###### Third Ministerial Meeting of the Group of 77, Manila, 26 January – 7 February 1975, in preparation for UNCTAD IV, Nairobi, 5 – 31 May 1976

**The Manila Declaration and Programme of Action**

CONTENTS

Part One: Declaration

Part two: Programme of Action

Section one: Commodities

Section two: Manufactures and semi-manufactures

Section three: Multilateral trade negotiations

Section four: Money and finance and the transfer of real resources for

Development

Section five: Transfer of technology

Section six: Least developing among the developing countries, developing island countries, and developing land-locked countries

Section seven: Economic cooperation among developing countries

Section eight: Trade relations among countries having different economic

and social system

Section nine: Review of institutional arrangements in UNCTAD

**Part one. Declaration**

**I**

*Guided* by our common aspirations, we, the representatives of the developing countries, having met at the Third Ministerial Meeting of the Group of 77, held in the city of Manila, Philippines, from 26 January to 7 February 1976, to coordinate and harmonize our positions in preparation for the fourth session of the United Nations Conference on Trade and Development, to be held at Nairobi in may 1976,

*Having considered* the Declaration of the Fourth Conference of Trade Ministers of OAU Member Countries, the First Declaration and Action Guidelines of the Latin American Council of the Latin American Economic System (SELA) and the Jakarta Declaration 1976,

*Inspired* by the illuminating opening address delivered by His Excellency the President of the Republic of the Philippines, Mr. Ferdinand E. Marcos, who expressed fruitful ideas which made a significant contribution to our discussions and reflect a keen analysis of the present state of international economic relations and an outstanding of international economic relations and an outstanding perceptiveness of the unfavourable economic and social conditions under which our people are struggling,

*Cordially thank* the Governments and the people of the Philippines for their warm hospitality and for the efficient organization of this Ministerial Meeting, which has enabled us to conclude the Meeting successfully.

**II**

*The Ministers of the Group of 77 at their Third Meeting,*

*Having examined* in depth the economic situation of the developing countries and having reviewed the policies pursued and the results obtained since the adoption of the International Development Strategy for the Second United Nations Development Decade and the third session of the United Nations Conference on Trade and Development in the field of trade, international economic relations and development in the light of the Declaration and the Programme of Action on the Establishment of a New International Economic Order1 and the Charter of Economic Rights and Duties of States;2

*Inspired* by the Charter of Algiers and the Lima Declaration of the Group of 77;

*Bearing in mind* the Declaration and Programme of Action adopted at the Fourth Conference of Heads of States or Government of Non-Aligned Countries;

*Noting* with deep disappointment that very few concrete results have been obtained in those fields, that the developed countries have generally not implemented the policy measures and fulfilled the commitments undertaken designed to improve the situation of the developing countries, and that the relative position of the developing countries in the world economy-especially the position of the least developed, land-locked and island developing countries and the most seriously affected developing countries-has worsened during this period;

*Declare* that international economic conditions –particularly world inflation, monetary disorders, recession in the highly industrialized regions, the appearance of new forms of economic discrimination and coercion, certain form of action by transnational corporations and the revival of protectionist trends in the developed countries – have seriously affected the economies of all developing countries;

*Recognize* that, in view of this situation, some developing countries have made and continue to make major efforts to provide other developing countries with financial and other assistance to help them overcome their economic difficulties, including their food and energy problems, and hope that such initiatives will encourage further assistance in these fields by those countries which are in a position to do so;

*Deplore* the application by the developed countries of unjust and discriminatory trade regulations, and the obstacles, which they impose on developing countries in regard to access to modern technology;

*Affirm* their conviction that it is necessary and urgent to bring about radical changes in economic relations in order to establish new relations based on justice and equity which while eliminate the inequitable economic structures imposed on the developing countries, principally through the exploitation and marketing of their natural resources and wealth;

*Emphasize* the close solidarity of all the developing countries which has made it possible for them to evolve a unified position, as well as the importance of harmonizing positions which help to enhance the irreversible process they have created in international economic relations and to consolidate and strengthen their unity and solidarity through joint concerted action, thus laying the foundation for the new international economic order and for the adoption of the Charter of Economic Rights and Duties of States;

*Affirm* that the current situation presents a favourable opportunity for the international community to take steps and reach agreements at the fourth session of the United Nations Conference on Trade and Development aimed at solving the economic and financial problems of the developing countries and achieving the objectives of the new international economic order;

*Decide* to promote the urgent implementation on the basis of a programme of concerted action, of the new international economic order within the framework of the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and the decisions and recommendations adopted by the United Nations General Assembly at its seventh session;

*Reaffirm* their conviction that the implementation of the new international economic order is essential for the promotion of justice and the maintenance of peace and international co-existence, owing to the ever-increasing interdependence of nations and peoples;

*Reaffirm further* their conviction that responsibility for achieving economic development and ensuring social justice lies in the first instance with countries themselves and that the achievement of national, regional and international objectives depends on the efforts of each individual country. As a necessary corollary to those national efforts and in accordance with the principle of collective self-reliance, they urge the need for closer and more effective cooperation among the developing countries, including the harmonization and coordination of their respective economic policies;

*Declare once again* that international economic relations should be based on full respect for the principles of equality among States and non-intervention in international affairs, on respect for different economic and social systems and on the right of each State to exercise full and permanent sovereignty over its natural resources and all its economic activities;

*Resolve* that the developing countries should be assured wider and increasing participation in the process of adoption and in the adoptions in all areas concerning the future of international economic relations and in the benefits derived from the development of the world economy;

*Reiterate* the need and urgency for the principle of differential and preferential treatment in favour of developing countries to be applied in accordance with specific and effective formulae in all fields of their economic relations with developed countries;

*Reaffirm* the importance of international cooperation for the establishment of the new international economic order;

*Accordingly declare* their firm conviction to make full use of the bargaining power of the developing countries, through joint and united action in the formulation of unified and clearly defined positions, with a view to achieving, *inter alia*, the following objectives in the various fields of international economic cooperation:

1. Restructuring international trade in commodities so that it offers a viable solution to the problems concerning commodities, to raise and maintain the value of the exports and the export earnings of the developing countries, increasing processing and improving the terms of trade of those countries. Bearing these fundamental objectives in mind, the fourth session of the United Nations Conference on Trade and Development should take concrete and operational decisions concerning the integrated programme for commodities and all its elements and the implementation of each of its objectives and each necessary international measure, including the negotiating plan;

2. Reshaping of the structure of world industrial production and trade to ensure a substantial increase in the share of the developing countries in world exports of manufactures and semi-manufactures, in accordance with the goals set forth, *inter alia*, in the Lima Declaration and Plan of Action on Industrial Development and Cooperation.3 To this end, suitable internal and external conditions, including new forms and areas of industrial cooperation, must be created for accelerated industrial development and promoting the export of manufactures and semi-manufactures from developing countries, without giving rise to restrictions on their access to the markets of developed countries;

3. Expanding the total export capacity of the developing countries, in terms both of volume and of the diversification of their products, and thus promoting the increasing participation of those countries in world trade;

4. Achieving substantive results for the developing countries in the multilateral trade negotiations and additional benefits through the adoption of differential measures and special procedures for them in all areas of the negotiations. Pending the completion of those negotiations, ensuring that the developed countries strictly observe the standstill with regard to their imports from the developing countries. In this context, substantial improvements should be made in the existing GSP schemes to help developing countries to achieve the agreed objectives of the GSP;

5. Condemning and rejecting all forms of discrimination, threats or coercive economic policies and practices, either direct or indirect, against individual or groups of developing countries by developed countries, which are contrary to fundamental principles of international economic relations;

6. Urgently achieving a reform of the international monetary system which will meet the interests and needs of the developing countries, with the full and effective participation of those countries in the decision-making process involved in that reform;

7. Securing short-term and long-term financing in sufficient volume and on favourable terms and accelerating the flow of bilateral and multilateral financial assistance from the developed to all the developing countries, and in particular to the least developed, land-locked and island developing countries and the most seriously affected countries, on a more continuous, assured and stable basis, in order that the target for official development assistance be reached without delay; moreover, access of developing countries to the capital markets of developed countries should be substantially increased;

8. Taking immediate steps by developed countries and international organizations to alleviate the increasing debt problems of developing countries and to expand and improve short-term financing facilities to mitigate their balance-of-payment difficulties;

9. Promoting national technological progress through the acquisition, development, adaption and dissemination of technology in accordance with the needs, interests and priorities of the developing countries, and ensuring the transfer of technology on international conditions consistent with those objectives, with a view to strengthening the technological capabilities of developing countries and thus reducing their dependency in this field, through appropriate institutional arrangements, the adoption of a multilaterally binding code of conduct on the transfer of technology and the review and revision of international conventions on patents and trademarks;

10. Ensuring that the activities of transnational corporations operating in territories of developing countries are compatible with their objectives of national development, through the free exercise of the right to regulate the operations of those corporations, and promoting international cooperation as an effective instrument for achieving that objective;

11. Promoting and fostering a programme of economic cooperation among developing countries through suitable permanent machinery for strengthening their mutual cooperation and making possible the adoption of concrete measures in the various fields of their economic relations, in order to promote the individual and collective self-reliance, interdependence and progress of the developing countries;

12. Devoting efforts toward urgent action for the expansion of trade between the developing countries and developed countries with centrally planned economies, including suitable institutional arrangements for dealing with this issue, with a view to increasing the economic benefits accruing to developing countries from such trade and economic cooperation;

13. Establishing more effective and realistic measures and policies through suitable mechanisms in favour of the least developed, land-locked and island developing countries and implementing them as speedily as possible, so that their results may help to alleviate or diminish the specific and long-existing problems affecting those countries;

14. Implementing without delay effective measures in favour of the most seriously affected developing countries to enable them to overcome their special problems, in accordance with General Assembly resolution 3201 (S-VI) and 3202 (S-VI);

15. Furthering cooperation in the solution of major and urgent international economic problems affecting a large number of developing countries;

16. Continuing and intensifying their efforts to effect the changes urgently needed in the structure of world food production and taking appropriate steps, particularly in the field of trade, to ensure an increase in agricultural production, especially of food stuffs, and in the real income which the developing countries obtain from exports of these products. Developed countries and developing countries in a position to do so should provide food grains and financial assistance on most favourable terms to the most seriously affected countries, to enable them to meet their food and agricultural development requirements;

17. Strengthening the negotiation function of UNCTAD so that it could evolve into an effective negotiations arm of the United Nations in the fields of trade and development capable of translating principles and policy guidelines, particularly those enunciated by the General Assembly, into concrete agreements and thus directly contribute to the establishment of the new international economic order.

# **Part two. Programme of Action**

**Section one: Commodities**

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

1. The present situation of commodities contains a number of new factors, which could form the basis for a fresh initiative that would contribute to the establishment of a new international economic order, including the setting up of new production and market structures for commodities. Concerted efforts should therefore be made to restructure the world commodity economy in order to improve the terms of trade of developing countries, expand their export earnings from commodities in their raw and processed forms, and eliminate the economic imbalance between developed and developing countries. With this basic aim in mind, the United Nations Conference on Trade and Development should adopt at its fourth session decisions on the objectives, commodities to be covered, international measures and negotiating plan of the integrated programme for commodities of export interest to developing countries including perishables, and a timetable for its implementation.

2. “The solution to world food problems lies primarily in rapidly increasing food production in the developing countries. To this end, urgent and necessary changes in the pattern of world food production should be introduced and trade policy measures should be implemented, in order to obtain a notable increase in agricultural production and the export earnings of developing countries.

“To achieve these objectives, it is essential that developed countries and developing countries in a position to do so should substantially increase the volume of assistance to developing countries for agriculture and food production, and that developed countries should effectively facilitate access to their markets for food and agricultural products of export interest to developing countries, both in raw and processed form, and adopt adjustment measures, where necessary.”4

3. The integrated programme for commodities is a programme of global action designed to improve and establish new structures in international trade in commodities of interest to the developing countries. The integrated programme does not preclude other trade and financial measures and mechanisms relating to products, groups of products or sectors, from contributing towards the achievement of the same objectives. In emergency situations of market disruption, trade and financial measures should be taken so as not to adversely affect trade flows from developing to developed countries.

**A. Objectives of the integrated programme for commodities**

4. The objectives of the integrated programme are:

(a) Improvement of the terms of trade of the developing countries in the field of commodities:

(b) Supporting commodity prices at levels, which in real terms are remunerative and just to producers and equitable to consumers, taking full account of the rate of world inflation and fluctuations in the exchange rates of the main currencies;

(c) Reduction of excessive fluctuations in commodity prices and supplies in the interests of both producers and consumers;

(d) Improving and stabilizing in real terms the purchasing power of the export earnings of individual developing countries;

(e) Expansion of developing country exports of primary and processed products, improvement of the competitiveness of natural products vis-à-vis synthetic substitutes and harmonization of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;

(f) Diversification of production, including food production, and expansion of the processing of primary commodities in developing countries with a view to promoting their industrialization and increasing their export earnings;

(g) Assurance of access to markets of developed countries for exports from developing countries;

(h) Increasing the participation of developing countries in the transport, marketing and distribution of their exports and their share in the earnings therefrom.

**B. International measures of the integrated programme**

5. To achieve the objectives of the integrated programme all the following international measures, each one of which constitutes an important and integral element of the programme, should be taken:

(a) Establishment of a common fund for the financing of international commodity stocks or other necessary measures within the framework of commodity arrangements;

(b) Setting up of international commodity stocking arrangements;

(c) Harmonization of stocking policies and the setting up of coordinated national stocks financed, in the case of developing countries, by the common fund referred to in subparagraph (a) above, or by international financial agencies through a broader and more liberal financing scheme, for buffer stocks;

(d) Negotiation of other measures necessary for the attainment of the objectives of the programme within the framework of international commodity arrangements through, *inter alia*, appropriate international production policies, supply management measures, and bilateral and multilateral long-term supply and purchase commitments, taking into account the characteristics of each product;

(e) Effective application of appropriate measures and procedures for indexing the price of commodities exported by developing countries to the prices of manufactures imported from developed countries;

(f) Improvement and enlargement of compensatory financing facilities for the stabilization in real terms around a growing trend of export earnings of developing countries;

(g) Promotion and support of processing and diversification activities in developing countries, and also liberalization and improvement of access to markets of the developed countries for developing country exports of primary and processed commodities;

(h) Appropriate measures for greater participation by developing countries and for improving their share in the transport, marketing and distribution of commodities of export interest to developing countries in their raw as well as processed forms, including the establishment of financial, exchange and other institutions for the remunerative management of trade transactions, and also consequent actions by developed countries.

6. The interests of developing importing countries, particularly the least developed and the most seriously affected among them, adversely affected by measures under the integrated programme should be protected by means of appropriate differential and remedial measures within the programme.

7. The product coverage of the integrated programme should take into account the fundamental interests of developing countries in, among others, bananas, bauxite, coca, coffee, copper, cotton and cotton yarn, hard fibres, iron ore, jute and jute products, manganese meat, phosphate, rubber, sugar, tea, timber, tin and vegetable oils, including olive oil and oilseeds.

8. Efforts on specific measures for reaching agreements on products, groups of products or sectors which for various reasons are not incorporated in the first stage of application of the integrated programme should be continued.

9. The application of any of the measures which may concern existing international arrangements on commodities covered by the integrated programme would be decided by governments within the commodity organizations concerned.

10. The measures envisaged above could be reinforced by stimulation and promotion of action by producers associations and by adoption of measures designed to promote and increase trade in commodities among developing countries.

11. In relation to compensatory financing, agreement should be reached at the fourth session of the Conference on recommendations to IMF regarding improvements in its compensatory financing facility along the following lines:

(a) An easing of the balance-of-payments criterion for assistance to developing countries;

(b) Calculation of export shortfalls in terms of the real value (import purchasing power) of exports and an element of growth in real terms;

(c) Provision to developing countries of a right to base claims for compensation on shortfalls in their aggregate commodity export earnings or their total export earnings;

(d) Easing of repayment terms and expansion of the grant element in compensatory financing, particularly for the poorest developing countries.

12. Agreement should be reached at the fourth session of the Conference on recommendations relating to improved access to markets of developed countries for developing country exports of primary and processed commodities, some of which may be incorporated into individual commodity arrangements under the integrated programme.

**C. Negotiating plan of the integrated programme**

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

(a) Establishment within UNCTAD of an *ad hoc* intergovernmental group for the negotiation of the common financing fund referred to in subparagraph 5(a) above;

(b) Convening of intergovernmental preparatory meetings and negotiating conferences for the negotiation of international arrangements;

(c) The possible establishment within UNCTAD of an *ad hoc* intergovernmental coordinating committee of the Trade and Development Board for commodity negotiations to give impetus to the negotiations referred to in subparagraphs (a) and (b) above, to review the progress and to deal with such major policy problems as may arise during the negotiations.

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

**Section two: Manufactures and semi-manufactures**

Agreement should be reached at the fourth session of the United Nations Conference on Trade and Development on a comprehensive strategy to expand and diversify the export trade of the developing countries in manufactures and semi-manufactures, with a view to the attainment of the goals for their accelerated industrial development including those set by the Second General Conference of UNIDO at Lima. Such a strategy should comprise, *inter alia*, the following measures:

**I. Improving access to markets in developed market-economy countries and the socialist countries of Eastern Europe for manufactures and semi-manufactures of developing countries**

(a) The generalized system of non-reciprocal non-discriminatory preferences (GSP) should be improved in favour of the developing countries through the adoption, *inter alia,* of the following measures, taking into account the relevant interests of those developing countries enjoying special advantages as well as the need for finding ways and means for protecting their interests:

(i) Extension of the coverage of the GSP to all products of export interest to developing countries;

(ii) Unrestricted, duty-free and quota-free entry for imports of all products covered;

(iii) Liberalization, simplification and harmonization of rules of origin in order to promote and not to hinder the exports of developing countries. The developing countries should be treated under the GSP rules of origin as one area, i.e. there should be “cumulative treatment”;

(iv) Removal of all the discriminatory and restrictive aspects of the schemes, especially that of the United States of America;

(v) Elimination of any other internal fiscal or para-fiscal barriers to trade.

(b) Developed countries should apply the principle of generalized preferential treatment in favour of developing countries to non-tariff barriers, including their elimination, and to other trade policy measures.

(c) The socialist countries of Eastern Europe should not link the application of their schemes or other equivalent measures to bilateral long-term contracts or arrangements with the beneficiary countries.

(d) Developed countries should adhere strictly to their commitments to the principle of standstill as regards restrictions on imports from developing countries.

(e) It is necessary to avoid the prolongation and multiplication of international arrangements designed to validate arrangements requiring developing countries to “voluntarily” restrain their exports, as is the case in the Arrangement regarding International Trade in Textiles.

(f) The GSP should be given a firm statutory basis and made a permanent feature of the trade policies of the developed market-economy countries and of the socialist countries of Eastern Europe.

(g) No instrument of economy policy, particularly the GSP, should be used as an instrument of political or economic coercion or of relation against developing countries, including those that have adopted or may adopt, singly or jointly, policies aimed at safeguarding their natural resources.

(h) The export products, including unprocessed and semi-processed products included in BTN chapters 1 to 24, of developing countries that can be distinguished from similar product of developed countries should be identified and separately classified in developed countries customs tariffs in order to allow more favourable treatment.

(i) The developed countries should adopt appropriate internal adjustment assistance measures for their industrial restructuring with the object of allowing for an increasing volume of imports of manufactures and semi-manufactures and from developing countries.

**II. Restrictive business practices**

(a) Agreements should be reached and concrete measures for the implementation of relevant resolutions adopted by the international community relating to restrictive business practices, particularly provisions contained in General Assembly resolution 3362 (S-VII) on development and international economic cooperation, which provide in section I, paragraph 10, that “Restrictive business practices adversely affecting international trade, particularly that of developing countries, should be eliminated and efforts should be made at the national and international levels with the objective of negotiating a set of equitable principles and rules”.

(b) Action should be taken by developed countries aimed at improving the control of restrictive business practices adversely affecting the trade of developing countries, including the institution of appropriate notification and registration procedures, as well as the development, where necessary, of policies for the elimination of restrictive business practices.

(c) Action should be taken at the international level within the framework of UNCTAD, including the following elements:

(i) Agreement on the need to negotiate for the purpose of adopting a set of equitable principles and rules governing the control of restrictive business practices adversely affecting international trade, particularly that of the developing countries;

(ii) Continued examination of the various restrictive business practices adversely affecting the trade and development of developing countries and measures necessary to control such practices;

(iii) Supply of information by developed countries on restrictive business practices adversely affecting the trade and development of developing countries;

(iv) Collection and dissemination of information on restrictive business practices by the UNCTAD secretariat, in close cooperation with the Information and Research Centre on Transnational Corporations established at the United Nations;

(v) Provision of technical assistance to developing countries in the areas of restrictive business practices, especially in respect of the training of officials.

**III. Transnational corporations and the expansion of exports of manufactures by developing countries**

Agreement should be reached on:

(a) Measures to be taken at national, regional and international levels in order to ensure that transnational corporations reorient their activities towards more complete manufacturing in developing countries and towards the further processing therein of raw materials for both the domestic and foreign markets. The developed countries should take steps to adjust their policies, particularly in the field of tariff and non-tariff protection, foreign-exchange regulations, foreign investment and fiscal and financial incentives, to facilitate the above-mentioned measures to be adopted by the transnational corporations;

(b) Measures to strengthen the participation of national enterprises of developing countries in the activities undertaken by transnational corporations in their territories, particularly those relating to the export of manufactures and semi-manufactures;

(c) Equitable principles and rules to govern the control of restrictive business practices which include measures for the control of the practices of transnational corporations adversely affecting the developing countries ability to export manufactures and semi-manufactures;

(d) Measures designed to ensure the regulation and control of the activities of transnational corporations in order that they may be a positive factor in the export efforts of developing countries, so that the latter may acquire greater control over the processing, marketing and distribution of their manufactures and semi-manufactures.

**IV. Export and industrial financing**

(a) Developed countries should assist developing countries in setting up financial institutions required by them for development and promotion of their industries and exports.

(b) International financing institutions should grant programme loans to industrial sectors, in addition to the project loans, as well as provide medium-term and long-term refinancing facilities for the exports of developing countries.

(c) International private investment and the financing thereof should be adapted to the industrial needs of the developing countries, in accordance with their national legislation and policies.

(d) Developed countries should make available, through bilateral and multilateral channels, larger amounts of financial aid to assist the industrialization of the developing countries, commensurate with and suited to achieving the 25 per cent share for these countries in world industrial output by the year 2000 as set out in the Lima Declaration and Plan of Action.

**V. International cooperation for industrial restructuring**

Agreements should be reached on measures to be taken in the field of trade in manufactures and semi-manufactures with a view to the achievement of the goals for international industrial restructuring contained in the Declaration and the Programme of Action on the Establishment of a New International Economic Order, adopted at the sixth special session of the General Assembly, in the Lima Declaration and Plan of Action and Industrial Development and Cooperation and further stressed in General Assembly resolution 3362 (S-VII). Such measures should include:

(a) Early implementation of the decision to establish a system of consultations at global, regional, interregional and sectoral levels within appropriate international bodies, in order to facilitate the achievement of the aforementioned goals; and effective participation of UNCTAD in such a system;

(b) Action for strengthening the promotion in developing countries of the production and trade of manufactures and semi-manufactures, including those involving the use of advanced technology in their production. Such action should include the elaboration of guidelines on the following:

(i) Identification of industrial activities that could be the subject of industrial collaboration arrangements;

(ii) Ways of promoting industrial collaboration arrangements in their various forms;

(iii) Redeployment of industries from developed to developing countries;

(iv) Supporting measures in developed countries, including adjustment assistance measures designed to increase imports from developing countries particularly in sectors where the competitive advantage lies with developing countries;

(v) Commercial cooperation between developing and developed countries and among developing countries aimed at facilitating the operation of the proposed arrangements;

(vi) Financial and technical cooperation, including appropriate assistance from international institutions;

(vii) Harmonization of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;

(viii) Supporting measures to be taken by the developing countries for the above, taking into account the need for protecting their nascent industries;

(c) Strengthening of cooperation between UNCTAD and UNIDO on the above matters.

**Section three: Multilateral trade negotiations**

1. Developing countries stress the importance of the commitments made in the Tokyo Declaration5 to, *inter alia*, secure additional benefits for the international trade of the developing countries and the importance of implementing them fully on a priority basis. They reaffirm the need for observing the multilateral character given to the trade negotiations and for ensuring their “transparency”.

2. The Ministers at Tokyo had intended that the multilateral trade negotiations would be concluded in 1975. This target date has not been realized. The developing countries reiterate their great disappointment over the slow progress of the trade negotiations and, bearing in mind the decision of the Trade Negotiations Committee to complete the negotiations in 1977, urge immediate action on their specific requests and proposals in areas of special priority by the middle of 1976 and the implementations of the agreed concessions from 1 January 1977.

3. Developing countries express concern that the fundamental principles of the Tokyo Declaration in their favour have not yet been complied with.

4. Developed countries should secure, where necessary, additional legislative and other authority and complete their procedures to implement the concessions and commitments undertaken by them in the multilateral trade negotiations in favour of the developing countries.

5. Developing countries attach particular importance to the following major principles in the trade negotiations between developed and developing countries:

(a) Strict adherence to the principle of non-reciprocity. The question of the contribution of the developing countries to the overall objectives of the negotiations consistent with their trade, development and financial needs should not be considered until the objectives and commitments of the Tokyo Declaration in their favour are adequately fulfilled;

(b) The concrete application of differential measures which would provide special and more favourable treatment for developing countries, including advance implementation of concessions;

(c) The binding of commitments and concessions in the negotiations in favour of developing countries;

(d) Adoption of special procedures for developing countries in all areas of the negotiations;

(e) Special treatment to be extended to the least developed among the developing countries in the context of any general or special measures that may be taken in favour of the developing countries during the negotiations.

6. Developing countries urge that the following specific issues of major concern to them be given immediate consideration:

(a) Strict adherence to the standstill;

(b) Special priority in the scope and content of concessions for tropical products should be assured at the earliest possible date in accordance with paragraph 2 above;

(c) The binding in GATT of preferential tariff margins;

(d) The maintenance and improvement of the GSP and effective compensation in case of the erosion of preferential margins resulting from the MFN tariff cuts;

(e) Immediate elimination or liberalization of quantitative restrictions and other non-tariff barriers affecting exports of developing countries. Quantitative restrictions inconsistent with the provisions of the GATT applied by the developed countries should be eliminated without any delay;

(f) Recognition of the right developing countries to accord export subsidies in the context of their development and industrialization policies without giving rise to the application of countervailing duties;

(g) Exemption of the developing countries, in principle, from the application of safeguard measures;

(h) Provision for differential treatment for, and deferred compliance by, developing countries in respect of the provisions of the codes being elaborated in the multilateral trade negotiations;

(i) More favourable treatment in the application of government procurement policies in favour of developing countries as compared with developed countries. Developed countries should give to developing-country suppliers treatment no less favourable than they accord to their domestic suppliers in the field of government procurement.

7. In accordance with the Tokyo Declaration, immediate consideration should be given to reforming the provisions of the GATT, including part IV, in order to provide on a mandatory basis for differentiated and more favourable treatment to developing countries, and for extension of these principles to the existing codes and those that may be drawn up.

8. The Trade and Development Board and its subsidiary bodies concerned should follow closely the developments in, and give active consideration to, the issues in the negotiations of particular concern to the developing countries. UNCTAD should promote consultations and exchanges of views among developing countries. For this purpose, satisfactory arrangements should be made for effective participation by the Secretary-General of UNCTAD in these negotiations and he should be provided with adequate resources to fulfil this task.

**Section four: Money and finance and the transfer**

**of real resources for development**

**I. Measures to be taken by developed countries and international organizations to resolve and alleviate the critical debt problems of developing countries**

1. Heavy debt-service payments, current account deficits stemming from maladjustments in the world economy, inadequate balance-of-payments support and long-term development assistance, coupled with tight conditions and the high cost of loans in international capital markets and difficulties of access to markets in developed countries for exports of developing countries, have all combined to impose a serious and critical strain on the import capacity and reserves of developing countries, thus jeopardizing their development process. The deterioration in the terms of trade of developing countries and the high-cost short-term borrowing they have had to resort to recently have seriously aggravated their debt burden. This situation facing the developing countries can be mitigated by decisive and urgent relief measures in respect of both their official and commercial debts.

2. In negotiations on debt, the fourth session of the United Nations Conference on Trade and Development should take as a general framework the draft resolution of the Group of 77 presented at the seventh session of the Committee on Invisibles and Financing related to Trade (TD/B/C.3/L.107).6

**Official debts**

3. Debt relief should be provided by bilateral creditors and donors in the form, *inter alia*, of waivers, or postponement of interest payments and/or amortization, and cancellation of principle, of official debt to developing countries seeking such relief. In that framework the least developed, the developing land-locked and the developing island countries should have their official debts cancelled. Other most seriously affected countries should receive the same treatment or, a minimum, have their debt-service payments on official debts waived until they cease to be regarded by the United Nations as most seriously affected countries.

4. Multilateral development finance institutions should provide programme assistance to each developing country in an amount no less than its debt-service payments to these institutions.

**Commercial debts**

5. Agreement should be reached to consolidate the commercial debts of interested developing countries and to reschedule payments over a period of at least 25 years. The consolidation of commercial debts and the rescheduling of payments would require the establishment of suitable financial arrangements or machinery, which might include, *inter alia*, a multilateral financial institution, such as a fund or a bank, designed to fund the short-term debts of interested developing countries.

**Debtor/creditor conference**

6. A conference of major developed creditor and interested debtor countries should be convened under the auspices of UNCTAD in 1976, to determine appropriate ways of implementing the principles and guidelines on the renegotiation of official and commercial debts to be reached at the fourth session of the United Nations Conference on Trade and Development.

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

7. Assistance from developed countries constitutes an indispensable complement to the internal efforts of developing countries, which are concerned at the fact that developed countries are continuing to maintain qualifications on their obligations under the International Development Strategy for the Second United Nations Development Decade and to impose conditions on their assistance. As agreed by the General Assembly, in section II, paragraph 1, of its resolution 3362 (S-VII), “concessional financial resources to developing countries need to be increased substantially, their terms and conditions ameliorated and their flow made predictable, continuous and increasingly assured so as to facilitate the implementation by developing countries of long-term programme for economic and social development, financial assistance should, as a general rule, be united.”

**A. The 0.7 per cent of GNP for official development assistance**

8. (a) All developed countries should effectively increase their official development assistance so as to achieve the 0.7 per cent of GNP target as soon as possible, and in any case no later than 1980. To achieve this end and to ensure that official development assistance flows are predictable, continuous and assured, the following measures, *inter alia*, could be considered:

(i) Introduction by developed countries of a development tax as a means of raising the required revenues, thereby avoiding discontinuity in appropriation by legislatures;

(ii) Use by the developed countries of the interest subsidy technique as a means of minimizing the budgetary burden of achieving the 0.7 per cent target and of generating a large expansion of concessional flows in a short span of time.

(b) For the purpose of the attainment of the 0.7 per cent target by developed countries, it should be agreed that:

(i) Official development assistance loans should be measured *net* of amortization and interest payments;

(ii) At least 90 per cent of official development assistance flows should be in the form of grants or loans on IDA terms;

(iii) Official loans with a grant element of less than 50 per cent should not be treated as development assistance;

(iv) Official development assistance loans should be united and multilateral agreement should be sought as soon as possible for the untying of all official flows. Grants should also be united as far as is feasible;

(v) Financial flows to areas which the developed countries themselves do not regard as sovereign political entities should be set in measuring countries performance under the target;

(vi) Official development assistance should be increasingly given in the form of non-project and programme assistance, including local currency financing;

(c) The 0.7 per cent target should be treated as the actual financial flow target, and the 1 per cent target (in the measurement of which other official and private capital flows are included) should be considered as merely a broad indicator of financial cooperation.

(d) Official development assistance should be distributed more rationally and equitably among all developing countries without prejudice to existing bilateral or multilateral agreements between developing and developed countries, and the continuity of such financial flows should be ensured on more favourable conditions.

**B. Flows from multilateral development finance institutions**

9. The multilateral development finance institutions should increase substantially their lending to developing countries. To make this possible, contributions of developed countries to these institutions should be increased immediately. Contributions to the World Bank’s “third window” should be increased substantially and without prejudice to the regular lending programme of IBRD, to IDA, and to the soft-loan windows of the regional banks.

10. Provision should be made for replenishing the resources of IDA on a continuous and automatic basis. The fifth and subsequent replenishment of IDA should provide a substantial increase in the resources of IDA in real terms. Negotiations should be completed in time to ensure continuity of operations.

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

**C. Access to capital markets in developed countries**

12. The developed countries should take immediate measures to enhance the access of developing countries to their money and capital markets so as to increase substantially the volume, improve the conditions and secure the continuity of the resources available to the developing countries. Such measures should include:

(a) Exemption of developing countries from various administrative measures governing the issues of foreign bonds in domestic capital markets;

(b) A liberalization of statutory provisions limiting the extent to which domestic financial institutions can acquire debt of developing countries;

(c) Exemption of developing countries from general measures designed to control capital outflows from capital exporting countries;

(d) Provision by governments, either individually or through multilateral facilities, to guarantee financial obligation of developing countries.

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

13. Developing countries normally face chronic balance-of-payments deficits but in recent years these deficits have become critical for most of them, threatening to undermine their development process. The present deficits are exceptional not only in dimension but in their source, since they result not from in appropriate domestic policies but largely from adverse world economic conditions, in particular recession and inflation in developed countries; these conditions have further weakened the external position of developing countries by worsening their terms of trade and lowering their export volume and earnings. The traditional policy responses are therefore inappropriate to deal with the situation and would serve to aggravate maladjustments in the world economy, particularly those in developing countries. International policies in the current situation must be tailored to these specific characteristics of the situation in developing countries and reflect the fact that their external deficits are largely due to factors beyond their control. Those policies must therefore assure the orderly and adequate financing of the balance-of-payments deficits of developing countries on appropriate terms and conditions to allow the developing countries to make the necessary adjustments without detriment to their development plans. Existing IMF policies, notwithstanding recent welcome modifications, do not suffice for this purpose.

14. The following actions, *inter alia*, are proposed to alleviate this situation:

(a) IMF should make its policies more flexible so as to provide adequate longer-term assistance at low interest rates and free of policy conditions to developing countries for the specific purpose of compensating them for shortfalls in export earnings and rising prices for essential imports resulting from the economic situation in the developed countries;

(b) IMF should undertake a further review of its compensatory financing facility in the near future in order to make the following changes:

(i) Export shortfalls should be calculated taking into account changes in import prices and with due account for a growth factor;

(ii) The quotas limitations should be either abolished or raised to a point at which they cover the entire shortfall;

(iii) Repayments should be triggered only by “overages” just as drawings are triggered by “shortfalls”;

(iv) Countries should be given the choice of basing the calculation of their shortfall on their total commodity earnings, or total merchandise exports, or services, or on all current account receipts, and to draw against the shortfall without basing their claim entirely on balance-of-payments criteria;

(v) Increased import volume resulting from climatic or other factors beyond the control of the country concerned should also be included in the calculation of the shortfalls;

(vi) In appropriate case, drawings under the facility should take the form of grants.

(c) IMF should undertake an early further review of its tranche policies with a view to enlarging substantially the first credit tranche, and reducing the conditionality attached to drawings under the subsequent tranches.

15. Special measures should be taken, within the framework of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI), to provide additional resources to meet the exceptional balance-of-payments deficits of the most seriously affected countries caused by the present crisis, and thereby enable them to deal with their critical problems. Contributions to the United Nations Special Fund should be expedited and augmented. In addition, the IMF Trust Fund should be put into operation without delay.

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

16. The International monetary system in its present state is not sufficiently conducive to world trade and development, and requires fundamental changes to meet the interests of the international community and in particular those of the developing countries. These changes must explicitly take into account the interdependence of the problems of the international monetary, financial and trade system, and must be based on universal membership and a just decision-making process. One of the central objectives of the new monetary system should be the promotion of the trade and development of developing countries. The system must provide for a process of balance-of-payments adjustment and financing that will remove the inequities involved in the system as presently constituted; for the creation and distribution of international liquidity in ways that will mobilize resources for development; and for stability in exchange rates.

**A. Universality of the international monetary system**

17. The international monetary system would function more effectively with complete universality. It should therefore embrace all interested countries without exception, and should in particular reflect the rights and interests of the developing countries; and ensure them equitable treatment that takes into account their development needs.

**B. Decision-making**

18. Decision on international monetary issues, which affect the international community at large should be taken with the full and more effective participation of developing countries at all stages of discussion and negotiation. To that end, the authority of IMF in international monetary negotiations and decisions should be increased and the role of restricted and unrepresentative groups reduced. The system of voting in IMF and the World Bank should be reformed so as to accord developing countries greater representation and weight in decision-making in these institutions.

**C. The interdependence of problems of international financial, monetary and**

**trade system**

19. Problems of the international monetary system are to a large degree generated by inadequacies in the international trade and financial systems, including insufficient access of developing countries to markets for capital and goods. A coordinated approach towards problems in these three areas should guide deliberations and negotiations in each of them so that the overall evolution of the international economic system serves to foster development and world trade, having particular regard to the interests of the developing countries. UNCTAD has an especially important role to play in this context.

**D. The balance-of-payments adjustment process**

20. In the present monetary system, serious asymmetries exist in the ways in which different groups of countries are dealt with as regards the avoidance, correction and financing of payments imbalance. Developing countries bear an inequitable burden of adjustment, which should be lightened, *inter alia*, in the following ways:

(a) IMF should be equipped with a full array of facilities to provide payments support to developing countries. The terms and conditions, including policy conditions, carried by IMF credit should take due account of the cause and hence the likely duration of the deficits they are designed to cover. Greater automaticity of credit, and reduced policy conditionality, are required. Existing mechanisms must be strengthened to protect the developing countries from being adversely affected by internal maladjustments in developed countries, such as recession and inflation, and by other exogenous factors. The overall access of developing countries to Fund resources must be considerably enlarged and liberalized;

(b) Developing countries should be free to choose the policy instruments that they consider best suited to their specific situation and structural characteristics, without prejudice to their access to IMF drawings;

(c) Improvement in the balance-of-payments adjustment process of developing countries requires improvements in the world trading system, *inter alia*, to stabilize commodity earnings and to remove trade restrictions in developed countries on products of export interest to developing countries;

(d) A properly working adjustment process also requires that the transfer of real resources to developing countries should be enlarged, to allow them to adjust imbalances at higher levels of imports and rates of growth, thereby reducing the costs of such adjustment.

**E. Creation and distribution of international liquidity**

21. The creation and distribution of international liquidity should be brought under more effective international control so as best to meet the additional liquidity needs of the world economy as a whole and of developing countries in particular. To that end, the role of the SDR as a reserve asset should be strengthened, so that the SDR may progressively replace gold and national currencies as reserve assets. Decisions on SDR allocation should take due account of the distribution of international liquidity. The Articles of agreement of IMF should provide for a link between SDR allocations and additional development fitness. Recent decisions regarding gold, which have the effect of redistributing world reserves away from developing countries and in favour of developed countries, should be offset.

**F. Exchange rates**

22. The exchange rate system should evolve in the direction of increased consistency in exchange rate policies and greater stability in the exchange rates of the major currencies. IMF should take due account of the interests of developing countries in its decisions on the exchange rate system. In interpreting the obligations and applying the principles under the amended Articles dealing with exchange arrangements, IMF should pay due regard to the special circumstances of the developing countries.

**Section five: Transfer of technology**

**I. Action to strengthen the technological capacity of developing countries**

1. Decision should be reached at the fourth session of the United Nations Conference on Trade and Development for strengthening the technological capacity of developing countries and thereby reducing their technological dependence. Developing countries should consider measures for formulating national policies, regulations and laws and establishing appropriate institutional structures at the country level, and explore the main line of cooperation among themselves. These measures should be complemented by a full range of technical assistance activities necessary for interlinking the measures at the national, subregional, regional and international levels through the formulation of appropriate international policies. Such assistance requires effective cooperation from the developed countries, as well as coordinated action by international organizations. In considering these measures, account should be taken, inter alia, of resolution 2(I) of the Committee on Transfer of Technology7 and General Assembly resolution 3507 (XXX).

**A. Action by the developing countries**

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

(a) Formulation of a technology plan, as an integral part of their national development plans, as well as the coordination of policies in a number of interrelated areas, including licensing arrangements, transfer, development and adoption of technology, industrial property laws and practices, foreign investments, research and development;

(b) Establishment of appropriate institutional machinery, including national centers for the development and transfer of technology with urgent attention being paid to defining the role and functions of such centres, including the principal linkages, which need to be established with other national bodies or institutions;

(c) Elaboration of all necessary measures to ensure optimum utilization of their qualified manpower resources.

**B. Cooperation among developing countries**

3. To supplement the national effort, the developing countries should give consideration at the subregional, regional and interregional levels to:

(a) Elaboration of preferential arrangements for the development and transfer of technology among themselves; these preferential arrangements for cooperation should, *inter alia,* be consistent with arrangements involving subregional and regional cooperation and integration;

(b) Establishment of subregional and regional centres for the development and transfer of technology which could serve as essential links with national centres in developing countries, and also to implement initiatives such as:

(i) Exchange of information on technological alternatives available to developing countries as a means of improving their negotiating power;

(ii) Institutional arrangements in respect of common technological research and training programmes;

(iii) Assisting national centres effectively to fulfil their role, *inter alia*, in implementing a code of conduct for the transfer of technology and preparing model contracts for licensing agreements on patents;

(c) Establishment of subregional, regional and interregional centres by the developing countries in specific and critical sectors of particular interest to these countries.

**C. Cooperation from the developed countries**

4. Developed countries should implement, as a matter of urgency, the programme of action spelled out in paragraphs 13, 16, 17 and 18 of Conference resolution 39 (III), as supplemented and reinforced by the decisions of the sixth and seventh special sessions of the General assembly, culminating in General Assembly resolution 3517 (XXX).

5. The developed countries should grant the developing countries unrestricted access to existing technology irrespective of the ownership of such technology.

6. The developed countries should cooperate actively and positively in the implementation of General Assembly resolution 3507 (XXX) on the establishment of industrial technological information banks, centres for the development and transfer of technology and/or other viable information systems.

7. Developed countries should refrain from pursuing policies, which might encourage the exodus of trained personnel from developing countries, since this is seriously jeopardizing their progress.

**D. Action by international organizations**

8. The fourth session of the Conference should take decisions to establish the necessary institutional basis to enable UNCTAD to meet the responsibilities assigned to it in the areas of technical and operational assistance, in cooperation with the international organizations concerned, particularly UNIDO, as outlined in Conference resolution 39 (III), resolution 2(I) of the Committee on Transfer of Technology and General Assembly resolution 3507 (XXX).

9. In this context, a Technical Advisory Service should be immediately established within UNCTAD to render assistance at the request of developing countries, and the capacity of UNCTAD in this field should be strengthened.

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

10. In order to facilitate and increase the international flow of all forms of technology under favourable terms and conditions, eliminate restrictive and unfair practices affecting technology transactions, and strengthen the national technological capabilities of all countries, a multilateral legally binding instrument is the only way of efficiently regulating transfers of technology, taking into consideration the particular needs of the developing countries.

11. In this context, it is proposed that, in pursuance of section III, paragraph 3, of General Assembly resolution 3362 (S-VII), the Conference should request the General Assembly at its thirty-first session to call a plenipotentiary conference under the auspices of UNCTAD during 1977 to establish a multilateral legally binding code of conduct on transfer of technology. At the same time the General Assembly should establish a preparatory committee to make the necessary preparations for the conference of plenipotentiaries; the preparatory committee, which should be open to the participation of all members of UNCTAD, should hold its first session as early as possible.

12. The proposal submitted by the Group of 77 in annex II to the report of the Intergovernmental Group of Experts on a Code of Conduct on Transfer of Technology on its resumed session (TD/B/C.6/14) should form the basis of subsequent negotiations.

**III. Action to be undertaken by UNCTAD with respect to the economic, commercial and development aspects of the international patent system in the context of the on-going revision of that system**

13. (a) For patent legislation to be an important instrument for the economic development of the developing countries, it should be designed to serve their public interest, i.e. their development needs as defined in the national, subregional or regional plans, policies and priorities, and should basically be geared to creating conditions for optimal use as well as for the creation of knowledge and technology to further the social objective industrialization;

(b) National legislation and developing countries on inventions, where it exists, should ensure that the granting of property rights by the State is accompanied by corresponding obligation on the part of the patentee;

(c) Adequate exploitation of the patents granted would contribute towards fulfilling the developmental needs stated above.

14. In view of the importance attached by the developing countries to the economic, social and development implications which the international system of industrial property has for their economies, UNCTAD should play a prominent role in the revision of the system, in particular in the on-going process of revision of the Paris Convention for the Protection of Industrial Property. That role should include the participation of UNCTAD in all phases of the revision process.

15. The conclusions reached by the experts from developing countries who participated in the meeting of the Group of Governmental Experts on the Role of the Patent System in the Transfer of Technology to Developing countries8 should be one of the bases for subsequent negotiations.

16. The Secretary-General of UNCTAD should continue to examine the impact of the whole industrial property system on the development process of the developing countries.

17. Resolution 3(I) of the Committee on Transfer of Technology should form a basis for further cooperation between UNCTAD and the international agencies concerned, particularly WIPO and UNIDO, in the preparation of the necessary background studies for the revision of the international system of industrial property.

18. The economic, trade and development interests of the developing countries should be fully reflected in the revision of the international system of industrial property and, in particular, in the revised Paris Convention. The Declaration on the Objectives of the Revision of the Paris Convention9 is, in this context, noted with interest.

19. The invitation sent by the Director-General of the World Intellectual Property Organization to all States Members of the United Nations and the specialized agencies to participate in the third session of the WIPO *Ad Hoc* Group of Governmental Experts on the Revision of the Paris Convention is to be welcomed as a step which can contribute significantly to the full reflection of the interests of the developing countries in the revision of the international system of industrial property, and all developing countries are urged to prepare themselves for active participation in that session.

**IV. Other issues**

20. As regards the United Nations Conference on Science and Technology for Development reverse transfer of technology (the “brain drain”), the decisions taken by the Committee on Transfer of Technology in its resolution 2(I) should be fully implemented.

21. In order to compensate for the reverse transfer of technology resulting from the exodus of trained personnel from the developing countries, now amounting to several billion dollars, arrangements should be made to provide, on a cost-free basis, the necessary financial means to create the infrastructure to retain qualified personnel in the developing countries.

**Section six: Least developed among the developing countries,**

**developing island countries, and developing land-locked countries**

**I. Introduction**

1. The Ministerial Meeting reaffirms its conviction concerning the need to agree upon effective international action to contribute to the solution of the specific and permanent problems of the least developed among the developing countries, developing island countries and developing land-locked countries.

2. The Ministerial Meeting stresses the urgency for the developed countries and the competent international agencies to adopt and executive without delay the measures identified within the framework of UNCTAD in the fields of trade and financial policies, technical assistance, shipping and transfer of technology in favour of this group of developing countries.

3. These measures shall be in addition to the measures that shall be adopted in general for all developing countries in the spirit of the United Nations resolution concerning the establishment of the new international economic order10 and while putting these measures into practice attention shall be given in order to safeguard interest of other developing countries.

4. The special measures to be taken by developing countries in a position to do so in favour of the least developed, the land-locked developing countries and island developing countries should be implemented through the machinery, which those countries deemed appropriate.

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

1. **Financial and technical assistance**

**Expanding the flow of assistance**

5. The developed countries should:

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

(b) Provide the least developed countries by the end of 1976 with an amount at least equivalent to their share in the official development assistance target of 0.7 per cent of the gross national product of developed countries at market prices.

6. Bilateral and multilateral donor agencies should agree on effective arrangements to ensure that each of the least developed countries receives a proportionately higher flow of assistance taking into consideration its special need for economic and social development.

7. Developed market-economy countries, the socialist countries of Eastern Europe, developing countries that are in a position to do so, multilateral donors11 and other sources such as private grant programmes and voluntary agencies, should give high priority to increasing their assistance to the least developed countries.

8. Developed countries and others in a position to do so should provide strong financial support for a special fund for the least developed countries without delay.

**Terms and conditions for financial and technical assistance**

9. The terms and conditions of all future assistance to the least developed countries should, *inter alia*, be as follows:

(a) Such bilateral official development assistance of developed countries to the least developed countries should essentially be provided in the form of grants;

(b) Developed countries should compensate for the erosion of the purchasing power of past aid commitments to the least developed countries, which have not yet been disbursed;

(c) Multilateral financial agencies should provide assistance to the least developed countries in the form of grants. Where this is not possible such assistance should be given in the form of loans on terms as concessional as those provided by IDA;

(d) Developed countries should cancel the official debts of the least developed, the developing island and the developing land-locked countries;

(e) The developed market-economy countries should give immediate and favourable consideration to providing highly concessional terms of relief for the other outstanding debt burdens of the least developed, the developing island and the developing land-locked countries;

(f) Multilateral financial institutions should convert loans to the least developed countries into highly concessional forms;

(g) Bilateral donor and multilateral assistance agencies should provide greater assurance of the long-term continuity of the assistance to the least developed countries;

(h) Developed countries should provide programme aid to the least developed countries and allow them to select projects in consultation with the donor countries.

**Criteria and procedures for financial and technical assistance**

10. All bilateral and multilateral aid agencies should adopt more flexible criteria and procedures in granting assistance to the least developed, island developing and land-locked developing countries. They should, in particular,

(a) Modify traditional financial criteria concerning the minimum rate of return on projects to take fully into account the longer-term social rate of return including related secondary effects in these countries;

(b) Provide financial and technical assistance in order to guarantee minimum standards of development contribute to the necessary structural changes and ensure that critical needs are satisfied in these countries;

(c) Increase budgetary and financial support for the development of public services including projects in these countries;

(d) Finance local costs of capital projects to a substantial extent wherever the lack of adequate local financial resources imposes limits on the development efforts of these countries;

(e) Arrange explicitly in these countries, where necessary, for the financing of recurring costs associated with on-going projects and projects after their completion, including maintenance costs, during an appropriate phasing out period;

(f) Finance local costs in connection with technical assistance projects;

(g) Provide increased help in identifying, planning and preparing technical and financial assistance projects with a view to expediting the approval and implementation of projects;

(h) Assist these countries in carrying out feasibility and pre-investment surveys and post implementation reviews;

(i) Endeavour to attract the highest quality technical assistance personnel, speed up recruitment and project implementation procedures and ensure the most urgent response to the technical assistance needs of those countries;

(j) Arrange for rapid training of local replacement personnel.

11. It is recommended that the Governing Council of UNDP should undertake immediately revision of the criteria so as to allocate additional indicative planning figures to meet the additional needs of the least developed countries.

**B. Commercial trade policy**

12. Special consideration should be given, within the contractual mechanism of commodity agreements, to the least developed countries in a flexible and favourable manner designed to ensure the optimum marketing of their production of such commodities in order to increase their foreign-exchange earnings, bearing in mind the characteristics peculiar to each product, taking into consideration the need to protect the interests of other developing countries.

13. The generalized system of preferences should be extended to cover agricultural products, in both primary and processed forms, and handicrafts of export interest to the least developed countries.

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

15. The rules of origin in respect of other products of least developed countries should be further liberalized.

16. Multilateral arrangements, such as the IMF compensatory financing facility, should include provisions to enable the least developed countries to claim compensation without prior conditions, in the event of increases in import prices and of export shortfalls.

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

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

19. The preference giving countries should formulate such modalities within the framework of the generalized system of preferences as to favour, in particular, the least developed countries.

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

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

22. The developed market-economy countries and the socialist countries of Eastern Europe should:

(a) Provide long-term guarantees of a reasonable level of sales of the products of the least developed countries;

(b) Give favourable treatment, in the case of government procurement, to imports from the least developed countries;

(c) Assist the least developed countries to develop the production potentialities of food, energy and other resources, including manufactures.

23. In the development of arrangements in the context of the integrated programme for commodities, and in other multilateral agreements affecting the imports of the least developed countries, every effort should be made to reduce the burden of import costs on these countries by means of appropriate differential and remedial measures within these arrangements.

**C. Economic cooperation among developing countries**

24. The developing countries in a position to do so should:

(a) Provide preferential treatment, as far as possible, to imports of goods produced by the least developed countries;

(b) Assist the least developed countries to develop the production potentialities of food, energy and other resources, including manufactures;

(c) Provide under preferential terms and conditions and at a minimum cost the results of scientific and technological development adapted to the development needs of the least developed countries;

(d) Provide increased flows of financial and technical assistance and goods for the benefits of the least developed countries through special preferential arrangements;

(e) Promote and expand joint ventures with the least developed countries involving the transfer of equipment and technology in the context of long-term bilateral agreements or special arrangements;

(f) Explore the possibilities of undertaking long-term arrangements to assist least developed countries to achieve a reasonable level of sales of their products.

**D. Shipping and promotional freight rates**

25. The Governments of developed and developing countries should invite ship owners and liner conferences to establish freight tariffs for the least developed countries that will encourage and assist the expansion of the export trade of these countries, and to develop promotional rates for the non-traditional exports of the developed countries that will facilitate the opening of new markets and the development of new trade flows.

26. The developed countries and the international financial institutions should give high priority to providing financial and technical assistance to the least developed countries to help them in acquiring and expanding their national merchant fleets and in improving their port facilities.

**E. Transfer of technology**

27. The developed countries and competent international institutions should:

(a) Assist the institutions of least developed countries to obtain, under preferential terms and conditions and at a minimum cost, the results of scientific and technological developments appropriate to their requirements;

(b) In order to overcome the technological and negotiating weaknesses of the least developed countries, assist in the establishment of transfer of technology centres designed to obtain necessary technological information, to select from available alternatives and to negotiate proper terms and conditions for external collaboration;

(c) Make arrangements for the grant of patented, patent related and non-patented technologies, including know-how, suited to the economic conditions of the least developed countries;

(d) Provide the necessary assistance for establishing institutions of applied technology, with the aim of developing indigenous technologies and promoting the adaptation of imported technologies to national requirements.

**F. Other actions by UNCTAD**

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

29. The Secretary-General of UNCTAD should convene an expert group to study:

(a) The implications of an integrated vertical approach for expanding the exports of the least developed countries, and involving coordinated efforts ranging from the planning and production stage in the least developed countries to the stage of ensuring sales of their products in the developed countries;

(b) The possibilities of providing long-term guarantees to the least developed countries of a reasonable level of sales of their products in the developed countries;

(c) The possibility of creating and developing institutions and financing corporations in the developed countries as well as in the least developed countries, specifically designed to promote the sale of products of the least developed countries, including the development of suitable guarantee arrangements by the developed countries concerned to offset the risks of such trade.

30. The Secretary-General of UNCTAD should:

(a) Strengthen the technical assistance activities of UNCTAD in collaboration with UNDP in the planning and policies of the foreign trade sector of the least developed countries and in other specific areas within the competence of UNCTAD;

(b) Implement the work programme contained in chapter IV of “Issues for consideration by the Intergovernmental Group report by the UNCTAD secretariat” (ID/B/AC.17/2) stressing also the need of in-depth study of the circumstances of the individual least developed countries.

**III. Action on special measures in favour of developing island countries**

**A. Shipping**

**Transshipment problems**

31. Several island countries need to transship goods through other countries, which are on world traffic routes. This involves extra cost and delay for both imports and exports; it can further cause difficulty in meeting export commitments, and is inhibiting the development of exports from affected island countries. Measures to facilitate transshipment, including, *inter alia*, appropriate storage and port facilities, are needed.

**Prevention of discrimination against island ships**

32. There are cases of island ships being discriminated against in transit ports or in the ports of trading partners. The Governments concerned should take steps to prevent such discrimination.

**Insurance of inter-island ships**

33. Measures necessary to ensure that break-bulk carriers plying between islands in a region are not discriminated against in obtaining insurance.

**Promotional freight rates**

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

**Research on appropriate ship and shore facilities for archipelagic States**

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

**Cooperation with shipping conferences**

36. It would be desirable to achieve better cooperation between the Governments of island developing countries and shipping conference in order at least to maintain a fair relationship between the pace of increase in freight rates and port congestion surcharges on the one hand and the level of economic development of the island countries concerned on the other.

**Training for ship repair and maintenance**

37. Assistance from UNCTAD, the regional commissions and other bilateral and multilateral organizations would be desirable in training the technical manpower needed for ship repair and maintenance and for marine insurance.

**Assistance in establishment of shipping services to promote regional cooperation**

38. Assistance from UNCTAD and the regional commissions would be desirable in promoting subregional cooperation among developing countries, and in particular island developing countries, towards the establishment of consortia or international shipping companies to develop trade between these countries.

**B. Air services**

39. Measures are desirable to improve the quality and cost of air services, including appropriate airport facilities. Archipelagic States often face the further problem that their own outlying islands can be hindered by poor services from full participation in foreign trade. This calls for advice on appropriate types of aircraft and ground facilities.

40. It would be desirable to achieve better cooperation between the Governments of island developing countries and airlines in order at least to maintain a fair relationship between the pace of increase in freight rates and fares on the one hand and the level of economic development of the island countries on the other.

41. Likewise, special research and development efforts are needed for air services, with particular attention to the scope for air transport of imports and exports. As an immediate measure, promotional rates should be applied to the non-traditional imports and exports of developing island countries.

42. Assistance from the regional commissions and other bilateral and multilateral organizations would be desirable in training the technical manpower needed for the repair and maintenance of aircraft and the equipment related to air transport.

43. Assistance from UNCTAD and the regional commission would be desirable in promoting subregional cooperation among the developing countries, and in particular island developing countries, towards the establishment of consortia or international air transport companies to develop trade and travel between those countries.

**C. Group of experts on feeder and inter-island services**

44. The Secretary-General of UNCTAD should be invited to convene a group of experts on feeder and inter-island services by air or sea, and provision should be made for UNCTAD to undertake studies and technical assistance within its competence, the need for which the group might identify.

**D. Telecommunications**

45. Technical and financial support should be provided to island developing countries for the creation and improvement of inter-island telecommunication links as well as telecommunication links with the rest of the world.

**E. Marine and Undersea resources**

46. The sovereignty of developing island countries, and particularly the archipelagic States, over their marine and sub-marine resources should be recognized and affirmed. The multilateral financial institutions and technical assistance agencies should provide effective assistance to these countries to enable them to exploit fully those resources. In this context technical and financial assistance should be provided to developing island economies in the development of their fishing industry.

**F. Commodity export earnings**

47. Often having small and precarious economies, the developing island countries have a particular interest in measures to increase and stabilize commodity export earnings. Bilateral and multilateral aid institutions should be invited to participate in special compensatory financial schemes for island countries depending for their export revenue essentially on one or two products. UNCTAD should be invited to assist in elaborating and implementing appropriate schemes.

**G. Import cooperation**

48. Priority should be given in extending technical assistance and financial aid to groups of developing island countries to facilitate the establishment of schemes for collective import operations, which could represent substantial savings in terms of costs, insurance, freight handling and storage changes.

**H. Human geography of small islands**

49. Aid donors, and in particular international organizations, should be urged to pursue and intensify studies and technical assistance efforts to assist Small Island to plan rationally in order to deal with the peculiar problems which their precarious environment and rugged topography impose upon human settlement, including the provision of public services and the problems of harmful aspects of urbanization. In advising Governments of island countries, UNCTAD should bear particularly in mind the consequences of different kind of foreign-trade development on the human geography and ecology of the islands.

**I. Tourism**

50. In the case of developing island economies tourism is an important sector of their economic development, and financial and technical assistance should be given to these countries to develop their tourism potential.

**J. Financial aid**

51. Particularly favourable condition for the financing of the purchase of ships should be accorded to developing island countries.

52. Developing island countries should benefit from the measures elaborated for the least developed countries concerning financial and technical assistance; in particular assistance in order to carry out pre-feasibility and pre-investment studies and to execute port infrastructure projects concerning the repair and maintenance of ships and road infrastructure.

53. UNCTAD and the regional commissions should provide assistance in order to promote subregional cooperation for the establishment of an inter-State shipping line for the development of trade among the countries concerned.

54. Liner conferences should cooperate with the Governments of developing island countries with a view to ensuring that freight rates and surcharges imposed do not hinder the economic development of the developing island countries.

**IV. Action on special measures in favour of the developing land-locked countries**

**A. Joint cooperation**

55. At its third session the United Nations Conference on Trade and Development unanimously adopted resolution 62 (III), complemented by resolution 63 (III) containing other special measures in respect of the particular needs of the land-locked developing countries, thereby recognizing that their lack of access to the sea constitutes handicap to their economic development.

56. A cooperative approach to each specific transit situation should be encouraged so that all available possibilities for improving particular route and transit facilities could be considered together and each of the transit routes available to a particular land-locked country could be evaluated in order to determine the best available options for future progress.

**B. Regional and subregional planning**

57. The land-locked developing countries can derive substantial longer-term benefits from the improvements of regional and sub-regional transport infrastructure. The international organizations and financial institutions should give high priority in their assistance programmes for such projects.

58. Land-locked countries should benefit from the harmonization of transport planning and the promotion of joint ventures in the field of transport at the subregional level. Where applicable, similar actions should be encouraged on bilateral basis between the developing land-locked countries and the transit countries.

59. Interested land-locked countries, in cooperation with other countries, might consider creating a cooperative air transport development projects based upon a central organization, which could undertake the necessary planning studies with appropriate technical assistance.

**C. Commercial policy**

60. The generalized system of preferences should be extended to cover agricultural products, both primary and processed forms, of export interest to the land-locked countries. The rules of origin in respect of products of the land-locked countries should be liberalized. Pending the removal of quota restrictions applicable to the generalized system of preference, ceilings should be calculated on the basis of the cost at the port of export of land-locked developing countries.

**D. Transport**

61. At the request of the land-locked developing countries and their transit neighbours, technical and financial assistance should be provided for studies of the feasibility of extending the railway system of transit countries into land-locked countries.

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

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

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

**E. Communications**

65. Fast and reliable communications links between the commercial centers of the land-locked countries with the transit ports on the one hand and with the overseas markets on the other hand should be developed.

66. Financial and technical assistance should be provided for the improvements and creation of communications facilities in the land-locked developing countries.

**F. Restructuring of the economy**

67. Land-locked developing countries require technical and financial assistance for the restructuring of their economies. It would be worthwhile for these countries to explore the possibility of developing import substitution industries, which produce high-bulk/low-value goods. This would save them incurring high transport costs for their imports from other countries. Furthermore, the development of export industries producing high-value/low-bulk goods should receive high priority. International organizations and financial institutions should provide technical and financial assistance for this purpose and accord high priority for the establishment of pilot projects to achieve the aforesaid objective.

68. In order to enable land-locked countries to derive substantial gains from regional economic cooperation, UNCTAD should, on request, provide technical assistance to these countries in formulating suitable regional economic cooperation agreements with their neighbouring countries.

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

**G. Port facilities and development**

70. Ways and means to develop and improve the transit and port facilities should be explored and undertaken.

71. On request from the countries concerned, the international organizations such as UNCTAD and IDA should provide technical and financial assistance with a view to improving and facilitating the use of the transit port of transit areas therein specifically for the land-locked developing countries.

**H. Flow of external resources**

72. The criteria, terms and conditions governing the flow of bilateral and multilateral financial and technical assistance to the land-locked developing countries should be not less favourable than those accorded to the least developed among the developing countries. In particular, it is important to adopt, inter alia, the following measures:

(a) Financial assistance to these countries on the most highly concessional terms possible;

(b) A substantially increase flow of financial and technical assistance;

(c) More flexible criteria for the evaluation of financial and technical assistance projects to correspond to the particularly difficult circumstances of these countries;

(d) Criteria for the approval of such projects, which would take full account of long- term social benefits including secondary effects;

(e) Substantial provision for financing the local and foreign exchange costs of the projects;

(f) Minimization and, wherever possible, waiving of counterpart requirements for technical assistance;

(g) Particular efforts to help these countries in the formulation and preparation of projects and in speeding up their implementation.

73. The multilateral and bilateral financial institutions, including the international organizations, should intensify their efforts in raising the flow of resources of develop and maintain the economic and transport infrastructures necessary for the land-locked developing countries.

**I. Shipping freight and transit costs**

74. Liner conferences should provide preferential and promotional freight rates to the products exported by or imported into the land-locked developing countries.

75. Ways and means have to be explored to further reduce the transit costs, wherever possible.

76. The developed countries and international financial institutions should provide financial and technical assistance to explore and develop alternative transport routes, on a competitive basis, to the sea.

77. TIR warehouses should be established in the land-locked countries on a preferential basis.

**J. Air transport and tourism**

78. The regional commissions and other bilateral and multilateral organizations should assist the land-locked developing countries in the development of air transport and tourism with a view to maximizing their foreign exchange earning capacity through merchandise exports or invisible.

79. Financial and technical assistance should be provided to the land-locked developing countries on exceptionally favourable terms for the purchase of aircraft and other equipment related to air transport.

**K. Special fund**

80. The Secretary-General of UNCTAD should prepare the modalities for immediate operation of the newly created United Nations special fund for land-locked developing countries in order to compensate them for their additional transport costs.

81. The developed countries and others who are in a position to do so should undertake immediate action to contribute to this special fund in order to make it operational.

**L. Review of progress**

82. The countries members of UNCTAD, especially the developing countries, should review measures, which they have taken in favour of the land-locked developing countries, including the means by which such measures are undertaken.

83. The Secretary-General of UNCTAD, in consultations with other international organizations, should formulate and submit to the fourth session of the Conference at Nairobi a programme of action in favour of the land-locked developing countries with a view to developing their:

(a) Transport infrastructure;

(b) Foreign trade sector.

**M. Free access to and from the sea**

84. The developing land-locked countries reaffirm their right of free access to and from the sea, a right affirmed by the fourth Conference of Heads of State or Government of Non-Aligned Countries and by the Dakar Conference on Raw Materials.12 Some developing transit countries reserved their position on the matter.

**V. Action on special measures applicable to the least developed, developing island and developing land-locked countries**

**A. Natural disasters**

85. Assistance should be extended to the least developed, developing island and developing land-locked countries to provide for the likelihood of natural disasters in elaborating their economic development programmes.

86. Technical and financial assistance in establishing national and regional schemes for disaster preparedness, insurance or relief, should be provided.

87. The Secretary-General of UNCTAD is invited to communicate to the competent organizations within the United Nations system the earnest desire of the Group of 77 that these organizations should intensify their research and projects under way concerning the forecasting of natural disasters and that they should make the results readily available to the countries concerned.

**B. Industrialization**

88. Least developed, developing island, and developing land-locked countries, especially those lacking natural resources, are dependent on industrialization for their export earnings. Special assistance is necessary in their efforts towards industrialization in order to help them overcome those problems created by the limited size of their internal markets.

**C. Transfer of technology**

89. Least developed, developing island and developing land-locked countries face particular problems in developing and support their own technological capacity. These problems should be acknowledged in the elaboration of a code of conduct on the transfer of technology, and appropriate remedies should be included.

**D. Review of progress**

90. The Secretary-General of UNCTAD, in consultation with the international organizations and the regional commissions, should keep under constant review the progress in the implementation of the special measures in favour of least developed countries, land-locked developing countries and island developing countries called for in the relevant UNCTAD recommendations and resolutions as well as in the Programme of Action on the Establishment of a New International Economic Order, and report to the Trade and Development Board.

**Section seven: Economic cooperation among developing countries**

**Measures of support by developed countries and international organizations to the programme of economic cooperation among developing countries**

1. The Third Ministerial Meeting of the Group of 77 has adopted a programme of economic cooperation among developing countries and has considered the concrete measures through which effective and substantial support for this programme should be forthcoming from the developed countries and international organizations.

2. The Ministerial Meeting recognizes that however much the developing countries mobilize their own resources, it would not be possible for them to achieve their own objectives of development without concomitant action on the part of developed countries and the institutions in the international community. It likewise affirms the principle of interdependence and that the growth and development of the developing countries and the prosperity of the international community as a whole depend upon the prosperity of its constituent parts.

3. In conformity with section VI, paragraph 1, of resolution 3362 (S-VII) adopted by the General Assembly at its seventh special session urging the developed countries and the United Nations system to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual cooperation, the Ministerial Meeting considers that:

(a) The developed countries, both the developed market-economy countries and the socialist countries of Eastern Europe, should commit themselves to abstain from adopting any kind of measures or action that might undermine the decisions of developing countries in favour of the strengthening of their economic cooperation and the diversification of their production structures;

(b) The developed countries, both the developed market-economy countries and the socialist countries of Eastern Europe, should agree to support decisions taken by the developing countries in pursuance of the adoption and implementation of a programme of economic cooperation among themselves, including the following measures:

(i) Support of existing and new programmes of interregional, regional and subregional economic cooperation, and integration among developing countries, including those aimed at full economic integration as well as those with more limited trade, monetary and sectoral objectives;

(ii) Support of developing countries in the setting up and functioning of multinational marketing enterprises. This support should include the removal of obstacles to their operation;

(iii) Allocation of funds within their development assistance programmes for the promotion of multinational ventures of developing countries, such funds to be applied to the financing of feasibility studies, project inventories and the building up and assessment of available technologies and technological research;

(iv) Promotion and financing of multilateral interest subsidization schemes by developed countries to reduce the cost of loans by surplus developing countries to other developing countries;

(v) Support, including financial support, to programmes of economic and technical cooperation of developing countries;

(vi) Facilitating the participation of developing countries, on a sub-contractual basis in projects undertaken by the developed countries;

(c) The developed market-economy countries should in particular:

(i) Support preferential trade arrangements among developing countries, including those of limited scope through technical assistance and through appropriate policy measures in international trade organization;

(ii) Adopt measures to induce the “unpacking” of the equipment and technological components in sales contracts of their exporting firms, so as to encourage importation of technology by developing countries from other developing countries;

(iii) Provide technical support for the establishment of financial and capital markets in developing countries to help strengthen direct financial links between surplus and deficit developing countries;

(iv) Remove restrictions, taxes and other obstacles that discriminate between borrowing developing countries and domestic borrowers seeking access to their capital markets;

(v) Support the expansion of existing and the creation of new export credit finance and guarantee schemes by the World Bank and regional and subregional development banks;

(d) The socialist countries of Eastern Europe should lend their support, in particular through:

(i) The provision of technical assistance for the setting up and operation of State import and export enterprises of the developing countries, both at the national and multinational levels;

(ii) The promotion of links, wherever appropriate, between the transferable rouble system of the International Bank for Economic Cooperation and subregional and regional payments arrangements of developing countries;

(iii) Technical assistance to developing countries engaged in the formulation of joint investment programmes in the productive sectors, as well as technical, commercial and financial support to those countries in the implementation of such programmes;

(e) International financial institutions, including regional and subregional ones, should give their strongest support to the programme of economic cooperation among developing countries, particularly by:

(i) Adjusting their internal operational and financial policies so as to take specific account of the particular difficulties involved in the promotion of multinational projects. This may be achieved by:

The creation of special promotional units within these institutions;

The creation of pre-investment funds for the preparation and promotion of multinational investment projects; and

The earmarking of loan funds for that type of project;

(ii) Making use of part of their resources for equity financing of multinational enterprises up by developing Member State.

**Section eight: Trade relations among countries**

**having different economic and social system**

**Multilateral action for expanding the trade and economic relations between countries with different economic and social systems, in particular action, which would contribute to the development of developing countries**

1. In view of the expansion of East-West trade, countries participating in this trade should take fully into account the interest of the developing countries and ensure that it provides them with ever-increasing trade opportunities.

2. Steps should be taken by the developed market economy countries and the socialist countries of Eastern Europe to expand multilateral, including tripartite, forms of economic cooperation to promote the interests of developing countries.

**I. Expanding the trade and economic relations between the socialist countries of Eastern Europe and the developing countries**

3. (a) Areas of economic cooperation should be widened through the identification and adoption of measures to promote an increase of exchanges with developing countries;

(b) At the fourth session of the United Nations Conference of Trade and Development, the socialist countries of Eastern Europe should agree to present concrete proposals to the Trade and Development Board at its sixteenth session regarding cooperation between the socialist countries of Eastern Europe and the developing countries on trade and development.

4. All socialist countries of Eastern Europe should eliminate or reduce their tariff and non-tariff barriers on imports from developing countries on the basis of non-reciprocity and non-discrimination.

5. Those socialist countries of Eastern Europe which have not already done so should implement without delay their schemes of generalized preferences or other similar measures. Those countries which have already implemented their schemes should expand and improve them with respect to the products covered and the list of beneficiary developing countries. The socialist countries of Eastern Europe should not link their schemes or the application of those schemes to bilateral contracts or agreements with beneficiary countries.

6. The CMEA member countries should give due consideration to the trade needs of developing countries when their economic development plans are being formulated and coordinated within CMEA, particularly by making appropriate provisions in their plans for an increasing volume of imports from the developing countries, especially in processed and semi-processed forms.

7. The socialist countries of Eastern Europe should adopt policies and measures, which may ensure growth of demand and consequent imports from developing countries.

8. In order to facilitate trade between the socialist countries of Eastern Europe and developing countries:

(a) The socialist countries of Eastern Europe should not demand equivalent purchases from developing countries in order to enable the developing countries to expand their exports;

(b) Trade between the socialist countries of Eastern Europe and developing countries should be covered by appropriate payments arrangements, including where required provisions for the convertibility of the surplus balances of developing countries into convertible currencies;

(c) The CMEA payments arrangements in transferable roubles should be improved to take into account the trade needs of developing countries, particularly by making it possible for developing countries to transfer their positive balance from one CMEA country to another after an appropriate time lag in order to allow for the necessary adjustments to be made within the CMEA countries.

9. Steps should be taken by the socialist countries of Eastern Europe to:

(a) Provide adequate opportunity to developing countries to participate in joint ventures in third countries;

(b) Where appropriate, progressively vacate industries in which the comparative advantages lie with developing countries or which involve processing of raw materials in favour of developing countries;

(c) Establish production capacities in developing countries as appropriate.

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

11. International economic organizations of the CMEA countries, as well as their banking institutions, such as the Investment Bank for Economic Cooperation and the International Investment Bank should:

(a) Expand their facilities and the size of the Special Fund for Financing Programmes of Economic and Technical Assistance to Developing Countries for financial assistance to developing countries;

(b) Activate ways and means, including the drawing up of programmes, through which that Fund could be effectively utilized by the developing countries;

(c) Undertake to promote the use of the Fund for the development purposes of the developing countries through the provision of information on the terms and conditions of the Fund, including its facilities.

12. The CMEA secretariat should facilitate the flow of information to developing countries, directly or through the UNCTAD Technical Assistance Unit and the International Trade Centre UNCTAD/GATT, on trade opportunities in CMEA countries for developing countries.

13. The Secretary-General of UNCTAD should enter into appropriate consultations with the CMEA member countries, and the CMEA secretariat, in order to identify trade opportunities for developing countries resulting from the implementation of various multilateral schemes by the CMEA countries, and in the light of these consultations should consult with other interested international organizations, particularly UNIDO and FAO to assist the developing countries to participate effectively in such schemes.

**II. Strengthening institutional arrangements**

14. The UNCTAD consultative machinery, for dealing with problems in trade and economic relations among countries having different economic and social systems should be improved and made more flexible in order to enable the Secretary-General of UNCTAD, in cooperation with the international organizations concerned, to convene consultations at the request of interested countries to discuss new areas of economic and industrial cooperation which may promote the trade interests of developing countries and the possibility of coordinating the planning efforts of interested countries.

15. Technical assistance activities of the UNCTAD secretariat designed to promote trade between the socialist countries of Eastern Europe and the developing countries should be intensified in the fields of (a) the dissemination of information on trade, trade policies and practices (b) the training of personnel, and (c) the promotion of business contracts. In order to ensure effective implementation of these activities. UNCTAD should make full use of the International Trade Centre UNCTAD/GATT and should establish close cooperation with UNIDO, UNDP and the regional commissions. In providing technical assistance, the UNCTAD secretariat should assist, in particular, the developing countries, which have just entered or may wish to enter into trade and economic relations with the socialist countries of Eastern Europe.

**Section nine: Review of institutional arrangements in UNCTAD**

**I. Introduction**

1. Resolution 1995 (XIX) of the General Assembly and resolution 80 (II) of the United Nations Conference on Trade and Development provide for a regular review of the institutional arrangements in UNCTAD. The General Assembly, in its resolution 3362 (S-VII), decided to establish *Ad Hoc* committee on the Restructuring of the Economic and Social Sectors of the United Nations System and recommended that the *Ad Hoc* committee should take into account in its work, *inter alia*, “the results of the forthcoming deliberations on institutional arrangements of the United Nations Conference on Trade and Development at its fourth session”. 13

2. There are substantive reasons for a review of the institutional arrangements of UNCTAD at the fourth session of the Conference. Among these are the major changes, which have taken place in the world economic situation, which have led to the recognition of the development issue as a major factor in international economic relations. Partly in response to these changes, the General Assembly, in its resolution 3201 (S-VI) and 3202 (S-VI), had elaborated a Declaration and Programme of Action on the Establishment of a New International Economic Order, and, by its resolution 3281 (XXIX), had adopted the Charter of Economic Rights and Duties of States.

3. The realization of the new international economic order will require effective negotiating machinery to deal with international economic issues and to translate broad principles and guidelines, such as those formulated by the General Assembly, into specific policies and concrete agreements. The scope of these negotiations will comprise policies and measures, which have a substantial impact on the level, composition and conditions of international flows of goods and services, technology, payments and financial resources. While existing institutions deal with certain aspects of this broad range of issues, there are many gaps which need to be filled, *inter alia*, in relation to the interrelationships between problems and measures proposed in these different areas.

4. Among the organizations of the United Nations system with responsibilities for international economic issues. UNCTAD (a subsidiary organ of the General Assembly) has been the source and the advocate of many of the concepts, which are now key elements of the policy statements of the General Assembly. It has also been entrusted by the General Assembly with broad negotiating functions in the fields covered by them. The universality of its membership and the breadth of its terms of reference quality UNCTAD to play a decisive role in the further elaboration and implementation of the new international economic order.

**II. The future role of UNCTAD**

5. The above considerations point to the need to transform UNCTAD into an effective institution of the United Nations system for deliberation, negotiation and review in the field of trade and international economic cooperation, maintaining its close relationship with the General assembly. This would be a step towards the final objective of creating a comprehensive world trade and development organization.

6. The vital function of UNCTAD as a generator of new ideas and new policy approaches should be retained and strengthened in order to increase its effectiveness as an international organ for improving the conditions of international trade and accelerating the economic development of the developing countries.

7. Furthermore, there is a need to strengthen the negotiating function of UNCTAD in order to enable UNCTAD to play its full part in translating principles and policy guidelines, including those enunciated by the General Assembly, into specific policies and concrete agreements, and to make its contribution to the establishment of the new international economic order.

8. The competence of UNCTAD (the Conference, the Board and the secretariat) should be strengthened, taking into account the interests of the developing countries and the need for it to evolve into an effective central negotiating organ of the United Nations to deal with issues in the field of trade and international economic cooperation and thereby directly assist the General Assembly in its efforts to realize the new international economic order. Thus, UNCTAD would continue to exercise an overview of negotiations being conducted elsewhere in respect of issues concerning trade and international economic cooperation. In consequence of its cross-sectoral responsibilities, UNCTAD would also assist the General Assembly by keeping under review the interrelationships between the relevant problem areas and the measures proposed in relation thereto, and by making appropriate recommendations.

9. On the basis of these principles, the necessary organizational changes in respect of the machinery of UNCTAD, including those set out below, should be made in order to strengthen the decision-making and negotiating capacity of UNCTAD. Moreover, the name of UNCTAD should be changed to describe more accurately its character as the organization within the United Nations responsible for the functions described above.

**III. The Conference and the Trade and Development Board**

10. The membership of the Trade and Development Board should be open to all members of UNCTAD.

11. In accordance with Board decision 45 (VII), paragraph 9, and Conference resolution 80(III), paragraph 8, which envisages the holding of sessions of the Board at a ministerial level, the Board should meet in ministerial sessions once between the fourth and fifth session of the Conference. After the fifth session of the conference, the Board should meet at the ministerial level every two years unless it decides otherwise. Such a ministerial session should normally not last more than one week and should be preceded by a meeting of senior officials to make the necessary preparations.

12. The fifth session of the Conference should be held not later than three years after the fourth session, in accordance with General Assembly resolution 1995 (XIX), paragraph 2, as amended, which provides that the Conference shall normally be convened at intervals of not more than four years.

**IV. Machinery for strengthening economic cooperation among developing countries**

13. The need for appropriate institutional arrangements should be examined in order to provide a framework that would impart further impetus to the promotion of economic cooperation among developing countries. Such arrangements would not only facilitate periodic review of progress made, but also help to evolve new and mutually self-supporting forms of cooperation. Among the possibilities that could be considered in this regard would be a strengthening of the role of UNCTAD, including the establishment of a Committee on Economic Cooperation among Developing Countries, whose function would be to consider measures to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual cooperation at subregional, regional, and interregional levels.

**Notes**

1. General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

2. Adopted by the General Assembly in resolution 3281 (XXIX).

3. Adopted by the Second General Conference of UNIDO held at Lima from 12 to 26 March 1975. For the text, see UNIDO publication No. PI/38.

4. General Assembly resolution 3362 (S-VII), section V, paras. 1-2.

5. Declaration of Ministers approved at Tokyo on 14 September 1973. For the text of the Declaration, see GATT, *Basic Instruments and Selected Documents, Twentieth Supplement* (Sales No.: GATT/1974-1), p.19

6. For the text of the draft resolution, see Official Records of the Trade and Development Board, Seventh Special Sessions, Supplement No.2 (TD/B/590), annex II.

7. *Ibid,* Supplement No. 4(TD/B/593), annex I.

8. *Ibid.,* annex III.

9. WIPO document PR/GE/II/13 of 31 December 1975 (mimeographed), annex III.

10. General Assembly resolution 3202 (S-VI).

11. The World Bank Group, particularly the International Development Association, the United Nations Development Programme, the regional development banks and other multilateral institutions.

12. Conference of Developing Countries on Raw Materials (Dakar, 4-8 February 1975).

13. General Assembly resolution 3362 (S-VII), section VII, para. 1.