Programm, the regional development banks and other multilateral financial institutions) should give high priority to increasing their assistance to the least developed countries.

69. Other sources, such as private grant programmes and voluntary agencies, should give high priority to increasing their assistance to the least developed countries.

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<sup>1/</sup> This would provide somewhat more than an additional 1 billion dollars to the least developed countries.

70. Developed countries and others in a position to do so should provide, as soon as possible, strong financial support for a special fund for the least developed countries.

## II. Terms and conditions for financial and technical assistance

71. All future bilateral official development assistance to the least developed countries should essentially be provided in the form of grants.

72. Multilateral financial agencies should provide assistance to the least developed countries, where possible, in the form of grants and otherwise, in the form of loans on terms as concessional as those provided by IDA.

73. Developed countries should take immediate steps to:

- (a) write-off all matured official debts of the least developed among the developing countries;
- (b) convert all outstanding bilateral official development assistance loans to the least developed countries into grants.

74. The developed countries should give immediate and favourable consideration to providing relief on highly concessional terms for the commercial debts of the least developed countries.

75. Multilateral financial institutions should convert loans to the least developed countries into highly concessional forms.

76. Developed countries should ensure that aid tying barriers are immediately removed with respect to the least developed countries.

77. Bilateral donor countries and multilateral assistance agencies should provide greater assurances as regards the long-term continuity of their assistance to the least developed countries.

## III. Criteria and procedures for financial and technical assistance

78. All bilateral and multilateral assistance agencies should adopt more flexible criteria and procedures in granting assistance to the least developed countries. They should, inter alia:

- i) modify traditional financial criteria concerning the minimum rate of return of projects to take due account of long-term social benefits, including related secondary repercussions in these countries;
- ii) provide financial and technical assistance in order to guarantee minimum standards of development, contribute to the necessary transformation of structures and meet critical needs;
- iii) increase budgetary and financial support for the development of public services, including projects in these countries;
- iv) finance the local costs of capital projects to a substantial extent wherever the lack of adequate local financial resources imposes limits on the development effort of these countries;
- v) where necessary, elaborate specific terms for financing recurring costs associated with on-going and completed projects including maintenance costs, during an appropriate phasing-out period;
- vi) eliminate local cost obligations for the least developed countries in connexion with technical assistance projects;
- vii) provide increased help in identifying, planning and preparing technical and financial assistance projects, expediting the approval and implementation of projects, carrying out feasibility and pre-investment surveys, and post-implementation appraisal;
- viii) endeavour to attract the highest quality technical assistance personnel, speed-up recruitment and project implementation procedures and ensure the most urgent response to the technical assistance needs of these countries;
- ix) arrange for rapid training of local replacement personnel.

#### B. Commercial Policy Measures

79. Quotas in commodity agreements should be allocated to the least developed countries in a flexible and favourable manner designed to ensure the optimum marketing of their production of such commodities

in order to increase their foreign exchange earnings, bearing in mind the specific characteristics of each product.

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

81. The Generalized System of Preferences should be extended to cover agricultural products, in both primary and processed forms and handicrafts of export interest to the least developed countries.

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

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

84. Multilateral arrangements, such as the IMF Compensatory Financing Facility, should include provisions to enable the least developed countries classified as most seriously affected countries to claim compensation without prior conditions, in the event of increases in import prices and of export shortfalls.

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

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

87. The preference-giving countries should formulate such modalities within the framework of the Generalized System of Preferences as to favour, in particular, the least developed countries.

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

89. Developed market-economy countries and the socialist countries of Eastern Europe should:

- i) provide long-term guarantees of a reasonable level of sales of products of least developed countries;
- ii) give favourable treatment, in the case of public sector procurement, to imports from the least developed countries.

90. In the development of arrangements in the context of the integrated programme for commodities, and in other multilateral and bilateral agreements affecting the imports of least developed countries, every effort should be made to reduce the burden of import costs on these countries through the establishment of concessional price arrangements, or especially favourable financing terms for the purchase of essential imports.

C. Shipping and promotional freight rates

91. The Governments of developed and developing countries should invite ship-owners and liner conferences to establish freight rates for the least developed countries which will encourage and assist in expanding the export and import trade of these countries, and to develop promotional rates for the non-traditional exports of the least developed countries which will facilitate the opening of new outlets and the development of new trade flows.

92. Developed countries and international financial institutions should give high priority to the allocation of financial and technical assistance to the least developed countries in order to help them acquire and expand their national merchant fleets and improve their port facilities.

D. Transfer of technology

93. Developed countries and competent international institutions

- i) assist the institutions of least developed countries to obtain, under preferential terms and conditions, and at minimum cost, the results of scientific and technological developments adapted to their needs.
- ii) in order to overcome the technological and negotiating weaknesses of these countries, assist in the establishment of



technology transfer centres designed to assemble the necessary technological information and provide appropriate conditions for external collaboration;

- iii) make arrangements for the grant of patented, patent-related and non-patented technologies, including know-how, suited to the economic conditions of the least developed countries;
- iv) provide the necessary assistance to establish applied technology institutes with a view to developing indigenous technologies and promoting the adaptation of imported technologies to national requirements;
- v) in order to compensate for the reverse transfer of technology from the exodus of trained personnel from the developing countries, now amounting to several billion dollars, make arrangements to provide, on a cost-free basis, the necessary financial means to create the infrastructure to retain qualified personnel in the developing countries.

#### B. Economic co-operation among developing countries

94. The more industrialized developing countries should provide preferential treatment, as far as possible, to imports of goods produced by the least developed countries.

95. The more industrialized developing countries should provide under preferential terms and conditions and at a minimum cost the results of scientific and technological development adapted to the development needs of the least developed countries.

96. The more advanced developing countries and other developing countries in a position to do so should provide increased flows of financial and technical assistance to the least developed countries.

97. Increased flows of technical assistance and goods from the more advanced developing countries to least developed countries should be encouraged through special preferential arrangements (by international agencies, developed countries, or the financially stronger developing countries) to offset the added burden of foreign exchange costs associated with such flows.

98. Joint ventures involving the transfer of equipment and technology from the more advanced to the least developed countries should be promoted and expanded in the context of long-term bilateral agreements or special arrangements.

F. Other actions by UNCTAD

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

100. a) The Secretary-General of UNCTAD should convene a group of experts to study:
- i) the various aspects of an integrated vertical approach to the problem of expanding the exports of the least developed countries;
  - ii) the possibilities of providing long-term guarantees to the least developed countries of a reasonable level of sales of their products in the developed countries;
  - iii) the possibilities of establishing import promotion and financing operations in the developed countries, specifically designed to promote the sale of products of the least developed countries, including the development of suitable guarantee arrangements by the developed countries concerned to offset part of the risks of such trade.
- b) The Secretary-General of UNCTAD should:
- i) strengthen the technical assistance activities of UNCTAD in the planning and policies of the foreign trade sector of the least developed countries and in other areas within the competence of UNCTAD;

- ii) implement the work programme contained in TD/B/AC.17/2, part IV, stressing also the need for in-depth study of the circumstances of the individual least developed countries;
- iii) keep under constant review the progress made in the implementation of the special measures in favour of the least developed countries called for in the relevant resolutions and report thereon to the ICG on least developed countries and to the Trade and Development Board.

## II. Action on special measures in favour of developing island countries.

101. Developing island countries often need to transit through another country to world traffic routes. Measures should be taken to facilitate transit, including appropriate storage and port facilities, in order to assist these countries.

102. There have been too many cases of discrimination against the ships of developing island countries in transit ports or in the ports of trading partners. The governments concerned should take steps to prevent such discrimination.

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

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

105. Likewise, special research and development efforts are needed for air services, with particular attention to the scope for air transport of imports and exports. As an immediate measure promotional rates should be applied to the non-traditional imports and exports of developing island countries.
106. The sovereignty of developing island countries, and particularly of the archipelagic states, over their marine and sub-marine resources should be recognized and affirmed. The multilateral financial institutions and technical assistance agencies should provide effective assistance to these countries to enable them to exploit fully these resources.
107. Being small and precarious economies, small isolated developing island countries should be assisted in their attempts to stabilize and increase their commodity export earnings. Co-operation measures as regards imports should also be formulated for them.
108. Measures such as the incorporation of the likelihood of disasters into planning procedures or the development of disaster insurance schemes should be elaborated for the benefit of the small isolated developing island countries. The competent United Nations agencies should intensify their research activities in relation to the forecasting of meteorological disasters.
109. Developing island countries should benefit from the measures elaborated for the least developed countries concerning financial and technical assistance; in particular, they should receive financial and technical assistance to study the feasibility of, and implement projects concerning the maintenance and repair of ships and road net works.
110. Particularly favourable conditions for the financing of the purchase of ships should be accorded to developing island countries. UNCTAD, the regional economic commissions and other international, multilateral or bilateral institutions should provide assistance to developing island countries in the training of technical personnel specialized in the maintenance and repair of ships and maritime insurance.

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

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

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

#### A. Integrated planning

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

114. An integrated planning approach to each specific transit situation should be endorsed so that all available possibilities for improving particular transit routes should be considered together and each of the transit routes available to a particular land-locked country evaluated in order to determine the best available options for future progress. For this purpose both land-locked countries and their transit neighbours should consider the establishment of a joint transit planning council or commission on a bilateral basis.

#### B. Regional and sub-regional planning

115. Land-locked developing countries can derive substantial long-term benefits from the improvement of regional and sub-regional transport infrastructure. International organizations and financial institutions should give high priority in their assistance programmes to such projects.

116. Land-locked countries would benefit from the harmonization of transport planning and the promotion of joint ventures in the field of transport at the sub-regional level or bilaterally with their transit neighbours and such actions should be encouraged.

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

C. Transport

118. In addition technical and financial assistance should be provided for studies of the feasibility of extending the railway system of transit countries into land-locked countries.

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

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

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

D. Communications

122. In most land-locked countries the present requirement is for fast and reliable communications links between the port area and commercial centres within the land-locked country, and between the port and principal overseas markets. Technical and financial support should be provided for the improvement and development of communications facilities in these countries.

#### E. Restructuring of the economy

123. Land-locked developing countries require technical and financial assistance for the re-structuring of their economies. It would be worthwhile for these countries to explore the possibility of establishing import substitution industries which produce high-bulk low-value goods. This would save them incurring high transport costs for their imports from other countries. Furthermore, the development of export industries producing high-value low-bulk goods should receive high priority. Technical and financial assistance is required for that purpose.

124. Land-locked countries can derive substantial gains from regional economic co-operation. UNCTAD should, on request, provide technical assistance to these countries in formulating suitable regional economic co-operation agreements with their neighbouring countries.

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

#### F. Port improvement

126. International organizations such as UNCTAD can help transit countries by providing technical and financial assistance for the improvement of the ports from which their land-locked neighbour will benefit considerably.

127. Land-locked countries require transit and storage facilities at ports and points of trans-shipment. They require financial assistance for the creation of such facilities.

#### G. Terms, conditions and criteria for financial assistance

128. Because of the development handicaps characteristic of land-locked developing countries, it is important to adopt the following measures:

- a) financial assistance to these countries on the most highly concessional terms possible;
- b) a substantially increased flow of financial and technical assistance;

- c) more flexible criteria for the evaluation of financial and technical assistance projects to correspond to the particularly difficult circumstances of these countries;
- d) criteria for the approval of such projects which would take full account of long term social benefits including secondary effects;
- e) substantial provision for financing the local and foreign exchange costs of the projects;
- f) minimisation and, wherever possible, waiving of counterpart requirements for technical assistance;
- g) particular efforts to help these countries in the formulation and preparation of projects and in speeding up their implementation.

129. Similarly, assistance to transit countries for the creation of transit facilities should also be provided on the most highly concessional terms possible.

Economic co-operation among developing countries. Action to support, where appropriate, measures and initiatives taken by the developing countries to strengthen economic co-operation among themselves.

130. The events of recent years have given a new importance to the concept of economic co-operation among developing countries. The failure of the traditional economic order to solve problems of poverty and economic under-development has imparted a sense of urgency to the need for developing countries to reduce their dependence on the industrialized countries and to promote inter-dependence and balanced development among themselves.

131. While recognizing the continuing importance of economic co-operation at the sub-regional level, recent developments and possibilities, as reflected in resolutions of the United Nations General Assembly at its sixth and seventh special sessions, have widened the context of economic co-operation beyond the boundaries set by trade and integration agreements among neighbouring countries.



132. Economic co-operation among developing countries should be directed towards the establishment of the New International Economic Order and to the fundamental transformation of relations between the developing and the developed countries, and should be based on realistic and equitable criteria with a view to furthering the interests of all the developing countries in the pursuit of permanent co-operation, thus contributing to new and positive forms of international economic co-operation.

133. The general objectives which action by the developing countries should pursue, as part of their efforts to achieve greater and more important collective self-reliance, aimed at strengthening their negotiating power should be mainly:

- a) control of the means of development through the effective control of their wealth, natural resources and systems of production;
- b) expansion and diversifications of agricultural production of developing countries in order to achieve global self-sufficiency in food;
- c) expansion of their export markets and increase of their export earnings;
- d) expansion at all stages of the processing and transformation of raw materials in developing countries;
- e) expansion and diversification of export of manufactures and semi-manufactures to other developing countries and to the developed countries;
- f) overall increase in the level of technological development, particularly by improving the technological capacity in developing countries;
- g) improvement of the human environment.

134. These objectives should be achieved through appropriate and concerted action with a view to the establishment of a global system of economic co-operation including the implementation of a set of measures, particularly in the following fields:

- regional economic co-operation, trade and payments production and industrialization, development finance and science and technology.

I. REGIONAL ECONOMIC CO-OPERATION

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

136. Measures in this field should be aimed at:

- (a) strengthening community institutions;
- (b) improving the operation of existing instruments, in particular the liberalization of trade and common protection regimes;
- (c) emphasizing joint programmes in industry, agriculture and infrastructure;
- (d) expanding sub-regional economic co-operation schemes in the geographical area;
- (e) creating new economic co-operation groupings in the developing countries;

137. In addition, special measures should be adopted in favour of the least developed land-locked and island countries.

II. TRADE AND PAYMENTS

138. Two main instruments could be considered in the trade field as part of a world-wide co-operation scheme.

139. Firstly, a system of preference among developing countries which would set in motion the process of liberalizing access to markets. Such a system could be based on the following major elements:

- i) multilateral negotiations at sub-regional, regional and inter-regional levels;
- ii) coverage of all the main exports of developing countries; manufactures, agricultural, and processed or unprocessed products and other commodities;
- iii) tariff and non-tariff preferences;

- iv) the possible inclusion, as part of the concessions granted, of contractual bilateral commitments regarding supplies and purchases at mutually-agreed price ranges;
- v) special unilateral concessions in favour of the least developed countries.

140. Secondly, trade promotion devices and measures of payment facilitation should supplement the system of trade preferences;

a) Active measures of trade promotion. These should include inter alia:

1. Medium and long term trade agreements;
2. The creation of multinational foreign trade institutions;
3. Multinational market intelligence and information exchange services.

b) Payments facilitation measures:

1. Bilateral and multilateral clearing arrangements;
2. Assistance in mutual payments.

141. In addition, a set of measures need to be designed to strengthen the collective bargaining power of developing countries in their export and import trade with the developed countries and their ability to exploit more fully available opportunities in the markets of those countries. To this end, developing countries should strengthen existing producers' associations, create new ones where desirable and co-ordinate the activities and policies of these associations. Action should be taken in this context to secure the indexing of export commodity prices to import prices.

### III. Production and industrialization

142. The expansion and diversification of trade among developing countries is largely dependent on their expanding their productive capacity. A global system of co-operation among developing countries should therefore include as a basic element the necessary schemes and mechanisms to supplement the national and subregional efforts to that end. This calls

5. Support to export credit finance and guarantee schemes.

6. Balance of payments support.

V. Science and Technology

144. Co-operation among developing countries in the field of technology transfer should include:

- i) increased production of technology adapted to the needs of or evolved in the developing countries, taking into account the specific needs of each developing country;
- ii) exchange of information and experience in respect of available technology, sharing of technical, economic and legal information to facilitate technology evaluation and negotiations of contractual arrangements leading to the unpackaging of technology purchased from developed countries;
- iii) acquisition by the developing countries of the technology available in other developing countries rather than that offered on equal conditions by the developed countries;
- iv) technical assistance, particularly through exchange of experts, advisors, training courses etc.;
- v) utilization of the services of engineering firms in those developing countries which can provide appropriate technology and make maximum use of locally produced equipment;
- vi) collective efforts at joint projects for the acquisition and development of technology for utilization by more than one developing country;
- vii) strengthening national institutions in developing countries dealing with the transfer of technology and establishing greater co-operation among such institutions in order to reinforce the technological capacity of the developing countries;
- viii) building-up appropriate channels to facilitate the transfer of technology among developing countries.

to transfer their positive balances from one CMEA country to another after an appropriate time lag in order to allow for the necessary adjustments to be made within CMEA countries.

149. Consideration should be given to the possibility of expanding tripartite forms of economic co-operation, involving enterprises and organizations of developing countries, socialist countries of Eastern Europe and developed market economy countries, to promote the interests of developing countries.

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

151. International economic organizations of CMEA countries, as well as their banking institutions, such as the International Bank for Economic Co-operation and the International Investment Bank, should elaborate ways and means through which their facilities could be effectively used by the developing countries, especially the least developed among them.

152. The CMEA secretariat should facilitate the flow of information to developing countries directly or through the ITC on trade opportunities in CMEA countries for developing countries.

153. The Secretary-General of UNCTAD should enter into appropriate consultations with CMEA member countries, and the CMEA secretariat, in order to identify trade opportunities resulting from the implementation of various multilateral schemes by CMEA countries and, in the light of these consultations, should consult with other interested international organizations, particularly UNIDO, with a view to making concrete proposals for multilateral action.

B. Improvements in the institutional arrangements

154. The UNCTAD consultative machinery for dealing with problems in trade and economic relations among countries having different economic and social systems should be improved and made more flexible in order to enable the Secretary-General of UNCTAD to convene consultations at the request of interested countries and such consultations to discuss new areas of co-operation including trade opportunities, the flow of financial resources to developing countries, the transfer of technology to developing countries and the co-ordination of planning efforts of interested countries.

155. Technological assistance activities of the UNCTAD Secretariat designed to promote trade between the socialist countries of eastern Europe and developing countries should be intensified in the fields of:

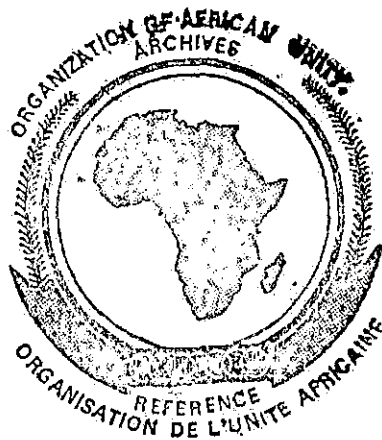
1. The dissemination of information on trade policies and practices of the socialist countries of eastern Europe and on any relevant experience of developing countries;
2. the training of personnel from developing countries;
3. the promotion of business contacts.

156. In order to ensure effective implementation of these activities, UNCTAD should make full use of the ITC and should establish close co-operation with UNIDO, UNDP, and the regional economic commissions. In providing technical assistance, the UNCTAD Secretariat should assist particularly the developing countries which have just entered, or may wish to enter, into trade and economic relations with the socialist countries of eastern Europe.

In case a new International Economic Order was established specific provisions should be included for differentiated treatment in favour of developing countries.

- iii) The sectoral approach should be accepted as a negotiating procedure for the sectors which include those of interest to developing countries.
- iv) Effort should be made to select multilateral procedures and to develop common positions on general issues and the developing countries participating effectively and fully in this effort should harmonize and consolidate their positions in order to ensure that they derive substantial benefits from the negotiations.

159. Developing countries should participate effectively and fully in all stages of the negotiations and make every effort to harmonize and consolidate their positions therein with a view to deriving substantial advantage from the negotiations, increasing their share in world trade and accelerating their economic development.



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