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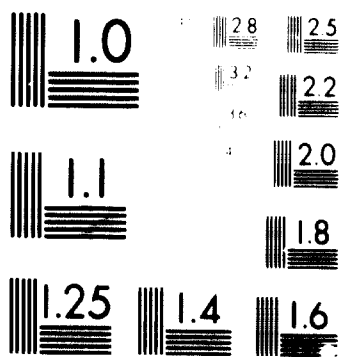
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1 OF 1



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REPORT,

CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION.

(Agriculture and Food)

Second Session

Paris, 18-26 March 1976

002710

Report by Messrs.

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Head of Delegation

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Industrial Development Officer
Negotiations Section
Secretary, UNIDO Task Force for CIEC

Vienna, 1 May 1976

I. INTRODUCTION

A. Purpose of Mission

In accordance with the instructions of the Executive Director, a UNIDO observer mission consisting of Messrs. F. Le Guay, Director, Head of Delegation, L. Correa da Silva, Chief, Metallurgical Industries Section and H.K. Rahim, Industrial Development Officer, Negotiations Section and Secretary, UNIDO Task Force on the Conference for International Economic Co-operation, represented the UNIDO at the second session of the Commissions established by the Ministerial Conference on International Economic Co-operation, 16-19 December 1975. The purpose of the Conference was to pursue an intensified international dialogue between the developed and developing countries on the four broad economic and inter-disciplinary themes identified by the Ministerial Conference: i.e. energy, raw materials, development and finance. The Conference established four Commissions each dealing with one of these specific themes. The second session was held in Paris from 18 to 26 March inclusive.

B. Organization of the Conference

For the organization of the Conference between developed and developing countries, please refer to the report on the first session of the Conference on International Economic Co-operation dated 24 February 1976 which was held in Paris from 11 to 20 February 1976 as prepared by Messrs. Le Guay and Rahim.

With regard to the representation of the organization on the U.N. system, in addition to the U.N. observer group already mentioned in the report of 24 February, the Conference approved the application of the U.N. Environment Programme and the International Labour Office as observers in the Commission on Development. A decision on the application of the Council of the Arab Economic Unity (CAEU) is being held pending further consultations among member Arab states. Furthermore, as stated in the report of 24 February, the World Food Council was also admitted as ad hoc observer in the Commission on Development and UNIDO as ad hoc observer on the Commission on Raw Materials.

The work of the U.N. delegation was again co-ordinated through the office of Mr. Claude Joffroy, U.N. Representation Office to the Conference on International Economic Co-operation, whose assistance and help was very much appreciated.

II. PROCEEDINGS OF THE CONFERENCE

A. Organizational Aspects

The Commission on Development was chaired successively by the two Co-chairmen: For the Group of 19: H.E. Messaoud Ait Challal (Algeria), Chief of Delegation, Ambassador of Algeria to the Benelux Countries and to the EEC. For the Group of 8: Mr. Edmund Wellenstein, Director-General Commission of the European Economic Community (EEC). For the Raw Materials Commission, the Co-chairmen were: Mr. H. Miyazaki (Japan) for the Group of 8 and Mr. C. Alzamora (Peru) for the Group of 19.

B. General Tone of Discussions

The trend of the discussions of the various Commissions including the Commission on Development and the Commission on Raw Materials, emphasized the co-operative tone and the overall general desire to avoid any confrontation on specific issues. The Commissions' approach was to first tackle issues in which a general consensus and convergence of views already existed between the Group of 19 and the Group of 8 and then proceeded to issues where certain divergencies between the two groups remained. Certain Commissions like the Raw Materials Commission and the Energy Commission took some time in elaborating their work programme for the next session. On the other hand, the Commission on Development reached early agreement on the work programme for the present session (agriculture and food). Concerning the Commission on Raw Materials, discussions focused on the formal presentation by the Group of 19 of seven working papers dealing with measures which they consider essential for the improvement of the international commodity market and of the position of developing countries. These papers covered: commodities stocking arrangements; common fund for financing of commodity stocks; commodity stocking arrangements and other measures; compensatory financing; increasing participation of developing countries in the transport, marketing and distribution of commodities; access to the markets of the developed

countries and increasing local processing of commodities. The Group of 8 reacted to these papers both, formally and informally showing understanding for some of the proposals raised, analyzing some of the issues and presenting their views on the measures proposed by the Group of 19.

At the request of the Group of 19, the UNIDO observer in the Commission of Raw Materials assisted them in the preparation of the draft paper on the processing of raw materials which was submitted by the Group of 19 to the Commission. The details of the intervention of the UNIDO observer can be found in Annex II. Briefly, the UNIDO observer stressed UNIDO's interest in the field of raw materials, particularly as it concerns industrial processing and that the developing countries' position should be viewed from two vantage points:

- (a) developing countries as exporters (suppliers of raw materials) unprocessed or processed form;
- (b) developing countries as consumers of raw materials for operation of their own industry and to satisfy their own markets.

The UNIDO observer drew the attention of the Commission that so far it has focused exclusively on the first aspect and reminded the Commission of the Lima Declaration and Plan of Action which has foreseen that developing countries will become large-scale consumers of raw materials in the near future. Industrial processing of raw materials in developing countries will, therefore, have to be viewed in its totality and not exclusively as a means to increase the export value of developing countries.

III. CONCLUSIONS

General Implications for UNIDO

1. At the request of the Co-chairman of the Group of 19, Ambassador Ait Challal, a meeting was held between the Head of the Delegation of UNIDO and certain members of the Group of 19 in which a draft of the UNIDO paper on Industrialization to be discussed at the April session, was discussed. Various UNIDO documents on Industrialization were given as background information to the Group of 19. Their overall comments were favourable to the UNIDO approach which, inter alia, stressed the strategies for industrial development within the new international economic order, particularly in the post-Lima era and the assistance which UNIDO would extend to the developing countries in implementing the Lima Declaration and Plan of Action. In

addition to the paper on Industrialization, UNIDO also proposes to submit a paper on the transfer of technology.

2. The second session of the Commission on Development appeared to have engaged an effective and direct dialogue between the group of industrialized countries and the Group of 19. Although some divergence existed regarding the general situation in food and agriculture and corrective measures required to meet accepted deficiencies, there was unanimity on the need for a rapid acceleration in the agricultural growth rate of developing countries, as well as measures to ensure food security. There was also a convergence of views on the overriding importance of fertilizer production, and the fact that food aid should be used as an indispensable but temporary stop-gap to unforeseen food shortage. The discussion on emergency situations and measures for coping with natural disasters affecting developing countries proceeded along parallel lines. Finally, a consensus was reached on the importance to establish IFAD on 15 April.

Concerning infrastructure, although the Group of 19 stressed transport and communications, priority was also assigned to education, and health programmes. While not disagreeing with these aims, the industrialized countries listed a different order of priorities which included housing and population control.

3. Despite this convergence of views, the developed countries were not satisfied with concluding the Conference without a specific declaration of consensus or intent lest that the Conference is reduced to a debating forum without any concrete action or resolution coming out of it. It was, therefore, at the instigation of the developing countries that a declaration of understanding was made at the end of the Conference concerning the International Fund for Agricultural Development (IFAD) (please refer to page 9 of Annex I). The Commission, at large, empowered the Co-chairman to release his statement of understanding to the press at the conclusion of the Commission's meeting.

4. In the Commission on Raw Materials, the Group of 19 proposed specific measures and novel features in the international production and marketing of commodities so as to improve the position of developing countries, now greatly affected by price fluctuation and by great dependence on export of unprocessed raw materials. On the other hand, the position of the Group of 8 is generally based on the free operation of market mechanisms although recognizing the inconvenience, to producers and consumers, of the volatility of the international commodity trade; some of their delegations showed receptiveness to at least some of the measures suggested by the Group of 19. All in all, the dialogue was established on a constructive and substantive basis.

5. It appears to be the consensus of the Commission that the nature and scope of the points raised and of the suggestions made would require careful study by their respective Governments. It is likely that the next session of the Conference will define the areas of agreement and possibly lead to certain commonly endorsed suggestions for practical action.

* * * * *

SUMMARY OF PROCEEDINGS OF THE COMMISSION ON DEVELOPMENT

A consensus existed that the topic of food and agriculture is of a non-controversial nature and would lend itself to more action-oriented proposals to energize, in the words of the delegate of Sweden, political action to implement decisions already undertaken by the World Food Conference. The sub-items for discussion under the main topic of agriculture and food as approved by the Commission are the following:

1. General situation in food and agriculture
2. Promotion of agricultural production in the developing countries
3. Improvement of world food security conditions
4. Food aid
5. Policies and programmes to improve nutrition in the developing countries
6. Intervention in favour of regions struck by exceptional difficulties
 - arrangements for immediate action
 - special measures to resolve long-term problems.

In the opening debate concerning the general situation in food and agriculture, there was agreement that the work of the Commission had been greatly facilitated by the progress already made in other fora, in particular, the World Food Conference which identified major problems in food and agriculture and suggested concrete measures for action. All delegations from both, the developed and developing countries, strongly supported the World Food Conference resolution and urged that political action be taken to implement them. In this connexion, particular stress was placed on international action for reducing post harvest losses, the need to overcome the food distribution problem (US), development of fertilizer production in developing countries (EEC) and other critical issues facing agriculture and food, as mentioned in a statement of the observer from the FAO. The observer from the World Food Council focused his statement on the programme of action recommended by the World Food Conference and the progress achieved in

implementing the resolutions of the World Food Conference which would be the main issues for discussion in the second session of the World Food Council in June 1976; one of the resolutions (no. 13) concerned the creation of the International Fund for Agricultural Development (IFAD) and he expressed the hope that the full target of the fund i.e. US \$1 billion in Special Drawing Rights (SDRs) would be reached by June. He explained that the total pledges so far amount to US \$336 million. As would be seen later, many delegates, in particular those from developing countries, emphasized the urgency to make IFAD a reality through adequate contribution. The observer from the FAO and the World Food Council were questioned by several delegates on such problems as: - new approaches to agricultural lending; magnitude of pre-harvest and post harvest losses and whether new U.N. agencies programmes are envisaged to find solutions; the problem of confronting the consumption of fertilizer and pesticides in developing countries; progress achieved on the global information and early warning system of food and agriculture and finally, the share of agriculture in the total investment in developing countries.

The Commission, in conclusion of the general debate on the above item (the general situation in food and agriculture), then took up sub-item 3.2 Promotion of Agricultural Production in Developing Countries. One of the main themes centered around the need of developing countries to increase the rate of agricultural and food production as a means to combat hunger and malnutrition and further, the progress to this end cannot be considered in isolation of an overall strategy for rural development. Some delegates from developed countries such as the EEC, called for a new approach to technical assistance to agriculture with a view to enhancing self-reliance in the developing countries. Some developing countries pointed out that they are already allocating a fairly large share (25%) of the domestic investment to agriculture and that a further increase in the agricultural growing rate (4% target as advocated by the World Food Conference) can be achieved with additional inflow of resources from the developed countries. A debate on this item continued with the U.S. representative giving an analysis of the nature of agricultural

- 3 -

problems and outlining a comprehensive food strategy which, inter alia, called for remedial action in filling the world grain deficit of 85 million tons expected by 1985 and measures which could be taken by the developing countries in increasing their food supply. Both, the U.S. and Japan made a special point of emphasizing the role of the small farmer who should be given the necessary incentive to adopt a new technology access to agricultural inputs and markets. For this purpose, the delegate of Japan proposed an integrated rural development programme in Southeast Asia through the establishment, in co-operation with the FAO, of a Centre for Integrated Rural Development of Southeast Asia to which his country is prepared to contribute substantially (if contributions from other countries will be forthcoming).

All the delegates who took the floor stressed the support for IFAD (although no statements were made as to the amount of pledges), the Consultative Group of Food Production and Investment (CGFPI) and the World Food Council (WFC). The observer from UNIDO introduced his paper entitled "Aspects of the Inter-dependence of Industry and Agriculture". He pointed out the inter-relationship between industry and agriculture and the fact that the latter cannot be considered in isolation of the former as stressed by the Lima Declaration and Plan of Action and the Seventh Special Session of the General Assembly (Resolution 3362). A detailed list of proposals of joint and concerted action for technical co-operation programmes was presented at the end of the UNIDO paper. Further, it was stressed that industry plays an essential role in integrated development of rural areas in particular, the manufacture of small agricultural tools and implements. The UNIDO observer also drew a distinction between adaptive technology (which should have priority) and imitative technology within the overall context of the industrial restructuring programme as called for in the Lima Declaration. These and other aspects of the agro-industries programmes will be discussed in greater detail during the forthcoming debate in the April session on industrialization.

The observer from OECD queried whether aid to agriculture has been the most dynamic component in multilateral and bilateral programmes. An important point which he mentioned was that in addition to aid to agriculture - important as it is - there is still the need to strengthen the capacities of developing countries to develop and implement agricultural projects. At the end of the debate on this item, the Group of 19 submitted a comprehensive statement on external assistance, a new focusing on food aid, on promoting food-oriented projects, re negotiations on certain commodity agreements such as the Wheat Agreement, the implementation of the proposals of the Seventh Special Session on Emergency Food Reserves, etc. Finally, one delegate stressed the importance of fisheries as an important source for improving the malnutrition in developing countries. The debate on this item ended with an urgent call to all countries to contribute generously to the IFAD, since there would be a serious setback if the 1 billion US dollar pledge is not forthcoming by April 15 to allow for the Secretary-General to call a Plenipotentiary Conference. The developed countries such as the EEC, Sweden and the U.S. have confirmed their readiness to contribute to IFAD with the U.S. pledging \$200 million, once the \$1 billion target is reached. On behalf of the Group of 19, Algeria reasserted the will of all developing countries to contribute effectively to the IFAD and in reply to the U.S. statement, he stated that OPEC is expected to contribute to IFAD. Although Algeria was not speaking on behalf of OPEC, he noted, however, that US \$800 million have been set aside for development assistance.

The Commission then took up item 3.3 Improvement of World Food Security conditions with the representative of India making a statement on behalf of the Group of 19 in which he outlined the proposals contained in the International Undertaking on World Food Security as adopted by the FAO Council in November 1974. The debate centered around the setting up of an international system on food reserves, a consensus on measures and facilities for price ranges and stocking arrangements of cereals and other commodities, the conclusion of a grain agreement and the obligation of food exporting developing countries to sell to food importing developing countries during the world shortage periods.

As an important element in food security, the representative of Sweden emphasized the effective operations of a global information and early warning system and the maintenance of emergency reserves.

The Commission then turned to item 3.4 Food Aid which many delegates pointed out, was linked to item 3.3 Food Security. They emphasized the need to establish a functional link between food aid and increasing food production. In this connexion, some developed countries such as the EEC and Sweden, supported the application of the principle of forward planning and that in addition to food aid, this should be implemented in a way not to hamper international markets or the local agricultural market of the recipient country.

On behalf of the Group of 19, the delegate of Pakistan asked for early action in implementing the resolutions of the World Food Conference and that of the Seventh Special Session of the General Assembly. He further stated that food aid should include the following essential elements:

- food aid is a major element of food security
- the target of 10 million tons of cereals recommended earlier is inadequate and by 1978, the need may be in the order of 14-15 million tons
- the needs of the MSA should be given special consideration
- forward planning is an essential element of the food aid system.

The statement of the representative of the Group of 19 was followed by statements from industrialized countries such as Canada, Japan and the U.S. who agreed that food aid is only a transitional element and that it should be integrated with the production efforts of the recipient countries. They all gave details of the nature of the food aid to developing countries. The U.S., for example, stated that food aid had three principal purposes:

- emergency relief
- special feeding programmes and
- balance of payment assistance.

- 6 -

The U.S. delegate further pointed out the dilemma posed by food aid (the global objective of which is the global reduction in food aid): on the one hand, up to 1970, the U.S. and Canada provided 90 per cent of food aid which made possible by large stocks; on the other, this contributed to the inflation in the recipient countries. Food aid should, therefore, not be considered as a substitute for food security.

The FAO observer, in concluding the discussion on item 3.4, explained the level of progress achieved in food aid since the World Food Conference and he pointed out that on certain basic issues, little progress has been achieved such as inter alia

- the target of 10 million tons of aid in cereals is short by nearly one million tons
- the non-cereal component of food aid has declined
- the grant element of bilateral aid has not increased.

Specific data on total food aid and on the amount donated by donor countries was provided.

The delegation of Pakistan, on behalf of the Group of 19, introduced sub-item 3.5 Policies and Programmes to Improve Nutrition Conditions in Developing Countries. He addressed himself to the question on how can food reach the poorest strata of society and the remedial measures for malnutrition. Among the measures he mentioned are:

- the establishment of a global nutrition surveillance system
- special feeding programmes
- inter-sectoral food and nutrition planning
- remedying specific nutritional deficiencies
- applied nutritional research.

The industrialized countries (U.S., Sweden and Japan), in speaking on this item, expressed similar views as those expressed by the spokesman of the Group of 19. The Canadian delegate suggested that as nutrition is a complex subject, it should be included in the agenda of the second session of the World Food Council. On the other hand, the delegate of India felt that not only nutrition but other important issues related to improving nutrition conditions should be brought to the attention of the

- 7 -

World Food Council. In concluding the debate on this item, the FAO observer referred to Resolution 5 on Nutrition of the World Food Conference which requested the ECOSOC to consider whether new institutional bodies may be justified to ensure effective follow up on this resolution. He stated that the ACC is taking up nutrition in the April session and that its report will constitute the basic discussions of ECOSOC in July.

The representative of Nigeria, on behalf of the Group of 19, introduced sub-item 3.6 Arrangements in Favour of Regions Struck by Exceptional Difficulties. In his intervention, he gave examples of disasters which struck various developing countries - Peru, Iran, Nicaragua, Guatemala, etc., as well as the droughts and floods which have afflicted Ethiopia and Bangla Desh respectively and that all these disasters have lead to a serious decline in agricultural outputs which he estimated at 33 per cent in 1973. Among the remedial arrangements, he suggested that a comprehensive system be established for monitoring emergency aid through the U.N. Disaster Relief Office (UNDRO) which should be strengthened, the drawing up of an international strategy for disaster prevention and the reconstruction of infrastructure such as the repair of roads, dams, etc. He also called for the application of special technology in particular, the meteorological aspects as part of an early warning system. Finally, he called for the removal of social, economic and cultural constraints on the strategy for disaster prevention. The delegates from the industrialized countries (mainly U.S., EEC, Japan, Sweden, Canada) all shared the views expressed by the Group of 19.

In its last session, the Commission took up item 4 Infrastructure Economic and Social. On behalf of the Group of 19, the delegate from Algeria introduced this subject by emphasizing the priority placed on education and that it should be more oriented to the polytechnical field - research, building industries and audio-visual matters. The main objective would be to avoid the serious "brain drain" which affects many developing countries. The second priority in developing infrastructure is the health and social sectors and in this connexion, he gave the figures of infant mortality in several regions of the developing world.

- 8 -

Technical assistance should aim at training professional cadres, and at the re-integration of emigrant workers into developing countries. The industrialized countries did not depart from the main lines developed by the Group of 19; however, the delegate of Canada stressed first health and then education, housing and population control, as the main problems which should be tackled in infrastructure development. The EEC felt that there should be a comprehensive approach to infrastructure avoiding a distinction between social and economic infrastructure. He gave examples of certain infrastructural projects and the priority assigned to the transport field (roads, railroads, ports infrastructure, etc.). He also stated that an important lack of cadres who have managerial capacity in the management of infrastructure projects and the need to extend priority financing to infrastructure projects in the LDCs. The U.S. and Japan also agreed with the Group of 19.

On behalf of the Group of 19, Nigeria submitted a statement on transport and communications including aviation, internal navigation, port and harbour. He recommended that -

- developed countries should ensure that the capital equipment is available for the construction of telecommunication projects in developing countries;
- loans for financing of infrastructure projects on soft terms co-operation between developed and developing countries should aim at improving the management efficiency of transport and communication projects and evaluation of projects;
- finally, that early action be taken to implement the resolutions of the Sixth Special Session of the General Assembly on infrastructure.

The observer from the World Bank gave some details on the World Bank's lending programmes for infrastructure development from 1963 to 1973. The objective was to illustrate that the Bank's resources, allocated to transport and power, became the largest sector in its lending programme as compared with health and education. The representative of Jamaica, on behalf of the Group of 19, drew the attention of the industrialized countries to the problems of maintaining infrastructure development in

the face of the balance of payment difficulties and he requested them to maintain the flow of capital goods and equipment. He suggested that the two groups i.e. the "8" and the "19" explore means of maintaining the flow of capital goods to developing countries for infrastructure development and that the industrialized countries provide the necessary credit facilities and insurance to minimize the drain on the limited foreign reserves of the developing countries. He proposed, that certain excess capacities existing in developing countries, should be mobilized to satisfy the needs of the developing countries in capital goods.

With the conclusions of the debate on this item, the Co-chairman of the Group of 19, Ambassador Ait Challal, called for the Commission to express in clear terms, the concrete action to be taken on the items where consensus and agreement exists between the two groups. He mentioned the agreement on the necessity of setting up IFAD and its importance as a tool to the developing countries for increasing the agricultural production. The Chairman, Mr. Wellenstein, while agreeing that the spirit and pace of discussions must be more clearly identified, felt however that this meeting is not an international conference but mainly a dialogue and he asked the Commission whether it could provide the main thrust of its work so far. At this point, the representative of Jamaica, taking up the proposal of the Co-chairman, Ambassador Ait Challal, that some concrete action be taken by the Commission at the end of its present deliberations, prepared a statement entitled "Proposed Consensus on the International Fund for Agricultural Development". This declaration was the subject of internal discussions between the two groups and several drafts were prepared, before it was agreed among all concerned. In its final draft, the consensus reads:

"So as to ensure that the Secretary-General of the United Nations may be enabled to convene a Plenipotentiary Conference in May, and in order that the International Fund for Agricultural Development may be established early with substantial resources, the Commission on Development of the Conference on International Economic Co-operation urges all countries in a position to contribute to the Fund and particularly countries in categories I and II, to inform the Secretary-General of the United Nations before the 15th of April, 1976, of the amount of their initial contributions to the Fund."

While this text is not legally binding, it was agreed by all concerned that it could be treated as a memorandum of understanding and at the requests of EEC and Japan, the title "Proposed Consensus" was deleted.

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ANNEX II

Brief Outline of the Work of the

Raw Materials Commission

SUMMARY OF SESSIONS - I TO VII -

Friday, 19 March to Friday, 26 March 1976

Friday, 19 March 1976
15.30 hours

COMMISSION ON RAW MATERIALS

Summary of Sessions - I

In the chair: Ambassador Miyazaki

Chairman notes that two lists of topics are extant for agenda: Group of 19 and Group of 8. Proposes own list and requests agreement to allow work to start. Proposes three topics: (a) prices (b) trade expansion, and (c) measures. It would be understood that these topics are interrelated and flexible and could accommodate various points suggested by the Group of 19 and the Group of 8. Agenda topics adopted.

Point (a) - Prices

Chairman: would welcome contributions of observers, either voluntarily or at request of delegations.

FAO: Document containing data relevant to discussions will be distributed.

Co-Chairman: recalls that Conference had been called by President Giscard d'Estaing in the light of a serious international situation. Discussions should lead to policies and action.

Japan: considers some aspects and variables of topics of agenda.

Mexico: work would be carried out under two points of view: (a) technical, (b) political. Feels that over 10 years of discussions have technically covered the main issues, identifying problems. Must now advance further into decisions for restructuring international market for commodities.

Dd.C. invited to express clearly their position on item 1 of Agenda.

Chairman: adjourns Session to enable delegations to prepare interventions in light of new topics proposed.

ATTACHMENT

Saturday, 20 March 1976
15.00 hours

COMMISSION ON RAW MATERIALS

Summary of Sessions - II

In the chair: Ambassador Alzamora

Spain: explains Spain's situation. Expresses need for co-ordinated policy to avoid excessive fluctuations in prices. Two measures are interesting: (a) regulating stocks; (b) long-term bilateral agreements.

EEC: Should avoid abstract discussions. Work to proceed on basis of UNCTAD studies and Manila list of products. Emphasizes problem has two basic aspects: (a) long-term deterioration of price; (b) short term fluctuations. Situation varies according to product and market. Each case must find appropriate solutions. Suggests creation of "forum" of Dd. and Dg.C. for better knowledge of short term fluctuations. Reviews possible measures: (a) regulatory stocks; (minimum and maximum prices; (c) "contingencement" of exports and imports. However, (b) and (c) difficult to respect in case of crisis.

Australia: Reviews main aspects and factors affecting world commodity market. Refers to paper to be distributed by Australian delegation. All can benefit by reduced fluctuations. However, picture very diverse according to product. Prices affected by variety of factors: natural catastrophes, speculation, disparity in internal and export prices, etc. Question is: whether and to what extent governmental action is needed.

Japan: Examples of fluctuations of some commodities, which reached 5 - 10 times normal prices. Recent falls not always equal previous rises. Different cases can be grouped. Fluctuations may be caused by supplier or by demand side. Also by ecological conditions and by unusual sudden demand (USSR, China). Demand side mainly responsible for fluctuations in prices of copper, tin, and zinc, for example. Favours action to decrease fluctuations but these should be specific to product and situation.

USA: emphasizes diversity of problems. Generalization can lead to over-simplification. Discusses a few cases to illustrate variety of characteristics of problems. Commissions work must take this diversity into account.

Cameroon: Points out variations in prices in London and N.Y. exchanges. Exemplifies with cocoa. Instability tied to speculation, as reflected in the "term transactions" whose volume is many times actual yearly demand. Speculation favours a few parties in consumer countries but penalizes producers and consumers in general. Yet, consumer countries have so far refused to participate in stock formation arrangements. Proposes this should be taken up now.

Peru: shares Cameroon views. Emphasizes need to avoid getting into details (of figures) and proceed to policies, since this is main purpose of Conference. Dg.C. have been greatly harmed by market fluctuations. Market not really "free". It is controlled by corporations and by Governments in one way or another. Mentions copper case as example of "de facto" market intervention against the interests of Dg.C. These cannot plan development since fluctuations destroy any possibility to make decisions and keep to established time-tables for development plans. The "common fund" (and buffer stocks) is a necessary measure. This would involve initial investment, of course, but there would be a return (profitability) in the long term. We should now discuss this and other measures to correct abnormal situation.

Indonesia: Cites case of rubber. Means more than purely commercial issues: it provides livelihood for millions of people. However, have had long term price deterioration (25 years) as well as fluctuations in short term. Long term decline mainly due to competition from synthetics, which was unfair because: (a) low price of synthetics based on abnormally low price of oil until 1973; (b) large international corporations have a vested interest in synthetic rubber production for which they assure their own market (mainly tyre manufacturers). Emphasizes need to normalize market so as to give fair chance to natural rubber.

Chairman: emphasizes instability of commodity market. Quotes Mr. Giscard d'Estaing's call for "justice and rationality in the international community". Calls for intervention by representative of World Bank (to take place next week). Adjourns meeting.

ATTACHMENT

Monday, 22 March 1976
15,00 hours

COMMISSION ON RAW MATERIALS

Summaries of Sessions - III

In the chair: Ambassador Miyazaki

Chairman: reviews previous Session's results.

USA: Disagrees that volume of "term transactions" measure speculation. They reflect "edging" by consumers. "Un-edged" positions would reflect speculation, but are small percentage of total trade. "Edging" (through "term trade") contributes to stability.

Venezuela: Price of oil previous to 1973 was unrealistic and was fixed by a few large international corporations. This is still true for most commodities, whose price is established without due regard to Dg.C. interests.

Japan: Refers to cocoa case, mentioned by Cameroon. Shares view that speculation is an element in the market of cocoa and other commodities. Easiest measure to take: ensure good information on market so as to minimize fluctuations.

EEC: Cameroon's proposal for buffer stock formation is interesting and deserves support. Ready to discuss problems in this manner but would like to have details on proposed "formula". Stocking could help decrease certain fluctuations. Not convinced that it would solve problem in general, for base commodities. Regarding copper: refers to discussions now underway in Geneva: good opportunity to seek solutions. Regarding rubber: think future is brighter. Ready to discuss problem through appropriate Committee.

Nigeria: Marketing of commodities now largely in hands of private sector traders and speculators. Influence of producers is small. Today purchasers hold stocks and manipulate prices. Need new pricing system established by producers and consumers, including: stocking, minimum and maximum prices, standby export quotas. Enumerates advantages of such system, specially: orderly functioning of market and proper climate for investment.

Cameroon: Mention to cocoa was intended as example. Problem is same for other commodities. Favours creation of a "common fund" to finance buffer stocks of commodities. Points out advantages of "common fund" and stocks, among which: elimination of uncertainty enabling investment and development plans (in Dg.C.); speculative capital would be directed towards more productive use; lesser problems with balances of payment, etc.

Peru: Dialogue established; many areas of contact (between Group of 19 and Group of 8). Copper was mentioned as example. Should not go into discussion product by product, but work towards global (comprehensive) agreement covering other commodities. Also: should go beyond discussion of stock arrangements, to include: financing, indexation, etc.

Indonesia: Recalls rubber case, which is a complex one. Measures needed. Should use "integrated approach" including: stocks; quotas; long term contracts; compensatory financing; transfer of technology (by international corporations). "Common fund", for various stocks of commodities, deserves attention.

USA: Will speak on (a) price trends and (b) role of market.

(a) Price trends - difficult to analyse. Lack basic data for clear picture of commodities in general (including metals, alloys, fuels, non-metallic products, etc.). Data on extant stocks, etc. are unavailable or incomplete. There are different interpretations, right now, on price trends. Mentions studies by "Economist" and World Bank. However, market seems to be improving. Cites examples. USA economy on the upturn, will help this trend.

(b) Market role - Question is: What can Governments really contribute to functioning of market? Answers to be sought for specific situations. Notes a difference in the preception of the role of the market (between Dd. and Dg.C.) Market should reflect production costs and long term needs. Obstacles: lack of information; artificial barriers to free operation. - Inadequate information leads to wrong decisions by market participants and bad inventory practices by producers and consumers. USA favours producer/consumer "fora". These could identify emerging problems and forecast demand/supply trends. Cites UNCTAD meeting on copper (now, in Geneva) as example of helpful dialogue. USA, biggest copper consumer,

interested in eliminating excessive fluctuations; not clear how this can be accomplished.

- Intervention in markets: the experience is mixed, not clear. Generally, Government intervention tends to disturb market. Recent instances of such intervention (international or national) show detrimental effects, particularly affecting confidence for investment. USA experience not a good one (with Government interventions). Government intervention also may encourage hoarding.

- Decisions in commodities market now depend mainly on: (a) private decision makers and (b) Governments. Their respective motivation is based on entirely different factors and considerations. Governments tend to consider aspects such as unemployment, which is a problem better dealt with through other means than intervention in market.

- Market still best instrument to allocate resources and investment to specific sectors.

Session adjourned.

Tuesday, 23 March 1976
15.50 hours

COMMISSION ON RAW MATERIALS**Summary of Sessions - IV**

In the chair: Ambassador Alzamora

Chairman: Attention should be given to mechanisms to improve situation, decrease instability of commodity markets. Appreciates favourable response of EEC to stocks (regulatory) and common fund; this is a positive step forward.

Zambia: Points out shortcomings of being major producer and exporter of copper. Copper price instability (copper prices sometimes do not cover operating costs) leads to limited investment and dropping of projects. Expresses necessity for comprehensive system of commodity stability. In spite of verbal support, only few agreements concluded due to lack of firm commitments by consumer countries. Market speculations interfere. New measures will have to be taken with equitable participation of all parties. Gratified for acceptance of this idea by various developed countries.

Argentina: Presents document for Group of 19 on commodity stocking arrangements consisting of introduction, justification and areas where Conference should reach agreement. The stabilization of commodity markets has three main features: 1. price stabilization in real terms; 2. ensure export markets and their future expansion; 3. Import-export quotas in addition to stocks and long term plans to develop and ensure supply. Role of buffer stocks important: (a) producers now try to restrict sales in periods of excess offers but Dg.C., with shortage of finance, sometimes unable to stick to this policy and aggravate situation by re-entering markets; (b) price fluctuations cause planning and investment problems. Stabilization would allow better use of resources. Advantages for consumers: (a) short and long term access to supply; (b) importers could influence decisions on sell/buy; (c) orderly market operations; (d) defend the competitive position of natural products.

Ownership of stocks not critical issue right now, but rather international agreement to co-ordinate stocks and their use. Holding national stocks as "strategic reserves" can have negative effect when used to disrupt markets.

The USA proposal to ensure "food security" through nationally held stocks internationally supported and managed could be extended to other commodities. The Group of 19 paper proposes specific points to be discussed, among which:

1. Exporters and importers to contribute to financing of buffer stocks;
2. Specific criteria for operation of buffer stocks (fluctuation control);
3. Establish international system for information and consultation to allow interested Governments to reach decisions regarding stock management.

Specific negotiations on commodities should be initiated by interested countries but will need additional financial resources while ensuring Dg.C. participation in stocks and in their management. IMF and World Bank services should be adapted: possible features of such new arrangements were considered.

Cameroon: Presents the Group of 19 paper regarding the establishment of a common fund for the financing of stocks. Two points: justification for the fund and effectiveness of operation of the fund. Constitutions of stocks only possible through common fund. Present market conditions unsatisfactory. Market intervention by Governments is not new and is generally adopted; the benefits thus attained at national level should be extended to the international community.

Regarding the effectiveness of the fund: participation of consumers will be necessary in the constitution of stocks. The example of the tin agreement was mentioned where importing countries participate proportionally to their share of market.

IMF and World Bank were requested to increase their flexibility in their credit to Dg.C., relating to commodities. The Conference should reach agreement on: Creation of a joint fund; equitable participation of consumer countries in the financing of this joint fund; participation of international financial institutions in financing.

USA: Considers prices and market mechanisms. Refers to various comments on: recent increase in oil price; inability of Dg.C. to set prices for their products; etc. His delegation feels market does not necessarily act against producers or consumers. Intervention in market undesirable. Some sellers of commodities, in Dg.C. have large power in market. Regarding exhaustion of minerals this is considered a matter of grade (example: metal content). Minimum economic grade shifts to lower grade ores and new reserves come into use. Substitutes (synthetics) do not necessarily decrease market for natural commodity.

In case of oil price increase: the Governments of Dg.C. themselves decided an increase. The consequence: large additions to oil reserves reported for last year, alone.

Argentina: There are certainly other means than direct Government intervention to regulate basic commodity prices. Participation of credit institutions and banks would be in line with the Group of 19 proposal. Indirect intervention such as credit security to importers and exporters exist in Dg.C. Governments of Dd.C. also have an orienting role regarding investment and business. Some natural products are displaced from market artificially, through market distortions.

Venezuela: Gives examples of market distortions caused by operation of large companies or commodity exchanges (New York, London).

Indonesia: Shares view that market mechanisms have a role. In reality, however, no perfect market exists. Institutional factors create rigidities. Weather may interfere. No country allows its economy to be totally determined by a totally free market. Points out unequal growth and strength of Dd.C. and Dg.C., and to the widening gap. If do not regulate: stronger will get stronger. Concludes that question is: how to intervene and how to regulate the market. The various possibilities should be examined.

USA: Agrees market is imperfect. Says that there are other ways than Government intervention to regulate market. Measures to stabilize and increase processing, etc. are used in USA. But Government intervention not necessarily the solution to all cases.

Zambia: Agrees that market interference should be responsible interference. Cites example of USA where Government intervened to control undesirable features of free market operations.

Nigeria: Points out that sellers, including Government marketing boards of Dg.C. are in a weak position, with insufficient warehousing capacity, financing, etc.

Argentina: Refers to the fact that in all cases of commodities Dd.C. buyers economically much stronger than sellers in Dg.C.

USA: In answer to the various comments stresses that sellers are not always weaker insofar as establishment of prices is concerned. Anti-trust laws are to maintain competition.

Zambia: In case of copper it is a fact that Dg.C. producers have no control on marketing of their products. Even in the USA price of copper governs operations profitability. Not realistic to exclude question of remunerative minimum price. Government intervention is justified.

Chairman summarizes. States need to emphasize points of agreement. Existence of market instability has been recognized; the reality of Government intervention was accepted; Conference should be able to accept concept of Government intervention for general benefit.

ATTACHMENT

Wednesday, 24 March 1976
15.00 hours

COMMISSION ON RAW MATERIALS

Summary of Sessions - V

In the chair: Ambassador Miyazaki

Chairman: Refers to two papers of Gr. 19, presented by Argentina and Cameroon. Invites observers to express views on agenda items. Invites discussions on market expansion, item 2.

Venezuela: Introduces Gr. 19 paper on indexation. Announces other additional Gr. 19 papers will be presented later. All documents being presented by the group of 19 should form a set and focus on measures to be put into practice. Points out: a) there is too much dependence of Dg.C. on exports of raw materials to pay for their imports, so that prices are critical; b) impact of inflation and monetary parity oscillations; c) deterioration of terms of trade. Dg.C. have little control in these three variables. Among measures needed: indexation. This should be included when treating buffer stocks and their management. Cites certain articles published in international magazines, justifying indexation. Gives examples taken from Dd.C. economies: cost of living index results in adjustment clauses in labour contracts; escalator clauses depending on inflation. Beneficial effects of such measures.

Mexico: Introduces Gr. 19 paper on Compensatory financing. Points out the wide fluctuations on Dg.C. primary commodity prices. Must avoid excessive fluctuations in commodity prices in the interest of both producers and consumers. This requires: stocking arrangements, common fund, indexation and compensatory financing, as applicable. Facilities of IMF restricted - need change in compensatory financing facilities. Constraints to be removed and measures taken, such as: estimate export shortfalls in real terms; do not apply quotas for members drawing from IMF; repayments of loans more flexible than presently; consideration of the repayment capability of members; export shortfalls now estimated on commodity shortfalls should be extended to invisible earnings. Urges decision to review IMF compensatory financing.

Chairman: Invites observers to contribute to discussions.

OECD: Makes observations on the nature of price formation and market structure. Two basic questions for commodities: a) fluctuations and B) level of prices. Fluctuations characteristic of basic as well as processed products. Price formation equal for raw materials and finished products. Refers to tendencies of users to buy when prices go up and vice-versa, increasing oscillations: not necessarily speculation. May result from "edging" financial operations and peculiarities of raw material market.

IMF and World Bank: Will make detailed statements later.

GATT: Informs on Tokyo Ministerial Declaration (1973) as framework for present "Tokyo" round of negotiations now under way. They aim at: conditions to ensure income; increased growth of trade; increased export earnings; improvement in access to market of Dd.C; stable and equitable prices for primary products. Priority: tropical products. Dd.C. not expect reciprocity and agree to preferential treatment to Dg.C., whenever appropriate. Describes sub-groups of negotiations: grains, meat, dairy prod., etc. Expects agreement to be reached in 1976 on Tariffs including certain measures in favour of Dg.C. Hopes that present negotiations will contribute to objectives of this Conference.

EEC: Expresses interest in the papers introduced by Argentina, Cameroon, Venezuela and Mexico. Will study documents. Reviews ECC endeavours to expand trade from Dg.C.: EEC as first customer of Dg.C.; trade liberalization of primary products; today - practically all basic products exempt of tariff. The issue of access to market, as presented by Group of 19, seems balanced. EEC sees three lines of action: multilateral measures with priority to tropical products (global offer by EEC in preparation); improvement of system of general preferences (detailed EEC study underway); trade promotion (essential, since obstacles exist from both Dd.C. and Dg.C. sides); training and special promotion centres are needed.

Regarding access to markets: directly on economic expansion of Dd.C. Recession affects imports even when there are not tariff restrictions at all.

Long term international policy to regulate production, trade and consumption is needed. This implies: international division of work; stimulus to exchanges; ensuring supplies (to Dd.C.); equitable distribution of resources; decreased wastes; etc.

Thursday, 25 March 1976
15:00 hours

COMMISSION ON RAW MATERIALS

Summary of Sessions - VI

In the chair: Ambassador Alzamora

Chairman: Invites views on the item 2 regarding expansion of market.

Japan: Stresses interdependence of today's international economy. No country can achieve economic development without international trade.

Commodity trade: not only between North and South: also among Dd.C. However, recognizes dependence of Dg.C. on commodity exports, especially for non-oil producing countries. Japan's position as large importer of commodities. Necessity to continue trade expansion through: removal of tariff and non-tariff barriers; efforts to increase bilateral trade agreements; market access should be discussed in context of trade liberalization; Japan ready to improve and extend General System of Preferences up to 1980. Local processing of primary commodities essential. Japan making efforts to contribute, including: loans, grants, technical co-operation, etc. Japan is fully conscious of trade expansion benefits.

Australia: Australia depends to 75% on export of commodities. Trade expansion tied to trade liberalization. Recent crisis mainly affected commodities for industrial processing. Dg.C. also important consumers and importers of commodities. Access to market: industrial raw materials mainly influenced by market (not Govts.); processed raw materials to face problems of market access. Tariff and non-tariff obstacles exist. Exemplifies: for aluminium usually there is no tariff on bauxite, while tariff can be 5% on Al_2O_3 and even more on Al. Hopes present GATT negotiations will help trade liberalization for industrialized commodities (foodstuffs).

Spain: Refers to need for expansion of trade and for a rational international division of labour. Spain's economy heavily dependent on trade. High level of international trade essential to all countries. Supports position of Dg.C.

Indonesia: Recalls EEC and welcomes their position. However, practical results lag behind. Refers to protective tariff (15 - 33%) for one type of unmanufactured tobacco.

USA: Will distribute discussion paper on prospects for expanded trade. Explains USA policies. Expansion of trade is of utmost importance leading to increasing investment, productivity, economies of scale, etc. This requires: international co-operation and rationalization of national policies. System should serve better Dg.C. needs. USA places special emphasis on special treatment for Dg.C. non-tariff barriers: USA prepared to negotiate special considerations to Dg.C. in standards and Government procurement. Estimates by World Bank: without trade barriers against agricultural products in OECD countries trade could increase by 16 billion US\$ by 1980. Non-fuel minerals relatively free of barriers. At processed stage: tariffs reach 5 - 10 %. "Supply access" also important: nations must be responsible trade partners. Framework should be developed for negotiations. As from 1 January 1976 USA started own scheme of generalized special preferences. Goal: increase imports of manufactured and semi-manufactured goods from Dg.C. Proposes that nations review their policies and systems. Dg.C. could take full advantage of liberalized trade conditions through improvements in their own systems.

UNCTAD: Stresses importance of access to market and trade expansion: inseparable. Study on tariff and non-tariff obstacles for 14 commodities studied by UNCTAD. Problem area is mainly in processed products. Besides tariff and non-tariff he suggests the existence of "private barriers" to trade: those created by private companies. These may undo much of what Governments do to expand trade. Close interrelationship between all aspects of problem: the whole process from product to consumption should be examined.

Mexico: Refers to issue of "access to supply". To tie "access to supply" to "access to market" would be in line with present world economic order which we are trying to correct. Tariff escalation (with increasing processing) should be eliminated.

Chairman: Proposes discussion takes up point 3 of agenda: measures to be taken.

USA: States that "Tokyo declaration" does not preclude discussion of "supply access". Regarding transnational enterprises: we should not see only their negative side. They have a role in international trade and development. We cannot turn international trade to Governments only.

Agrees that a code of conduct (for international-enterprises) would be useful but so would be a code of conduct for Governments in handling such enterprises.

EEC: In favour of discussing "access to supply" since both Dd. and Dg.C. are exporters and importers of raw materials. The economic crisis (1973/74) led to restrictions to exports and restricted access to supply. Emphasizes need for elimination of all trade restrictions including obstacles to exports.

PERU: Presents document of Gr. 19 on Promotion of Processing of Raw Materials in Developing Countries. Refers to Lima Conference and the New International Economic Order, and states that UNIDO has an important role in this particular problem. Dg.C. must go beyond role of raw material suppliers, with resources generally exploited by a few large enterprises, with full product and market control. Cites that in 1973 the share of primary commodities in total developing countries' export to Dd.C. was 62%, of semi-manufactures 18 and of manufactures 20%. Dg.C. produce about 53% of the world bauxite production but their share of aluminium production is only 6%. Dg.C. produce about 50% of copper but have only 23.7 of world refined copper production. Similarly in steel: Dg.C. produce nearly 120 m tons of Fe ores (Fe content) while steel production is only 26 m tons. Development of local processing faces two obstacles: a) Government policies and b) multinationals. One solution might be amplification of generalized system of preferences, which should become a permanent system with a legal basis. Other aspect: transfer of technology. UNIDO should play increasing role in industrialization of Third World, and redeployment of industries towards Dg.C.

Venezuela: Prices should be remunerative to producers and equitable to consumers. Welfare of Dg.C. depends on welfare of Dd.C. Presents Document of Group of 19 on liberalization and access to market. Major objectives in negotiations: System of Generalized Preferences should be expanded by: 1. removal of tariff and non-tariff barriers; 2. include all products of export interest to the Dg.C. at zero duty rates; 3. favour Dg.C. in trade policy measures; 4. commodity agreements to include special and preferential provisions for both Dd.C. and Dg.C.; 5. ensure market access at all price levels; 6. strict adherence to stand still agreements; 7. right of Dg.C. to accord export incentives without application of countervailing duties; 8. exemption of Dg.C. from

application of safeguard measures; 9. establish general guidelines on health and sanitary regulations to eliminate discriminatory effects.

10. Special treatment for least developed countries. Suggests an agreement to limit protection of agricultural products in industrialized countries so as to improve the access of agricultural products of Dg.C. to the markets of industrialized countries.

Mexico: Presents Working Paper by group of 19 on improvement of the participation of developing countries in the transport, marketing and distribution of raw materials of interest to them. "Market forces" not sufficient to solve present problems. Describes present situation and difficulties of Dg.C. Objectives should be: as regards transportation -

1. improve transport infrastructure;
2. secure adequate transport share;
3. ensure reasonable freight rates to expand exports.

Proposed measures: Dd.C. and international financing institutions to attach priority to Dg.C.; facilitate membership of Dg.C. in liner conferences; rationalize cargo rates and improve air services; technical assistance by Dd.C. As regards marketing and distribution: objectives should be: 1. improve export earnings of Dg.C. 2. encouraging local processing. 3. secure minimum income for farmers; 4. strengthen Dg.C. market participation. Proposed measures: establish and develop export promotion centres of Dg.C. in Dd.C.; undertake action to counterbalance market power of transnational corporations; access by Dg.C. to information (improved exchange system); favourable treatment in applying government procurement policies; remunerative management of trade transactions. Refers to UN work on activities of transnational corporations.

GROUP OF 19 - RAW MATERIALS MEETING - 25 MARCH 1976I. Participation of UNIDO ad hoc observer in meetings of Group of 19

1. On 25 March I was asked by Mr. J. Garcia Delaunde (delegate of Peru) to assist in the discussion of the draft of the paper on "Processing of Raw Materials", to be submitted by the Group of 19 to the Commission on Raw Materials. I was invited to attend a formal meeting of the Group of 19, on 25 March, from 10 - 12.00 hours. A copy of a draft of the paper was made available to me.

2. The above mentioned meeting dealt with various other subjects but at the end, the Chairman, Mr. R. Flores Caballero invited the UNIDO representative to comment on the subject of "Processing of Raw Materials".

3. The comments made are summarized in item II of this Attachment.

4. After my comments the members of the Group asked the UNIDO representative to assist in the actual drafting of the relevant paragraphs of their paper. Thus, after the formal meeting of the Group of 19 was adjourned, I briefly joined the drafting committee which met informally. In this opportunity I expanded some of the comments made earlier and offered a few suggestions regarding their draft, along the lines of the statement summarized.

My participation in the two meetings and the general substance of my comments were previously discussed with and cleared by Mr. F. Le Guay, Chairman of the UNIDO Special Committee for the Paris Conference.

II. Comments on "Processing of Raw Materials" - Made at the request of the Group of 19, in their meeting of 25 March 1976

1. Initially, I thanked the Chairman for the opportunity offered for an informal contribution of UNIDO to the Group's work.

2. At this point we would have only a few remarks, based on the discussions of the Commission on Raw Materials, so far, and on the draft of paper just received from the Group.

3. UNIDO's interest in raw materials arises, of course, of its concern with industrial processing. In this connexion the position of D.G.C. must be viewed from two points of view:

- (a) Dg.C. as exporters (suppliers) of raw materials, in un-processed or processed form;
- (b) Dg.C. as consumers of raw materials for operation of their own industry, to satisfy their own market.

4. The attention of the Commission on Raw Materials, so far, seemed to focus almost exclusively on the first aspect of the raw materials problem. Yet, according to the Lima target, it is essential to consider that Dg.C. will become large scale consumers of raw materials in the near future. In fact, if the Lima target is to be met, Dg.C. will have to install and operate, in the next 25 years, an overall industrial capacity of the same order of magnitude as that existing in all market economy countries today.

5. Accordingly, the question of industrial processing of raw materials in Dg.C. will have to be considered in its totality, and should not be restricted to the processing to increase export value. Thus, processing of raw materials for export is directly tied with industrial development "per se" (and to the expansion of the Dg.C.'s own market for industrial goods).

6. As a consequence, Dg.C. have to give attention to questions such as: further exploration and development of their raw materials resources; rational management (conservation and exploitation) of their non-renewable raw materials resources; industrial processing of exported raw materials to increase export value; industrial processing of raw materials for their own needs, through establishment of an industrial capacity commensurate with their own potential market and vast raw materials and energy resources.

7. Accordingly, the problems of raw materials exports, raw materials processing and industrial development constitute a "package" which must be considered "in totum". The position of Dg.C. as raw material exporters can only be established and understood by taking into account the whole "package" of problems and opportunities outlined above.

8. To illustrate, a few figures were quoted for the iron and steel sector, for which UNIDO has already carried out a preliminary quantification of the Lima target. If the world economy and industry grow at the desired pace, the following figures could well correspond to reality, by the year 2000:

- World iron and steel production	1.5 G.t. ^{p/}
- World requirements in terms of high grade iron ore (or equivalent)	1.5 G.t.
- Dg.C. iron and steel production (roughly 1/3)	0.5 G.t.
- Dg.C. production of high grade iron ore	0.85 G.t.
- Dg.C. own consumption of high grade iron ore	0.55 G.t.

The above figures were only meant to illustrate the magnitude of the problems to be faced in the raw materials area.

9. In conclusion, it was suggested that:

(a) The paper under preparation could make a forceful reference to the two aspects of raw materials processing, namely, to increase export value and to ensure industrial development "per se".

(b) Among the measures suggested, a reference could be made to the need for Dd.C. to promote or facilitate industrial processing of raw materials in Dg.C. not only for export but also for the local market. This would require sizable flows of finance, know-how and heavy capital goods to Dg.C. , under favourable conditions.

(c) The inclusion of the above suggestions would, in any case, only reinforce the position of Dg.C. on raw materials by throwing light on their prospects and needs in this respect.

^{1/} G.t. = gigatons = billion tons

ATTACHMENT

Friday, 26 March 1976
15:00 hours

COMMISSION ON RAW MATERIALS

Summary of Sessions - VII

Secretariat: Informs that papers by the Group of 19 plus 2 papers by the USA will be distributed in the course of the afternoon.

Delegations are encouraged to submit texts of their interventions for reproduction and distribution well ahead of presentation time.

Co-Chairman: Adds that this request is also valid for observers.

Chairman: Assumes that delegations and observers would like to study papers submitted so as to prepare their interventions in next period of sessions.

Co-Chairman: Express satisfaction with the work carried out by the Commission and with the spirit of co-operation that prevailed. Regarding the position of the Group of 19: they have made a positive contribution and avoided abstractions and dogmatism. They presented the issues and prepared documents. Formal dialogue is now established. Problems encountered increasingly serious and required a special forum (the Conference). Reference is made to Ministers' declaration (December 75). Group of 19 awaits the reaction of industrialized countries to their proposals.

Chairman: Refer to next meeting and shares hope that next Session will be constructive and progressive. Thanks all delegations.

AGENDA

ANNEX III

CONFÉRENCE SUR
LA COOPÉRATION
ÉCONOMIQUE
INTERNATIONALE

CONFERENCE ON
INTERNATIONAL
ECONOMIC
CO-OPERATION

CONFERENCIA SOBRE
LA COOPERATION
ECONOMICA
INTERNACIONAL

مؤتمر
التعاون
الاقتصادي
الدولي

Commission on Raw Materials

CCEI-MP-3

Original : English

12 February 1976

PROGRAMME OF WORK

1. Trends and conditions of supply and demand of raw materials including foodstuffs.
- ✓ 2. Problems of commodity markets and trade expansion. Ways and means of solving them: **PRICES ; MARKET EXPANSION ; MEASURES. (MARCH PERIOD OF SESSIONS)**
3. Problems relating to export earnings specially of developing countries.
- ✓ 4. International co-operation : specially production, investment, technology.
- ✓ 5. Special problems of the developing importing countries and means to alleviate them.
- ✓ 6. Producer and consumer co-operation.
7. Others.

✓ = ind. processing included

COMMISSION ON DEVELOPMENT

Meeting of 18-26 March 1976 (Paris)

LIST OF DOCUMENTS

<u>Document No.</u>	<u>Date</u>	<u>Presented by</u>	<u>Agenda Item</u>	<u>Title</u>
	March 1976	U.N. Secretariat Representation Office, Paris		Report on the Second Session of the Commission (Paris - 18/26 March 1976)
J-4	22 March 1976	- " -		Journal of 22 March 1976
J-6	24 March 1976	- " -		Journal of 24 March 1976
J-7	25 March 1976	- " -		Journal of 27 March 1976
J-8	26 March 1976	- " -		Journal of 26 March 1976

CCEI-DE-19	19 March 1976	Commission on Development	3 Agriculture and Food (3.1-3.6)	Annotations of item 1 on the Agenda
CCEI-DE-19/Rev.1	19 March 1976	- " -	- " -	- " -
CCEI-DE-20	26 March 1976	- " -		Agreement of Commission on Statement re setting up IFAD

CCEI-MP-7	20 March 1976	Commission on Raw Materials		Trends and Conditions in Supply and Demand for Raw Materials including Foodstuffs
CCEI-MP-8	24 March 1976	- " -		Report on the Standpoint of the Group of 19 regarding the Joint Fund for the Financing of Commodity Stocks
CCEI-MP-8/Rev.1	24 March 1976	- " -		Report on the Standpoint of the Group of 19 regarding the Common Fund for the Financing of Commodity Stocks and other appropriate Measures.

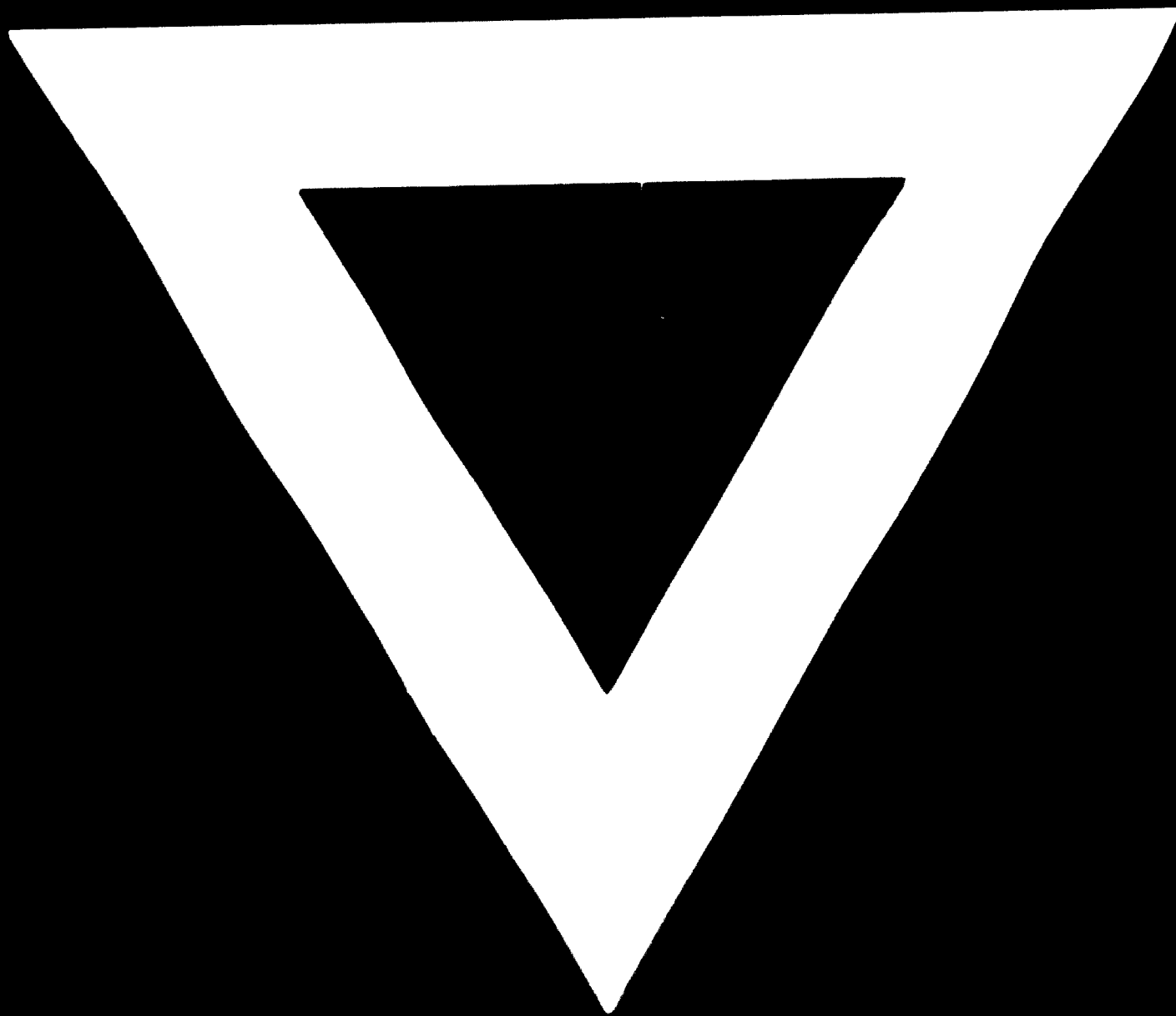
<u>Document No.</u>	<u>Date</u>	<u>Presented by</u>	<u>Agenda Item</u>	<u>Title</u>
	March 1976	FAO		Issues and Prospects for World Agriculture (English, French version)
	17 March 1976	UNIDO		Aspects of the Interdependence of Industry and Agriculture
DD-501	19 March 1976	OECD Secretariat		Background Information on Aid to Agricultural Development in Developing Countries and Food Aid
	19 March 1976	EEC		General Approach to the Subject of Food and Agriculture
	20 March 1976	Delegation of India		General Statement on Food and Agriculture
	March 1976	U.S. Delegation		The Global Food and Nutrition Problem - Discussion Paper
	March 1976	U.S. Delegation		Measures for Increasing Food Production in Developing Countries
	20 March 1976	Swedish Delegation	3.2	Swedish Statement under heading Agriculture and Food - Promotion of Agriculture in Developing Countries
	22 March 1976	Algeria	3.2	Besoins en engrais des pays en developpement
	23 March 1976	Cameroon		Recherche Agronomique - Formation - Education et Vulgarisation Agricole
	23 March 1976	EEC		Increasing Agricultural Production in the Developing Countries, especially as regards Food Crops
	March 1976	UNDP		Agriculture and Food Priorities for Technical Co-operation

<u>Document No.</u>	<u>Date</u>	<u>Presented by</u>	<u>Agenda Item</u>	<u>Title</u>
---	March 1976	World Food Council		Statement by Mr. S. Aziz Deputy Executive Director, WFC THE WORLD FOOD PROBLEM
---	23 March 1976	Delegation of Canada	3.2	Increase of the Production of Food in LDCs
---	March 1976	Delegation of Jamaica		Promotion of Agricultural and Food Production in Developing Countries
---	23 March 1976	Statement by the World Bank		Statement by the World Bank
---	March 1976	Statement by the Delegation of Argentina		The Food Problem and International Economic Co-operation
---	March 1976	Statement by the Delegation of Nigeria on behalf of the Group of 19		The Special Case of Areas Affected by Natural Disasters
---	March 1976	Statement by Pakistan on behalf of the Group of 19	3.5	Policies and Programmes to Improve Nutrition in Developing Countries
---	24 March 1976	Inter-American Development Bank; Asian Development Bank and the African Development Bank		Agriculture and Food
---	24 March 1976	Swedish Statement	3.3	Swedish Statement under heading Agriculture and Food agenda item 3.3 Improvement of World Food Security Conditions
---	24 March 1976	Group of 19		L'infrastructure socio-culturelle dans les pays en voie de développement et la coopération internationale
---	24 March 1976	India and Pakistan on behalf of the Group of 19		Part A-- Food Security Part B-- Food Aid
---	24 March 1976	EEC		Improvement of Food Security and Distribution in the Developing Countries
---	March 1976	Delegation of Yugoslavia		Resource Flow to Agriculture of Developing Countries

<u>Document No.</u>	<u>Date</u>	<u>Presented by</u>	<u>Agenda Item</u>	<u>Title</u>
	25 March 1976	EEC		Amelioration du System d'Aide Alimentaire
	March 1976	US Delegation		Population and Development
	March 1976	US Delegation		Social Infrastructure Improvements in Developing Countries
	25 March 1976	Swedish Statement	3.4	Swedish Statement under the heading Agriculture and Food agenda item 3.4 Food Aid
	25 March 1976	EEC		Secours d'Urgence aux Population Victimes de Catastrophes Naturelles et Rehabilitation de la Capacite de Production Agricole et Alimentaire des PVD.
	26 March 1976	EEC		Development of the Economic and Social Infrastructures of the Developing Countries

	March 1976			United Nations Organizations List of Delegates
	December 1975			CIEC - Ministerial Conference
	January 1976			CIEC - List of Subjects Prepared by the Group of 19

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