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UNCTAD IV: ASSESSMENT



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## UNCTAD IV : ASSESSMENT

I. INTRODUCTION

1. The First Session of the United Nations Conference on Trade and Development (UNCTAD I) was held in Geneva in 1964, the Second (UNCTAD II) in New Delhi (India) in 1968 and the Third (UNCTAD III) in Santiago (Chile) in 1972. As everyone is aware, the legitimate claims of the Third World Countries were ignored and the results obtained were mediocre, even negative.
2. Nevertheless, those commonly called developing countries, spared no effort in international bodies for the establishment of a new and more equitable world economic system whose guiding principles are contained in well-known documents including :
  - the Declaration and Plan of Action on the establishment of a New International Economic Order : Resolutions 320 (S-VI) and 3202 (S-VI) of the Sixth Special Session of the UN General Assembly.
  - The Charter of Economic Rights and Duties of States: Resolution 3281 (XXIX) of the 29th Session of the UN General Assembly
  - The Lima Declaration and Plan of Action on Industrial Development and Co-operation (March 1975)
  - The Third Summit Conference of Non-Aligned Countries (Algiers 1973)
  - The African Declaration on Co-operation, Development and Economic Independence (Addis Ababa, May 1973)
  - The Dakar Conference on Raw Materials (Dakar, March 1975) and others.
3. The Fourth Session of OAU Ministers of Trade was held in Algiers (Algeria) in November 1975. After an in-depth study of the international economic situation, it drafted a document entitled "Africa's stand at the Fourth Session of the United Nations Conference on Trade and Development". The other Third World Countries of Asia and Latin America had drawn up their proposals at Ministerial meetings held respectively in Djakarta (Indonesia) and Lima (Peru). On the basis of the three documents prepared by them, and relating to basic questions of trade, industrialization, finance, the transfer of technology, the least developed island and land-locked developing countries, and the like, the ministerial conference of the Group of 77 was convened in Manila (Philippines) to discuss and adopt a common stand for the African, Asian and Latin American countries.

These countries arrived at a common platform on all issues and drafted what is to-day called " the Manila Declaration and Programme of Action ".

II. MANILA DECLARATION AND PROGRAMME  
OF ACTION OR THE OBJECTIVES OF THE  
GROUP OF 77 FOR UNCTAD IV

4. The Manila Declaration and Programme of Action represents, in our view, the minimum principles, objectives and claims of the Third World Countries for the establishment of a new and more equitable international economic order. This is why, it would be relevant to summarise briefly the objectives of the Governments of the developing countries as clearly formulated in the Manila Declaration and Programme of Action.

A. Commodities

5. International trade in commodities remains highly vulnerable to modification, speculations, sudden manipulations and considerable trade manoeuvres. This instability took on extraordinary proportions recently as evidenced not only by the abrupt fluctuations in the prices of primary products but also by the inability of the existing machinery and arrangements to solve the major problems of international trade in these commodities. This is why the most important recommendation, a revolutionary decision, adopted by the Manila Conference is the setting up of an " Integrated Programme " which has been given concrete expression by the establishment of a Common Fund for commodities. The objectives of the integrated programme are, among others :

improvement/

- improvement of the terms of trade of the developing countries in the field of commodities;
- supporting commodity prices at levels which in real terms are remunerative and just to producers and equitable to consumers, taking full account of the rate of world inflation and fluctuations in the exchange rates of the main currencies;
- Expansion of developing country exports of primary and processed products, improvement of the competitiveness of natural products vis-a-vis synthetics and substitutes;
- Assurance of access to markets of developed countries for exports from developing countries.

The Conference proposed the establishment of a Common Fund for the financing of international commodity stocks and the setting up of international commodity stocking arrangements.

B. Multilateral Trade Negotiations  
Manufactures and Semi-manufactures

6. Measures for improving access to markets in market economy developed countries and the socialist countries of Eastern Europe for manufactures and developing countries were recommended for the improvement and generalization of the "generalised system of preferences" (GSP) on a non-reciprocal and non-discriminatory basis:

- granting to the developing countries programme loans in addition to project loans without this giving rise to countervailing duties;
- ensuring that developed countries adopt appropriate internal adjustment assistance measures for their industrial restructuring with the object of allowing for an increasing volume of imports of manufactures and semi-manufactures from developing countries;
- avoid giving trade negotiations an inappropriate bilateral character in order to preserve the multinational character.

C. Money and Finance and the Transfer of Real Resources  
for Development

6. In this field, the Third World Countries are faced with heavy debt-service payments, current account deficits stemming from

maladjustments in the world economy, inadequate balance-of-payments support and long-term development assistance, coupled with tight conditions and the high cost of loans in international capital markets and difficulties of access to markets in developed countries for exports of developing countries.

In this connexion, the Group of 77 adopted the following recommendations:

- Official debts: Debt relief should be provided to the developing countries by bilateral donors, in the form of waivers or postponement of interest payments and/or amortization and cancellation of principal of official debt. In this context, the least developed, the developing landlocked and island countries as well as the most seriously affected countries should have their debts cancelled.
- Commercial debts:
  - (a) payment of commercial debts of developing countries should be rescheduled over a period of at least 25 years and these debts shall be consolidated.
  - (b) a conference of major developed creditor and interested debtor countries should be convened under the auspices of UNCTAD in 1976 to determine the principles and guidelines for problems caused by official and commercial debts.

Net Capital Shares: The target of 0.7% revenue to be transferred from the rich to the poor countries should be attained by 1980 within the framework of the ODA (Official Development Assistance).

D. Least Developed among the Developing Countries, Developing Island Countries and Developing Land-locked Countries

7. UNCTAD IV called for the adoption of special and effective measures in favour of the least developed, landlocked and island countries in the fields of regional integration, the transfer of technology, the diversification of production and trade, shipping, port, insurance and trade facilities, restrictive business practices, the restructuring of the economy, debt relief and very liberal institutional and administrative measures. The Manila Conference further proposed the establishment of a Special Assistance fund for those countries as well as priority financial and technical assistance with due regard to efficiency and mainly in the form of grants.

E. Economic Co-operation among Developing Countries - Trade Relations among countries with different Economic and Social Systems

8. The Third World Countries have nevertheless realised that they must, first and foremost, rely on their own resources and organizational capacity to achieve their economic and social development. This is why it was decided, as a matter of priority, to institutionalize economic cooperation among developing countries. To that end, it was agreed that a Conference should be convened

convened in Mexico City (Mexico) in September 1976 to determine the bases and guidelines for this co-operation. It was recommended inter alia that financial and capital markets be established in the developing countries and that multinational enterprises for trade, industry and transport should be financed and established in the said countries.

9. The Socialist countries of Eastern Europe were invited to;

- eliminate or reduce their tariff and non-tariff barriers on imports from developing countries on the basis of non-reciprocity and non-discrimination and to implement the Generalized Scheme of Preferences or other similar measures.
- adopt measures to promote and institutionalise trade between the countries of Eastern Europe and the developing countries, etc.

F. Transfer of Technology

Institutional Arrangements.

10. In this field, the following measures were adopted:

- the formulation of a code of conduct for the transfer of technology;
- strengthening of financial resources and technological capabilities of the developing countries to reduce their technological independence;
- formulation of a technological plan adapted to the needs, realities and national developed plans at the under-developed countries.

11. Finally, the group of 77 recommended ways and means of restructuring UNCTAD with a view to making it an efficient and dynamic UN institution that would serve as a forum for discussion, negotiation and consideration of matters relating to international trade and economic cooperation and also as a promoter of new ideas and methods of approach for the economic development of the Third World. The ultimate goal is the establishment of a world organisation with authority on matters of trade and developed.

III RESULT OF UNCTAD IV NEGOTIATIONS HELD IN NAIROBI

12. It is as yet too early to give a final assessment of results achieved by UNCTAD IV, for it is necessary to wait until ideas have been sorted out, the trends of public opinion and the stands adopted by politicians and governments have been fully expressed. Hence, although we would like to submit a comprehensive report, this report can only be considered as a provisional one. In short, it should be necessary to allow some time to elapse before passing final judgement:

A. UNCTAD IV AND BASIC COMMODITIES

13. It is certain that <sup>from</sup> the views-point of the countries of the group of 77, the success or failure of the fourth session of the Conference depends and will always depend mainly on the adherence of the international community to the integrated program for basic commodities. After arduous and soul-stirring discussions and negotiations, the Conference worked out a comprehensive resolution on an integrated program for basic commodities. For reference purposes and in view of the importance of that resolution, we have reproduced it as Appendix I to the present report. This resolution reflects in general most of the recommendations of the Manila meeting as regards basic products. Hence the resolution deals with <sup>the</sup> adoption of an integrated program for basic commodities. The objectives of the latter, the products covered by it (18 commodities) as well as international measures connected with it, in addition to its modalities and time-table, have been clearly laid out in that resolution.

14. It is important to note here that the African Group has unanimously proposed a very important amendment to Chapter IV (Modalities and time-table) paragraph 1, which reads as follows:

"Earnestly requests the Secretary General of UNCTAD to convene in March 1977 at the latest, a negotiations conference on a common fund open to all members of UNCTAD".

The African Group preferred and proposed the term "Creation" instead of "negotiations", inasmuch as each country of that Group had in its mind decided to adopt the integrated program for basic commodities and in view of the fact that the scheduled Conference had been designed to deal with ways and means of creating - and not of negotiating - the integrated program. The...

African Group had then withdrawn its amendment in order to preserve the cohesion and unity of the Group of 77 during and, above all, after the Conference. Thus the resolution could scarcely be more ambiguous in that respect.

15. The question that arises now is to ascertain the extent of the industrialised nations' commitment to actually implement the terms of that resolution. However that may be and at the conclusion of UNCTAD IV, seventeen developed countries lent their support to the integrated program for basic commodities, while the American proposal for creating an International resources bank was rejected by the Conference after a vote had been taken on it. This was intended as a diversionary and temporising measure to set the negotiation of their true course and establish instead a common fund for raw materials. Hence the reservations expressed by the main consumers of primary commodities among the developed countries (USA, Japan, Federal Republic of Germany and Great Britain) on certain terms of the resolution adopted and it became clear that, as far as they were concerned, it was not primarily a matter of accepting an indexation of the prices of raw materials.

16. It therefore becomes clear that the main developed countries are not prepared to make any concessions to redress the injustice brought about by unfair international economic relations for which they have long been responsible. This indeed is all the more apparent, in as much as this round of negotiations is the fourth within a span of twelve years. It thus follows that Third World countries, and African countries in particular, should henceforth exercise vigilant and dynamic action in order to put into effect the terms of the resolution and successfully implement the integrated program. Such dynamic action should first assume the form of a campaign designed to raise the awareness of

~~international public opinion and well-directed political pressure~~  
applied in full solidarity by all Third World countries on developed nations with a view to inducing them to accept the project once and for all. The General Secretariat of UNCTAD should be kept regularly informed to keep it abreast of any difficulties that might arise in implementing the Resolution and to ensure that negotiations were concluded by 1978 as specified in the terms of the Resolution.

17. In any case, the Secretary-General was of opinion that the demands of the Third World for the setting-up of an integrated programme with a view to stabilizing the prices of raw materials in no way compromised the actual structure of international trade, but were in basic agreement with the present international division of labour and proposed alterations to the system now in force. For, so long as current structures were not subject to criticism, it was quite clear that the establishment of buffer-stocks was capable of doing away with periodical price fluctuations, although this did not prevent the gradual erosion in the prices of products where demand by developed countries was increasing at a slower rate. On the other hand, any eventual benefits resulting from the integrated programme would continue to elude producers, going instead to the multi-national companies and their associates. The criticism voiced by an eminent economist of the Third World following the failure of UNCTAD III remained valid and deserved to be repeated here.

"All the calls for<sup>a</sup> "Liberization" of trade should be seen in this context of a more thorough application and renewal of the forms of an unequal specialization, and not in its elimination. The same applies to the 1% aid target which has no effect in fundamental world structures. One cannot conceivably envisage a transfer of resources from the rich to the poor which would represent true international aid until unequal international specialization comes<sup>up</sup> for review. Until then, aid is no more than a means to strengthen international specialization".

B. UNCTAD IV. MONETARY AND FINANCIAL PROBLEMS AND THE DEBT QUESTION

18. The second most important item on the Conference agenda was that on monetary and financial problems, insofar as it was necessary to study systems for the transfer of actual resources for development needs. Here too, the Conference achieved very limited results, and in particular came up against the critical problem of the debts of the developing countries, with the result that the other items on this committee's agenda were not discussed. The most important problems discussed were the following:-

- Measures designed to increase the net capital gains of developing countries in order to meet their long/<sup>term</sup> foreign capital requirements;
  - Measures designed to improve the financial and monetary situation of developing countries in a way commensurate with their development needs and to facilitate and improve financing of their exceptional deficits;
  - Consideration of the conditions necessary to set up an international monetary system which would foster world trade and development, with particular regard to the interests of developing countries.
- All these questions were referred to the Sixteenth of UNCTAD's Trade and Development Board.

After a month of fruitless negotiations, the Conference adopted a resolution on the "debt problem of developing countries", which was reproduced as a reference document (Annex II) at the end of the report. As could be seen from a perusal of the latter, the resolution was extremely vague and in no way satisfied the demands of Third World countries on the subject of debt, as described in paragraph 6. Furthermore, the resolution implied no firm commitment, although

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it did constitute a statement of intention by governments of developed countries to respond to this situation within a multilateral framework through a speedy and constructive examination of specific requests with a view to adopting prompt measures designed to alleviate the burden of the developing countries who were experiencing difficulty in servicing the debt.

The target of 0.7%, however, set for public aid and development (PAD) was rejected in the course of the debates/ negotiations.

20. One was therefore entitled to ask whether the framework for international negotiation which are hitherto been employed constituted the most appropriate means of remedying the injustices governing international economic relationships, in the search for a new and just world economic order.

C. UNCTAD IV, Multilateral Trade Negotiations, Manufactured Products and The Transfer of Technology

21. In these three areas, the principles embodied in the Manila document were generally accepted. The Conference adopted a resolution on a global strategy aimed at increasing and diversifying manufactured and semi-finished products exported by developing countries. The constant improvement and generalisation of the generalised scheme of preferences (GSP) on a non-reciprocal basis and without discrimination, programme loans, internal aid measures for reconversion were, among others, accepted. Another resolution on multilateral trade negotiations was adopted. And here, participating countries were called upon, as a matter of urgency, to ensure that the objectives enunciated in the Tokyo Declaration were fully attained. The multilateral nature of the negotiations and the principles of non-reciprocity in tariff matters were adopted.

22. As regards the transfer of technical know-how three resolutions were adopted on:

- The strengthening of the technological capacity of developing countries;
- Industrial property;
- The transfert of technology.

But in this regard, the recommendation advocating the establishment and adoption of a code of conduct on the transfer of technology by international bodies was not particularly welcome to the developed nations.

23. With regard to the transfer of technical know-how multilateral trade negotiations and manufactured products, the main principles and objectives of the Manila declaration were acceptable to the industrialised countries. But what they rejected was the idea of financial contributions for the attainment of these objectives which means that, as a matter of fact, all these recommendations do not go beyond a moral commitment and pious wishes.

24. Finally, the conference called upon the OAU and the ECA to organise in 1977, in collaboration with UNCTAD, UNIDO, UNESCO and WIPO (World Industrial Property Organisation) a meeting of plenipotentiaries, preceded by appropriate preparatory talks, aimed at establishing "an African Centre for the Development and Transfer of Technology".

D. UNCTAD IV The Problem of Least Developed, Insular and Land-Locked Countries, Economic Co-operation between developing countries, economic relations between countries with different economic and social systems

25. We are indebted to the United Nations in general and more particularly to UNCTAD for having launched in the last few years a campaign on the three themes of the present chapter. The proposed aid strategy for the least developed among the developing countries, Land-Locked developing countries and developing island countries can be summed up as follows:

- Increase of the absolute and relative volume of external aid given to these countries, and more particularly the donations and public loans granted under favourable conditions. In other words, the idea is to give more in the same direction, under the same conditions and within the same scheme without any special analysis of the economic structure of dependence of these countries and without advocating the disruption of these structures. Be that as it may, in this as in all other areas, the Conference, in a document, subscribed to all the measures, principles and objectives enunciated in the Manilla Declaration and Programme of Action. It must be pointed out immediately that no commitment, no compulsory measures were included in the text. Besides, the developed countries did not accept the principle of establishing a special aid fund for these countries.

26. Furthermore, the conference adopted a resolution on measures to be taken by developed countries and international organisations to support the programme of economic co-operation between developing

UNCTAD/

countries. Once again, the developed countries accepted the guiding principles as well as the programme of action without, however, making any financial commitment in support thereof.

27. The most important decision of the conference was, to our mind, the approval for the organization and convening, under the auspices of UNCTAD, of a Conference on economic co-operation between developing countries in Mexico City.

#### E. UNCTAD IV and Its Institutional Arrangements

28. In a resolution the United Nations General Assembly was called upon to restructure UNCTAD into a general and universal organisation to/authoritatively with problems of international trade development and allied problems of international economic cooperation. It was proposed inter alia that:

- UNCTAD should operate within the United Nations system as an important agency for negotiating agreements and specific arrangements relating to international economic questions like the Charter of Economic Rights and Duties of States, international agreement on commodities, the convention on the code of conduct for maritime conferences and the generalised system of preferences and the setting of targets as regards aid:



UNCTAD/

- UNCTAD has more flexible budgetary financial and administrative arrangements to enable it operate efficiently;
- UNCTAD meetings should be held every three years.
- All member states of UNCTAD should be members of the UNCTAD Board and that the latter should convene a ministerial meeting every two years.

#### IV. Conclusion: UNCTAD IV AFRICA AND OTHER COUNTRIES OF THE THIRD WORLD;

29. It is pessimistic to assert that the UNCTAD IV came up against the refusal by the developing countries to accept the minimum and modest demands of the third world. Even the few resolutions adopted were only on major principles and objectives and did not involve any firm commitment. They were vague in their content and formulation, ambiguous in their application.

30. In view of the ineffectiveness of the theories, policies and conventional instruments of economic development in resolving the problems of underdevelopment, and in view of the conservatism and reluctance of the developed countries in correcting the injustices of the present international economic structure through negotiation, the lesson to be drawn is that the third world in general and Africa in particular must bear the main burden for its development.

a) First of all, each of our countries will have to embark on an autonomous and self-centred development through an appropriate transformation of its internal structure. This way, external relations (like aid) will be subject to the imperatives of this development rather than being its determinants;

b) African countries must also realize that inter-African economic cooperation is the most dynamic development strategy. Africa must be able to form only one economic entity through a stubborn policy of coordination and cooperation with a view to intergrating its economy.

31. This African policy of autonomous economic development can and indeed must find a framework within which to materialise through the Organisation of African Unity. For, after struggling legitimately and effectively for the political liberation of our continent during the past decade, our Organisation must be restructured to serve as a dynamic instrument for political and economic liberation of Africa at the same time. It is for this reason that we concretely propose:

a) The convening of an Extraordinary Session of the Council to deal with economic and development problems of Africa (as proposed by Zaire);

- (b) Immediate restructuring and expansion of the economic and social Affairs Department of the OAU to make it more operational in the execution of the enormous and complex task of liberation and economic integration of Africa.

32. Finally, the countries of the Third World, must, through the movement of non-aligned countries, establish and institutionalise a true policy of economic self-cooperation based on the collective reliance of developing countries. This collective self-reliance will enable the poor countries to strengthen the ties between them, break as much as possible the vertical structure of relations of cooperation established by colonization and define the principles of a new and a more just international economic order. And, to be able to negotiate from a strong position in forums such as the UNCTAD, this collective self-reliance will make the developing countries form a common fronts for negotiation and unions of producers of raw materials. We therefore propose:

- (a) that African countries spare no efforts within the Group of 77, at the United Nations General Assembly and in other appropriate international bodies and organisations to ensure that the few resolutions adopted in Nairobi are effectively implemented, particularly the one dealing with the establishment of an integrated programme for commodities;
- (b) that the Summit Conference of Non-Aligned countries to be held in Colombo (Sri-Lanka) in August 1976 seriously examine the outcome of the UNCTAD IV, so as to draw the desired conclusions and finalise the guiding principles and the programme of action for the political and economic cooperation in the Third World;
- (c) that all African countries participate at the highest level in the Mexico meeting whose objective is to bring together, coordinate and articulate all efforts of cooperation between developing countries, so as to promote the economic integration and political cohesion of the countries of the Third World, and strengthen their negotiating power, their joint action and their collective economic self-reliance;
- (d) that the General Secretariat of the OAU be given the material means to enable it define and coordinate the position of the African countries at the preparatory meeting of experts and at the Conference itself.

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Annex I

COUNCIL OF MINISTERS

Twenty-Seventh Ordinary Session

**Port-Louis, Mauritius**

24 - 29 June 1976

INTEGRATED PROGRAMME FOR COMMODITIES

Draft resolution submitted by the president of the Conference

## INTEGRATED PROGRAMME FOR COMMODITIES

Draft resolution submitted by the president of the Conference

The United Nations Conference on Trade and Development

Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order <sup>1/</sup> as well as the Charter of Economic Rights and Duties of States, <sup>2/</sup> which lay down the foundations of the new international economic order, General Assembly resolution 623 (VII) and recommendation A.II.1 of the United Nations Conference on Trade and Development,

Recalling, in particular, Paragraph 3 (a)(iv) of Chapter I of General Assembly resolution 3202 (S-VI), relating to the preparation of an over-all integrated programme for "a comprehensive range of commodities of export interest to developing countries",

Recalling also paragraph 3 of Chapter I of General Assembly resolution 3362 (S-VII), which states, inter alia, that "An important aim of the fourth session of the United Nations Conference on Trade and Development, in addition to work in progress elsewhere, should be to reach decisions on the improvement of market structures in the field of raw materials and commodities of export interest to the developing countries, including decisions with respect to an integrated programme and the applicability of elements thereof",

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<sup>1/</sup> General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

<sup>2/</sup> General Assembly resolution 3281 (XXIX).

Taking note of the work undertaken on commodities in preparation for the fourth session of the Conference, in particular the proposals submitted by the Secretary-General of UNCTAD for an integrated programme for commodities,

Reaffirming the important role of UNCTAD in the field of commodities,

Bearing in mind resolution 16 (VIII) of the Committee on Commodities concerning decisions by the Conference at its fourth session with respect to an integrated programme for commodities, on, inter alia:

- (a) objectives;
- (b) commodities to be covered;
- (c) international measures;
- (d) follow-up procedures and timetable for the implementation of agreed measures;

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

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

Recognizing the need for improved forms of international co-operation in the field of commodities which should promote economic and social development, particularly of the developing countries,

Recognizing the urgent need for substantial progress in stimulating food production in developing countries, and the important bearing of international commodity policies on this aim,

Recalling the proposal in the Manila Declaration and Programme of Action for the establishment of a common fund for the financing of international commodity stocks, co-ordinated national stocks or other necessary measures within the framework of commodity arrangements,

Bearing in mind the view that there might be financial savings in operating a central facility for the purpose of financing buffer stocks,

Taking note of the readiness of a number of countries expressed prior to and at the fourth Conference to participate in and financially support a common fund,

Noting that there are differences of views as to the objectives and modalities of a common fund.

Convinced of the need for an over-all approach and an integrated programme for commodities which is a programme of global action to improve market structures in international trade in commodities of interest to developing countries, and which will be consistent with the interests of all countries, particularly those of the developing countries, and assure a comprehensive view of the various elements involved while respecting the characteristics of individual commodities,

Decides to adopt the following Integrated Programme for Commodities:

#### I. OBJECTIVES

With a view to improving the terms of trade of developing countries and in order to eliminate the economic imbalance between developed and developing countries, concerted efforts should be made in favour of the developing countries towards expanding and diversifying their trade, improving and diversifying their productive capacity, improving their productivity and increasing

their export earnings, with a view to counteracting the adverse effects of inflation - thereby sustaining real incomes. Accordingly the following objectives are agreed:

1. To achieve stable conditions in commodity trade, including avoidance of excessive price fluctuations, at levels which would:
  - (a) be remunerative and just to producers and equitable to consumers;
  - (b) take account of world inflation and changes in the world economic and monetary situations;
  - (c) promote equilibrium between supply and demand within expanding world commodity trade.
2. To improve and sustain the real income of individual developing countries through increased export earnings and to protect them from fluctuations in export earnings, especially from commodities.
3. To seek to improve market access and reliability of supply for primary products and the processed products thereof, bearing in mind the needs and interest of developing countries.
4. To diversify production in developing countries, including food production, and to expand processing of primary products in developing countries with a view to promoting their industrialization and increasing their export earnings.
5. To improve the competitiveness of, and to encourage research and development on the problems of natural products competing with synthetics and substitutes and to consider the harmonization, where appropriate, of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries.

6. To improve market structures in the field of raw materials and commodities of export interest to developing countries.

7. To improve marketing, distribution and transport systems for commodity exports of developing countries, including an increase in their participation in these activities and their earnings from them.

## II. COMMODITY COVERAGE

The Commodity coverage of the Intergrated Programme should take into account the interests of developing countries in bananas, bauxite, cocoa, coffee, copper, cotton and cotton yarns, hard fibres and products, iron ore, jute and products, manganese, meat, phosphates, rubber, sugar, tea, tropical timber, tin, and vegetable oils, including olive oil, and oilseeds, among others, it being understood that other products could be included, in accordance with the procedure set out in Section IV below.

## III. INTERNATIONAL MEASURES OF THE PROGRAMME

1. It is agreed that steps will be taken as described in Section IV, paragraphs 1-3, below towards the negotiation of a common fund.

2. It is also agreed to take the following measures, to be applied singly or in combination, including action in the context of international commodity arrangements between producers and consumers, in the light of the characteristics and problems of each commodity and the special needs of developing countries.

- (a) Setting up of international commodity stocking arrangements;
- (b) Harmonization of stocking policies and the setting up of co-ordinated national stocks;
- (c) Establishment of pricing arrangements, in particular negotiated price ranges, which would be periodically reviewed and appropriately revised, taking into account inter alia movements in prices of imported manufactured

goods, exchange rates, production costs, and world inflation, and levels of production and consumption;

- (d) Internationally agreed supply management measures, including export quotas and production policies and, where appropriate, multilateral long-term supply and purchase commitments;
- (e) Improvement of procedures for information and consultation on market conditions;
- (f) Improvement and enlargement of compensatory financing facilities for the stabilization around a growing trend of export earnings of developing countries;
- (g) Improvement of market access for the primary and processed products of developing countries by multilateral trade measures in the multilateral trade negotiations, improvement of schemes of Generalized Preferences, their extension beyond the period originally envisaged, and trade promotion measures;
- (h) International measures to improve the infrastructure and industrial capacity of developing countries extending from the production of primary commodities to processing, transport and marketing, as well as to the production of finished manufactured goods, their transport, distribution and exchange, including the establishment of financial, exchange and other institutions for the remunerative management of trade transactions;
- (i) Measures to encourage research and development on the problems of natural products competing with synthetics and consideration of the harmonization, where appropriate, of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;

- (j) Consideration of special resources for commodities whose problems cannot be adequately solved by stocking and which experience a persistent price decline.

3. The interests of developing importing countries, particularly the least developed and the most seriously affected among them, adversely affected by measures under the Integrated Programme, should be protected by means of appropriate differential and remedial measures within the Programme,
4. Special measures, including exemption from financial contributions should be taken to accommodate the needs of the least developed countries in the Integrated Programme for commodities.
5. Efforts on specific measures for reaching arrangements on products, groups of products or sectors which for various reasons are not incorporated in the first stage of application of the Integrated Programme should be continued.
6. The application of any of the measures which may concern existing international arrangements on commodities covered by the Integrated Programme would be decided by governments within the commodity organizations concerned.

#### IV. PROCEDURES AND TIMETABLE

1. Requests the Secretary-General of UNCTAD to convene a negotiating conference open to all members of UNCTAD on a common fund no later than March 1977.
2. Further requests the Secretary-General of UNCTAD to convene preparatory meetings prior to the Conference referred to in paragraph 1 above concerning, inter alia;

- (a) elaboration of objectives;
- (b) the financing needs of a common fund and its structure;
- (c) sources of finance;
- (d) mode of operations; and
- (e) decision-making and fund management!

3. Invites the member countries to transmit to the Secretary-General of UNCTAD, prior to 30 September 1976, any proposals they may have concerning the above and related issues.

4. Further requests the Secretary-General of UNCTAD to convene, in consultation with international organizations concerned, preparatory meetings for international negotiations on individual products, in the period beginning 1 September 1976. These meetings should complete their work as soon as possible, by not later than February 1978. The task of the preparatory meetings shall be to:

- Propose appropriate measures and techniques required to achieve the objectives of the Integrated Programme;
- Determine financial requirements resulting from the measures and techniques proposed;
- Recommend follow-up action required through the negotiation of commodity agreements, or other measures;
- Prepare draft proposals of such agreements for the consideration of governments and for use in commodity negotiating conferences.

5. Further requests the Secretary-General of UNCTAD to convene as and when required commodity negotiating conferences as soon as possible after the completion of each preparatory meeting under paragraph 4 above. These negotiations should be concluded by the end of 1978.

6. Requests the Secretary-General of UNCTAD to undertake the necessary arrangements for the servicing of the preparatory meetings and the subsequent commodity negotiating conferences, in co-

operation with the secretariats of the specialized commodity bodies and other organizations concerned.

7. Agrees that international negotiations or renegotiations on individual commodities covered by existing agreements shall be in accordance with appropriate established procedures for the purpose of concluding international arrangements.

8. Instructs the Trade and Development Board to establish an ad hoc inter-governmental committee to co-ordinate the preparatory work and the negotiations, to deal with major policy issues that may arise, including commodity coverage, and to co-ordinate the implementation of the measures under the Integrated Programme.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

MONEY AND FINANCE AND TRANSFER OF REAL RESOURCES FOR DEVELOPMENT

Debt problems of developing countries

Draft resolution submitted by the President of the Conference

The United Nations Conference on Trade and Development,

Bearing in mind the mounting debt burden and the critical problems of many developing countries,

Recalling the contribution that UNCTAD has been making in the field of debt problems of developing countries,

1. Welcomes the fact that at the fourth session of UNCTAD the Governments of the developed countries pledged themselves to respond in a multilateral framework by quick and constructive consideration of individual requests, with a view to taking prompt action to relieve developing countries suffering from debt service difficulties, in particular least developed countries and most seriously affected developing countries.
2. Invites appropriate existing international fora to determine, before the end of 1976, what features might usefully be discerned from past operations, together with others that might be identified in the light of the present situation of the least developed countries, the most seriously affected developing countries and other countries in need, which could provide a guidance in future operations relating to debt problems as a basis for dealing flexibly with individual cases.

3. Requests the Trade and Development Board at its ministerial session, to be held in 1977, to review the action taken in pursuance of this resolution, and requests the Secretary-General of UNCTAD to convene an intergovernmental group of experts to assist as necessary in that task.



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