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CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION^{1/}

SIXTH SESSION

Paris, 14 - 20 September 1976,

Report of the UNIDO observer delegation

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I - INTRODUCTION

A. Purpose of Mission

Upon instructions by the Executive Director, a UNIDO observer mission consisting of the following:

- Mr. L.C. Corrêa da Silva, Head, Metallurgical Industries Section, Industrial Operations Division, Head of Delegation
- Ms. L. Masens, Negotiations Section, Division of Policy Co-ordination

represented UNIDO at the 6th session of the Conference on International Economic Co-operation (CIEC) in Paris from 14 to 20 September 1976. The UNIDO representatives attended the following two out of the four Commissions in which it has been granted the status of observer/ad-hoc observer respectively, i.e. the Commission on Development and the Commission on Raw Materials.

B. Organisation of the Conference

Reference is invited to UNIDO reports on the 1st, 2nd, 3rd, 4th and 5th sessions respectively (i.e. 11-20 February; 19-27 March; 21-28 April; 8-15 June and 12-17 July 1976) for details on the work of the Commissions of the Conference.

It is recalled that the first 4 sessions of the Conference constituted the analytical phase of the Conference. The second phase of the Conference, commencing with the 5th July session was to constitute in accordance with the mandate of the Meeting of Senior Officials of CIEC 8 to 10 July, the beginning of the "action-oriented" and more dynamic phase of the Conference where proposals for action were expected to emerge on specific areas of common concern with the objective of reaching concrete and equitable results satisfactory to all.

The second phase of the Conference is expected to be concluded by a Ministerial Level Meeting of the Conference on International Economic Co-operation, provisionally scheduled for mid-December 1976; the exact dates are to be decided by the two Co-Chairmen of the Conference after appropriate consultations.

II - IMPORTANT EVENTS PRIOR TO THE 6TH SESSION

A. Course of the Consultations of the Two Co-Chairmen of the Conference

It is recalled that the 5th session of CIEC came to a "stand-still" after no agreement could be reached by the four Commissions regarding their programme of work for the action-oriented phase of the Conference due to two outstanding issues - i.e. debt problems of the developing countries and purchasing power of export earnings. At the conclusion of this session, the two Co-Chairmen of the Conference, Messrs. McEachen (Canada) and Perez-Guerrero (Venezuela) were entrusted by both, the Group of 19 and 8 respectively, to hold consultations on the outstanding issues during August and early September in order to propose to the members of the Conference, after their consultations, a basis for the work programme of the four Commissions to be discussed at the 6th September session of CIEC scheduled from 13 to 20 September 1976.

After the extensive consultations during August and early September by the two Co-Chairmen of the Conference, the two groups, i.e. 19 and 8, met informally in Paris from 8 to 10 September 1976 and reached an agreement on 11 September on the work programme for this phase of the Conference after which the two Co-Chairmen issued a document entitled "Minute of the Co-Chairmen of the Conference" (CCEI-CP-9) which proposes to the participants of the Conference a work programme which has been found acceptable to all members of the Conference and which is to "provide a basis for the second phase of the Conference" (Annex I). In the introduction to this document, the Co-Chairmen point out that the work programme established did not prejudice the final results of the Conference and that proposals may be introduced by delegations until October 31 for whose consideration opportunity would be provided at an agreed time during the work of the relevant Commissions.

III - SIXTH SESSION OF CIEC, SECOND PHASE: 14 TO 20 SEPTEMBER 1976

A. Introductory Observations

The 6th session of the Conference on International Economic Co-operation was held in Paris from 14 to 20 September 1976. This session was originally scheduled to resume on Monday, the 13th but did not begin until the 14th; the 13th was devoted to further consultations between the two groups.

The session began on 14 September, at which time each Commission of the Conference was presented by their respective Co-Chairmen with document CCEI-CP-9, which outlines the approved work programme for each of the four Commissions. In addition, the following four statements were circulated:

CCEI-CP-10: Statement of Japan

It considered the "chapeau" of the text prepared by the two Co-Chairmen of the Conference as the basic element applying to the work programme of each Commission where the dialogue was to be dealt with reasonable flexibility without prejudging the results.

CCEI-CP-11: Statement of EEC

It signified its agreement to the work programme drawn-up and indicated that the CIEC is an appropriate forum for dealing with the problems of indebtedness of developing countries towards which it would adopt a positive attitude; future operations concerning debt problems should be dealt with in such a way that each case may be treated with flexibility.

The answers to the question of export earnings was to be sought by means of solutions based on a common consent of the evolution of the principal economic factors.

CCEI-CP-12: Statement of the United States

It considered that debt is only one element of the overall financial and economic problems of certain developing countries and that the work programme provides opportunity for a variety of proposals on these broad issues affecting debt problems. It considered that the purchasing power of export earnings is of considerable importance to the developing countries; it felt the work programme provided opportunity to discuss the development of export earnings and their purchasing power in all its aspects such as improvements in productivity and cost performance, resource allocation, stable domestic management and other elements contributing to balanced growth in domestic output and better export performance.

CCEI-CP-B: Statement of the Group of 19

It approved the work programme in spite of some misgivings - as a basis for the continuation of the dialogue; it stressed the need for a "political will" to make CIEC a success and stated it would present in due course not only proposals on the question of debt of the developing countries and of the protection of the purchasing power of the export earnings of the developing countries but also on any item on the work programme which would "lead to proposals for an equitable and comprehensive programme for international economic co-operation including agreements, decisions, commitments and recommendations to be submitted for approval to the Ministerial Conference."

The UNIDO delegation attended, in accordance with the practices established in the previous sessions, the deliberations in the:

- Commission on Development: as observer
- Commission on Raw Materials: as ad-hoc observer.

The actual number of meetings held during the 6th session varied greatly from Commission to Commission. Since there had been considerable uncertainty as to whether the 6th session of CIEC would take place or not, and due to the very short notice that it would after all take place as a result of the efforts of the two Co-Chairmen of the Conference, not all delegations were prepared at this session either to take active part in the discussions or to comment on the different proposals submitted. Furthermore, the proposals submitted were often of a complex and far-reaching nature, requiring sufficient time for consideration and consultation.

The 6th session of the CIEC^{1/} represents an attempt in accordance with the mandate of the Senior Officials Meeting, in July, to introduce action-oriented measures in the work programmes of the four Commissions of the Conference. If the 6th session did not achieve very tangible results, as will be indicated hereafter due to the various constraints indicated above, it is expected that the 7th session of CIEC, officially scheduled from 20 to 27 October with a possibility of continuing until 30 October, will be a very productive and important one. All written proposals, as indicated earlier, are to be introduced by 31 October. The November session (16 to 23) is to be reserved for negotiations between Group 19 and Group 8 with respect to the different proposals so as to agree on one text for the December Ministerial Conference.

B. Proceedings in the Commission on Development

The Commission on Development held 6 sessions; daily from 14 to 20 September under the co-chairmanship of: H.E. Ait Ghzalal (Algeria) - Group of 19; and Mr. E. Wellenstein (EEC) - Group of 8).

The Co-Chairmen of the Commission paid tribute to the relentless efforts of the Co-Chairmen of the Conference during the past two months

^{1/} See Annex II for "List of Documents distributed during the Sixth Session of CIEC"

which had enabled the Conference to resume in September on the basis of the agreement obtained from the delegations participating in the CIEC to the work programme of the Conference as contained in Doc. CCEI-CP-9. They stressed that they hoped that the second phase would be a "productive one" where concise and precise proposals were to be made; they needed to be specific and get into the very substance of the problem.

It is recalled that of the four Commissions, the Commission on Development was the only one to be able to agree during the July session of CIEC (5th), after extensive consultations and concessions on a programme of work for the second phase (Doc.: CCEI-DE-25); only the sub-item "debt problems of developing countries" remained open.

Thus, the Commission on Development had no problem to approve the work programme proposed by the two Chairmen in Doc. CCEI-CP-9 (see Annex No. I) since it was practically identical to the one agreed upon in July. The item which remained "outstanding" in July, i.e. the "debt problems of developing countries" has been dealt with by appropriate allocation of functions between the Commission on Financial Affairs and the Commission on Development. The Commission on Financial Affairs would formulate proposals for principles or features for debt reorganizing operations - while the Commission on Development would consider other aspects of or proposals on indebtedness of developing countries. The Co-Chairman, H.E. Ait Chaalal, drew special attention to the provision of the introductory paragraph of the work programme, in document CCEI-CP-9, which provides that proposals could be introduced by delegations up until 31 October, for the consideration of which opportunity will be provided at an agreed time during the work of the Commission. It followed that all the agenda items would have to be discussed during the September and October sessions.

Since the work programme agreed upon did not completely satisfy all delegations, the following statements were circulated to all Commissions- i.e. Doc. CCEI-CP-10, Statement of Japan; CCEI-CP-11, Statement of EEC; CCEI-CP-12, Statement of the United States; CCEI-CP-13, Statement of the Group of 19 (see Section III. A. Introductory Observations to this report for details).

The Commission on Development dealt, in a preliminary manner, during the 6th session of CIEC in September, with the first two items of its work programme, i.e.

I. Transfer of resources, including:

- debt problems of developing countries, official development assistance and other flows;
- and

II. Food and agriculture, including:

- increased agricultural production in developing countries, fertilizers, world food security and food aid.

The Commission on Development devoted five sessions to the discussion of item I on the agenda and only one, i.e. the last, to item II.

Thus, during the 7th session of CIEC, scheduled for 20 to 30 October, the Commission on Development will have to deal with the following three remaining items with sub-headings on its agenda:

III. Co-operation on industrialization and Transfer of technology

IV. Infrastructure

V. Trade between industrialized and developing countries.

Both Co-Chairmen emphasized the need to co-ordinate the Commission's work, as appropriate, with that of the other Commissions, especially the Commission on Finance. The items on the agenda were dealt with by the Commission as follows:

Item I of the agenda: Transfer of Resources

On the sub-item "debt problems of developing countries", the following proposals were submitted to the Commission:

- EEC and United States : 1) Doc. CCEI-DE-26: Proposals presented by the EEC and the US
Features which could provide guidance in future operations relating to debt problems pursuant to UNCTAD Resolution 94 for discussion in the Commission on Development

This paper distinguished between two types of situations, i.e. acute debt crisis and financial situations of a longer-term nature where the adverse structure of the balance of payments can hamper development and should be considered on an individual basis. Measures to be taken to identify such countries and to assure appropriate action to assist them are outlined; one section of this paper deals mainly with preventive measures.

- Sweden : 2) Doc. CCEI-DE-27: Proposal by Sweden

Debt problems of developing countries - aims at a general political commitment at the Ministerial Conference to provide additional ODA resources to the developing countries.

A provision is also made for an appropriate review mechanism in order to monitor the implementation. The implementation would be left to each developed country on a bilateral basis.

- Group of 19 : 3) Doc. CCEI-DE-30: Proposals submitted by the Group of 19 on the problems of indebtedness of developing countries

This document was introduced by the delegate of Pakistan which is based on the premise of generalized and immediate official debt relief measures to be adopted by developed countries in favour of interested developing countries particularly of the LSA, least developed, developing land locked and developing island countries - which is essential to restore the momentum of growth lost during the economic crisis and to facilitate the achievement of the IDS target. To that end, the Group of 19 proposes a series of measures related to official and commercial debt.

- Mexico : 4) Doc. CCEI-CP-14: Statement of the Delegation of Mexico

It was submitted to both the Commission on Development and Finance. In it it stresses that it does not believe it would be appropriate to have "overall debt renegotiation arrangements". It was skeptical of "inflexible preventive measures based on so-called objective indicators claimed to apply indiscriminately to all the developing countries."

- Brazil : 5) Doc. CCEI-CP-15: Statement of Brazil

Stated it supported the item on indebtedness and that responsive measures should be sought to meet the debt problems of interested developing countries, particularly the LSA, least developed, developing land-locked and developing island countries. It was confident that the implementation of any new measures for debt relief would not jeopardise the flow of new financial resources to the developing countries which, such as Brazil, rely upon already existent international financial arrangements.

On this sub-item (debt problems of developing countries), the case-by-case approach which was based on UNCTAD Resolution 94 (EEC and United States) versus the more global approach remained the very core of divergence between the two groups; at this stage, it is impossible to conceive what kind of compromise, if any, can eventually emerge. The Group of 8 felt strongly that not all developing countries faced the same global problem covered by the Group of 19 proposal. The Group of 19 felt the case-by-case approach would be too time consuming.

On the sub-item "official development assistance", the following proposals were tabled:

Canada : 1) Doc. CCEI-DE-29: Official Development Assistance

This document in the form of a draft resolution proposes:

- i) to reach as soon as possible the DD2 target of 0.7% of GNP for all donor countries;
- ii) to improve the financial terms of ODA with at least 84% of grant and untied loans;
- iii) to ensure that developing countries maximize the mobilization of their domestic resources and their efficient use;
- iv) to increase substantially the flows from multi-lateral development finance institutions, especially on the occasion of the 5th replenishment of ODA.

Sweden : 2) Doc. CCEI-DE-28: Transfer of Resources - Official Development Assistance

This document proposes to reach before the end of the decade the target of 0.7% gross national product set out in the International Development Strategy for the DD2; to maintain or achieve an overall grant element of 90% to untie ODA loans and to encourage developing countries to mobilize domestic resources with particular emphasis on effective use of domestic and external resources.

Group of 19 : 3) Doc. CCEI-DE-32: Proposals submitted by the Group of 19 on Official Development Assistance

The delegate of Pakistan, in introducing the proposal by the Group of 19, pointed out that their proposals were more comprehensive than those presented by Canada and Sweden; their main aim was to concretize commitments made in the past by setting down certain mechanisms and means. They realized that despite the political will manifested, there existed certain constraints; the definition of ODA flows needed to be changed; the present 25% grant element was unacceptable it should be 50%. The proposal deals with (i) bilateral flows; the target of 0.7% of GNP for ODA should be achieved as early as possible and not later than 1980; (ii) quality of flows and multilateral resources were to specify that "donor countries should undertake to raise the 5th replenishment of ODA to \$9 billion."

The Co-Chairman - H.E. Ait Chaalal, supported by his colleague of Group of 8, Mr. Wellenstein, summed up the debate in stressing the areas of convergence:

- every delegation agreed to the need to increase the flow of ODA;
- the 0.7% target seemed acceptable to all delegations but one (USA);
- the majority of the participants believed that the target should be reached by the end of the century;
- there was a general consensus that ODA flows should be predictable and continuous;
- the grant element should increase its share in the total;
- untying ODA seemed unanimously accepted.

Difficulty existed as far as the means to achieve objectives; with some delegations in the Group of 8 regarding the quantified target and the time-table to achieve it.

Although agreement existed that the multilateral financial institutions should be strengthened and their means increased, not all delegations were prepared to accept at this stage precise figures.

With regard to sub-item 3, under Transfer of Resources, i.e. other flows, the Co-Chairman decided that the discussion on this item would be postponed to the October session. He indicated that so far, only one submission had been received on this question - Doc. CCEI-DE-31: Proposals presented by the EEC and the US. - Other Flows. (Annex IV).

Item II of the agenda: Food and Agriculture, including

- increased agricultural production in developing countries
- fertilizers
- world food security
- food aid.

With respect to this agenda item, the following two proposals were submitted, i.e.

- 1) The Group of 19: Doc. CCEI-DE-33: Proposals submitted by the Group of 19 on Food and Agriculture;
- 2) EEC, Canada, and the United States: Doc. CCEI-DE-34: Proposals submitted by Canada, the EEC and the United States - Food and Agriculture

The representative of Yugoslavia introduced the Group of 19's paper and stressed that the proposals were based on the analytical work in the March session and on proposals by other international fora; the paper presented was broken down in four sub-headings:

- I Increased Agricultural and Food Production in Developing Countries
- II Fertilizers and Other Agricultural Inputs^{2/}
- III World Food Security
- IV Food Aid

He stressed that provision had been made to establish main targets, a time element including provision for appropriate financing. He concluded in expressing the hope that CIEC might reach a consensus on this problem which represented one of the most serious ones in the world.

The spokesman on behalf of the EEC proposal stated that they had organised their proposals along the same four chapter pattern; since there were links between the four parts, the document was to be considered as a whole. He stressed the chapter on fertilizers as being one of the most important means to achieve rapid progress in agriculture. The efforts to be made in this field were to follow four steps:

^{2/} See para. 3 "developed countries should fully co-operate in the consultations on fertilizers which will take place under the aegis of UNIDO with the co-operation of UNCTAD and FAO".

(i) to stimulate demand; (ii) to provide support; (iii) to utilize more efficiently the underutilized "production potential"; (iv) to grant assistance to those countries which do not have enough fertilizers to their disposition.

The two proposals clearly covered a great deal of "common" ground, despite some difference in emphasis placed on the various aspects of the problems.

The United States wanted to see more importance being placed in the Group of 19's paper on agricultural production; while agreeing to the importance of fertilizers, they stressed the need not to overlook organic fertilizers; they also stressed the need for better demand and supply information; a better fertilizer investment intelligence. The Canadian delegate expressed reservations about quantified targets and set deadlines.

The Japanese representative found the Canada/EEC/US proposals generally acceptable; they agreed that fertilizers were important; their Government would continue to co-operate on expanded production of fertilizers; some of the objectives of the Group of 19 were too ambitious; feared that some might not be realistic; regretted that both papers did not contain a reference to the FAO early warning system.

Algeria, Argentina and the United Republic of Cameroon felt that the Canada/EEC/US proposal was insufficient, vague, too analytical and not enough action-oriented. An effort was necessary to define the goals; a time-table and the responsibility of each country to meet the objectives;

The EEC representative stated that the Group of 19 document raised a certain number of difficulties as far as quantification was concerned. The EEC was very concerned that the responsibilities of the developed countries should correspond to equal responsibilities by the developing countries.

The representative of FAO (Mr. d'Amico) emphasized the similarities between the two proposals and expressed the hope that it would be possible for the Conference to arrive at a strong and useful statement on this important issue. The UNIDO observer (Mr. Corrêa da Silva)(see Annex III) provided the latest available information on the preparation of consultations

on fertilizers now underway by the UNIDO secretariat; a preparatory meeting would take place at Vienna from 5 to 12 November and the consultation itself from 7 to 11 January 1977. He stated that UNIDO hoped that these meetings would help clarify the position regarding production and distribution; the focus would be mainly but not exclusively on the needs of the developing countries. Official correspondence and an aide-mémoire were being finalized and would be addressed to interested Governments in the near future.

The two Co-Chairmen, in their concluding observations, stressed the need to try to arrive in October to a "common text" which was to be as strong as possible.

C. Proceedings in the Commission on Raw Materials

The Commission on Raw Materials held only two meetings, on 14 and 15 September, under the co-chairmanship of:

H.E. Mr. M. Miyazaki (Japan) (Group of 8) and
H.E. Mr. A. Arias-Schreiber (Peru) (Group of 19).

At the outset, the Co-Chairman, H.E. Miyazaki (Group of 8) offered congratulations to the outgoing Chairman of this Commission, Ambassador de la Puente, for his appointment as Minister of Foreign Affairs of Peru and welcomed his successor, Ambassador Arias-Schreiber.

The Co-Chairman, H.E. Miyazaki, introduced document CCEI-CP-9 "Minute of the Co-Chairmen of the Conference", which under the two pages foreseen for the work programme of the Raw Materials Commission (see Annex I) presents the results of the consultations of the two Co-Chairmen of the Conference in this respect. He also presented four statements, i.e. CCEI-CP-10, 11, 12 and 13 presented respectively by the EEC, the Group of 19, Japan and the United States, which contained their views on the work programme for the four Commissions for the remainder of the year. The work programme for the Raw Materials Commission, as contained in document CCEI-CP-9, was agreed as basis for the activities of the Commission. The Co-Chairman, H.E. Miyazaki, stated that the introductory comments to this document or "chapeau" to the document was considered applicable to the four Commissions. He stated that he believed that many delegations had varying degrees of "satisfaction" and "dissatisfaction" with the work programme agreed; but he indicated that he understood that the two groups, i.e. 19 and 8

were "able to live with it." He invited those delegations which might wish to make statements to do so; they would be circulated as Conference documents.

The Co-Chairman, Arias-Schreiber, on behalf of the Group of 19, stated that the Group of 19 had given its approval to the work programme for the second phase of this Commission, despite some "misgivings" it had with regard to the formulation and the fact that it did not meet all its expectations in a spirit of wishing to make the Conference a success. Concessions and political will were essential to make this Conference a success. The Co-Chairman, Arias-Schreiber, recommended on behalf of the Group of 19 that the Commission should receive concrete proposals from both groups irrespective of the item listed in its work programme. He invited the representative of Nigeria, to introduce on behalf of the Group of 19 their proposal, pertaining to item I of the agenda of the Raw Materials Commission entitled:

"Subject: Item I: Improvement of commodity market structures;
c) Transport, marketing and distribution"

The Co-Chairman Miyazaki outlined the following three broad categories of the work programme of the Raw Materials Commission contained in document CCEI-CP-9, which were to constitute the basis for discussions in this Commission for the remainder of the year:

- I Improvement of commodity market structures
- III Improvement in export earnings
- IV Improvement in commodity trade and other questions.

The representative of Nigeria, on behalf of the Group of 19, introduced the sole proposal to this session entitled "Improvement of commodity market structures; c)transport, marketing and distribution". He stressed that this submission represented a "brief statement of intent"; the Group of 19 had been affected by the "uncertainty" as to the continuation of the Conference. Their document was, therefore, of a very preliminary nature as many of their technical experts were unable to attend. Further revisions might still be necessary. He stressed that most of the action called for in this document was to be taken by the developed countries and expressed the hope that the Group of 8 would submit some proposals in the same field or in any other area. He commented briefly on the main measures proposed by the Group of 19 whose objective is to increase and strengthen the

position of the developing countries in the field of transport, marketing and distribution, specifically:

- Para. 1: to strengthen the bargaining power of the developing countries in determining prices of commodities exported by developing countries;
- Para. 2: deals with the provision of necessary facilities for marketing and distribution in the developed countries;
- Para. 3: deals with the question of commodity exchanges;
- Para. 4: deals with measures to improve the functions of exchanges and markets; the question of favourable treatment of government procurement policies in the developed countries;
- Para. 5: deals with the elimination of barriers to fair competition;
- Para. 6: deals with the early ratification of the convention on a code of conduct for Liner Conferences;
- Para. 7: is connected with para. 6 and deals with technical and financial assistance to increase their participation in the world shipping industry;
- Para. 8: deals with the necessity for early adoption of a code of conduct for the operation of Transnational corporations including measures to deal with market allocations, restrictive business practices in areas of primary commodities, marketing and distribution of raw materials.

The representative of Nigeria stated that most of the actions called for were addressed to the concluding Ministerial Level Meeting of CIEC.

The Co-Chairman, Miyazaki, expressed his gratitude to the Group of 19 for this preliminary document and stated it would be difficult to react immediately to the proposals presented by the Group of 19 since many delegations lacked the necessary technical staff in their delegations at this session.

Several representatives of the Group of 19 (Argentina, Mexico and Peru) wished to know if the Group of 8 intended to submit counter-proposals at this session. If this were not to be the case, they would find themselves in a difficult position to continue the dialogue.

The representative of EEC stated that they were satisfied that the difficulties which separated the Group of 19 and the Group of 8 in July had been overcome. Due to the "uncertainty" as to the future course of CIEC, it would not be in a position to present any proposals to this session. It would do its utmost to be a "real partner" at the forthcoming October session of CIEC.

The representative of Mexico stated that while he understood that the uncertainty regarding the resuming of the Conference had made it difficult for many delegations to prepare their proposals, he suggested to have only one more meeting at which to agree on a work programme so as to be certain that concrete proposals would be forthcoming for the October session. He stressed the need to receive proposals from the Group of 8 well in advance as such proposals were subject to consultations not only by countries represented in Paris but also by others, since the Group of 19 represented in fact also the Group of 77.

The EEC, while stating that it was not in a position to comment officially on the proposal of the Group of 19, had the following preliminary reactions on it:

- (1) The EEC emphasized that it is in favour of increasing technical assistance to the developing countries in transport, marketing and distribution.
- (2) It was relevant to work out a code of conduct for liners; the EEC was actually working on a code of conduct for transnationals it intended to play a very active role on this subject.
- (3) It inquired what kind of action was envisaged by the Group of 19 "in the determination of the international prices of commodities of export interest to the developing countries".
- (4) With respect to "governmental procurement policies", it felt this concerned primarily manufactured products and might possibly be in the competence of the Development Commission.
- (5) The "means available" were to be listed on a case-by-case basis.
- (6) With respect to the commodity exchanges needed, to study to what extent actions could be undertaken and by whom? There existed such exchanges already elsewhere than in the industrialized countries - needed to study how they are to be mobilized.

The United States representative welcomed the initiative of the Group of 19 on this subject and stated he took note that it was still a preliminary and tentative one and awaited their full proposal in the October session. He indicated that his Government certainly supported the need for a code of conduct for the operation of the transnational corporations. He indicated that its delegation could support some of their proposals, however, there were some points on which their points of view would diverge considerably.

With regard to the work programme, the United States representative stated that it covered a "wide range" of topics of interest to both the developed and the developing countries. It would try to submit its proposals before the 21st October.

The EEC and Japan indicated similarly that they would be unable to submit any proposals before the 20th of October.

Conclusions of the Raw Materials Commission

After one hour of recess during the last session of the Raw Materials Commission for consultations among the groups and the two Co-Chairmen, the Commission decided (reflected in document CCEI-EP-15):

- to adjourn until the 20th of October;
- that delegations of the Group of 8 and of the Group of 19 of the Raw Materials Commission will continue to meet informally during the following days;
- that delegations should submit their proposals in writing through the Secretariat before the 20th of October;
- that the October session could be extended until the 30th of October, if agreeable to the two groups in the light of the preparations made.

D. Other Activities of UNIDO Representatives

Apart from attendance at the two Commissions the UNIDO representatives held contacts, provided information and rendered assistance at the request of the delegations. A concise account follows.

1. Mr. Corrêa da Silva

- Met briefly with Mr. Perez Guerrero, who confirmed interest for the co-operation of UNIDO along the lines proposed by Mr. Corrêa da Silva and discussed with Dr. Khane and Mr. Macini in Vienna, covering specially: consultations for development of the fertilizer and iron and steel sectors; integrated programme of industrial technology; support for the Industrial Development Fund of UNIDO. Mr. Perez Guerrero mentioned that he had spoken, on the subject, with representatives of The Group of 19.

- Met with Mr. Chsalal who emphasized that: UNIDO written suggestions would be welcome and the The Group of 19 would like to have them as early in October as possible.

- Participated, by invitation, in the work of a Working Group established by The Group of 19 to prepare a paper on "Local processing of raw materials". The suggestions submitted to the Working Group were essentially accepted and included in a draft for later approval (by The Group of 19). These suggestions included the following points:

- (a) The developing countries will be heavy consumers of raw materials and commodities now mainly exploited for export;
- (b) Accordingly, it will be necessary to expand technical assistance to developing countries in order to identify new potential sources of raw materials and to prepare feasibility studies to identify "bankable feasible projects" for local industrial processing;
- (c) The Industrial Development Fund should count on resources commensurate with the task just outlined;
- (d) A special financing facility should be created to ensure proper financing of local industrial processing.

In discussions with Mr. De Mateo ^{3/} Mr. Corrêa da Silva suggested, in The Group of 19 paper on "Agriculture", of a reference to the forthcoming consultations being organized by UNIDO on the fertilizer industry. The suggestion was accepted and included in the paper officially distributed.

^{3/} Adviser to The Group of 19

2. Ms. L. Masans

Ms. Masans was approached and provided information on the activities of UNIDO, as appropriate to: T. Otaka (Head, Japanese Delegation, Development Commission) and to H. Malley (US Delegation Technical Adviser attached to OECD). Informal contacts were established with a number of other delegates.

IV - CONCLUSIONS

1. A most important and decisive step forward was taken in the first week of September 1976 when a work programme for the four Commissions could be agreed upon by the Co-Chairmen of the Conference, after extensive consultations with the member countries of CIEC, to ensure the continuation of CIEC. During the 7th October session of CIEC at which time, inter alia, industrialization will also be examined, it is hoped that enough worthwhile and positive proposals will be forthcoming to ensure a worthy conclusion to this Conference at the Ministerial Level Meeting in December (even if it may have started under completely different premises - the wish to stabilize oil prices). It may nevertheless turn out in a new and completely different dialogue at a much more restricted level of "give and take" in the international community between the Group of 19 and the Group of 8.

2. UNIDO should submit written, concise, informal, proposals for consideration by The Group of 19, by early October, as requested by the Co-Chairman of the Commission for Development, Mr. A. Chaalal.

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CCEI-CP-9
Presentation :
Co-Chairmen of the Conference
Original : English
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MINUTE OF THE CO-CHAIRMEN OF THE CONFERENCE

After consultation with the members of the Conference on International Economic Cooperation the following minute has been agreed to by the Delegation of Canada and Venezuela, as co-Chairmen of the Conference.

Pursuant to the agreement on July 17 to have the two co-Chairmen propose to the participants of the Conference a basis for proceeding, a work programme has been prepared which is acceptable to the members of the Conference and which will provide the basis for the work of the second phase of the Conference. The work programme is attached.

The two co-Chairmen understand that some of the Delegations may wish to make statements on this work programme and these statements will be circulated as Conference documents.

WORK PROGRAMME OF COMMISSIONS

The following work programme has been established particularly in furtherance of the agreements reached at the Senior Officials' Meeting in July. It does not prejudge the final results of the CIEC. Proposals may be introduced by Delegations up until October 31 for the consideration of which opportunity will be provided at an agreed time during the work of the Commissions.

COMMISSION ON ENERGY

On the basis of its analyses, the Energy Commission has assessed past and current trends in the world energy situation. The Commission has identified problems, listed below, to be dealt with on a basis of international economic cooperation.

Taking into account the economic interests, including energy interests of all countries, the Commission proposes to formulate the principles, elements and forms of such cooperation, with a view to preparing concrete proposals for approval by the Conference at the Ministerial level, the Commission will concentrate on the following matters:

I - Resource Availability, Supply and Development

- a) Availability and supply (considering technical and financial constraints on such availability and supply within a commercial sense) conservation and development of energy resources including supplies of energy to developed and developing countries, particularly those most dependant on imported energy, and access to energy markets.
- b) Forecasts of supply and demand.
- c) The problems of developing countries most dependent upon energy imports and the Most Seriously Affected and measures to alleviate them.
- d) Augmenting reserves and production capacities of conventional and non-conventional sources of energy particularly those resources that are less

depletable and more permanent and renewable, bearing in mind those resources beyond the limits of national jurisdiction.

- e) Conservation and increased efficiency of energy utilization.
- f) Accelerated development and industrialization of the developing countries including increased hydrocarbons processing in the developing countries and exports of developing countries to developed countries.
- g) Availability and development of energy infrastructure in all countries and specially in the developing countries.

**II - Energy Prices and the Purchasing Power of
Energy Export Earnings**

- a) Competitive standing of various sources of energy including but not limited to:
 - (i) availability; (ii) depletability;
 - (iii) prices and economic costs of existing sources of energy as well as the intrinsic value of depletable energy sources; (iv) the probable prices and economic costs of new sources of energy.
- b) The Energy Commission will consider proposals for the preservation of purchasing power of energy export earnings, including accumulated revenues from oil exports, within a general framework of the improvement and preservation of the purchasing power of the export earnings of developing countries vis-à-vis among other

factors, inflation in industrialised countries, changes in prices of imported goods and services and other economic factors essential to the economic progress of developing countries.

- c) The role of energy prices together with the prices of other major economic inputs in the world economic situation including growth, inflation and investment.

III - Technical, Scientific and Financial Cooperation

International financial, scientific and technical cooperation among all countries for the development of energy resources and for the transfer of and participation in energy related technology to the developing countries including:

- a) Cooperation aimed at alleviating the special energy problems of the oil importing developing countries, particularly those most dependent on imports of energy and those Most Seriously Affected, such as:
- measures to enable them to import energy required for their economic development.
 - measures to promote the development of their indigenous energy resources and enhance the mobilisation of capital and technology needed for this development.
- b) Cooperation aimed at the special concerns of the oil-exporting countries to assure supplies of energy adequate to their economic progress through:
- the diversification of their energy sources;
 - their participation in the research and development of energy technology.

c) General Cooperation:

General cooperation in the transfer and utilization of appropriate new and existing energy technologies, including assistance in energy planning and in the mobilization of international financial resources to promote the development of all conventional and non-conventional types of energy in the developing countries.

Note

Certain portions of the work on the points outlined above may be more appropriately and effectively carried out in other Commissions. The co-Chairmen of the Energy Commission will coordinate these points as necessary with the co-Chairmen of other Commissions.

COMMISSION ON RAW MATERIALS

To fulfill the directive embodied in the communiqué issued by the meeting of senior officials, that the work during the second phase of the Conference should concentrate on formulating concrete proposals for action to be submitted to the Ministerial Conference for adoption, which would constitute a significant advance in international economic cooperation and make a substantial contribution to the economic development of the developing countries; and in conformity with the provisions of the final declaration of the preparatory meeting of the CIEC endorsed by the Ministerial meeting, which provide that the RMC will take into account the progress made in other international forums and will be entrusted with facilitating the establishment or reinforcement, as the case may be, of arrangements which may seem advisable in the field of raw materials - including foodstuffs - which are of particular interest to developing countries, the RMC has decided to take fully into account the relevant decisions of UNCTAD IV and to concentrate its work during the second phase of the Conference on the undernoted list of areas, with the aim of evolving concrete proposals which, along with those of the other Commissions, should lead to proposals for an equitable and comprehensive programme for international economic cooperation including agreements, decisions, commitments and recommendations to be submitted for approval to the Ministerial Conference.

It is understood that improvement of the structures of commodity markets (in particular, action in support of

negotiations within the Integrated Programme including its Common Fund) will be a permanent subject for all forthcoming sessions of the Commission.

I - Improvement of commodity market structures

- Facilitating the negotiations referred to in paragraph supra
- Local processing and diversification
- Transport, marketing and distribution.

II - Improvement in export earnings

The Raw Materials Commission will consider proposals for improvement and preservation of the purchasing power of commodity export earnings of developing countries, taking into account inter alia movements in prices of imported manufactured goods, exchange rates, production costs, and world inflation.

- Purchasing power of developing countries
- Compensatory financing

III - Improvement in commodity trade and other questions

- Access to markets
- Conditions of supply
- Investment
- Competitiveness of natural product vis-à-vis synthetics
- Interests of importing developing countries
- Foodstuffs.

Commission on Development

I - Transfer of Resources

- Debt problems of developing countries.

CIEC is an appropriate forum for dealing with the problem of indebtedness of developing countries. It was recognized that debt problems of developing countries have both developmental and financial implications which require consideration during the second phase of the Conference with a view to facilitating agreement on concrete proposals to be submitted for approval to the Ministerial Conference.

The Commission on Financial Affairs will formulate proposals for principles or features for debt reorganization operations. The Commission on Development will consider other aspects of or proposals on indebtedness of developing countries taking into account their development needs and external payments problems, as well as proposals for measures which would contribute to the alleviation of the existing debt burden of developing countries depending largely upon aid and having serious structural financial problems. These would include in particular least developed countries, most seriously affected developing countries and other countries in need. These latter problems which may lead to difficulties in implementing their debt service constitute general problems of transfer of resources.

- Official Development Assistance.
- Other flows.

II - Food & Agriculture

- Increased agricultural production in developing countries.
- Fertilisers.
- World food security.
- Food aid.

III - Co-operation on industrialisation and Transfer of technology

A - Increase of industrial capacity and production of developing countries within the framework of changes in world industrial structures including an increasing share for developing countries in industrial production.

(i) International co-operation to promote industrialisation in developing countries, including the system of consultations.

(ii) Investment and transnational corporations.

B - Transfer of technology

(i) Measures for access to technology, including the code of conduct.

(ii) Strengthening the ability of developing countries to select, adapt, develop, and apply technology, including its institutional aspects and training as well as promotion of developing countries' exports of technology.

IV - Infrastructure

- Improvement of economic and social infrastructure in developing countries, especially transport and communications infrastructure.

V - Trade between industrialised and developing countries

- Trade in industrial and food products of interest to developing countries, supply, access to markets, MTN and related subjects included in the Tokyo Declaration, GSP

- Trade promotion

The problems of the Most Seriously Affected Countries, the Least Developed, Developing Landlocked* and Developing Island Countries will be examined under each of the relevant above headings.

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- * It is understood that under this heading the problems of countries experiencing similar geographical difficulties and which have been qualified as semi-landlocked may be raised.

Commission on Financial Affairs

PROGRAMME OF WORK FOR THE SECOND PHASE 1/

I - INDEBTEDNESS OF DEVELOPING COUNTRIES. 2/

CIEC is an appropriate forum for dealing with the problem of indebtedness of developing countries. It was recognized that debt problems of developing countries have both developmental and financial implications which require consideration during the second phase of the Conference with a view to facilitating agreement on concrete proposals to be submitted for approval to the Ministerial Conference.

The Commission on Financial Affairs will formulate proposals for principles or features for debt reorganization operations. The Commission on Development will consider other aspects of or proposals on indebtedness of developing countries taking into account their development needs and external payments problems, as well as proposals for measures which would contribute to the alleviation of the existing debt burden of developing countries depending largely upon aid and having serious structural financial problems. These would include in particular least developed countries, most seriously affected developing countries and other countries in need. These latter problems which may lead to difficulties in implementing their debt service constitute general problems of transfer of resources.

II - FINANCING PROBLEMS OF THE BALANCE OF PAYMENTS OF DEVELOPING COUNTRIES. 3/

A) CAPITAL FLOWS TOWARDS AND INVESTMENT IN DEVELOPING COUNTRIES.

a) Access to Capital Markets.

b) Direct Investment.

B) OFFICIAL DEVELOPMENT ASSISTANCE. 4/

III - PROBLEMS OF FINANCIAL ASSETS OF OIL EXPORTING DEVELOPING COUNTRIES INCLUDING THE TERMS AND CONDITIONS OF INVESTMENT OF THESE ASSETS.

IV - COOPERATION AMONG DEVELOPING COUNTRIES.

V - MEASURES AGAINST INFLATION.

VI - OTHER ISSUES.

- 1/** The monetary aspects of each item of the agenda will be raised in connection with the specific items, while respecting the jurisdiction of international institutions (IBRD and IMF).
- 2/** Taking into consideration the need for coordination on this subject between the Commission on Development and the Commission on Financial Affairs.
- 3/** Some of these issues are considered by the Commission on Development under the subject "Transfer of Resources".
- 4/** After the discussion of this subject by the Commission on Development.

LIST OF DOCUMENTS

Pertaining to the

COMMISSION ON DEVELOPMENT

AND

COMMISSION ON RAW MATERIALS

6TH SESSION OF CIEC, 14 TO 20 SEPTEMBER 1976 (PARIS)

<u>Document No.</u>	<u>Presented by</u>	<u>Title</u>
<u>General:</u>		
- CCEI-CP- 9	Co-Chairman of the Conference	Minute of the Co-Chairmen of the Conference
- CCEI-CP-10	Japan	Statement of Japan
- CCEI-CP-11	EEC	Statement of the EEC
- CCEI-CP-12	United States	Statement of the United States
- CCEI-CP-13	The Group of 19	Statement of the Group of 19
- CCEI-CP-14	Mexico	Statement of the Delegation of Mexico
- CCEI-CP-15	Co-Chairmen	Statement of Brazil
<u>United Nations Journals:</u>		
September 1976	United Nations Secretariat Representation Office, Paris	Report on the Sixth Session of the Commission (Paris, 14-20 September 1976)
J-1: September	- " -	Journal of 14 September 1976
J-2: September	- " -	Journal of 15 September 1976
J-3: September	- " -	Journal of 16 September 1976
J-4: September	- " -	Journal of 17 September 1976
J-5: September	- " -	Journal of 18 September 1976
J-6: September	- " -	Journal of 20 September 1976

<u>Document No./or Date</u>	<u>Presented by</u>	<u>Title</u>
<u>Commission on Development:</u>		
-CCEI-DE-26	Co-Chairmen	Proposals presented by the EEC and the US - Features which could provide guidance in future operations relating to debt problems pursuant to UNCTAD Resolution 94 for discussion in the Commission on Development.
-CCEI-DE-27	Co-Chairmen	Debt problems of developing countries - Proposal by Sweden.
-CCEI-DE-28	Sweden	Transfer of Resources - Official Development Assistance.
- 16 September 1976	United States	Preventing long-term financial difficulties in developing countries.
-CCEI-DE-29	Canada	Official Development Assistance.
-CCEI-DE-30	Pakistan (on behalf of Group of 19)	Proposal submitted by the Group of 19 on the problems of indebtedness of developing countries.
-CCEI-DE-31	EEC and United States	Proposals presented by the EEC and the US - Other Flows
-CCEI-DE-32	Group of 19	Proposals submitted by the Group of 19 on Official Development Assistance.
-CCEI-DE-33	Group of 19	Proposals submitted by the Group of 19 on Food and Agriculture.
-CCEI-DE-34	ECE, Canada and United States	Proposals submitted by Canada, the EEC and the United States - Food and Agriculture.
<u>Commission on Raw Materials:</u>		
-CCEI-MP-15	Co-Chairmen of the Commission	Agreement by the CIIEC Commission on Raw Materials on the Organization of its Work.
-14 September 1976	Nigeria on behalf of the Group of 19	Item I: Improvement of commodity market structures; c) Transport, Marketing and Distribution.

STATEMENT BY THE UNIDO REPRESENTATIVE TO THE COMMISSION ON DEVELOPMENT

20 SEPTEMBER 1976

We have only a brief intervention to make, to provide additional information on a point directly related to fertilizer production.

According to a previous decision by the Industrial Development Board, the UNIDO secretariat is now actively preparing two world-wide consultations for two basic industrial sectors: fertilizer and steel.

In view of the novel nature of such consultations, the secretariat is proceeding cautiously in all aspects relating to substance and procedures.

Contacts have been maintained with the missions to UNIDO, with the delegations attending the recent Industrial Development Board meeting and with international organizations.

The main points relating to the substance and procedures have by now been settled for the Consultations on the Fertilizer Industry. Official communications and an aide-mémoire should be issued shortly.

A preparatory meeting will take place between 8-12 November 1976. The Consultations will take place between 17-21 January 1977. Both meetings are planned to take place at Vienna.

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COMMISSION ON DEVELOPMENT

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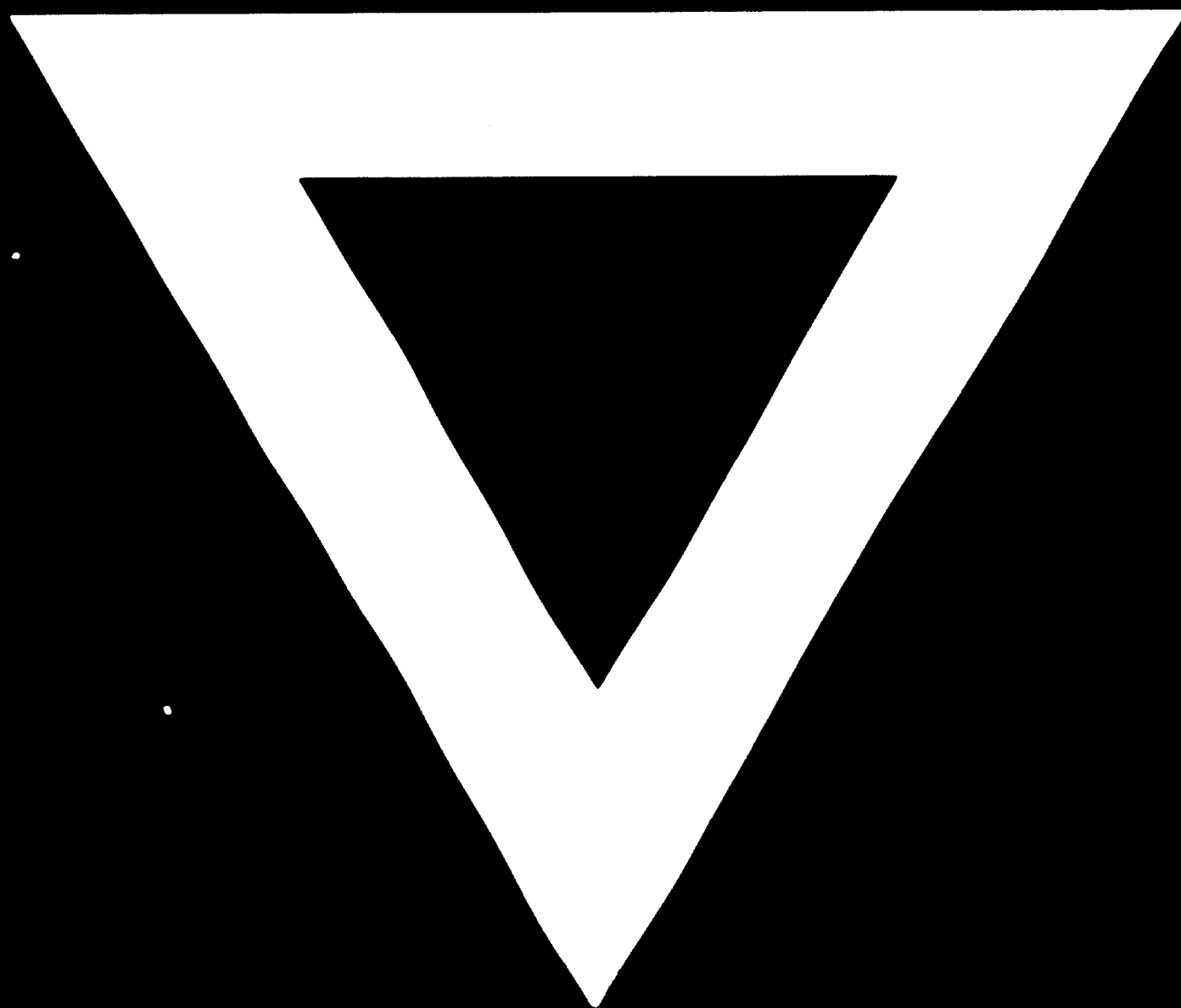
OTHER FLOWS

PROPOSALS PRESENTED BY THE EEC AND THE US

1. It is recognized that non-ODA flows are and will continue to be an important means by which developing countries meet their overall capital requirements. This is particularly true of those developing countries whose levels of development and economic policies better allow them to successfully compete for scarce private investment capital.
2. Other public flows and private flows are useful stimulants to capital formation and economic growth in developing countries and thus measures to stimulate and facilitate such flows should be encouraged.
3. Moreover a climate of mutual confidence is indispensable for increasing the volume of direct investment. In this connection it is recognized that investments should fit in harmoniously with the development plans of the host countries and should be consistent with the general aims of their development policies. To this end it is vital that the developing countries should give a clear indication of their policy in this matter and the conditions under which they wish to obtain external private investments. (The proceedings envisaged in the work programme in connection with investments will allow the Development Commission to go more fully into this subject, including the problem of an international guarantee system for foreign private investment.)

4. Capital market countries should, to the extent that their situation permits, adopt specific actions to facilitate non discriminatory access of developing countries to capital markets, including technical assistance and other appropriate means, for example in the field of information.
5. In this context it is recognized that both paid in and callable contributions to the capital of development finance institutions contribute to an increased flow of capital to developing countries. The recent decisions concerning the increase of the capital of the IBRD and IFC, as well as the adherence of non-regional members to the IDB, is therefore welcomed.
6. The Development Committee of the IMF/IBRD is encouraged to draw as soon as possible concrete conclusions of its study of measures which might help capital markets to continue to evolve in directions relevant to the needs of developing countries, including:
 - (a) liberalization of statutory and other provisions limiting access to domestic markets of capital market countries;
 - (b) improvement of developing countries' practices, regulations and institutions related to their domestic capital markets and the mobilization of domestic savings;
 - (c) increases in technical help to developing countries entering international capital markets;
 - (d) expansion of co-financing arrangements under which private investors finance a portion of project lending by international development lending institutions;

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