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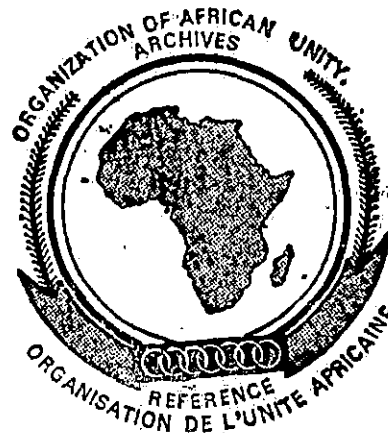
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AFRICA AND THE NEW INTERNATIONAL ECONOMIC ORDER

"Highlight of issues of interest to African countries during the forthcoming 7th Special Session of the UN General Assembly on Development and International Economic Co-operation."



AFRICA AND THE NEW INTERNATIONAL ECONOMIC ORDER

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## I.

INTRODUCTION

1. This report is prepared in response to decision CM/Dec.273 (XXIV) of the 24th Session of the OAU Council of Ministers Meeting of February 1975. It would be recalled that the operative part of that decision stated: "Decides: "to request the Administrative Secretary-General of the OAU to prepare within the light of the Declaration made at the Dakar Conference a study on Raw Materials and Development in Co-operation with the Economic Commission for Africa, the African Development Bank and other competent United Nations agencies in order to harmonize African stand before the next Special Session of the United Nations on Raw Material and Development (See Annex I for the text of the decision).

2. When embarking on this study the Administrative Secretary-General felt the need to expand the scope of the mandate given in the above decision since the objective of the study is to serve African countries during the 7th Special Session of the UN General Assembly which will go beyond Raw Materials. The 7th Special Session will be held to consider "Development and International Economic Co-operation". The OAU General Secretariat has thus endeavoured to cover the major subjects to be covered in the session. The ECA is preparing a detailed technical paper on the same subject, which together with this paper, it is hoped, will be at the disposal of the African countries.

HISTORICAL BACKGROUND:

3. Barely two weeks after the Third UN Conference on Trade and Development, the 19th Session of the Council of Ministers of the OAU met in Rabat and considered inter alia the outcome of that Conference. In a declaration on that Conference the African countries expressed their disappointment at the outcome of the Conference a result of the lack of co-operation on the

part of the developed countries. The African countries however reiterated their belief in international co-operation and the need to look for new ways and means to achieve it. They have not lost sight and effort to participate in any machinery or forums which were designed to integrate OAU's specific quest for <sup>the</sup>well-being of its peoples in an understanding of universal mutual aid and co-operation.

4. The African countries therefore suggested in that declaration a ministerial meeting on the African level to be followed by a meeting of the group of the 77 ministers to study the outcome of the 3rd UNCTAD, aiming "thus to reawaken interest in a better understanding and as a result a sounder co-operation between governments but above all between the peoples of the developed countries and countries of the third world. The aim is to break down the psychological, political and economic barriers still standing in the way of improving in international trade and development aid."

5. Following the adoption of this Declaration, the African countries on their part embarked upon vigorous activity at both the regional and international levels. On the regional level these activities led to the adoption during the Tenth Anniversary of the OAU, May 1973, of the "African Declaration on Co-operation, Development and Economic Independence".

6. The preamble of this Declaration stresses the will of the African countries to co-operate and pool their resources together for their development. It expresses concern on the ever deteriorating economic and social position of developing countries and the constantly widening gap between developed and developing countries.

7. It also expresses its belief that the continuance of such state of affairs generates a deep feeling of frustration with predictable serious consequences for peace and international security.

8. Nevertheless, the declaration also states that the African Heads of State and Government believe "that the prospects of far reaching changes in the international environment, the important events taking place in the world and the efforts being made to find durable solutions to long-standing problems offer African countries an exceptional opportunity to establish a concerned approach and to participate fully in the establishment of a more equitable international order in the economic, commercial and monetary fields."

9. The purpose of this historical introduction is to put in perspective, from the African point of view some of the developments leading to the adoption of the UN Declaration and Programme of Action on the Establishment of a New International Economic Order adopted in May 1974. It would be recalled that it was at the initiative of the third world countries, meeting in their 4th non-Alligned Summit, that the 6th Special Session of the UN General Assembly was held.

10. The intension here is not to give to Africa the credit which is due to people concerned, but rather to stress the fact that Africa is actively in favour of international co-operation, an international co-operation which will take due regard of African dignity and sovereignty.

## II. THE SIXTH SPECIAL SESSION AND AFTER

11. The adoption of the Declaration on the new international economic order marks an era in the history of international co-operation. It stands witness to the scope of imagination of the developing countries in trying to convince the developed countries of the inter-dependence of the world community. It has set in motion an irreversible process in international relations and made it possible to reaffirm the intension of the developing countries to engage in a dialogue, to concert policies and to co-operate in order to establish new economic relations between members of the international community.

12. The Declaration and Programme of Action adopted in that session included many principles and new imaginative approaches to development and co-operation matters. It has first and foremost brought the issue of inter-dependence from academics to concrete steps and measures. The question of Raw Materials taken for granted for many decades has for once become the main theme of a special session of the General Assembly. There is contradiction between the present international economic order and the current development in international and political economic relations as accepted by the international community. Hence, there is in turn a need for change and a "New International Economic Order".

13. It is true that many of the principles included in the Declaration were tossed around for many years in different international forums, but their compilation in a Declaration enjoying a wide consensus it deserved is a very great achievement. The inclusion of the quest for a just and equitable prices for raw materials and primary commodities, through their indexation to exports of developed countries constitutes a major breakthrough in the stalemate in the field of international co-operation in commodities. Of major importance also is the recognition of the need to strengthen the UN in order to fulfil the calls made upon it by the adoption of the Declaration.

14. The Programme of Action on the other hand is the first comprehensive UN document on economics and co-operation. It emphasized the question of sovereignty and brought to light in the UN the recognition of the relationship between economic and political independence.

15. It is also true that a Declaration and a Programme of Action of this nature cannot go beyond general principles and broad issues which require political decisions. Within this limitation the developing countries have performed commendably by throwing their collective weight behind the general international effort to deal with a number of issues which have been dead-locked in other UN forums through the intragency of the developed countries.

16. The adoption of the special programme and the emergency fund to assist the most seriously affected countries introduces a needed flexibility in the system of international co-operation. It also confirms the responsibility of developing countries with surplus funds to assist other developing countries in need.

17. Section IX of the Programme of Action entitled, "Strengthening the role of the UN System in the field of international economic co-operation", entrusts all UN subsidiary bodies with the implementation of the parts of the Declaration and Programme of Action related to their fields. It also requests those bodies to include the review of the implementation of the Declaration and Programme of Action in their mid-term review and appraisal of the International Development Strategy. It further requests all organs and countries to report to the 7th Special Session on the implementation of the Declaration and Programme of Action.

ACTION BY UNCTAD

18. In March 1975 the 6th Special Session of the Trade and Development Board met to consider mid-term review and appraisal of the UN Development Strategy for the Second Development Decade. This exercise took into consideration the Declaration and Programme of Action on the New International Economic Order.

19. It was clear in the review that many of the major objectives of the Strategy and the Declaration and Programme of Action were not achieved; and that developing countries were facing serious problems and the majority of them have fallen behind all quantitative targets of the development decade. The performance of the poorest among the developing countries particularly the least developed countries was still much worse than that of the other developing countries.

20. In the field of international trade and other issues within the competence of UNCTAD accomplishments and shortcomings were reviewed and the need for new measures to make the Strategy more effective and realistic were stressed.

21. Accomplishments within UNCTAD include the work in progress on the integrated approach on commodities and the indexation of prices of raw materials exported by developing countries to manufactures exported by developed countries. But the road is still long to bring this matter to fruition although developing countries are pushing to have it finalized before UNCTAD IVth Conference.

22. The conclusions of the Trade and Development Board also stress the present economic uncertainty and crisis hanging over both the developed and developing countries, with serious consequences on the development of less favoured developing countries. It nevertheless felt that the present difficulties should provide an additional incentive to seek an equitable and durable system of international economic relations presumably during the next General Assembly Special Session.

23. It is pertinent to mention that the developing countries have prepared an elaborate document on extra measures needed to strengthen the new international economic order and up date the Strategy as well. This document is annexed to the Board's decision and has already been communicated to the Preparatory Committee of the 7th Special Session of the General Assembly.



ACTION BY ECOSOC

24. It would be recalled that the 6th Special Session decided to refer a number of resolutions for further discussion to the ECOSOC. Beside this, the ECOSOC is entrusted with general co-ordination of economic and social matters. The review and appraisal and follow up action to the Declaration and the Programme of Action will figure high in the ECOSOC Summer Session this year. An endeavour was made to discuss the 6 resolutions transmitted from the 6th Special Session of the General Assembly. An omnibus resolution was passed on them. Further information on action by ECOSOC will be provided later.

ACTION BY DEVELOPING COUNTRIES:a) The Dakar Conference

25. In implementation of the decisions of the 4th non-Alligned Conference, the Non-Alligned Countries Conference Bureau called for a conference of developing countries on raw materials. The Conference was preceded by meetings of an Inter-Governmental Group in Geneva. The main issues discussed were co-operation among developing countries; particularly in the field of raw materials. The question of establishing and strengthening producers associations of developing countries figured high in the deliberations of the Conference. They emphasized the need to strengthen the negotiating position of the developing countries vis-a-vis developed countries' transnational companies, through the creation of a producers' association council and the mutual support of each other. The collective self-reliance of the developing countries was also stressed and the creation of a buffer-stock fund financed mainly by surplus developed countries was adopted. An elaboration of the integrated commodity approach was also endorsed.

26. The Conference adopted a Declaration and a Programme of Action spelling out different aspects of co-operation among developing countries. Of particular importance to Africa is the stress laid throughout the Declaration and Programme of Action on the provisions of technical and financial assistance by developing countries to the least developed and land-locked countries and the need to formulate more elaborate assistance programme by the developing countries and the international community in favour of these countries.

b) The 77 Algiers Meeting Preparatory to 2nd UNIDO Conference

27. As customary, the developing countries met to harmonize their views before they went to the 2nd UNIDO Conference. The meeting produced a Declaration and a Programme of Action which was the basis of the Declaration adopted in Lima during the Second UNIDO Conference. The Algiers Declaration on Industrialization put forward a number of new and important additions to the Declaration and Programme of Action which should be incorporated in the document coming out of the 7th Session. Since the Algiers document has been incorporated almost in total in the Lima Declaration it is discussed in the following section.

THE 2ND UNIDO GENERAL CONFERENCE:

28. The Second UNIDO General Conference is one of the major conferences that followed the adoption of the Declaration and Programme of Action on the New International Economic Order and the Charter of Economic Rights and Duties of States. This made it possible to relate industrialization to decisions made in those two important documents. This made the Lima Declaration a valuable and coherent addition to the instruments of a New International Economic Order.

29. The Second General UNIDO Conference brought about a conceptual break-through in development and international relations. For the first time developing countries have succeeded in giving a political dimension to the issues of industrialization. These related to colonialism, neo-colonialism and apartheid and the acceptance of full compensation and restitution to the countries, territories and peoples affected by such regimes. The question of sovereignty over natural resources including the right for nationalization was also embodied in the Declaration.

30. Other important areas covered by the Declaration is the principle that the share of the developing countries of world industrial output should go up from 7% to 25% by the year 2000.

31. The question of transforming UNIDO into a specialized agency was finally resolved by recommending this measure to the General Assembly. This constitutes a major victory for the developing countries and implies a recognition by the international community of strategic role and importance of industrialization to the achievement of the development goals.

THE WORLD FOOD CONFERENCE

32. It would be recalled that the world Food Conference was held in November 1974. The Conference made a number of important recommendations. This included the establishment of a world Food Council to co-ordinate activities with various international agencies. The Council is to meet at ministerial level. The creation of an International Fund for Agricultural Development was also recommended. Provision of food aid and the adoption of an international undertaking on world food security were adopted. However, the conference did not take any action in regard to helping the countries already suffering from famine.

ACTION ON THE AFRICAN REGIONAL LEVEL

33. Africa is an integral part of the developing countries, the Group of 77 and the non-Alligned countries. Therefore in all the above-mentioned forums African countries individually and collectively made their contributions. Admittedly no major special economic African meeting with the exception of the ECA Ministerial Council took place. The 23rd Session of the OAU Council of Ministers meeting in June 1974 requested the Administrative Secretary-General of the OAU to follow up the implementation of the Declaration and Action Programme and report to the Council on it.

34. The ECA third meeting of the Conference of Ministers meeting in Nairobi in February 1975 adopted Resolution 256(XII) on "the implementation of the Programme of Action of a New International Economic Order". Its operative part "Requests the Executive Secretary (of the ECA), as a matter of priority, to take immediate steps to institute action oriented programmes for the realization of a number of objectives in the fields of raw materials, drought, industry and transfer of technology, money and finance, and economic co-operation." The resolution also calls for co-operation with OAU and other UN bodies where appropriate. The resolution is annexed to this report for easy reference (See Annex II).

III. AN AFRICAN STRATEGY FOR THE 7TH SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY

35. Elements of an African strategy are available in many of the Declarations adopted by the African countries, as well as in the many international meetings in which Africa has participated actively. Before proceeding with this exercise, it would be illuminating to review the economic situation in the world and in Africa against which the next Special Session of the General Assembly is taking place.

THE INTERNATIONAL ECONOMIC OUTLOOK

36. The year 1975 is marked by great economic uncertainties and crisis and the probability of a growing serious external payments difficulties for both the developed and developing countries. For a number of developed market economy countries the rate of growth of GNP was only 0.5% in 1974. The commodity price boom has come to an end. UNCTAD Secretariat estimates that the terms of trade of developing countries, other than petroleum exporters, have declined seriously from the relatively high levels averaged in 1974. A decline of 40% in the terms of trade of developing countries from the peak prices of 1974 is expected even if prices of both petroleum and manufactures remained unchanged in 1975; an assumption which is hard to conceive and consequently a bigger decline in the developing countries terms of trade. The recessionary conditions of the mid 1970s, if at all prolonged will clearly have serious adverse implications for the economic prospects of developing countries.

37. Coupled with this the inflationary pressures in the developed market economy countries have intensified since the beginning of the decade. Indeed, the rate of inflation has increased as the rate of economic growth has declined in all these countries without exception. The cumulative outcome of these adverse factors is a further substantial deterioration in the external payments position of a large number of oil-importing developing countries. Countries with GNP per capita below US\$250 had a GNP per capita rate of growth of only 0.5% and the least developed had even a lower rate of 0.3% during 1970-73.

38. The international community's performance in relation to development assistance was also very disappointing. The performance of the developed countries members of the Development Assistance Committee was far from the targets accepted by these countries in the strategy. Of the official development assistance target of 0.7 per cent of their GNP the OECD countries only provided 0.3 per cent in 1973.

39. On top of this the increase in prices of fertilizers and food together with crop failures in many developing countries in recent years have resulted in wide-spread famine and many deaths providing a vivid illustration of the consequences of the lack of adequate international policies in this vitally important area.

40. The chaotic situation in the world monetary system and the harmful effects of that on the balance of payments and reserve situation in many developing countries are well known to all. The hopes of the developing countries in the IMF Committee of 20 were shattered when no lasting solution was obtained. Thus the need for the democratization of the international monetary system is more pressing now than ever.

41. Efforts of co-operation among developing countries is also one of the positive, new and interesting features under which the 7th Special Session is being held.

42. All these developments call for a completely new approach to international co-operation. The belief of many authorities, including the eminent UN Committee on Development Planning is that the main issue is one of political will to co-operate on the part of the developed countries. After all development assistance is but a negligible fraction of armament and prestige expenditures of the developed countries. Indeed, the 6th Special Session of UNCTAD Trade and Development Board states that "the present international economic difficulties should provide an additional incentive to seek an equitable and durable system of international economic relations."

#### THE ECONOMIC SITUATION IN AFRICA

43. Africa like all the different regions of the third world has its unique problems and background. The fact that Africa is the newly independent continent with imperialists, racial and apartheid regimes still ruling African peoples in some territories and with a liberation war waged in many parts and also with countries joining the ranks of independent people recently.

44. This background left Africa a market for the western metropolitan powers and a mine or a farm for the provision of raw materials and exotic agricultural commodities to feed their factories. This has resulted in a pattern of institutions, trade, development, and transport not at all in line with the people's priority needs. Research on African food crops was virtually nil while research in cocoa or cotton, for example, was given all the means. Environment or improvement of agricultural methods were virtually absent. Industry was completely absent. The scramble for Africa has left the continent divided arbitrarily, with some countries

without the basis for industry or the necessary infrastructure. Education was a very low priority with the exception of the production of clerical workers for jobs which were not economic to fill by expatriates. Health was neglected.

45. Apart from the fact that the African countries inherited many problems, to compound these problems there was in many cases economic aggression, efforts to stir up civil wars and the control of African resources by foreign firms mainly multinationals controlling both agriculture and mineral resources from production to the final marketing.

46. It is no wonder therefore if Africa is the least developed continent. It is no wonder if 16 countries out of 25 defined by the UN as least developed are independent African countries. It is also no wonder that of the 18 developing countries land-locked in the world 13 are in Africa. It is no wonder also that in many African countries the daily per capita income is barely US\$0.30.

47. The development performance of African countries on the whole was much worse than that of the developing countries as a group. Further the least developed countries in Africa performed far below the general level of the African countries as measured by important indicators.

48. During the period 1970-73 the African countries achieved a rate of growth of their GDP of 4.6 per cent thus failing to achieve the growth target rate of 6 per cent set out in the International Development Strategy. In fact this figure is an aggregation which when broken down will reveal that 4 countries have actually had a negative rate of growth, another 6 had a growth rate between 0.1 and 2 percent and another eleven with a rate between 2.1 to 4 per cent; a total of exactly half the OAU member states.

49. In spite of this, African countries' efforts at self-reliance as measured by the proportion of their gross national savings and investment as a proportion of their GDP on both counts exceed those of Asia and Latin America.

50. Sectoral performance in agriculture and food indicate that agricultural production actually fell in 1973 by 2 per cent and production per capita recorded a 6 per cent decrease in growth. Food production fell by 7 per cent between 1970-73. The contribution of agriculture to the GDP was a mere 1 per cent in the period of 1970-73.

51. The African performance in agriculture was aggravated by a number of constraints. Those included bad weather, ecological changes and the advance of the desert into the Sahelian zone as well as the difficulty to effect wide spread adoption of available technology to improve African agriculture. The need to modernize African agriculture was long recognized.

52. In the field of industrialization it is necessary first to note that the world Bank qualifies a non-industrial country as one in which manufacturing contributes less than 20% of the value added of the commodity producing sector. Against this definition 26 out of 42 OAU Member States in 1970-73 were non-industrial countries. The growth rate of industry was barely a 7.2% in 1970-73 - below the 8% target of the UN Development Strategy. This inspite of the fact that it received during the same period rates of investment is higher than the other sectors.

53. In the field of trade Africa's performance was slightly brighter. Nevertheless it was lower than the performance for the developing countries as a whole. It should be recalled however that this performance was the result of the short-lived commodity boom, speculation and hedging against fluctuating currencies in 1970-73. The rapid export expansion in Africa has been offset in many countries by an equally rapid increase in the prices of imports which have risen more than proportionally. Intra-African trade still remains very small at 5 to 6 per cent of their recorded trade.

54. It is estimated that 35 African countries will have a trade deficit of US\$2 billion in 1974 that is all African countries non-exporters of petroleum, compared to an approximate balance in 1973. Many countries will face a real problem in financing their deficit.

55. Development assistance to African countries from DAC countries and multilateral agencies fell from 20.9 per cent in 1970 to 18.3 per cent in 1972. This fall, coupled with the rise in prices of African imports would indicate that the net flow of total resources to Africa in real terms has decreased substantially. This has serious implications for Africa since, 16 of the 25 least developed countries are in the continent.

56. This quick review reveals that Africa has a lot to look for from the 7th General Assembly Session. Preparations on the African level both technical and political should be immediately put in motion to secure to Africa a fair share in the envisaged international co-operation.

#### SPECIFIC MEASURES TO BE FOLLOWED BY AFRICA

57. While lending their full support to a common position by all developing countries, African countries should stress their own priorities. Within this framework they should work for expanding existing areas of agreement between developed and developing countries and endeavour to achieve unanimous acceptance for some of the important principles which have not yet been adhered to by some developed countries particularly developed market economy countries.

58. A lasting solution to the present international situation cannot be achieved without the introduction of a number of new principles. To this end the African countries should pool their resources and add their creative imagination to that of the other developing countries to draw up such principles. This quest should cover among others the following areas:

#### NATURAL RESOURCES:

59. It would be recalled that the CAU has adopted many resolutions on this subject. The conference of developing countries on Raw Materials which was held in Dakar in February 1975 dealt also with this matter. The 2nd Conference of African Ministers of Industry also stressed the sovereignty of the developing countries over their natural resources.

60. New emphasis was given to this point both in the Charter of Economic Rights and Duties of States and the Lima Declaration on Industrialization. The addition of the right to nationalization made in the Lima Declaration constitutes a corner stone for future work. It is through the actual ownership of such resources that the developing countries acquire needed technology and know-how both managerial and technical desperately needed for the progress and acceleration of their development.

61. The African countries should maintain during the 7th Special Session that the non-adherence to this principle by the developed countries creates an atmosphere of suspicion and bad faith not conducive to co-operation.



The mere non-adherence of the developed market economy developed countries implies the contemplation of aggression by some of these countries. This principle therefore is a cornerstone to any lasting, fair and equitable international economic relations.

62. The mineral resources of the sea bed should be exploited under a regime that fully safeguard the interest of developing mineral resources and the international community at large. The creation of appropriate international machinery with full participation of all developing countries including the land-locked countries should be envisaged. The resources of the sea bed should be first and foremost devoted to real development need in the developing countries rather than wasteful and prestige consumption in the developed countries.

#### RAW MATERIALS AND PRIMARY COMMODITIES

63. Raw materials of the developing countries, both renewable and non-renewable are the basis for these countries' development. No just and lasting international economic co-operation can exist when these resources and their use are not put to the service of the peoples of the developing countries, the rightful owners of the resources. The artificial suppression of the prices of the raw materials extracted from developing countries provided the basis of development of the developed countries and have led to misuse and squandering of non-renewable resources by the developed countries.

64. The exploitation, marketing and exportation of these resources organized in the developed market economy countries and controlled by their multinational companies is a relic of the colonial era and should be replaced. This is more noticeable in the case of Africa where in most cases gains made by improvement in raw materials are absorbed by multinational corporations and speculators while losses are passed to the African producers.

65. It is therefore imperative on the international community to rectify this situation. The developing countries have realized that "given the lack of adequate action by the international community owing to the lack of political will on the part of the developed countries, there is an urgent need for the developing countries to change their traditional approach to negotiations with developed countries... To achieve this change the developing countries must undertake common action, to strengthen their bargaining position in relation to the developed countries."

66. There is still a chance for the international community to avoid confrontation. The example of OPEC and the Copper Council (CIPEC) has demonstrated the strength of the unity of action of the developing countries. If the extension of this example is to be replaced by equitable and just co-operation the international community should act and act now. It is imperative therefore that if permanent solutions are to be found, developing countries should be assured fair and remunerative prices for their raw materials. This is particularly the case for Africa since more than 80% of Africa's export trade is accounted for by the export of 20 agricultural and mineral commodities.

67. It is important therefore for African countries to take a political decision on the inclusion of the major part of these commodities in any stabilization programme for commodities envisaged by the international community. Through this method the African countries can secure tangible benefits for the African countries. This approach has already been tried once and has proved its effectiveness during the 13th session of UNCTAD Trade and Development Board when it was considering commodities for inclusion in the intensive consultations on commodities within UNCTAD.

68. Traditional approaches to the problems of raw materials and commodities have proved ineffective. It is, therefore, imperative to look for new directives. It is estimated that the OECD countries expect to make a gain in 1975 as much as seven and a half billion dollars from a prospective deterioration in the terms of trade of the developing countries other than oil producers. This nullifies any development assistance. Thus the need for concrete measures along the following lines:-

A. Integrated approach for Commodities:

69. The developing countries have since UNCTAD I been asking for a global commodity approach without response from the developed countries. The integrated approach of commodities currently been discussed within UNCTAD include the following five aspects:

- (i) the establishment of international stocking and market intervention arrangements to support prices at remunerative and just levels for a comprehensive range of commodities. Such arrangements would be on a multi-commodity basis.

- (ii) a common fund for financing commodity stocks which will attract investment from both developed and developing countries on the basis of guarantees and the collateral of stocks and reasonable rates of return. Such arrangements will not constitute a burden on any country and could also be shared by producers and consumers.
- (iii) Multi-lateral commitments in commodity trade based on the fact that investment in primary commodities production could be undertaken with more assurance to producers on outlets and returns and greater certainty for importers regarding access to supplies and expenditure on imports. It should be recalled that on this point the developing countries in the Dakar Declaration called for a round of negotiations on commodities to achieve inter-alia this objective.
- iv) compensatory financing of export fluctuations in commodity trade and the need for a substantial improvement of the facility offered by the IMF in this respect was also considered an integral part of the integrated approach. The aim is to stabilize the earnings of developing countries in real terms and to extend repayment period, ceilings of drawings and a general liberalization of terms.
- v) processing of raw materials in the developing countries and greater participation by them in the marketing and distribution should also be considered dynamic elements of the programme.

B. Indexation:

70. Another important new venture which deserves the support of developing countries in the field of commodities is the issue of the indexation of the prices of raw materials exported by developing countries to their imports from the developed countries. The developed countries have expressed their scepticism of this issue. The developing countries should however follow closely and push for the adoption of this measure as an integral part of the integrated commodity approach. The issue is not so much a technical impossibility as it is a lack of political will on the part of the developed countries. The developed countries who are suffering the burnt of exported inflation and astronomical prices for their imports should put their collective weight behind this important issue.

C. Marketing and distribution systems:

71. The developing countries have expressed their wish and determination to have a greater say in the marketing and distribution system of their raw materials. To this end specific requests should be directed to UNCTAD to cover all pertinent aspects of the matter in their current study with a view to enabling African countries and developing countries in general to achieve their objective. The international community should endeavour to facilitate the achievement of this objective.

D. Producers Associations:

72. Recognition and assistance to developing countries' producers associations should be obtained and strengthened with a view of strengthening their bargaining power vis-a-vis developed countries and their multinational companies. In this respect the international community should be urged to assist developing countries in expanding production of commodities including agricultural products and the processing of their raw materials.

E. Synthetics and Substitutes:

73. The developed countries should also adjust their policies concerning expansion of the production capacity of synthetics, in the light of the high social costs of such substances and the adverse effect they have on the economies and environment of both developed and developing countries. This should be pursued in the context of interdependence of the inhabitants of this planet.

F. Access to Markets:

74. It is a well known fact that any substantial improvement in the access to markets of the developed countries have to be preceded by an elaborate programme of adjustment assistance measures. Regrettably the developed countries did not only take those measures, but have indulged in elaborate schemes of protection and support measures for their producers of items facing competition from developing countries. This practice should be phased out as early as possible in the interest of competitive producers from developing countries in the interest of optimum use of resources. The elimination of all barriers to trade should be an important step in this direction.

FINANCIAL RESOURCES FOR DEVELOPMENT AND THE INTERNATIONAL MONETARY REFORM

75. The new international developments, namely; in the increase in energy prices, the current high prices of many primary and food commodities imported by developing countries, the increase in the cost of manufactures imported into developing countries supply shortages and higher prices of imported development inputs; world inflationary tendencies and the possibility of an economic slowdown; all those issues render old estimates for development assistance null and void. The projections of the World Bank (IBRD) of the additional needs of developing countries, based on the above fact, if they were to achieve modest development rates will require, after reducing reserves and drawing on the IMF required \$2.6 billion of additional external resources in 1974 and about US\$6.8 billion in 1975. During the period 1976-1980 the developing countries will require US\$10 - 12 billion annually in external resources above the amount previously projected.

76. This situation calls for concrete and immediate steps especially when viewed in the light of the present slowdown in economic activity. To ask the developed countries to implement development targets will be the least they can do in such a situation. The way out of the present recession and a continuous economic expansion is through assisting the developing countries and their masses to consume more of the manufactured products of the developed countries. Measures which the developed countries adopt in recession within their boundaries are no longer effective in the present situation of growing interdependence. Such measures will have to be spread to developing countries if the international community is to get out of this recession quickly and avoid future ones. This is the only guarantee for an expanding world economy.

77. It is pertinent here also to mention the will to co-operate. The lack of the political will on the part of the developed countries is the main obstacle to any progress in the area of international co-operation. By contrast the OPEC countries have demonstrated their will by providing aid to developing countries. Their disbursement figures for 1974 both bilateral and multilateral disbursements were US\$3,874 billion compared to US\$1,209 billion in 1973. As percentage of GNP this constituted 2.46% compared to 0.33% of GNP in ODA from the OECD countries. The OPEC per capita income is only US\$500 compared to US\$4,825 for the OECD in 1974. This is but a single example which shows the contrast in the will to assist.

78. The Reform of the International Monetary System is an important pillar in the structure of the New International economic relations. The developed countries monopoly over international financial and monetary institutions have to be replaced by a more democratic system allowing full participation of the developing countries. The developed countries have tailored and manipulated the present system to their advantage all these decades. It is time now the developing countries have a say in the running of the system. The developing countries have suffered most from the manipulation in the international monetary system. Their export earning and their reserves have been badly reduced.

79. The African countries should therefore request that the new reformed system should provide developing countries particularly African countries with compensation related to the real value of their reserves prior to the time of US\$ devaluation, and the adoption of fluctuating rates of exchange. Since the developing countries have no say in the running of the system it should be the responsibility of those who run the system to pay fair compensation to the former.

80. The question of a link between the SDRs and development finance should also be one of the important aspects of the reformed international economic order.

81. The reformed international monetary system should be really international that is providing for the inclusion of the socialist countries in the system. This will inject a new element in the dealings and working of the system and result in more stability of the arrangements.

#### INDUSTRY:

82. The adoption of the Lima Declaration on Industrialization constituted an important step in the fight for economic justice by the developing countries. However, the developing countries should continue the fight for the endorsement of the whole Declaration by all the developed countries; for some of these reserved their position on certain parts of the document. These include, sovereignty of states over their natural resources including the right for nationalization, condemnation of colonialism, neo-colonialism and apartheid and the right of peoples oppressed by such regimes for compensation for their natural resources; the 25 per cent share of world

industrial production to be achieved by developing countries by the year 2000 full compliance with the International Development Strategy targets and the principles of the Charter on Economic Rights and Duties of States; and the transformation of UNIDO into a specialized agency.

83. Besides these issues the African countries should insist that industrialization in Africa should be within the priorities established by the African countries themselves in the forum of African Ministers of Industry. In particular OAU member states should insist that Africa's industrialization be based on African raw materials and pre-investment activities including the identification, preparation and screening of national as well as African multinational industrial projects. The African countries should also ask for UN assistance for the establishment of the Mineral Development Council and the preparation of African multinational industrial projects adopted by the 2nd Conference of African Ministers of Industry and endorsed by the OAU Assembly of Heads of State and Government in Mogadiscio in 1974. The African countries should also press the need for immediate measures to assist industrialization in the least developed and land-locked countries to allow them to achieve real transformation of their economies.

#### OTHER TRADE MEASURES:

84. Under this heading are included trade in manufactures and semi-manufactures and trade with Socialist countries. In this respect the need to expand the GSP to cover agricultural products is of paramount importance to Africa. The institution of the GSP and the removal of any political strings should also be stressed. The United States should be urged to bring in action its scheme which is depriving developing countries of almost 1/3 of their prospective market.

85. Trade with Socialist countries should be of interest to the African countries, in view of the market prospects in these countries, particularly for tropical products. This is of major importance to Africa especially with the substantial improvements in the individual incomes of those countries and other measures adopted recently by them. The African countries should also take full advantage of the multilateralization of payments adopted by the Council for Mutual Economic Co-operation (CMEA) which is the Socialist countries' counterpart of EEC, more or less.

86. Elimination of tariff and non-tariff barriers, trade liberalization measures including the adoption of suitable adjustment assistance measures, export promotion and the provision of export credit insurance, and the control of activities of the transnational companies, also fall under this heading. The elimination of all barriers to trade calls for concerted efforts by the international community.

#### SHIPPING AND INSURANCE

87. The main objectives in the field of shipping is to promote the development of national shipping lines of the developing countries, to minimize net flow from developing countries and to control the operations of shipping conferences. The adoption of the Code of Conduct for Liner Conferences represent an important step in the field of shipping. The African countries should not only press for the early ratification, of the Convention to allow it to enter into force as soon as possible; those of them who have themselves not taken this action should do so soonest. The need to establish multinational lines for African countries and coastal shipping fleets to promote inter-African trade and assistance on soft terms basis to such projects should be stressed by African countries.

88. In the field of insurance and reinsurance the main issue for Africa is the provision of training in insurance and reinsurance. The international insurance training institute in Cameroon should be properly financed and intensively utilized by all African countries. Also the African countries should all participate in the establishment of the Pan-African Reinsurance Corporation sponsored by the ADB and should push the cause of this Organization. The African countries should in this respect ask for assistance from the UN and developed countries in the establishment and organization of insurance markets in Africa.

#### TRANSFER OF TECHNOLOGY:

89. The main issue for Africa in this respect is the high cost of technology, patents, property rights, trade marks and royalties. Most of the available technology needed by developing countries is owned by transnational companies. Of paramount interest to Africa in this field is the question of technical assistance in negotiating with the providers of technology. The African countries should therefore press for assistance



from the UN system or other developing countries, within the framework of co-operation among developing countries, in their negotiations with companies from developed countries.

90. The adoption of a code of Conduct on the Transfer of Technology will facilitate the task of all developing countries in their negotiations for acquisition of technology. Collection and dissemination of information on transfer of technology, the compilation of a roster of developing countries' exports in this field, and the establishment of regional institutes on transfer of technology, would be of immense benefit to all developing countries.

#### TRANSPORT AND INFRASTRUCTURE

91. Africa has inherited from the colonial era an archaic and inadequate transport system devised with the object of strengthening the ties of the colony to the western metropolitan centres. This pattern of transport and communication has constituted a barrier to intra-African trade and co-operation. The African countries, therefore, should seek commitments from the international community for assistance for the various on going African projects in this field, such as the trans-African Highway and the Pan-African Telecommunications Network. The fact that Africa has 13 out of 18 land-locked developing countries justifies calling on the international community to make a special effort to assist transport, ports development and other infrastructural projects, designed to allow those countries to participate more efficiently in international trade.

#### THE LEAST DEVELOPED AND THE LAND-LOCKED COUNTRIES:

92. This is by and large an African issue. It is heartening to recall that the Dakar Conference of the Developing Countries adopted important stands in the Declaration, the Programme of Action and also two resolutions on the least developed and land-locked countries. The need for assistance from developing countries to those countries was recognized specially the provision of technical and financial assistance. Two groups of experts were to be established by the Conference to prepare action programmes in favour of these two groups of countries.

93. The African countries should, therefore, follow this matter closely so that the groups will meet and prepare their documents before the 7th Special Session of the General Assembly as originally envisaged.

94. The developed countries have so far given only lip service to the problems of the least developed and land-locked developing countries. Development assistance to those countries is far below the average for the developing countries in general. It is clear that the gap between these countries and the rest of the world is ever widening. Consequently, it is evident that more far reaching measures are required to assist these countries to extricate themselves from their present state of chronic underdevelopment.

#### AGRICULTURE AND FOOD

95. As mentioned above, the performance of African agriculture in the past few years was disappointing, with far reaching consequences of the food situation on the continent. Following the world Food Conference, the African countries established an African inter-ministerial Committee on food assisted by a Committee of Experts. The difficulties facing African agriculture have already been alluded to. Many African countries have assisted countries in the Sahel and other parts of Africa affected by the drought through the provision of food and cash donations. The OAU has established a committee for the drought affected countries.

96. The international community is called upon to assist African countries in their venture for self-reliance and modernization of their agriculture so as to secure a lasting solution for the food problem of the continent. Emergency food supply is also needed in many parts of Africa and the international community should assist African countries in this important area. The need for rural infrastructure as a basis of a rapid agriculture is also stressed together with the call on the international community to promote such efforts in order to secure rapid and substantial increase in Africa's food production.

#### CO-OPERATION AMONG DEVELOPING COUNTRIES

97. Co-operation among the developing countries should be viewed against the long adopted commitment of African countries to co-operate among themselves, as part of the more serious commitment to the principle that responsibility for their development rests mainly on themselves. "The

African Declaration on Co-operation, Development and Economic Independence", adopted by the OAU Heads of State and Government during the OAU Tenth Anniversary, spells out a number of areas and projects which the African countries agree to execute jointly.

98. While it is true that a number of grouping exist in Africa, but if co-operation and economic integration are to make an impact on the continent's development, the African countries must make fresh and concerted efforts at co-operation both at the sub-regional and at the regional levels. To this end co-operation should be one of their major agenda items in both of OAU and ECA sessions. It is also true that a number of regional projects are being currently pursued by OAU and ECA, but the difficulties facing the two organizations and the delays involved are very many and point to the need to strengthen existing co-operation machinery.

99. A number of projects important to intra-African trade and payments arrangement can be executed if the African countries put their political weight behind them. In this respect it will suffice only to mention shipping and insurance and integrated industry projects included in the Declaration.

100. There is now a new opportunity for the achievement of African objectives for co-operation and economic integration. The more fortunate developing countries have repeatedly expressed their will to assist their less favoured sister countries. The resolutions as well as the Declaration and Programme of Action adopted in Dakar stand witness to this. The African countries should make the most of this opportunity to foster co-operation among them. One obvious area to which priority should be given is the establishment, expansion and creation of African Raw Material Producers Associations. The problem of the African oil seeds has been discussed frequently but no action has been taken to strengthen and expand the basis of solidarity among all oil seeds producers in Africa.

101. Afro-Arab co-operation carried in the context of co-operation among the developing countries offers another opportunity for African integration. Currently, consultations on a declaration for co-operation is being conducted. It is hoped that joint projects will receive a boost as a result of this effort. The complementarity between Arab and African economies offer a unique opportunity for this co-operation.

102. The developing countries in Algiers and after have laid great emphasis on co-operation among themselves. In this connexion many relevant projects are currently being studied both in UNCTAD and in the non-Aligned forum. Many regional groupings are receiving a boost to their activities particularly in Latin America. Many of these activities are directed to raw materials, technical and financial assistance and mutual support and solidarity. Needless to say that also trade expansion is paramount in the minds and projects of the developing countries.

103. A new suggestion was recently made for triangular co-operation between non-oil producing developing countries, oil producing developing countries, and the developed countries to establish projects in the non-oil producers developing countries through the combination of petro-dollars and the technology of the developed countries. This suggestion should be given serious consideration during the next special session of the General Assembly. It should be emphasized, however, that it is not an alternative to co-operation among developing countries.

104. To sum up, the African countries should strengthen their own machinery for co-operation. They should collaborate with the other developing countries and see to it that commitments to help the less favoured among them, entered into by the developing countries are executed. They should also endeavour to ensure that similar commitments for assistance to African sub-regional and regional projects are accepted by the developed countries. The African countries should further support the efforts of the developing countries in heightening awareness for the need for co-operation among developing countries and the need for assistance in this respect by the international community.

#### IV. PREPARATORY ARRANGEMENTS FOR THE 7TH SPECIAL SESSION OF THE UN GENERAL ASSEMBLY

105. To achieve a close and co-ordinated African position during the 7th Special Session, Africa should go well prepared. It is true that preparatory work for the session will be continuing when this paper is being considered by the Council, yet the need to influence these preparatory arrangements cannot be over-emphasized. The General Secretariat would therefore suggest two courses of action: a meeting of experts and a high level meeting.

106. The meeting of experts will have before it this paper, the detailed sectoral study by the ECA and other relevant documents of UNCTAD, UNIDO, ECOSOC and the General Assembly. The group assisted by the Secretariat of OAU and ECA would prepare an African position paper to be considered by the high level meeting.

107. If the suggestion is accepted by the Council a group of ten or fifteen African experts could be set up. The small size of the group will facilitate convening of their meeting. This approach was adopted for the preparation of the main document for the Abidjan meeting of the Ministers of Trade which drew up the OAU Declaration on Co-operation, Development and Economic Independence.

108. The African high level meeting could be held either immediately before the Special Session of the General Assembly or at some other earlier time as soon as the experts have finished their job. The second alternative is favoured by the Secretariat because it would give the African position paper political weight during the preparatory arrangements. The level of this meeting should preferably be Ministerial, in line with African established tradition in preparation for important meeting.

109. The Council is, therefore, requested after studying the paper to pronounce itself particularly on the broad outlines of an African strategy, on the tactics to be followed and on the preparatory arrangements, at the African level, for the 7th Special Session.

CM/Dec.273(XXIV)

Decision concerning the Study on Raw Materials

The Council of Ministers of the Organization of African Unity meeting in its 24th Ordinary Session in Addis Ababa from 13 to 21 February 1975,

Having heard the statement of the Minister of Foreign Affairs of Tanzania;

Having held consultations on the proposals of the Tanzanian Delegation;

Bearing in mind the declaration adopted at Dakar Conference on raw materials and development;

DECIDES:

1. to request the Administrative Secretary-General of the Organization of African Unity to prepare within the light of the declaration made at the Dakar Conference, a study on raw materials and development in co-operation with the Economic Commission for Africa, African Development Bank and other competent United Nations Agencies in order to harmonize African stand before the next Special Session of the United Nations on raw materials and development.
2. this study shall be circulated to Member States for their scrutiny and comments at the next Session of the Council of Ministers in Kampala.
3. to request the Chairman of the Non-Aligned Conference to contact in due course the other groups of the Third world in order to adhere to the African stand.

ECONOMIC COMMISSION FOR AFRICA

Twelfth session

Third meeting of the Conference of Ministers

Nairobi, 24-28 February 1975.

RESOLUTION ADOPTED BY THE CONFERENCE OF MINISTERS

256(XII). Implementation of the Programme of Action on the Establishment of a New International Economic Order

The Conference of Ministers,

Recalling General Assembly resolutions 3201(S-VI) and 3202(S-VI) and Economic and Social Council resolutions 1896(LVII) and 1911 (LVII) concerning the Declaration and the Programme of Action on the Establishment of a New International Economic Order,

Recalling the declarations and programmes of action adopted by the Fourth Conference of Heads of State or Government of Non-aligned Countries held at Algiers in September 1973 and by the Conference of Developing Countries on Raw Materials held at Dakar in February 1975,

Convinced of the structural and functional inadequacies which hinder the formulation, promotion and implementation of agricultural and industrial projects in Africa,

Convinced further that a consistent and integrated development effort should be made, including concrete projects to develop agriculture to its greatest potential and to promote industrialization based on local processing of mineral and agricultural resources,

Noting that efforts are being made for the organization and financing of similar projects by United Nations agencies in other regions of the world,

Aware of the fact that it is basically the responsibility of the African countries themselves to overcome their economic and social underdevelopment by mobilizing all their resources and potential and exploiting them for the benefit of their own peoples,

Recognizing that foreign aid and technical assistance do not in themselves constitute a basis for promoting autonomous growth or diversification,

Reaffirming the full and permanent sovereignty of all States over their natural resources and all economic activities and recalling that, in order to safeguard such resources, States have the right to exercise effective control over them and over their exploitation by means appropriate to their economic situation, including the right to nationalize or transfer ownership to their nationals, this right being an expression of the full and permanent sovereignty of States, and that no State may be subject to economic, political or any other coercion aimed at preventing the free and full exercise of this inalienable right,

Recognizing that sovereignty and control over natural resources require the existence of the skills required for prospecting, evaluating and exploiting those resources and that industrialization implies the processing of natural resources into semi-finished and finished products,

Bearing in mind the functions entrusted to the Economic Commission for Africa in its terms of reference and convinced of the need to increase the Commission's capacity to take action so as to enable it to make an effective contribution to the establishment of the new international economic order,

Convinced of the need to take urgent and particularly effective measures to implement the Programme of Action as soon as possible,

1. Requests the Executive Secretary, as a matter of priority, to take immediate steps to institute action-orientated programmes for the realization of the following objectives:

Natural resources

- (a) The removal of all forms of constraint to the exercise by African countries of permanent sovereignty over their natural resources;
- (b) The promotion of collective self-reliance among African countries in respect of the recovery, exploration, development, marketing and distribution of their natural resources;
- (c) The provision of the necessary technical assistance to help African countries in nationalizing and taking control of their means of production and exploitation;
- (d) The use of the services of African experts to the maximum possible extent;
- (e) The re-orientation of the programme of work of the Commission in the field of technical assistance so that it will be focused on training of personnel, especially in the industrial field;
- (f) The promotion of the processing of raw materials in African producer countries;
- (g) The promotion of direct trade among African countries which are producers of primary products in their raw and processed forms;
- (h) The establishment and further development of African raw material producers' marketing, and transport associations, and the strengthening of their action with a view to enabling them to adopt a common front and to improve their bargaining power;
- (i) The setting up of a council for consultation and co-operation among the various producers' associations, for the co-ordination of their activities and for mutual support;
- (j) The evolution of a just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods exported by African countries and the prices of raw



materials, primary commodities, food, manufactured and semi-manufactured goods and capital equipment imported by them, and the establishment of a link between the prices of exports of African countries and the prices of their imports from developed countries;

#### The problem of drought

(k) The formulation and implementation of action programmes to combat the problem of drought in affected countries in Africa, in close co-operation with the Organization of African Unity and international and regional bodies;

#### Industrialization and transfer of technology

(l) The establishment of agencies for the promotion of investment and industrial zones in all African countries, with a view to assisting in, and encouraging, the establishment of small-scale and medium-scale projects for the processing of raw materials and encouraging the creation of greater employment possibilities;

(m) The provision of assistance to African countries, at the earliest possible opportunity, in creating means of communication capable of accelerating regional integration in Africa;

(n) The establishment of institutions on a national, multinational or regional basis, as appropriate, designed to accelerate the economic and social development of the region, and in particular:

- (i) centres for the study and promotion of industrial and technological innovation;
- (ii) training and consultancy centres for industrial projects, promotion, formulation, evaluation and implementation;
- (iii) centres to promote the establishment at regional level of specific industries of economic importance to Africa;
- (iv) centres for the promotion and establishment of effective co-operation in the fields of industry, science and technology, transport, shipping, mass communication media, etc.;

(o) The carrying out of studies on certain primary products or groups of primary products of particular interest to Africa, with a view to formulating strategies which take into account policies and measures applied in relation to each of these products at various levels, from raw materials prospecting and production, through processing, to marketing and final distribution;

(p) The presentation to the Governments of member States in advance of the seventh special session of the General Assembly of reports on the three groups of primary products specially selected for the study, namely, palm oil products, phosphates and potash, in the wider framework of fertilizers, and iron ore;

Monetary and financial problems

- (q) The channelling of existing available finance in Africa and the third world for the rapid economic and social development of African countries and the countries of the third world;
- (r) The full and effective participation of African countries in all phases of decision-taking for the formulation of an equitable and durable international monetary system in the light of the new international economic order;
- (s) Arrangements to facilitate the flow of development financing on concessionary terms to African countries from the international financing agencies, including the allocation of additional special drawing rights;

Economic co-operation

- (t) The promotion, establishment or strengthening of economic integration at the subregional level; and
- (u) The promotion of economic and technical co-operation among developing countries;

2. Invites the Executive Secretary to consult and co-operate with the Organization of African Unity, the United Nations Conference on Trade and Development, the United Nations Development Programme, the United Nations Industrial Development Organization, the International Labour Organisation, the Food and Agricultural Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization, the Association of African Central Banks, the Association of African Universities, bilateral agencies and other organizations and specialized agencies of the United Nations system as appropriate, and member States of the Commission, with a view not only to securing the necessary expertise and finance but also, to minimizing duplication of effort;

3. Requests all the organizations and specialized agencies of the United Nations system to provide as a matter of urgency all necessary financial, material and other support to the Economic Commission for Africa in the implementation of the present resolution;

4. Urges the organizations and specialized agencies of the United Nations system, especially the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization and the Food and Agricultural Organization of the United Nations, international financial institutions and specialized bodies responsible for certain primary products, to make an effective contribution as soon as possible to the implementation of the present resolution within the framework of the implementation of the Programme of Action on the Establishment of a New International Economic Order;

5. Further requests the Executive Secretary to take the necessary measures in order:

- (a) To ensure that henceforth the activities of the subregional offices of the Commission are brought into the framework mentioned herein;

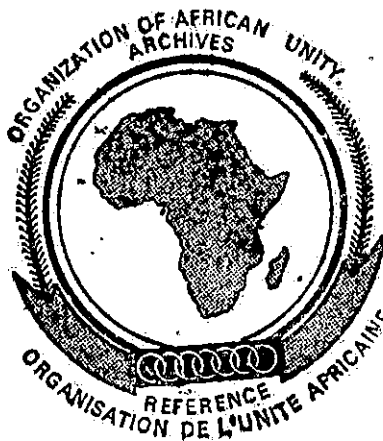
(b) To secure for the subregional offices of the Commission extra material and personnel resources to enable them to carry out their mission on the basis of the unified approach to development adopted by the Economic Commission for Africa and the various organizations and specialized agencies of the United Nations system;

(c) To organize meetings of Ministers at the subregional level to follow-up the application of the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Declaration, the Programme of Action and the resolutions adopted by the Conference of Developing Countries on Raw Materials held at Dakar in February 1975, and the programme of work and the medium-term plan of the Commission;

6. Requests the Governments of member States to co-operate with the Executive Secretary in his efforts to put into effect the provisions of the present resolution;

7. Further requests the Executive Secretary to submit a progress report on the implementation of the present resolution to the Technical Committee of Experts at its sixth meeting, to be held in September 1976.

182nd meeting,  
28 February 1975.





**ORGANIZATION OF  
AFRICAN UNITY**

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منظمة الوحدة الافريقية

السكوتاريه  
ص. ب. ٣٢٤٣

**ORGANISATION DE L'UNITE  
AFRICAIN**

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COUNCIL OF MINISTERS

Twenty-Fifth Ordinary Session

Kampala - 18 - 25 July 1975

CM/667(XXV)

Add. I

ITEMS 3, 4 AND 5 ON THE AGENDA OF COMMITTEE "A"

politico-economic measures suitable for promoting the establishment of a new distribution of world industry capable of serving the mutual interests of both developing and industrialized countries. This implies that industrialized countries should review not only their aid and trade policies, but also their own industrial policies. The Conference likewise recommended that, in order to facilitate the establishment of a new international economic order and achieve the aims set forth in the Declaration, a consultation machinery should be evolved between developing and industrialized countries, and UNIDO was invited to include in its activities a permanent system of consultation, at world, regional and sectoral levels, between developing and industrial countries, and between the developing countries themselves at the request of the countries concerned.

5. What would this 25% mean to Africa? If one endeavoured to visualize what the implementation of the proposed restructuring objectives would be for this continent, one would first realize that Africa, with 2% of world production in the year 2000 (as suggested by the Follow-up Committee of the Ministers of Industry), would have an annual per capita industrial production of between \$40 and \$100 (according to world growth rates) compared with the present per capita level of \$10. In other words, a production level capable of meeting only very limited internal requirements. Regarding Africa's share in production for the world market, it is possible to visualize ample opportunities for the local processing of its immense mineral resources (iron, copper, aluminium, petroleum, phosphates and others), the full utilization of currently profitable sources of power (hydro-electricity) or of those likely to become so (solar energy), and a development of industries processing a natural replaceable resources, through traditional techniques and more especially techniques to be evolved. Such developments naturally call for the deployment of substantial resources. In the space of 25 years many changes are feasible provided however, that they are undertaken without delay. The Follow-up Committee will be examining this problem in Addis Ababa in August, in other words before the Seventh Special Session.

6. By taking up and endorsing the Lima conclusions, the Seventh Special Session recognizes in the importance attached to a vital sector such as industry, that the principles of a new economic order adopted by the Sixth Session constitute a coherent set of new working concepts that could be effectively applied and may lead to real changes in the economic relations between countries. It could also recommend that the approach regarding industry initiated at the Lima Conference should be applied with necessary adjustments in other sectors and in economic relationships as a whole.

7. As far as the United Nations system is concerned, this would probably mean defining new functions transcending the traditional methods of implementing multilateral technical assistance programmes and the establishment of rules and norms for fostering trade liberalization (as in the Generalized System of Preferences, the elimination of tariff and non-tariff barriers, codes of conduct, and the like). This would certainly make the United Nations system a true forum for dialogue and negotiation for the setting of mutually accepted tangible economic objectives, the harmonization of economic policies and recognition of the interdependence and mutual interest of all countries.

8. To achieve the necessary restructuring all the parties concerned should act in concert and in accordance with the principles of the new economic order, namely: equity, co-operation and mutual interest, since it is acknowledged that such restructuring can neither be implemented through the control of market forces nor the activities of multinational companies.

9. The methods for arriving at such concerted action have thus been clearly outlined. What is involved cannot therefore be the application of theoretical patterns, but an effective decision-making process, based on the aspirations and strategies of the various countries and for which the Following Factors, when co-ordinated, could be utilized.

- determining targets as a means of achieving the restructuring.
- adopting requisite policies which should not, as far as the developed countries are concerned, pertain solely to technical assistance, resource transfer, and trade but should also include policies directly related to redeployment of their own industrial sectors.
- establishing a permanent system for consultations at world, regional and sectoral levels.

10. Determining targets, adopting policies and establishing consultation, all constitute a simple generation geared towards a simple goal: restructuring world industry. The operation should make it possible to arrive at a concerted action at each stage as to ensure that decisions adopted either jointly by all the countries (or individually) by the various countries in keeping with the said objectives.

11. Redeployment, redistribution and revised structure constitute expressions which are to be meaningful as a novel distribution of new units of production to be established in future. But extra vigilance should be exercised in this regard.

12. Which industries are best suited for this redeployment. There is often the tendency to think primarily of those for which the developing countries have a comparative advantage, particularly those which process raw materials produced and exported, in their natural form, labour intensive industries for countries with abundant and partly underemployed manpower. It will be recalled that at previous meetings, the developing countries were warned against the hasty application of criteria based on the theory of comparative advantages. It is for similar reasons that many of these countries are wary of the expression "international division of labour" which, to them, implies the transfer to the Third World of secondary industries incapable of essential all round training. This point was very clearly made by President Boumedienne at the preparatory meeting in Algiers

of the Lima Conference. "The developing countries", should be able to evolve an industrialization policy conceived as a far-reaching action based on the utilization of all their potentialities. In other words, we must do away with any tendency that might ultimately lead us into thinking that there exist industries for developing countries and others which would remain the prerogative of the rich countries, and would thus be built into an aristocratic and dominant force in the world of industry".

13. It seems, therefore, that the problem calls, first of all for political decisions as well as political will to implement them.

14. The targets set for the developing countries' share in the world industrial output reflect the developing countries' political demand for the restructuring of world industry. For the developing countries to perform ably their duty, which is to stimulate meaningful political decision making and to constitute a coherent framework for consultations, several measures appear to be necessary:

- Examining the overall implications of the targets set for the year 2000 (at international and regional levels) in order to highlight the importance of such economic factors as raw materials, man-power, finance, trade, etc.
- Examining at the regional level, how the various types of industries to be created (industries whose production is for the domestic market, industries made feasible through regional co-operation and industries established in order to increase the regions' contribution to the world market supply) could help achieve these targets; this study must also give breakdowns by sub-regions.
- Setting targets for certain defined industrial sectors;
- Setting medium-term targets for 1980 and 1990 so as to indicate the method for attaining the ultimate goals while suggesting possible alternative solutions. When setting the targets for 1980, there will be need to keep



in mind both the final goal and the prospects offered by present trends and decisions already taken in investment matters;

- Establishing a machinery for following up progress made in implementing policies adopted for the attainment of the targets; such an advanced warning "machinery" should serve as a stimulant for a corrective action;
- Defining and giving a breakdown of the targets gradually incorporating all the exogenous contributions from the various sources (countries, sub-regional groupings, regions, sectors, etc..).

15. To be effective the target setting exercise should include collection of data, study of the general policy implications and a dialogue between countries and the analysis of projections. It would be advisable to utilize data on practical experiences within and outside the United Nations system and to define the relationship existing between the targets concerning the industry and those pertaining to the other sectors and the economy as a whole. We hope that as far as Africa is concerned, our implementation Committee will deal with this problem in August in Addis Ababa.

16. The aim will be to foster without delay, changes in the policies so as to facilitate the attainment of the targets and to influence the decisions on the various projects. The changes in policies should be based on the setting of targets and the consultation process. The studies and the discussions on the subject should aim at reconciling the targets and trends with general policy measures required for effecting the necessary changes.

17. Furthermore, it must be noted that the Lima Plan of action refers to the establishment of a permanent consultation machinery at the international, regional and sectoral levels as mentioned above. The term "machinery" means that

the various bodies set up should be embodied within a single whole. This does not mean that the various consultations should be identical, since each sector or region has its specific features; however they should be within a common framework. They should all have as aim the attainment of the targets as a whole; as far as the extent of the economy is concerned, they should be based on the common economic hypotheses; they must use similar definitions, nomenclatures, chronological order and the like to facilitate the conciliation of their results; they should be so organised as to enable each of them to benefit from the various results. With the results of consultations serving as the basis for further consultations.

18. Concerning all the new activities arising from the Lima Conference, the UNIDO Secretariat at the express request of the Council endeavoured to forecast<sup>in</sup> its programme of work, its role in the activities just outlined. To this end the usual facilities for activities at Headquarters, are expected to be utilized differently to the benefit of the new activities to be undertaken: setting targets, formulating policies and initiating consultations.

19. In conclusion, the following suggestions for the implementation of the Lima decisions were made for consideration by the Group of Experts and the Ministerial meeting scheduled to precede the Seventh Special Session:

- Re affirming the importance of industrialization as an instrument for attaining the social and economic development, targets, especially, the meeting of the social needs of the people and the gradual move towards self-reliance.
- Endorsing the Lima decisions as a means for acting within a Specific Sector on the principles of the new international economic order.
- Endorsing the Lima recommendations for the reconstructing of the world industry 25% target for the share of the developing countries, appropriate economic policies, a permanent system for consultations at international, regional and sectoral levels and calling for their

- effective application through the United Nations, particularly, UNIDO;
- = requesting that the necessary resources be earmarked for the implementation of these recommendations;
- given that industry is to be developed in close relationship with the other branches of the economy within intergrated development prospects, recommending that a similar approach be adopted through the United Nations system for the other sectors of the economy as a whole.



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