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THE NEW ECONOMIC ORDER

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THE DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA, MAY, 1975

The international economic situation is serious, with a high rate of inflation, balance of payments problems, lower growth rates and the rapid accumulation of large currency reserves by a few countries. Canada is engaging in bilateral and multilateral discussions as part of a concerted effort to ensure that the current fragile state of the world's economy is strengthened. Those developing countries lacking the natural resources which have enabled others to benefit from high commodity prices have been particularly hard hit by this situation. Canada is contributing to international measures to reduce the unjust and potentially dangerous gap between the rich and the poor. This will involve us not only in increasing the flow of financial assistance to developing countries but in re-examining other policies which affect our economic relations with the Third World.

Speech from the Throne, September 30, 1974.

Dept. of External Affairs
Min. des Affaires extérieures

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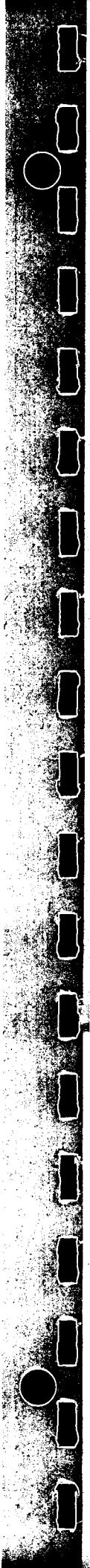
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**SCHEDULE OF CONSULTATIONS AND MAJOR EVENTS
PREPARATORY TO
THE UN SEVENTH SPECIAL SESSION**

April 29 - May 6	Commonwealth HGM
May 6 - 16	ECLA: Consultations with Latin America
May 12 - June 6	UN Economic and Social Council: Committee on review and appraisal of the International Development Strategy
May 23	Consultations with U.S.A.
May 28 - 29	OECD Ministerial Meeting
May 30	Oslo Consultations with Scandinavian countries, the Netherlands and the United Kingdom
June 3 - 4	OECD ad hoc Meeting on Development Cooperation
June 9 - 13	IMF Interim Committee and IBRD/IMF Development Committee
June 15 - 26	2nd Prep. Comm. 7th Special UNGA
June 23 - 27	World Food Council
June 23 - 24	Canada/Japan Ministerial Meeting
June 30 - July 1	OECD: DAC High-level Meeting
July	Commonwealth Group of Experts on the New Economic Order
July 21 - 25	UNCTAD: Committee on Commodities
August 5 - 15	UNCTAD: 15th Session, Trade and Development Board
August 25 - 28	Commonwealth Finance Ministers Meeting
September 1 - 5	IMF/IBRD Annual Meetings (including Interim and Development Committees)
September 2 - 12	7th Special Session, General Assembly

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Development and International Economic Cooperation:
The New International Economic Order

Background

Developing countries believe that traditional trade, investment, monetary and transport arrangements are intrinsically biased against them. They believe that these arrangements favour developed countries where finance and industrial production are concentrated at the expense of more distant, generally resource-based economies. The growth of the multi-national enterprise has tended to reinforce the belief that developing countries' interests are being overlooked.

There is some warrant for the belief:

- multilateral tariff negotiations have tended to focus on sectors of interest to the major industrialized countries and have in some cases increased effective protection against developing country manufacturers by increasing tariff escalation (even though lowering overall tariff levels).
- special import restrictions have been imposed on low-cost manufactured products, such as textiles and footwear, which may have been of particular interest to developing countries.
- developing countries cannot match the export finance available to support the exports of developed countries.
- devaluations and floating exchange rates in major industrialized countries have made it difficult for some developing countries, distant from money markets and lacking expertise, to maintain the value of their reserves or the return on their exports.

At the same time, however, the claim of discrimination has, in large measure, been exaggerated. Most developing countries have, by virtue of the "most-favoured-nation" principle, benefitted from past trade negotiations. The remarkable managerial skills of the multi-national enterprises, and the manifold technical advances they have

initiated, have led to widespread investment and development in poorer countries.

Developing countries, however, do not simply advocate that the international economic structure should not be biased against them; they claim that there should be positive discrimination in their favour. In some instances, such as the Generalized System of Tariff Preferences (which Canada brought into effect on July 1, 1974), such treatment has been accorded them. Moreover, the Tokyo Declaration which opened the current round of Multilateral Trade Negotiations, stated that the negotiations should cover tariffs, non-tariff barriers and other measures which impede or distort international trade in both industrial and agricultural products, including tropical products and raw materials, particularly products of export interest to developing countries.

The matter of the relations between developed and developing countries, and modes of economic cooperation amongst them, have been raised in many contexts in recent years. This issue has particularly come to the fore in the context of the energy crisis, as a result of the Sixth Special Session of the United Nations General Assembly in the spring of 1974 and the Declaration and Programme of Action (DPA) which emanated from it. It is the DPA which developing countries now regard as the basic document which defines the "New International Economic Order". (A copy of the text, as adopted by the General Assembly is attached - Annex "A".) The Charter of Economic Rights and Duties of States (Annex "B"), which was adopted at the Twenty-Ninth Session of the General Assembly in December 1974, complements the DPA. The central issues treated in these documents -- and the general approach -- are not new; most were featured in the Prebisch Report which led to the creation of the United Nations Conference on Trade and Development (UNCTAD) in 1964. Canada entered a number of reservations with respect to the DPA and the Charter -- copies of these statements are appended as Annexes "C" and "D", respectively.

In the coming year, Canada will be facing the many issues which comprise the "New International Economic Order" in a number of international meetings: the Commonwealth Heads of Government Meeting (April - May), the Seventh Special Session of the General Assembly (September), the Thirtieth Session of the General Assembly (September - December), the Mid-Term Review and Appraisal of the United Nations International Development Strategy of the Second Development Decade and the Fourth Conference of UNCTAD (May - June, 1976).

In the Speech from the Throne on September 30, 1974, the Canadian Government indicated that Canada's contribution to international measures to aid developing countries would entail not only increasing the flow of development assistance, but also re-examining other policies which affect Canada's economic relations with developing

countries. At the beginning of this year, the Prime Minister elaborated on this theme:

"More than anything else, we need to change our attitude - to realize that too few of us have been enjoying too much of the world's wealth; to realize that too many countries for too long have not been able to participate adequately in the decisions that affect them.

The changes required to right these imbalances will not deprive the industrialized countries of their very high standard of living or of their influence in world councils; they will, however, eliminate some of the exaggerated differences that now exist, and will place some meaning on our desire to be fair in our dealings with our less well-to-do neighbours".

Elements of the "New International Economic Order"

The main features of the "New International Economic Order", and Canadian positions thereon, are summarized below:

I. International Agreement on the Regulation of Transnational Corporations (Permanent Sovereignty over Natural Resources and Economic Activity)

It is asserted that trans-national corporations (TNCs) should be required to transfer benefits to the LDC host country on the terms demanded by it; that TNC home countries should not exert pressure to support the interests of TNCs ("economic coercion"); and that, in the event of nationalization, the adequacy of any compensation paid should be exclusively subject to the domestic law of the host country without reference to international obligations or the relevant principles of international law.

(Canadian Position): Canada has been active in the examination of TNC activities internationally, but has been doubtful about the possibility of negotiating an international agreement ("code of conduct") for TNCs that would be useful and effective. With respect to compensation for nationalization, while Canada can accept that resort may be had to host country tribunals, procedures must be in accordance with international obligations.

II. Commodity Prices

It is argued that developing countries should receive an assured return for their exports, that preference should be given to LDC suppliers in buying raw materials, and that the

development of competing synthetics and substitutes should be avoided. (The use of indexation - a key demand - and of other means to secure a guaranteed return on exports is discussed below.) Producer cartels established by developing countries to enforce high prices should not be countered by industrialized countries.

(Commentary and Canadian Position): The question of the stability and level of commodity prices has had special prominence in the context of the New Economic Order, since the abrupt increases in petroleum prices in 1973/74. It should be noted, at the outset, that while any measures to maintain favourable terms of trade for commodities as against semi-processed and manufactured goods would benefit many developing countries, they might well work against the interests of a number of developing countries which rely heavily on industrial exports (Singapore, Korea, possibly India, Mexico, etc.). It should also be noted that the question of commodity prices cannot be realistically dealt with, particularly in the agricultural sector, in isolation from the questions of production supports, access to international markets, and upgrading.

There are a number of approaches to the question of commodity prices:

a) Regional Preferences

The European Community has just completed the negotiations of the Lomé Convention (or ACP Agreement) with 46 developing countries in Africa, the Caribbean and Pacific (ACP).

b) International Commodity Agreements

International Commodity Agreements have been negotiated for five major commodities (cocoa, sugar, coffee, tin and wheat). They have sought through quota systems, buffer stocks, and supply commitments to moderate international price fluctuations and to facilitate regular trade flows with varying degrees of success. Experience has shown that it is difficult to maintain effective agreements. It is even more difficult to do so when the world economy is unstable (i.e. in the face of exchange rate fluctuations, rapid inflation, or extreme shifts in supply and demand). On the whole, such agreements appear to work more effectively as a means of countering low prices and oversupply than as a means of moderating upward price movements in times of scarcity. Producing countries have been inclined to take full advantage of high prices when they occur and to call for new agreements to restore moderate price levels

when prices drop precipitately. The use of a numéraire in such agreements based on the SDR (itself based on a basket of currencies) may help to solve the difficulties which arise from exchange rate fluctuations, but requires further examination.

It may be that further work on the concept of such agreements, possibly bringing in further access and supply commitments as well as more effective price provisions and stocking arrangements, will make it possible to conclude agreements which are both more flexible and viable than those negotiated in the past. This may make it possible to conclude agreements on a wider range of commodities. (Some commodities clearly do not lend themselves to this approach, either because of lack of homogeneity in the commodity, the existence of substitutes, or a high degree of vertical integration and concentration.) Some of these issues may be explored in the Multilateral Trade Negotiations.

c) Indexation

The term "indexation" is used in two contexts internationally. It has been used in a broad sense to suggest that the prices of LDC exports should be linked to the prices of their imports from developed countries. It has also been used, in a narrower sense, to suggest that the international price of a particular commodity should be linked to some agreed index.

Considerable doubts exist about the desirability and feasibility of indexation schemes. They raise a number of important issues:

- (i) the assumption that trade in raw materials (and therefore the rationale for indexation) is a developed vs. developing country issue is erroneous.
- (ii) Indexation (if theoretically feasible) would probably aggravate the problem of inflation and balance of payments difficulties at the international level.
- (iii) There would be serious difficulties of both a political and practical nature in the implementation of a general scheme of indexation.

(iv) Indexation would not necessarily help those most in need. Not all developing countries would gain equally. It is conceivable that those developing countries which export few commodities and import several as raw materials for manufacturing industries would be worse off as a result of indexation.

d) Producer Cartels

Although there has been heightened interest in cooperation among LDC commodity exporters, there appear to be very few commodities, apart from petroleum, in which cartel action by the LDCs might be effective - particularly in the absence of Canadian and Australian support. International commodity agreements which include both producers and consumers would appear the fairest and most workable mechanism for dealing with the problem of commodity stabilization - where such agreements can be effective.

III. Preferential Treatment

It is held that developing countries should generally have exemption from, or special treatment in respect of, tariff and non-tariff barriers to trade.

Developing countries have asked for an extension of the GSP - through expanded quotas or the removal of quotas; deeper tariff cuts; extended product coverage. They have also taken the position that the GSP should not be eroded by the Multilateral Trade Negotiations, arguing that tariff margins should be maintained or that the equivalent preferential treatment should be accorded them through the extension of the GSP.

Developing countries have argued that they should be exempted from safeguard action when such action is taken against developed country suppliers.

Apart from the GSP, developing countries have sought preferential treatment with respect to non-tariff barriers (NTBs) by:

- advance implementation of any quota reductions, or
- exemption from countervail and anti-dumping duties and exemption from (or modified application of) any agreements on government procurement and standards.

(Canadian Position): Canada has maintained that the GSP would not inhibit trade liberalization on an MFN basis and that, in fact, developing countries may derive additional benefits from non-discriminatory trade liberalization.

With respect to safeguards, Canada has pointed out that when injury or the threat of injury precipitates safeguard action, it would be neither equitable nor practicable to exempt certain suppliers from general restraints thus enabling them further to exploit a market in which domestic suppliers are suffering injury or threat of injury. It has further been suggested that the LDCs themselves have a stake in opposing discriminatory application of safeguards because they themselves may (and at present are) subject to it.

With respect to NTBs, Canada has not taken a hard-and-fast position on all of these matters but has questioned the sense or practicability of exempting particular countries from agreements on standards (health, sanitary, packaging, labelling, etc.). On countervail and anti-dump, it has been suggested that the application of a stricter criteria of injury (which Canada supports) would be a more effective way of pursuing their interests.

IV. Transfer of Technology

Developing countries seek the development of a code of conduct which would grant them access to modern technology and know-how, and exemption from the restrictive clauses of licensing arrangements.

(Canadian Position): Canada questions the realism of a code of conduct and has serious reservations about proposals which may undermine the international patents system. At the same time, Canada is a strong advocate of the development of technologies which meet the particular needs of developing countries.

V. International Monetary Reform

Developing countries urge that the monetary system be organized in such a manner as to transfer resources to developing countries (rather than to be a non-discriminatory base for international trade).

(Canadian Position): Considerable steps have already been taken in the responsible international bodies (particularly the IMF and the World Bank) to maintain and strengthen an effective international monetary system - which is regarded as of much greater importance - for all concerned - than its use for transferring resources to developing countries.

Through the leadership it has given in the IMF Committee of Twenty and the Interim Committee, as well as its active participation in the IMF/IBRD Development Committee, Canada is seeking to contribute to advancing the re-ordering of the international monetary system (including several major features which respond to developing country demands). In this regard, officials are at present examining proposals for two mechanisms which would help to recycle petro-dollars to the developing countries on concessional terms - a concessional fund for the most seriously affected LDCs related to the IMF's 1975 Oil Facility and a "Third Window" in the IBRD which would assist middle income developing countries. The parameters of these possible mechanisms are still being worked out; the details may be ready for consideration and approval at the IMF meeting in June.

VI. Aid Targets

Developing countries have called on donor countries to achieve the financial flows target of 1.0% of GNP and the Official Development Assistance (ODA) target of 0.7% of GNP by 1975.

(Canadian Position): Canada has accepted these targets as general objectives but not as levels to be reached by any given date. Net Canadian ODA disbursements stood at 0.43% in the calendar year 1973.

In order to increase its assistance to developing countries most seriously affected by the energy crisis, Canada has increased its disbursements for ODA in 1974/75 by some \$100 million (mainly food and fertilizer) and has reported this amount to the U.N. Emergency Fund. Canada supported the creation of the 1974 IMF Oil Facility of \$2 billion and advanced \$300 million to it. Canada was also instrumental in securing approval for the IMF's 1975 Oil Facility of \$5 billion. Canada's commitment at the 1974 World Food Conference to supply 1 million metric tons of food grains to developing countries annually during the next three years was a leading initiative.

Aid and Development Division
Department of External Affairs
Ottawa
March, 1975

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9 May 1974

Sixth special session
Agenda item 7

RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

/On the report of the Ad Hoc Committee of the
Sixth Special Session (A/9556)/

3201 (S-VI). Declaration on the Establishment of a New
International Economic Order

The General Assembly

Adopts the following Declaration:

DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER

We, the Members of the United Nations,

Having convened a special session of the General Assembly to study for the first time the problems of raw materials and development, devoted to the consideration of the most important economic problems facing the world community,

Bearing in mind the spirit, purposes and principles of the Charter of the United Nations to promote the economic advancement and social progress of all peoples,

Solemnly proclaim our united determination to work urgently for

THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER

based on equity, sovereign equality, interdependence, common interest and co-operation among all States, irrespective of their economic and social systems which shall correct inequalities and redress existing injustices, make it possible to eliminate the widening gap between the developed and the developing countries and ensure steadily accelerating economic and social development and peace and justice for present and future generations, and, to that end, declare:

1. The greatest and most significant achievement during the last decades has been the independence from colonial and alien domination of a large number of peoples and nations which has enabled them to become members of the community of free peoples. Technological progress has also been made in all spheres of economic activities in the last three decades, thus providing a solid potential for improving the well-being of all peoples. However, the remaining vestiges of alien and colonial domination, foreign occupation, racial discrimination, apartheid and neo-colonialism in all its forms continue to be among the greatest obstacles to the full emancipation and progress of the developing countries and all the peoples involved. The benefits of technological progress are not shared equitably by all members of the international community. The developing countries, which constitute 70 per cent of the world's population, account for only 30 per cent of the world's income. It has proved impossible to achieve an even and balanced development of the international community under the existing international economic order. The gap between the developed and the developing countries continues to widen in a system which was established at a time when most of the developing countries did not even exist as independent States and which perpetuates inequality.

2. The present international economic order is in direct conflict with current developments in international political and economic relations. Since 1970, the world economy has experienced a series of grave crises which have had severe repercussions, especially on the developing countries because of their generally greater vulnerability to external economic impulses. The developing world has become a powerful factor that makes its influence felt in all fields of international activity. These irreversible changes in the relationship of forces in the world necessitate the active, full and equal participation of the developing countries in the formulation and application of all decisions that concern the international community.

3. All these changes have thrust into prominence the reality of interdependence of all the members of the world community. Current events have brought into sharp focus the realization that the interests of the developed countries and those of the developing countries can no longer be isolated from each other, that there is close interrelationship between the prosperity of the developed countries and the growth and development of the developing countries, and that the prosperity of the international community as a whole depends upon the prosperity of its constituent parts. International co-operation for development is the shared goal and common duty of all countries. Thus the political, economic and social well-being of present and future generations depends more than ever on co-operation between all members of the international community on the basis of sovereign equality and the removal of the disequilibrium that exists between them.

4. The new international economic order should be founded on full respect for the following principles:

(a) Sovereign equality of States, self-determination of all peoples, inadmissibility of the acquisition of territories by force, territorial integrity and non-interference in the internal affairs of other States;

(b) The broadest co-operation of all the States members of the international community, based on equity, whereby the prevailing disparities in the world may be banished and prosperity secured for all;

(c) Full and effective participation on the basis of equality of all countries in the solving of world economic problems in the common interest of all countries, bearing in mind the necessity to ensure the accelerated development of all the developing countries, while devoting particular attention to the adoption of special measures in favour of the least developed, land-locked and island developing countries as well as those developing countries most seriously affected by economic crises and natural calamities, without losing sight of the interests of other developing countries;

(d) The right to every country to adopt the economic and social system that it deems to be the most appropriate for its own development and not to be subjected to discrimination of any kind as a result;

(e) Full permanent sovereignty of every State over its natural resources and all economic activities. In order to safeguard these resources, each State is entitled to exercise effective control over them and their exploitation with means suitable to its own situation, including the right to nationalization or transfer of ownership to its nationals, this right being an expression of the full permanent sovereignty of the State. No State may be subjected to economic, political or any other type of coercion to prevent the free and full exercise of this inalienable right;

(f) The right of all States, territories and peoples under foreign occupation, alien and colonial domination or apartheid to restitution and full compensation for the exploitation and depletion of, and damages to, the natural resources and all other resources of those States, territories and peoples;

(g) Regulation and supervision of the activities of transnational corporations by taking measures in the interest of the national economies of the countries where such transnational corporations operate on the basis of the full sovereignty of those countries;

(h) The right of the developing countries and the peoples of territories under colonial and racial domination and foreign occupation to achieve their liberation and to regain effective control over their natural resources and economic activities:

(i) The extending of assistance to developing countries, peoples and territories which are under colonial and alien domination, foreign occupation, racial discrimination or apartheid or are subjected to economic, political or any other type of coercive measures to obtain from them the subordination of the exercise of their sovereign rights and to secure from them advantages of any kind, and to neo-colonialism in all its forms, and which have established or are endeavouring to establish effective control over their natural resources and economic activities that have been or are still under foreign control:

(j) Just and equitable relationship between the prices of raw materials, primary products, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, manufactures, capital goods and equipment imported by them with the aim of bringing about sustained improvement in their unsatisfactory terms of trade and the expansion of the world economy;

(k) Extension of active assistance to developing countries by the whole international community, free of any political or military conditions;

(l) Ensuring that one of the main aims of the reformed international monetary system shall be the promotion of the development of the developing countries and the adequate flow of real resources to them;

(m) Improving the competitiveness of natural materials facing competition from synthetic substitutes;

(n) Preferential and non-reciprocal treatment for developing countries, wherever feasible, in all fields of international economic co-operation whenever possible;

(o) Securing favourable conditions for the transfer of financial resources to developing countries;

(p) Giving to the developing countries access to the achievements of modern science and technology, and promoting the transfer of technology and the creation of indigenous technology for the benefit of the developing countries in forms and in accordance with procedures which are suited to their economies;

(q) The need for all States to put an end to the waste of natural resources, including food products;

(r) The need for developing countries to concentrate all their resources for the cause of development;

(s) The strengthening, through individual and collective actions, of mutual economic, trade, financial and technical co-operation among the developing countries, mainly on a preferential basis;

(t) Facilitating the role which producers' associations may play within the framework of international co-operation and, in pursuance of their aims, inter alia assisting in the promotion of sustained growth of world economy and accelerating the development of developing countries.

5. The unanimous adoption of the International Development Strategy for the Second United Nations Development Decade 1/ was an important step in the promotion of international economic co-operation on a just and equitable basis. The accelerated implementation of obligations and commitments assumed by the international community within the framework of the Strategy, particularly those concerning imperative development needs of developing countries, would contribute significantly to the fulfilment of the aims and objectives of the present Declaration.

6. The United Nations as a universal organization should be capable of dealing with problems of international economic co-operation in a comprehensive manner and ensuring equally the interests of all countries. It must have an even greater role in the establishment of a new international economic order. The Charter of Economic Rights and Duties of States, for the preparation of which the present Declaration will provide an additional source of inspiration, will constitute a significant contribution in this respect. All the States Members of the United Nations are therefore called upon to exert maximum efforts with a view to securing the implementation of the present Declaration, which is one of the principal guarantees for the creation of better conditions for all peoples to reach a life worthy of human dignity.

7. The present Declaration on the Establishment of a New International Economic Order shall be one of the most important bases of economic relations between all peoples and all nations.

2229th plenary meeting
1 May 1974

1/ General Assembly resolution 2626 (XXV).



UNITED NATIONS
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A/RES/3202 (S-VI)
16 May 1974

Sixth special session
Agenda item 7

RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

/On the report of the Ad Hoc Committee of the Sixth
Special Session (A/9556)/

3202 (S-VI). Programme of Action on the Establishment of a
New International Economic Order

The General Assembly

Adopts the following Programme of Action:

PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL
ECONOMIC ORDER

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Introduction

1. In view of the continuing severe economic imbalance in the relations between developed and developing countries, and in the context of the constant and continuing aggravation of the imbalance of the economies of the developing countries and the consequent need for the mitigation of their current economic difficulties, urgent and effective measures need to be taken by the international community to assist the developing countries, while devoting particular attention to the least developed, land-locked and island developing countries and those developing countries most seriously affected by economic crises and natural calamities leading to serious retardation of development processes.

2. With a view to ensuring the application of the Declaration on the Establishment of a New International Economic Order, 1/ it will be necessary to adopt and implement within a specified period a programme of action of unprecedented scope and to bring about maximum economic co-operation and understanding among all States, particularly between developed and developing countries, based on the principles of dignity and sovereign equality.

I. Fundamental problems of raw materials and primary commodities as related to trade and development

1. Raw materials

All efforts should be made:

(a) To put an end to all forms of foreign occupation, racial discrimination, apartheid, colonial, neo-colonial and alien domination and exploitation through the exercise of permanent sovereignty over natural resources;

(b) To take measures for the recovery, exploitation, development, marketing and distribution of natural resources, particularly of developing countries, to serve their national interests, to promote collective self-reliance among them and to strengthen mutually beneficial international economic co-operation with a view to bringing about the accelerated development of developing countries;

(c) To facilitate the functioning and to further the aims of producers' associations, including their joint marketing arrangements, orderly commodity trading, improvement in export income of producing developing countries and in their terms of trade, and sustained growth of the world economy for the benefit of all;

1/ General Assembly resolution 3201 (S-VI).

(d) To evolve a just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, food, manufactured and semi-manufactured goods and capital equipment imported by them, and to work for a link between the prices of exports of developing countries and the prices of their imports from developed countries;

(e) To take measures to reverse the continued trend of stagnation or decline in the real price of several commodities exported by developing countries, despite a general rise in commodity prices, resulting in a decline in the export earnings of these developing countries;

(f) To take measures to expand the markets for natural products in relation to synthetics, taking into account the interests of the developing countries, and to utilize fully the ecological advantages of these products;

(g) To take measures to promote the processing of raw materials in the producer developing countries.

2. Food

All efforts should be made:

(a) To take full account of specific problems of developing countries, particularly in times of food shortages, in the international efforts connected with the food problem;

(b) To take into account that, owing to lack of means, some developing countries have vast potentialities of unexploited or underexploited land which, if reclaimed and put into practical use, would contribute considerably to the solution of the food crisis;

(c) By the international community to undertake concrete and speedy measures with a view to arresting desertification, salination and damage by locusts or any other similar phenomenon involving several developing countries, particularly in Africa, and gravely affecting the agricultural production capacity of these countries, and also to assist the developing countries affected by this phenomenon to develop the affected zones with a view to contributing to the solution of their food problems;

(d) To refrain from damaging or deteriorating natural resources and food resources, especially those derived from the sea, by preventing pollution and taking appropriate steps to protect and reconstitute those resources;

(e) By developed countries, in evolving their policies relating to production, stocks, imports and exports of food, to take full account of the interests of:

- (i) Developing importing countries which cannot afford high prices for their imports;
- (ii) Developing exporting countries which need increased market opportunities for their exports;
- (f) To ensure that developing countries can import the necessary quantity of food without undue strain on their foreign exchange resources and without unpredictable deterioration in their balance of payments, and, in this context, that special measures are taken in respect of the least developed, the land-locked and island developing countries as well as those developing countries most seriously affected by economic crises and natural calamities;
- (g) To ensure that concrete measures to increase food production and storage facilities in developing countries are introduced, inter alia, by ensuring an increase in all available essential inputs, including fertilizers, from developed countries on favourable terms;
- (h) To promote exports of food products of developing countries through just and equitable arrangements, inter alia, by the progressive elimination of such protective and other measures as constitute unfair competition.

3. General trade

All efforts should be made:

- (a) To take the following measures for the amelioration of terms of trade of developing countries and concrete steps to eliminate chronic trade deficits of developing countries:
 - (i) Fulfilment of relevant commitments already undertaken in the United Nations Conference on Trade and Development and in the International Development Strategy for the Second United Nations Development Decade; 2/
 - (ii) Improved access to markets in developed countries through the progressive removal of tariff and non-tariff barriers and of restrictive business practices;
 - (iii) Expeditious formulation of commodity agreements where appropriate, in order to regulate as necessary and to stabilize the world markets for raw materials and primary commodities;

2/ General Assembly resolution 2626 (XXV).

- (iv) Preparation of an over-all integrated programme, setting out guidelines and taking into account the current work in this field, for a comprehensive range of commodities of export interest to developing countries;
- (v) Where products of developing countries compete with the domestic production in developed countries, each developed country should facilitate the expansion of imports from developing countries and provide a fair and reasonable opportunity to the developing countries to share in the growth of the market;
- (vi) When the importing developed countries derive receipts from customs duties, taxes and other protective measures applied to imports of these products, consideration should be given to the claim of the developing countries that these receipts should be reimbursed in full to the exporting developing countries or devoted to providing additional resources to meet their development needs;
- (vii) Developed countries should make appropriate adjustments in their economies so as to facilitate the expansion and diversification of imports from developing countries and thereby permit a rational, just and equitable international division of labour;
- (viii) Setting up general principles for pricing policy for exports of commodities of developing countries, with a view to rectifying and achieving satisfactory terms of trade for them;
- (ix) Until satisfactory terms of trade are achieved for all developing countries, consideration should be given to alternative means, including improved compensatory financing schemes for meeting the development needs of the developing countries concerned;
- (x) Implementation, improvement and enlargement of the generalized system of preferences for exports of agricultural primary commodities, manufactures and semi-manufactures from developing to developed countries and consideration of its extension to commodities, including those which are processed or semi-processed. Developing countries which are or will be sharing their existing tariff advantages in some developed countries as the result of the introduction and eventual enlargement of the generalized system of preferences should, as a matter of urgency, be granted new openings in the markets of other developed countries which should offer them export opportunities that at least compensate for the sharing of those advantages;
- (xi) The setting up of buffer stocks within the framework of commodity arrangements and their financing by international financial institutions, wherever necessary, by the developed countries and, when they are able to do so, by the developing countries, with the aim of favouring the producer developing and consumer developing countries and of contributing to the expansion of world trade as a whole;

(xii) In cases where natural materials can satisfy the requirements of the market, new investment for the expansion of the capacity to produce synthetic materials and substitutes should not be made.

(b) To be guided by the principles of non-reciprocity and preferential treatment of developing countries in multilateral trade negotiations between developed and developing countries, and to seek sustained and additional benefits for the international trade of developing countries, so as to achieve a substantial increase in their foreign exchange earnings, diversification of their exports and acceleration of the rate of their economic growth.

4. Transportation and insurance

All efforts should be made:

(a) To promote an increasing and equitable participation of developing countries in the world shipping tonnage;

(b) To arrest and reduce the ever-increasing freight rates in order to reduce the cost of imports to, and exports from, the developing countries;

(c) To minimize the cost of insurance and reinsurance for developing countries and to assist the growth of domestic insurance and reinsurance markets in developing countries and the establishment to this end, where appropriate, of institutions in these countries or at the regional level;

(d) To ensure the early implementation of the code of conduct for liner conferences;

(e) To take urgent measures to increase the import and export capability of the least developed countries and to offset the disadvantages of the adverse geographic situation of land-locked countries, particularly with regard to their transportation and transit costs, as well as developing island countries in order to increase their trading ability;

(f) By the developed countries to refrain from imposing measures or implementing policies designed to prevent the importation, at equitable prices, of commodities from the developing countries or from frustrating the implementation of legitimate measures and policies adopted by the developing countries in order to improve prices and encourage the export of such commodities.

II. International monetary system and financing of the development of developing countries

1. Objectives

All efforts should be made to reform the international monetary system with, inter alia, the following objectives:

(a) Measures to check the inflation already experienced by the developed countries, to prevent it from being transferred to developing countries and to study and devise possible arrangements within the International Monetary Fund to mitigate the effects of inflation in developed countries on the economies of developing countries;

(b) Measures to eliminate the instability of the international monetary system, in particular the uncertainty of the exchange rates, especially as it affects adversely the trade in commodities;

(c) Maintenance of the real value of the currency reserves of the developing countries by preventing their erosion from inflation and exchange rate depreciation of reserve currencies;

(d) Full and effective participation of developing countries in all phases of decision-making for the formulation of an equitable and durable monetary system and adequate participation of developing countries in all bodies entrusted with this reform and, particularly, in the Board of Governors of the International Monetary Fund;

(e) Adequate and orderly creation of additional liquidity with particular regard to the needs of the developing countries through the additional allocation of special drawing rights based on the concept of world liquidity needs to be appropriately revised in the light of the new international environment; any creation of international liquidity should be made through international multilateral mechanisms;

(f) Early establishment of a link between special drawing rights and additional development financing in the interest of developing countries, consistent with the monetary characteristics of special drawing rights;

(g) Review by the International Monetary Fund of the relevant provisions in order to ensure effective participation by developing countries in the decision-making process;

(h) Arrangements to promote an increasing net transfer of real resources from the developed to the developing countries;

(i) Review of the methods of operation of the International Monetary Fund, in particular the terms for both credit repayments and "stand-by" arrangements, the system of compensatory financing, and the terms of the financing of commodity buffer stocks, so as to enable the developing countries to make more effective use of them.

2. Measures

All efforts should be made to take the following urgent measures to finance the development of developing countries and to meet the balance-of-payment crises in the developing world:

(a) Implementation at an accelerated pace by the developed countries of the time-bound programme, as already laid down in the International Development Strategy for the Second United Nations Development Decade, for the net amount of financial resource transfers to developing countries; increase in the official component of the net amount of financial resource transfers to developing countries so as to meet and even to exceed the target of the Strategy;

(b) International financing institutions should effectively play their role as development financing banks without discrimination on account of the political or economic system of any member country, assistance being untied;

(c) More effective participation by developing countries, whether recipients or contributors, in the decision-making process in the competent organs of the International Bank for Reconstruction and Development and the International Development Association, through the establishment of a more equitable pattern of voting rights;

(d) Exemption, wherever possible, of the developing countries from all import and capital outflow controls imposed by the developed countries;

(e) Promotion of foreign investment, both public and private, from developed to developing countries in accordance with the needs and requirements in sectors of their economies as determined by the recipient countries;

(f) Appropriate urgent measures, including international action, should be taken to mitigate adverse consequences for the current and future development of developing countries arising from the burden of external debt contracted on hard terms;

(g) Debt renegotiation on a case-by-case basis with a view to concluding agreements on debt cancellation, moratorium, rescheduling or interest subsidization;

(h) International financial institutions should take into account the special situation of each developing country in reorienting their lending policies to suit these urgent needs; there is also need for improvement in practices of international financial institutions in regard to, inter alia, development financing and international monetary problems;

(i) Appropriate steps should be taken to give priority to the least developed, land-locked and island developing countries and to the countries most seriously affected by economic crises and natural calamities, in the availability of loans for development purposes which should include more favourable terms and conditions.

III. Industrialization

All efforts should be made by the international community to take measures to encourage the industrialization of the developing countries, and, to this end:

(a) The developed countries should respond favourably, within the framework of their official aid as well as international financial institutions, to the requests of developing countries for the financing of industrial projects;

(b) The developed countries should encourage investors to finance industrial production projects, particularly export-oriented production, in developing countries, in agreement with the latter and within the context of their laws and regulations;

(c) With a view to bringing about a new international economic structure which should increase the share of the developing countries in world industrial production, the developed countries and the agencies of the United Nations system, in co-operation with the developing countries, should contribute to setting up new industrial capacities including raw materials and commodity-transforming facilities as a matter of priority in the developing countries that produce those raw materials and commodities;

(d) The international community should continue and expand, with the aid of the developed countries and the international institutions, the operational and instruction-oriented technical assistance programmes, including vocational training and management development of national personnel of the developing countries, in the light of their special development requirements.

IV. Transfer of technology

All efforts should be made:

(a) To formulate an international code of conduct for the transfer of technology corresponding to needs and conditions prevalent in developing countries;

(b) To give access on improved terms to modern technology and to adapt that technology, as appropriate, to specific economic, social and ecological conditions and varying stages of development in developing countries;

(c) To expand significantly the assistance from developed to developing countries in research and development programmes and in the creation of suitable indigenous technology;

(d) To adapt commercial practices governing transfer of technology to the requirements of the developing countries and to prevent abuse of the rights of sellers;

(e) To promote international co-operation in research and development in exploration and exploitation, conservation and the legitimate utilization of natural resources and all sources of energy.

In taking the above measures, the special needs of the least developed and land-locked countries should be borne in mind.

V. Regulation and control over the activities of transnational corporations

All efforts should be made to formulate, adopt and implement an international code of conduct for transnational corporations:

(a) To prevent interference in the internal affairs of the countries where they operate and their collaboration with racist régimes and colonial administrations;

(b) To regulate their activities in host countries, to eliminate restrictive business practices and to conform to the national development plans and objectives of developing countries, and in this context facilitate, as necessary, the review and revision of previously concluded arrangements;

(c) To bring about assistance, transfer of technology and management skills to developing countries on equitable and favourable terms;

(d) To regulate the repatriation of the profits accruing from their operations, taking into account the legitimate interests of all parties concerned;

(e) To promote reinvestment of their profits in developing countries.

VI. Charter of Economic Rights and Duties of States

The Charter of Economic Rights and Duties of States, the draft of which is being prepared by a working group of the United Nations and which the General Assembly has already expressed the intention of adopting at its twenty-ninth regular session, shall constitute an effective instrument towards the establishment of a new system of international economic relations based on equity, sovereign equality, and interdependence of the interests of developed and developing countries. It is therefore of vital importance that the aforementioned Charter be adopted by the General Assembly at its twenty-ninth session.

VII. Promotion of co-operation among developing countries

1. Collective self-reliance and growing co-operation among developing countries will further strengthen their role in the new international economic order. Developing countries, with a view to expanding co-operation at the regional, subregional and interregional levels, should take further steps, inter alia:

(a) To support the establishment and/or improvement of an appropriate mechanism to defend the prices of their exportable commodities and to improve access to and stabilize markets for them. In this context the increasingly effective mobilization by the whole group of oil-exporting countries of their natural resources for the benefit of their economic development is to be welcomed. At the same time there is the paramount need for co-operation among the developing countries in evolving urgently and in a spirit of solidarity all possible means to assist developing countries to cope with the immediate problems resulting from this legitimate and perfectly justified action. The measures already taken in this regard are a positive indication of the evolving co-operation between developing countries;

(b) To protect their inalienable right to permanent sovereignty over their natural resources;

(c) To promote, establish or strengthen economic integration at the regional and subregional levels;

(d) To increase considerably their imports from other developing countries;

(e) To ensure that no developing country accords to imports from developed countries more favourable treatment than that accorded to imports from developing countries. Taking into account the existing international agreements, current limitations and possibilities and also their future evolution, preferential treatment should be given to the procurement of import requirements from other developing countries. Wherever possible, preferential treatment should be given to imports from developing countries and the exports of those countries;

(f) To promote close co-operation in the fields of finance, credit relations and monetary issues, including the development of credit relations on a preferential basis and on favourable terms;

(g) To strengthen efforts which are already being made by developing countries to utilize available financial resources for financing development in the developing countries through investment, financing of export-oriented and emergency projects and other long-term assistance;

(h) To promote and establish effective instruments of co-operation in the fields of industry, science and technology, transport, shipping and mass communication media.

2. Developed countries should support initiatives in the regional, subregional and interregional co-operation of developing countries through the extension of financial and technical assistance by more effective and concrete actions, particularly in the field of commercial policy.

VIII. Assistance in the exercise of permanent sovereignty of States over natural resources

All efforts should be made:

- (a) To defeat attempts to prevent the free and effective exercise of the rights of every State to full and permanent sovereignty over its natural resources.
- (b) To ensure that competent agencies of the United Nations system meet requests for assistance from developing countries in connexion with the operation of nationalized means of production.

IX. Strengthening the role of the United Nations system in the field of international economic co-operation

1. In furtherance of the objectives of the International Development Strategy for the Second United Nations Development Decade and in accordance with the aims and objectives of the Declaration on the Establishment of a New International Economic Order, all Member States pledge to make full use of the United Nations system in the implementation of the present Programme of Action, jointly adopted by them, in working for the establishment of a new international economic order and thereby strengthening the role of the United Nations in the field of world-wide co-operation for economic and social development.
2. The General Assembly of the United Nations shall conduct an over-all review of the implementation of the Programme of Action as a priority item. All the activities of the United Nations system to be undertaken under the Programme of Action as well as those already planned, such as the World Population Conference, 1974, the World Food Conference, the Second General Conference of the United Nations Industrial Development Organization and the mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade should be so directed as to enable the special session of the General Assembly on development, called for under Assembly resolution 3172 (XXVIII) of 17 December 1973, to make its full contribution to the establishment of the new international economic order. All Member States are urged, jointly and individually, to direct their efforts and policies towards the success of that special session.
3. The Economic and Social Council shall define the policy framework and co-ordinate the activities of all organizations, institutions and subsidiary bodies within the United Nations system which shall be entrusted with the task of implementing the present Programme of Action. In order to enable the Economic and Social Council to carry out its tasks effectively:
 - (a) All organizations, institutions and subsidiary bodies concerned within the United Nations system shall submit to the Economic and Social Council progress reports on the implementation of the Programme of Action within their respective fields of competence as often as necessary, but not less than once a year;

(b) The Economic and Social Council shall examine the progress reports as a matter of urgency, to which end it may be convened, as necessary, in special session or, if need be, may function continuously. It shall draw the attention of the General Assembly to the problems and difficulties arising in connexion with the implementation of the Programme of Action.

4. All organizations, institutions, subsidiary bodies and conferences of the United Nations system are entrusted with the implementation of the Programme of Action. The activities of the United Nations Conference on Trade and Development, as set forth in General Assembly resolution 1995 (XIX) of 30 December 1964, should be strengthened for the purpose of following in collaboration with other competent organizations the development of international trade in raw materials throughout the world.

5. Urgent and effective measures should be taken to review the lending policies of international financial institutions, taking into account the special situation of each developing country, to suit urgent needs, to improve the practices of these institutions in regard to, inter alia, development financing and international monetary problems, and to ensure more effective participation by developing countries - whether recipients or contributors - in the decision-making process through appropriate revision of the pattern of voting rights.

6. The developed countries and others in a position to do so should contribute substantially to the various organizations, programmes and funds established within the United Nations system for the purpose of accelerating economic and social development in developing countries.

7. The present Programme of Action complements and strengthens the goals and objectives embodied in the International Development Strategy for the Second United Nations Development Decade as well as the new measures formulated by the General Assembly at its twenty-eighth session to offset the short-falls in achieving those goals and objectives.

8. The implementation of the Programme of Action should be taken into account at the time of the mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade. New commitments, changes, additions and adaptations in the Strategy should be made, as appropriate, taking into account the Declaration on the Establishment of a New International Economic Order and the present Programme of Action.

X. Special Programme

The General Assembly adopts the following Special Programme, including particularly emergency measures to mitigate the difficulties of the developing countries most seriously affected by economic crisis, bearing in mind the particular problem of the least developed and land-locked countries:

The General Assembly,

Taking into account the following considerations:

(a) The sharp increase in the prices of their essential imports such as food, fertilizers, energy products, capital goods, equipment and services, including transportation and transit costs, has gravely exacerbated the increasingly adverse terms of trade of a number of developing countries, added to the burden of their foreign debt and, cumulatively, created a situation which, if left untended, will make it impossible for them to finance their essential imports and development and result in a further deterioration in the levels and conditions of life in these countries. The present crisis is the outcome of all the problems that have accumulated over the years: in the field of trade, in monetary reform, the world-wide inflationary situation, inadequacy and delay in provision of financial assistance and many other similar problems in the economic and developmental fields. In facing the crisis, this complex situation must be borne in mind so as to ensure that the Special Programme adopted by the international community provides emergency relief and timely assistance to the most seriously affected countries. Simultaneously, steps are being taken to resolve these outstanding problems through a fundamental restructuring of the world economic system, in order to allow these countries while solving the present difficulties to reach an acceptable level of development.

(b) The special measures adopted to assist the most seriously affected countries must encompass not only the relief which they require on an emergency basis to maintain their import requirements, but also, beyond that, steps to consciously promote the capacity of these countries to produce and earn more. Unless such a comprehensive approach is adopted, there is every likelihood that the difficulties of the most seriously affected countries may be perpetuated. Nevertheless, the first and most pressing task of the international community is to enable these countries to meet the short-fall in their balance-of-payments positions. But this must be simultaneously supplemented by additional development assistance to maintain and thereafter accelerate their rate of economic development.

(c) The countries which have been most seriously affected are precisely those which are at the greatest disadvantage in the world economy: the least developed, the land-locked and other low-income developing countries as well as other developing countries whose economies have been seriously dislocated as a result of the present

economic crisis, natural calamities, and foreign aggression and occupation. An indication of the countries thus affected, the level of the impact on their economies and the kind of relief and assistance they require can be assessed on the basis, inter alia, of the following criteria:

- (i) Low per capita income as a reflection of relative poverty, low productivity, low level of technology and development
- (ii) Sharp increase in their import cost of essentials relative to export earnings;
- (iii) High ratio of debt servicing to export earnings;
- (iv) Insufficiency in export earnings, comparative inelasticity of export incomes and unavailability of exportable surplus.
- (v) Low level of foreign exchange reserves or their inadequacy for requirements;
- (vi) Adverse impact of higher transportation and transit costs;
- (vii) Relative importance of foreign trade in the development process.

(d) The assessment of the extent and nature of the impact on the economies of the most seriously affected countries must be made flexible, keeping in mind the present uncertainty in the world economy, the adjustment policies that may be adopted by the developed countries and the flow of capital and investment. Estimates of the payments situation and needs of these countries can be assessed and projected reliably only on the basis of their average performance over a number of years. Long-term projections, at this time, cannot but be uncertain.

(e) It is important that, in the special measures to mitigate the difficulties of the most seriously affected countries, all the developed countries as well as the developing countries should contribute according to their level of development and the capacity and strength of their economies. It is notable that some developing countries, despite their own difficulties and development needs, have shown a willingness to play a concrete and helpful role in ameliorating the difficulties faced by the poorer developing countries. The various initiatives and measures taken recently by certain developing countries with adequate resources on a bilateral and multilateral basis to contribute to alleviating the difficulties of other developing countries are a reflection of their commitment to the principle of effective economic co-operation among developing countries.

(f) The response of the developed countries which have by far the greater capacity to assist the affected countries in overcoming their

present difficulties must be commensurate with their responsibilities. Their assistance should be in addition to the presently available levels of aid. They should fulfil and if possible exceed the targets of the International Development Strategy for the Second United Nations Development Decade on financial assistance to the developing countries, especially that relating to official development assistance. They should also give serious consideration to the cancellation of the external debts of the most seriously affected countries. This would provide the simplest and quickest relief to the affected countries. Favourable consideration should also be given to debt moratorium and rescheduling. The current situation should not lead the industrialized countries to adopt what will ultimately prove to be a self-defeating policy aggravating the present crisis.

Recalling the constructive proposals made by His Imperial Majesty the Shahanshah of Iran ^{3/} and His Excellency Mr. Houari Boumediène, President of the People's Democratic Republic of Algeria, ^{4/}

1. Decides to launch a Special Programme to provide emergency relief and development assistance to the developing countries most seriously affected, as a matter of urgency, and for the period of time necessary, at least until the end of the Second United Nations Development Decade, to help them overcome their present difficulties and to achieve self-sustaining economic development;

2. Decides as a first step in the Special Programme to request the Secretary-General to launch an emergency operation to provide timely relief to the most seriously affected developing countries, as defined in subparagraph (c) above, with the aim of maintaining unimpaired essential imports for the duration of the coming 12 months and to invite the industrialized countries and other potential contributors to announce their contributions for emergency assistance, or intimate their intention to do so, by 15 June 1974 to be provided through bilateral or multilateral channels, taking into account the commitments and measures of assistance announced or already taken by some countries, and further requests the Secretary-General to report the progress of the emergency operation to the General Assembly at its twenty-ninth session, through the Economic and Social Council at its fifty-seventh session;

3. Calls upon the industrialized countries and other potential contributors to extend to the most seriously affected countries immediate relief and assistance which must be of an order of magnitude that is commensurate with the needs of these countries. Such assistance should be in addition to the existing level of aid and provided at a very early date to the maximum possible extent on a grant basis and, where not possible, on soft terms. The disbursement and relevant operational procedures and terms

^{3/} A/9548, annex.

^{4/} Sec A/PV.2208, pp. 2-50.

must reflect this exceptional situation. The assistance could be provided either through bilateral or multilateral channels, including such new institutions and facilities that have been or are to be set up. The special measures may include the following:

- (a) Special arrangements on particularly favourable terms and conditions including possible subsidies for and assured supplies of essential commodities and goods;
 - (b) Deferred payments for all or part of imports of essential commodities and goods;
 - (c) Commodity assistance, including food aid, on a grant basis or deferred payments in local currencies, bearing in mind that this should not adversely affect the exports of developing countries;
 - (d) Long-term suppliers' credits on easy terms;
 - (e) Long-term financial assistance on concessionary terms;
 - (f) Drawings from special International Monetary Fund facilities on concessional terms;
 - (g) Establishment of a link between the creation of special drawing rights and development assistance, taking into account the additional financial requirements of the most seriously affected countries;
 - (h) Subsidies, provided bilaterally or multilaterally, for interest on funds available on commercial terms borrowed by the most seriously affected countries;
 - (i) Debt renegotiation on a case-by-case basis with a view to concluding agreements on debt cancellation, moratorium or rescheduling;
 - (j) Provision on more favourable terms of capital goods and technical assistance to accelerate the industrialization of the affected countries;
 - (k) Investment in industrial and development projects on favourable terms;
 - (l) Subsidizing the additional transit and transport costs, especially of the land-locked countries;
4. Appeals to the developed countries to consider favourably the cancellation, moratorium or rescheduling of the debts of the most seriously affected developing countries, on their request, as an important contribution to mitigating the grave and urgent difficulties of these countries;
 5. Decides to establish a Special Fund under the auspices of the United Nations, through voluntary contributions from industrialized countries and other potential contributors, as a part of the Special Programme, to

provide emergency relief and development assistance, which will commence its operations at the latest by 1 January 1975;

6. Establishes an Ad Hoc Committee on the Special Programme, composed of 36 Member States appointed by the President of the General Assembly, after appropriate consultations, bearing in mind the purposes of the Special Fund and its terms of reference:

(a) To make recommendations, inter alia, on the scope, machinery and modes of operation of the Special Fund, taking into account the need for:

- (i) Equitable representation on its governing body;
- (ii) Equitable distribution of its resources;
- (iii) Full utilization of the services and facilities of existing international organizations;
- (iv) The possibility of merging the United Nations Capital Development Fund with the operations of the Special Fund;
- (v) A central monitoring body to oversee the various measures being taken both bilaterally and multilaterally;

and, to this end, bearing in mind the different ideas and proposals submitted at the sixth special session, including those put forward by Iran 5/ and those made at the 2208th plenary meeting, and the comments thereon, and the possibility of utilizing the Special Fund to provide an alternative channel for normal development assistance after the emergency period;

(b) To monitor, pending commencement of the operations of the Special Fund, the various measures being taken both bilaterally and multilaterally to assist the most seriously affected countries;

(c) To prepare, on the basis of information provided by the countries concerned and by appropriate agencies of the United Nations system, a broad assessment of:

- (i) The magnitude of the difficulties facing the most seriously affected countries;
- (ii) The kind and quantities of the commodities and goods essentially required by them;
- (iii) Their need for financial assistance;
- (iv) Their technical assistance requirements, including especially access to technology;

7. Requests the Secretary-General of the United Nations, the Secretary-General of the United Nations Conference on Trade and Development, the President of the International Bank for Reconstruction and Development, the Managing Director of the International Monetary Fund, the Administrator of the United Nations Development Programme and the heads of the other competent international organizations to assist the Ad Hoc Committee on the Special Programme in performing the functions assigned to it under paragraph 6 above, and to help, as appropriate, in the operations of the Special Fund;

8. Requests the International Monetary Fund to expedite decisions on:

(a) The establishment of an extended special facility with a view to enabling the most seriously affected developing countries to participate in it on favourable terms;

(b) The creation of special drawing rights and the early establishment of the link between their allocation and development financing;

(c) The establishment and operation of the proposed new special facility to extend credits and subsidize interest charges on commercial funds borrowed by Member States, bearing in mind the interests of the developing countries and especially the additional financial requirements of the most seriously affected countries;

9. Requests the World Bank Group and the International Monetary Fund to place their managerial, financial and technical services at the disposal of Governments contributing to emergency financial relief so as to enable them to assist without delay in channelling funds to the recipients, making such institutional and procedural changes as may be required;

10. Invites the United Nations Development Programme to take the necessary steps, particularly at the country level, to respond on an emergency basis to requests for additional assistance which it may be called upon to render within the framework of the Special Programme;

11. Requests the Ad Hoc Committee on the Special Programme to submit its report and recommendations to the Economic and Social Council at its fifty-seventh session and invites the Council, on the basis of its consideration of that report, to submit suitable recommendations to the General Assembly at its twenty-ninth session;

12. Decides to consider as a matter of high priority at its twenty-ninth session, within the framework of a new international economic order, the question of special measures for the most seriously affected countries.

2229th plenary meeting

1 May 1974

Charter of Economic Rights and Duties of States

B

The General Assembly,

Recalling that the United Nations Conference on Trade and Development, in its resolution 45 (III) of 18 May 1972, stressed the urgency "to establish generally accepted norms to govern international economic relations systematically" and recognized that "it is not feasible to establish a just order and a stable world as long as the Charter to protect the rights of all countries, and in particular the developing States, is not formulated",

Recalling further that in the same resolution it was decided to establish a Working Group of governmental representatives to draw up a draft Charter of Economic Rights and Duties of States, which the General Assembly, in its resolution 3037 (XXVII) of 19 December 1972, decided should be composed of 40 Member States,

Noting that in its resolution 3082 (XXVIII) of 6 December 1973, it reaffirmed its conviction of the urgent need to establish or improve norms of universal application for the development of international economic relations on a just and equitable basis and urged the Working Group on the Charter of Economic Rights and Duties of States to complete, as the first step, in the codification and development of the matter, the elaboration of a final draft Charter of Economic Rights and Duties of States, to be considered and approved by the General Assembly at its twenty-ninth session,

Bearing in mind the spirit and terms of its resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, which underlined the vital importance of the Charter to be adopted by the General Assembly at its twenty-ninth session and stressed the fact that the Charter shall constitute an effective instrument towards the establishment of a new system of international economic relations based on equity, sovereign equality, and interdependence of the interests of developed and developing countries,

Having examined the report of the Working Group on the Charter of Economic Rights and Duties of States on its fourth session, 11/ transmitted to the General Assembly by the Trade and Development Board at its fourteenth session,

Expressing its appreciation to the Working Group on the Charter of Economic Rights and Duties of States which, as a result of the task performed in its four

11/ TL/B/AC.12/4.

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sessions held between February 1973 and June 1974, assembled the elements required for the completion and adoption of the Charter of Economic Rights and Duties of States at the twenty-ninth session of the General Assembly, as previously recommended,

Adopts and solemnly proclaims the following:

CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES

PREAMBLE

The General Assembly,

Reaffirming the fundamental purposes of the United Nations, in particular, the maintenance of international peace and security, the development of friendly relations among nations and the achievement of international co-operation in solving international problems in the economic and social fields,

Affirming the need for strengthening international co-operation in these fields,

Reaffirming further the need for strengthening international co-operation for development,

Declaring that it is a fundamental purpose of this Charter to promote the establishment of the new international economic order, based on equity, sovereign equality, interdependence, common interest and co-operation among all States, irrespective of their economic and social systems,

Desirous of contributing to the creation of conditions for:

(a) The attainment of wider prosperity among all countries and of higher standards of living for all peoples,

(b) The promotion by the entire international community of economic and social progress of all countries, especially developing countries,

(c) The encouragement of co-operation, on the basis of mutual advantage and equitable benefits for all peace-loving States which are willing to carry out the provisions of this Charter, in the economic, trade, scientific and technical fields, regardless of political, economic or social systems,

(d) The overcoming of main obstacles in the way of economic development of the developing countries,

(e) The acceleration of the economic growth of developing countries with a view to bridging the economic gap between developing and developed countries,

(f) The protection, preservation and enhancement of the environment,

Mindful of the need to establish and maintain a just and equitable economic and social order through:

- (a) The achievement of more rational and equitable international economic relations and the encouragement of structural changes in the world economy,
- (b) The creation of conditions which permit the further expansion of trade and intensification of economic co-operation among all nations,
- (c) The strengthening of the economic independence of developing countries,
- (d) The establishment and promotion of international economic relations taking into account the agreed differences in development of the developing countries and their specific needs,

Determined to promote collective economic security for development, in particular of the developing countries, with strict respect for the sovereign equality of each State and through the co-operation of the entire international community,

Considering that genuine co-operation among States, based on joint consideration of and concerted action regarding international economic problems, is essential for fulfilling the international community's common desire to achieve a just and rational development of all parts of the world,

Stressing the importance of ensuring appropriate conditions for the conduct of normal economic relations among all States, irrespective of differences in social and economic systems, and for the full respect for the rights of all peoples, as well as the strengthening of instruments of international economic co-operation as means for the consolidation of peace for the benefit of all,

Convinced of the need to develop a system of international economic relations on the basis of sovereign equality, mutual and equitable benefit and the close interrelationship of the interests of all States,

Reiterating that the responsibility for the development of every country rests primarily upon itself but that concomitant and effective international co-operation is an essential factor for the full achievement of its own development goals,

Firmly convinced of the urgent need to evolve a substantially improved system of international economic relations,

Solemnly adopts the present Charter of Economic Rights and Duties of States.

CHAPTER I

Fundamentals of international economic relations

Economic as well as political and other relations among States shall be governed inter alia by the following principles:

- (a) Sovereignty, territorial integrity and political independence of States;
- (b) Sovereign equality of all States;
- (c) Non-aggression;
- (d) Non-intervention;
- (e) Mutual and equitable benefit;
- (f) Peaceful coexistence;
- (g) Equal rights and self-determination of peoples;
- (h) Peaceful settlement of disputes;
- (i) Remedying of injustices which have been brought about by force and which deprive a nation of the natural means necessary for its normal development;
- (j) Fulfilment in good faith of international obligations;
- (k) Respect for human rights and fundamental freedoms;
- (l) No attempt to seek hegemony and spheres of influence;
- (m) Promotion of international social justice;
- (n) International co-operation for development;
- (o) Free access to and from the sea by land-locked countries within the framework of the above principles.

CHAPTER II

Economic rights and duties of States

Article 1

Every State has the sovereign and inalienable right to choose its economic system as well as its political, social and cultural systems in accordance with the will of its people, without outside interference, coercion or threat in any form whatsoever.

Article 2

1. Every State has and shall freely exercise full permanent sovereignty, including possession, use and disposal, over all its wealth, natural resources and economic activities.

2. Each State has the right:

(a) To regulate and exercise authority over foreign investment within its national jurisdiction in accordance with its laws and regulations and in conformity with its national objectives and priorities. No State shall be compelled to grant preferential treatment to foreign investment;

(b) To regulate and supervise the activities of transnational corporations within its national jurisdiction and take measures to ensure that such activities comply with its laws, rules and regulations and conform with its economic and social policies. Transnational corporations shall not intervene in the internal affairs of a host State. Every State should, with full regard for its sovereign rights, co-operate with other States in the exercise of the right set forth in this subparagraph;

(c) To nationalize, expropriate or transfer ownership of foreign property in which case appropriate compensation should be paid by the State adopting such measures, taking into account its relevant laws and regulations and all circumstances that the State considers pertinent. In any case where the question of compensation gives rise to a controversy, it shall be settled under the domestic law of the nationalizing State and by its tribunals, unless it is freely and mutually agreed by all States concerned that other peaceful means be sought on the basis of the sovereign equality of States and in accordance with the principle of free choice of means.

Article 3

In the exploitation of natural resources shared by two or more countries, each State must co-operate on the basis of a system of information and prior consultations in order to achieve optimum use of such resources without causing damage to the legitimate interest of others.

Article 4

Every State has the right to engage in international trade and other forms of economic co-operation irrespective of any differences in political, economic and social systems. No State shall be subjected to discrimination of any kind based solely on such differences. In the pursuit of international trade and other forms of economic co-operation, every State is free to choose the forms of organization of its foreign economic relations and to enter into bilateral and multilateral arrangements consistent with its international obligations and with the needs of international economic co-operation.

Article 5

All States have the right to associate in organizations of primary commodity producers in order to develop their national economies to achieve stable financing for their development, and in pursuance of their aims assisting in the promotion of sustained growth of the world economy, in particular accelerating the development of developing countries. Correspondingly all States have the duty to respect that right by refraining from applying economic and political measures that would limit it.

Article 6

It is the duty of States to contribute to the development of international trade of goods particularly by means of arrangements and by the conclusion of long-term multilateral commodity agreements, where appropriate, and taking into account the interests of producers and consumers. All States share the responsibility to promote the regular flow and access of all commercial goods traded at stable, remunerative and equitable prices, thus contributing to the equitable development of the world economy, taking into account, in particular, the interests of developing countries.

Article 7

Every State has the primary responsibility to promote the economic, social and cultural development of its people. To this end, each State has the right and the responsibility to choose its means and goals of development, fully to mobilize and use its resources, to implement progressive economic and social reforms and to ensure the full participation of its people in the process and benefits of development. All States have the duty, individually and collectively, to co-operate in order to eliminate obstacles that hinder such mobilization and use.

Article 8

States should co-operate in facilitating more rational and equitable international economic relations and in encouraging structural changes in the context of a balanced world economy in harmony with the needs and interests of all countries, especially developing countries, and should take appropriate measures to this end.

Article 9

All States have the responsibility to co-operate in the economic, social, cultural, scientific and technological fields for the promotion of economic and social progress throughout the world, especially that of the developing countries.

Article 10

All States are juridically equal and, as equal members of the international community, have the right to participate fully and effectively in the international decision-making process in the solution of world economic, financial and monetary problems, inter alia, through the appropriate international organizations in accordance with their existing and evolving rules, and to share equitably in the benefits resulting therefrom.

Article 11

All States should co-operate to strengthen and continuously improve the efficiency of international organizations in implementing measures to stimulate the general economic progress of all countries, particularly of developing countries, and therefore should co-operate to adapt them, when appropriate, to the changing needs of international economic co-operation.

Article 12

1. States have the right, in agreement with the parties concerned, to participate in subregional, regional and interregional co-operation in the pursuit of their economic and social development. All States engaged in such co-operation have the duty to ensure that the policies of those groupings to which they belong correspond to the provisions of the Charter and are outward-looking, consistent with their international obligations and with the needs of international economic co-operation and have full regard for the legitimate interests of third countries, especially developing countries.

2. In the case of groupings to which the States concerned have transferred or may transfer certain competences as regards matters that come within the scope of this Charter, its provisions shall also apply to those groupings, in regard to such matters, consistent with the responsibilities of such States as members of such groupings. Those States shall co-operate in the observance by the groupings of the provisions of this Charter.

Article 13

1. Every State has the right to benefit from the advances and developments in science and technology for the acceleration of its economic and social development.

2. All States should promote international scientific and technological co-operation and the transfer of technology, with proper regard for all legitimate interests including, inter alia, the rights and duties of holders, suppliers and recipients of technology. In particular, all States should facilitate: the access of developing countries to the achievements of modern science and technology, the transfer of technology and the creation of indigenous technology for the benefit of the developing countries in forms and in accordance with procedures which are suited to their economies and their needs.

3. Accordingly, developed countries should co-operate with the developing countries in the establishment, strengthening and development of their scientific and technological infrastructures and their scientific research and technological activities so as to help to expand and transform the economies of developing countries.

4. All States should co-operate in exploring with a view to evolving further internationally accepted guidelines or regulations for the transfer of technology taking fully into account the interests of developing countries.

Article 14

Every State has the duty to co-operate in promoting a steady and increasing expansion and liberalization of world trade and an improvement in the welfare and living standards of all peoples, in particular those of developing countries. Accordingly, all States should co-operate, inter alia, towards the progressive dismantling of obstacles to trade and the improvement of the international framework for the conduct of world trade and, to these ends, co-ordinated efforts shall be made to solve in an equitable way the trade problems of all countries taking into account the specific trade problems of the developing countries. In this connexion, States shall take measures aimed at securing additional benefits for the international trade of developing countries so as to achieve a substantial increase in their foreign exchange earnings, the diversification of their exports, the acceleration of the rate of growth of their trade, taking into account their development needs, an improvement in the possibilities for these countries to participate in the expansion of world trade and a balance more favourable to developing countries in the sharing of the advantages resulting from this expansion, through, in the largest possible measure, a substantial improvement in the conditions of access for the products of interest to the developing countries and, wherever appropriate, measures designed to attain stable, equitable and remunerative prices for primary products.

Article 15

All States have the duty to promote the achievement of general and complete disarmament under effective international control and to utilize the resources freed by effective disarmament measures for the economic and social development of countries, allocating a substantial portion of such resources as additional means for the development needs of developing countries.

Article 16

1. It is the right and duty of all States, individually and collectively, to eliminate colonialism, apartheid, racial discrimination, neo-colonialism and all forms of foreign aggression, occupation and domination, and the economic and social consequences thereof, as a prerequisite for development. States which practice such coercive policies are economically responsible to the countries, territories and peoples affected for the restitution and full compensation for the exploitation and depletion of, and damages to, the natural and all other resources of those countries, territories and peoples. It is the duty of all States to extend assistance to them.

2. No State has the right to promote or encourage investments that may constitute an obstacle to the liberation of a territory occupied by force.

Article 17

International co-operation for development is the shared goal and common duty of all States. Every State should co-operate with the efforts of developing countries to accelerate their economic and social development by providing

favourable external conditions and by extending active assistance to them, consistent with their development needs and objectives, with strict respect for the sovereign equality of States and free of any conditions derogating from their sovereignty.

Article 18

Developed countries should extend, improve and enlarge the system of generalized non-reciprocal and non-discriminatory tariff preferences to the developing countries consistent with the relevant agreed conclusions and relevant decisions as adopted on this subject; in the framework of the competent international organizations. Developed countries should also give serious consideration to the adoption of other differential measures, in areas where this is feasible and appropriate and in ways which will provide special and more favourable treatment, in order to meet trade and development needs of the developing countries. In the conduct of international economic relations the developed countries should endeavour to avoid measures having a negative effect on the development of the national economies of the developing countries, as promoted by generalized tariff preferences and other generally agreed differential measures in their favour.

Article 19

With a view to accelerating the economic growth of developing countries and bridging the economic gap between developed and developing countries, developed countries should grant generalized preferential, non-reciprocal and non-discriminatory treatment to developing countries in those fields of international economic co-operation where it may be feasible.

Article 20

Developing countries should, in their efforts to increase their over-all trade, give due attention to the possibility of expanding their trade with socialist countries, by granting to these countries conditions for trade not inferior to those granted normally to the developed market economy countries.

Article 21

Developing countries should endeavour to promote the expansion of their mutual trade and to this end, may, in accordance with the existing and evolving provisions and procedures of international agreements where applicable, grant trade preferences to other developing countries without being obliged to extend such preferences to developed countries, provided these arrangements do not constitute an impediment to general trade liberalization and expansion.

Article 22

1. All States should respond to the generally recognized or mutually agreed development needs and objectives of developing countries by promoting increased net flows of real resources to the developing countries from all sources, taking into account any obligations and commitments undertaken by the States concerned, in order to reinforce the efforts of developing countries to accelerate their economic and social development.

2. In this context, consistent with the aims and objectives mentioned above and taking into account any obligations and commitments undertaken in this regard, it should be their endeavour to increase the net amount of financial flows from official sources to developing countries and to improve the terms and conditions.

3. The flow of development assistance resources should include economic and technical assistance.

Article 23

To enhance the effective mobilization of their own resources, the developing countries should strengthen their economic co-operation and expand their mutual trade so as to accelerate their economic and social development. All countries, especially developed countries, individually as well as through the competent international organizations of which they are members, should provide appropriate and effective support and co-operation.

Article 24

All States have the duty to conduct their mutual economic relations in a manner which takes into account the interests of other countries. In particular, all States should avoid prejudicing the interests of developing countries.

Article 25

In furtherance of world economic development, the international community, especially its developed members, shall pay special attention to the particular needs and problems of the least developed among the developing countries, of land-locked developing countries and also island developing countries, with a view to helping them to overcome their particular difficulties and thus contribute to their economic and social development.

Article 26

All States have the duty to coexist in tolerance and live together in peace, irrespective of differences in political, economic, social and cultural systems, and to facilitate trade between States having different economic and social systems. International trade should be conducted without prejudice to generalized non-discriminatory and non-reciprocal preferences in favour of developing countries, on the basis of mutual advantage, equitable benefits and the exchange of most-favoured-nation treatment.

Article 27

1. Every State has the right to fully enjoy the benefits of world invisible trade and to engage in the expansion of such trade.

2. World invisible trade, based on efficiency and mutual and equitable benefit, furthering the expansion of the world economy, is the common goal of all States. The role of developing countries in world invisible trade should be enhanced and strengthened consistent with the above objectives, particular attention being paid to the special needs of developing countries.

3. All States should co-operate with developing countries in their endeavours to increase their capacity to earn foreign exchange from invisible transactions, in accordance with the potential and needs of each developing country, and consistent with the objectives mentioned above.

Article 28

All States have the duty to co-operate in achieving adjustments in the prices of exports of developing countries in relation to prices of their imports so as to promote just and equitable terms of trade for them, in a manner which is remunerative for producers and equitable for producers and consumers.

CHAPTER III

Common responsibilities towards the international community

Article 29

The sea-bed and ocean floor and the subsoil thereof, beyond the limits of national jurisdiction, as well as the resources of the area, are the common heritage of mankind. On the basis of the principles adopted by the General Assembly in resolution 2749 (XXV) of 17 December 1970, all States shall ensure that the exploration of the area and exploitation of its resources are carried out exclusively for peaceful purposes and that the benefits derived therefrom are shared equitably by all States, taking into account the particular interests and needs of developing countries; an international régime applying to the area and its resources and including appropriate international machinery to give effect to its provisions shall be established by an international treaty of a universal character, generally agreed upon.

Article 30

The protection, preservation and the enhancement of the environment for the present and future generations is the responsibility of all States. All States shall endeavour to establish their own environmental and developmental policies in conformity with such responsibility. The environmental policies of all States should enhance and not adversely affect the present and future development potential of developing countries. All States have the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction. All States should co-operate in evolving international norms and regulations in the fields of the environment.

CHAPTER IV

Final provisions

Article 31

All States have the duty to contribute to the balanced expansion of the world economy, taking duly into account the close interrelationship between the well-being of the developed countries and the growth and development of the developing countries and that the prosperity of the international community as a whole depends upon the prosperity of its constituent parts.

Article 32

No State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights.

Article 33

1. Nothing in the present Charter shall be construed as impairing or derogating from the provisions of the Charter of the United Nations or actions, taken in pursuance thereof.

2. In their interpretation and application, the provisions of the present Charter are interrelated and each provision should be construed in the context of the other provisions.

Article 34

An item on the Charter of Economic Rights and Duties of States shall be inscribed on the agenda of the General Assembly at its thirtieth session, and thereafter on the agenda of every fifth session. In this way a systematic and comprehensive consideration of the implementation of the Charter, covering both progress achieved and any improvements and additions which might become necessary, would be carried out and appropriate measures recommended. Such consideration should take into account the evolution of all the economic, social, legal and other factors related to the principles upon which the present Charter is based and on its purpose.

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CANADIAN STATEMENT⁶²
(Mr. Harhilo, Finland)

of a new international economic order, which is expressed in the Declaration adopted by the Assembly, has the unreserved support of my Government.

Similarly, Finland gives its support to the Programme of Action, which in our view is a prerequisite for making the principles of the Declaration truly meaningful. Some of the measures recommended in the action programme will present Finland, an industrialized but none the less capital-importing country, with obvious problems. However, my delegation sees the action programme as the start of an important process towards making the new economic order operational. In the course of that process within the United Nations system, we shall have an opportunity to elaborate the problems which arise out of our particular position.

In conclusion, I should like to refer to the special programme and the urgent measures contained in chapter 10 of the action programme in favour of the developing countries most seriously affected by economic crisis. My Government welcomes the special programme as a recognition of the interdependence of all nations which must form the corner-stone of the new international economic order. It is in that spirit that the Finnish Government has already committed itself to that programme and has initiated urgent action in order to identify how best it could participate with additional measures in the implementation of the special programme.

Mr. RAE (Canada): The Canadian delegation has joined in the decision which has marked the conclusion of this special session. We have done so in order to signify Canada's firm support for the basic objective of the special session -- namely, an acceleration in the rate of development of developing countries and a more equitable distribution of the world's economic resources.

It is, however, necessary for my delegation to comment on certain of the specific provisions of the document. I turn first to the Declaration.

Our discussion of paragraph 4 (c), on permanent sovereignty and nationalization, revealed general agreement on the fundamental principle that each State enjoys permanent sovereignty over its natural resources and all economic activities within its territory. The problem we were unable to resolve relates to identifying those legal principles which are to apply when a State, in the exercise of its permanent

(Mr. Rae, Canada)

sovereignty, adopts measures of nationalization. My delegation considers that a State's right to undertake nationalization must be exercised in accordance with the generally accepted rules of international law and practice governing such an act.

The Canadian delegation wishes to enter a reservation with respect to paragraph 4 (f), which, as worded, appears to be at variance with international practice.

With respect to paragraph 4 (j), the Canadian delegation supports the objective of just and equitable prices for goods traded by developing countries and understands that to be the intention of this paragraph.

My delegation is able to support paragraph 4 (s), but we would expect co-operation among developing countries to be consistent with their international obligations.

With respect to paragraph 4 (t), my delegation recognizes the right of countries which are exporters of raw materials to seek an equitable return for their resources, just as consumers may associate in order to protect their interests. But in the view of the Canadian delegation the principle which flows from recognition of the economic interdependence of States, which is the basis of this entire Declaration, is the need for mutually beneficial co-operation between producing and consuming States. This paragraph does not, in our view, accurately reflect that principle.

I turn now to the Programme of Action.

The Canadian delegation recognizes the need for urgent action to mitigate the immediate difficulties of developing countries most seriously affected by economic crises. Canada considers such action to be vitally necessary, and it will be recalled that in this special session's general debate the Secretary of State for External Affairs, the Honourable Mitchell Sharp, announced a number of concrete measures Canada itself is taking in that direction. It is our expectation that other advantaged countries and the international community as a whole will take a similarly positive and forthcoming attitude.

(Mr. Rae, Canada)

We do have problems, however, with the Programme of Action contained in the documents we have just adopted. Had there been a separate vote on the Programme of Action, my delegation would have been constrained to abstain. Our reservation stems from the fact that in the time available to this special session, it was not possible to refine in the text economic, trade and monetary issues which will have long-term implications for all members of the international community. Nor was it possible, again because of the lack of time, either to harmonize the text of the Programme of Action with that of the Declaration, or to reconcile the inconsistencies and contradictions within the Programme. I think it would be counter-productive to go into these problems in detail at this late stage.

It is my delegation's sincere hope and expectation that work on these important issues might continue in other appropriate organizations and bodies, both within and outside the United Nations. Indeed, we believe that the discussions begun here, the views we have exchanged, the hard work we have done, will enable Governments to address these questions more vigorously in more specialized bodies. It is our hope also that these discussions will give further impetus to bilateral and multilateral steps to bring immediate relief to those developing countries most seriously affected by recent economic disorders.

I should like to make certain additional comments, briefly, directed specifically to chapter X of the Programme of Action.

The Canadian delegation supports chapter X, the Special Programme, including particularly emergency measures. We do so in the light of our perception of a need for urgent action to assist the developing countries most seriously affected by economic crisis.

Immediately prior to this special session, the Canadian Government decided to provide an additional \$100 million over and above originally projected development assistance programmes to meet the emergency needs of the hardest hit developing countries, particularly in the food and fertilizer areas. These funds are now being disbursed. We have stressed at this session that a renewed effort of international co-operation is called for in which

(Mr. Rae, Canada)

Full use should be made of those established and recognized international institutions which have experience and expertise in supporting development. The UNDP, the World Food Programme, the IBRD and the regional development banks are repositories of the technical skills now available to the international community. As such, they offer a ready means of securing early and effective action.

We support the call for an emergency effort to be launched by the Secretary-General -- who has shown such concern for all these problems in the course of the past weeks -- as outlined in paragraph 2 of the Special Programme. On the scope of this Programme we consider that it would have had more attraction had it concentrated on urgent measures for the emergency period rather than more general problems of development. In this connexion we find the formula in operative paragraph 1 binding the time frame of a special fund to the remainder of the Second Development Decade less than satisfactory. Regarding the special fund which is introduced in operative paragraph 5, some Governments, particularly those which have not traditionally offered financial support to existing United Nations institutions, may find this fund a more attractive channel for emergency and development assistance to developing countries most seriously affected by recent economic events. In our view maximum use should be made of the existing international development institutions. Canada for its part has agreed to a contribution of \$276 million to the fourth replenishment of the IDA.

The text of this chapter does go somewhat beyond the scope of the special measures which in our view were first contemplated. In operative paragraphs 3 and 8, a number of monetary issues are raised. We would not wish it to be thought that our positions on a series of ongoing consultations on monetary issues, under the auspices of the International Monetary Fund, are prejudged by acceptance of this Special Programme as a whole. We look forward to an early decision on the establishment and the operation of the proposed new special credit facility now under consideration in the IMF to alleviate the deteriorating balance-of-payments situation of the developing countries, especially those most seriously affected by recent economic events. Regarding operative paragraph 4, Canada will continue to give sympathetic consideration to the debt problems of developing countries.

(Mr. Rae, Canada)

Our support for charter X as a whole should be seen as a reflection of our determination to make every effort to respond to the urgent and immediate needs of developing countries hardest hit by economic disasters.

Finally, may I conclude by observing that the extensive negotiations which have taken place on these documents throughout the special session have clearly shown the possibility for a higher degree of co-operation between developed and developing, producer and consumer countries, on the issues with which these documents deal than has ever been achieved in the past. It is our sincere hope and expectation that our work together, the progress made towards co-operation achieved at this special session, will be carried further into other bodies, both within and outside the family of the United Nations.

Mr. LONGERSTADY (Belgium) (interpretation from French): The spokesman for the European Economic Community has entered the reservations and expressed the comments of our Group that we felt were necessary for inclusion in the record. It is obvious that the delegation of Belgium and of the Grand Duchy of Luxembourg, on whose behalf I speak also, support the comments made.

With regard to the Declaration in document A/AC.166/L.50, the acceptance of the delegations of Belgium and Luxembourg of paragraph 4 (e), which speaks to the sovereignty of States over their natural resources, must be taken in accordance with the attitude that the States members of the European Economic Community adopted during the third session of the Working Group on the Charter of the Economic Rights and Duties of States. In the meantime, the intentions and principles mentioned in that Declaration deserve to be clarified within the context of the discussions on the Charter I mentioned before, since Belgium and Luxembourg adhere to all the principles and since we voted in favour of them at UNCTAD III in Santiago. It is thus that we read the terms of paragraph 6 which states that the present Declaration "will provide an additional source of inspiration" in the preparation of such a Charter of the Economic Rights and Duties of States.

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CANADIAN STATEMENT

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English

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The CHAIRMAN said that, if he heard no objection, he would take it that the Committee agreed to the procedure he had suggested.

It was so decided.

Mr. BERLIS (Canada) paid a tribute to the initiative of the President of Mexico in proposing the Charter of Economic Rights and Duties of States, and to the efforts of the Mexican representatives. The fact that the Working Group had been able to achieve agreement on so many of the issues facing it was a great accomplishment, and the fact that it had not reached complete agreement was an indication of the sensitivity of certain issues.

The Canadian Government firmly supported the basic objective of the Charter, namely the formulation of principles to enable the international community to establish and maintain an equitable distribution of the world's wealth.

Canada approached article 2 of the Charter from the viewpoint of a country which had investments abroad but itself received a far larger amount of investment from overseas. However, the text of the article raised several difficulties.

The United Nations had for a number of years asserted the permanent sovereignty of States over their natural resources, but paragraph 1 of article 2 asserted the permanent sovereignty of every State not only over its natural resources but over its wealth and economic activities, without restriction of the territorial application of those concepts. The paragraph was thus open to the interpretation that if a State chose to transfer a portion of its wealth abroad, for example by investing in other countries, it retained full permanent sovereignty over that wealth. He doubted whether many countries, including his own, would accept investment on such terms. Moreover, the unqualified references he had cited contradicted later provisions of article 2 which asserted the primary jurisdiction of the host State in matters of foreign investment.

Paragraph 2 (a) of article 2 asserted in its original version that no State should demand privileged treatment for its nationals who invested in a foreign country; the problem was what constituted privileged treatment. His Government did not think that Canadian investors should occupy a privileged position in the economies of the countries in which they invested, but it did maintain that when a host State applied measures against foreign investment it should not discriminate against Canadian foreign investment, and the measures which it applied should be in

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(Mr. Berlin, Canada)

accordance with its international obligations. If either of those conditions were not met his Government would feel entitled to raise the matter with the Government of the host State and to rely on any relevant principles of international law. He could not consider that as constituting a demand for preferential treatment, but was not at all confident that the sponsors of the text of the Charter shared that view. His problem had not been solved by the amendment to the text of the article (A/C.2/L.1386/Corr.6).

His delegation fully supported paragraph 2 (b) of article 2 concerning the regulation of transnational corporations.

With regard to paragraph 2 (c), his delegation did not deny the right of a State to nationalize foreign property, subject to the payment of compensation. The question of what amount of compensation was equitable would depend on the circumstances of each case but he could not accept a text seeking to establish the principle that a State could nationalize foreign property without compensation.

One of the most important obstacles to his delegation's support of the Charter as a whole was the absence of any references in article 2 to the applicability of international law to the treatment of foreign investment. If the compulsory jurisdiction of the International Court of Justice in the case of disputes between States had not been accepted, or some other agreement made between the parties regarding the settlement of disputes, jurisdiction would rest with the appropriate tribunal of the host State, and its measures must be in conformity with its international legal obligations. There was disagreement as to whether such obligations arose only from treaties, or from principles of customary international law as well. The amendment to article 2 which his delegation had co-sponsored had used the words "international obligations" rather than "international law" so as to permit both groups of States to maintain their positions on the issue.

There was disagreement regarding what principles of customary international law were relevant to the treatment of foreign investment. Where old law was unjust or ineffective it must be changed to reflect the present economic interdependence of States and the need for the development of developing countries. His delegation had hoped that the Charter of Economic Rights and Duties would command the consensus necessary for it to contribute to the codification and progressive development of law in that area; unhappily, that was not the case.

(Mr. Berlis, Canada)

Although chapter I of the Charter referred to the fulfilment of international obligations, the application of that principle to article 2 in general was seriously impaired by the unqualified reference in paragraph 2 (c) to the domestic law of the nationalizing State. The new paragraph 3 proposed for article 2 (A/C.2/L.1404) had merely sought to establish that the rule of law would apply among States in respect of foreign investment. That was important because, if an equitable distribution of the world's wealth was to be achieved, an investment flow of private capital from developed to developing countries would be required, and such movement would take place only in conditions which provided at least a degree of security. His delegation therefore felt that article 2 as adopted would constitute an obstacle to developing countries seeking to attract the funds required for their development, and was quite unable to support the article.

With regard to article 5, he understood the desire of nations to achieve stable and remunerative export earnings; however, Canada as a major exporter and importer of many commodities felt that, where international action was required to solve commodity problems, it should be directly devised and implemented by exporters and importers.

Article 6 approximately reflected the Canadian position that exporting nations had a responsibility to promote the flow of commercial goods, and importing nations to facilitate access of goods, including processed and fabricated products.

He had voted for article 15 since Canada had long been a staunch supporter of disarmament measures, though at the present stage of the discussion of a possible link between disarmament and development financing, his Government continued to question the validity of the concept that development funds might be automatically generated by disarmament.

His delegation was in sympathy with the aim of article 16 but had abstained in the vote on it in view of its reservations regarding the obligations which it would impose on all States to extend assistance to the countries, territories and peoples mentioned. Moreover, paragraph 2 of the article was capable of far too broad an interpretation, particularly when the important question of the sovereignty of States which were host countries to foreign investments was considered.

His delegation had abstained on article 19; while it agreed that generalized preferential treatment to developing countries might be technically feasible, the extension of preferences in some fields might not be appropriate.

(Mr. Berlin, Canada)

His delegation would have been able to accept the text of article 26 but for the manner in which most-favoured-nation treatment was referred to; a basis for international trade relations should be worked out between the States themselves.

With regard to article 28, his delegation considered that techniques to protect the terms of trade of developing countries deserved detailed examination, but doubted the feasibility of linking the prices of their exports to the prices of their imports. It was premature to include such a concept in the Charter.

In general his delegation was disappointed that it had not been possible to reach agreement on a Charter enjoying the general support of the international community. In view of the manner in which the Charter had been adopted, it could not be considered as a basis for the evolution of international law in the controversial areas where it had not achieved general acceptance.

Mr. SKOGLUND (Sweden) said that his delegation had voted for the Charter of Economic Rights and Duties of States, which he regarded as an expression of support for the principles of intergovernmental economic relations within the framework of a new international economic order. Nevertheless, it should have been possible with a further effort and in a spirit of compromise on all sides to reach a consensus; he hoped that efforts in that direction would continue. With a few exceptions, he had supported all the articles in the Charter; in a few cases he had abstained and only on one paragraph - article 2, paragraph 2 (c), on the settlement of disputes in case of nationalization - had he cast a negative vote.

His Government fully supported paragraphs 1, 2 (a) and 2 (b) of article 2. But as regards paragraph 2 (c) his Government, while recognizing the sovereign right of States to nationalize foreign property, still held the view, which was in conformity with General Assembly resolution 1803 (XVII), that international disputes following nationalization should be settled by an international court.

His Government accepted the principle that primary commodity producers could associate in organizations and that by so doing they might assist the growth of world economy; but that did not necessarily imply that his Government supported all the measures which might be taken by associations of the kind referred to in article 5, and it reserved the right to protect its legitimate interests in that context.

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STATEMENT DISCOURS

NOTES FOR A STATEMENT BY THE
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
THE HONOURABLE MITCHELL SHARP,
TO BE DELIVERED AT THE SIXTH SPECIAL
SESSION OF THE UNITED NATIONS GENERAL
ASSEMBLY, NEW YORK CITY, APRIL 11, 1974

The international trade and payments system is under increasing strains, strains which have their roots in the growing pressure of demand on the non-renewable as well as renewable raw materials of the earth. We have become starkly aware of a developing crisis in the most essential commodity of all -- food.

This global economic situation touches each and everyone of us in some way. None of us as nation-states or as individuals, is or can be, insulated. It is therefore appropriate that we should come together here at the centre of the United Nations system, to discuss our common problems and to consider how they can be dealt with most effectively by co-operative action.

Three aspects of the global situation, all of them related to raw materials and development, are of particular concern:

- the problem of food for those in greatest need;
- the effects of high energy costs;
- the impact of inflation on the international trade and payments system.

As a substantial exporter of certain raw materials, and a significant importer of others, Canada approaches these questions very much aware that importer and exporter interests are closely interrelated. It is seriously misleading simply to equate exporter and developing country interests, or those of importer and developed countries. Indeed the common interest of exporters and importers, of developed and developing countries alike, in an effective international trade and payments system may be the most salient point to emerge from our discussions at this session.

Canada's approach is coloured by our own experience. Canada began its history as an exporter of primary commodities. That is what attracted the first explorers. The exploitation of our natural resources helped to promote both growth and development within our economy. Over the years our economy changed to a more sophisticated structure, involving a balance between resource exploitation and industrial production.

Many factors have contributed to growth and development in Canada, including:

- substantial foreign investment;
- access to technology, mainly through commercial channels;
- access to markets for our products; and
- a general sharing of the rewards of resource production among Canadians.

The importance of these factors in our development has made Canada an outward looking country with high per capita exports, and a heavy dependence on foreign trade. It has also persuaded us that a reasonably free international flow of the factors of production, whether capital, materials or technology, is of central importance to the process of industrialization and the raising of living standards.

Nor has our experience led us to believe that there are simple answers to the problems of development, or simple formulae that will ensure equity in the relations between developed and developing countries. We are re-inforced in this scepticism about simple answers by our own efforts to reduce economic disparities between far-flung regions, and to reconcile the conflicting interests of industrialized and raw materials producing areas within Canada. We find the problem infinitely complicated, requiring a wide variety of approaches to achieve results.

I can give assurance, however, that Canada has a strong interest in stable markets and a reasonable price structure for renewable and non-renewable raw materials, including foodstuffs.

- We support international commodity arrangements in which both exporters and importers are represented.
- We favour the establishment of machinery to ensure that the decisions of multinational business corporations are consistent with the national interests of the countries within which they operate.
- We defend the right of capital importing countries to define the terms for the acceptance of foreign investment. We do so in Canada.
- We believe that raw material producing countries have a legitimate interest in upgrading their resources.

In short, Canada recognizes the right of resource-owning states to dispose of their natural resources in the interest of their own economic development and of the well-being of their people.

What has to be borne in mind is that the legitimate aspirations of resource owning states can only be achieved within a healthy and dynamic world economy. The world may have to curb the rate of growth of its consumption of certain raw materials. But this should be done in a coordinated manner and not by acts which cause economic dislocation, unnecessary unemployment and declining incomes.

That is why reasonable security of supply for consumers is the counterpart of the rights of producers.

Abrupt and arbitrary actions affecting supply may seriously disrupt international economic cooperation. All of us, whether raw-materials producers or industrialized countries, whether developed or developing -- or a bit of both -- have a responsibility to exercise our sovereign rights in a manner that does not run counter to the interest of other countries and peoples in the maintenance of a favourable economic environment.

This is all the more important if the world is to exercise prudence in the consumption of finite resources. It is extremely difficult, if not impossible, to plan rationally for conservation of world resources within an unstable economic environment, in which countries must constantly adjust to fluctuations in world prices and supplies.

I turn then to the three urgent problems I identified at the outset -- food, energy and inflation.

FOOD

In the final analysis, foodstuffs are the most essential of raw materials. We are acutely aware of this because the world faces a grave situation, already marked by famine and distress. The World Food Conference in Rome later this year was called in recognition of the need to find constructive international solutions to this most pressing problem. We attach particular importance to the work of that Conference, yet the urgency of the matter justifies some further comments.

Canada has for years been a major exporter of food and a large contributor of food aid internationally. We shall maintain our food aid contributions bilaterally and through the international mechanisms we strongly support. The expenditure of an additional \$100 million was approved by the Canadian Government last week to meet the emergency needs of developing countries, particularly for food and fertilizer. The world food problem,

however, cannot be met by the exporting countries alone. It requires concerted action by all those countries able to contribute, and firm support for existing mechanisms. Canada welcomes the recent contribution by Saudi Arabia to the World Food Programme. Such contributions are essential if we are to meet the crisis in food supplies in a number of countries.

Let us hope that Nature will bless the world with good crops this coming year. But we must never again, if we can avoid it, permit the margin between famine and sufficiency to become so narrow. I shall not at this time expand upon the steps that must be taken. That is more suitable to the World Food Conference. Let me leave this thought: that only if the heavily populated developing countries achieve a higher degree of self-sufficiency in food can the future be faced with reasonable equanimity.

ENERGY

The sharp rise in the price of oil, and changes in supply and demand, have had extraordinary effects around the world. As in the case of other raw materials, Canada has approached this situation as both a producer and consumer, as both an importer and exporter. Because we import as much petroleum into Eastern Canada as we export from Western Canada, we have gained no significant advantage in our balance of payments from these developments. We have not, of course, been insulated from international price increases. At the same time, in contrast to many less fortunate countries, we have not suffered serious set-back.

In general terms, Canada favours an orderly framework for world trade in oil which would provide for stable prices at a reasonable level. Such a framework would reflect the cost of bringing in new conventional and non-conventional sources of energy in order to meet rising demand. Prices should yield a fair return to the producer, without over-burdening the consumer.

The energy question of course goes beyond that of oil. It involves other energy sources and the technologies needed to exploit them.

I realize that this session was not called primarily to deal with energy resources. They are, however, of such importance to the topics on our agenda that I wish to emphasize the need for a constructive dialogue to be engaged on energy and energy-related problems wherever appropriate. Such a dialogue is needed particularly between the principal consumers and principal exporters, whose decisions are crucial for the world as a whole and especially for the energy-poor developing countries. Canada, for its part, is willing to develop mechanisms for consultation between importers and exporters of uranium.

INFLATION

If the energy situation has had little direct effect on our balance of payments, Canada like other countries cannot hope to escape the inflationary effects of rising prices at a time when inflation is already a serious international problem. The terms of trade have in recent months shifted significantly in favour of commodity producers, as the prices of minerals and agricultural products have risen to unprecedented levels. But we are all consumers -- of raw materials and manufactured products -- and it is as consumers that the impact of world inflation is brought home to us most forcibly. I can see no easy solutions to this problem.

Governments can help by pursuing responsible policies. It is inescapable, however, that current energy costs compel a restructuring of international markets which will inevitably take some time to work out. Every country will face challenges in adjusting its economy to the changed situation.

Urgent international action to meet this situation must include: the liberation of trade arrangements; the growth of development assistance; and the systematic and progressive reordering of the monetary system in the IMF, so as to subject the creation of international liquidity to agreed disciplines.

CANADIAN RESPONSE

In the face of these compelling priorities, Canada has reviewed its own commitments. Subject to Parliamentary approval, the Canadian Government intends to take several steps to help alleviate the situation of the developing countries most seriously affected.

- We shall proceed with our own contribution of \$276 million to the Fourth Replenishment of the International Development Association.
- We shall permit the advance commitment of our first two payments to IDA, if that seems desirable.
- As I mentioned earlier, the Canadian Government last week approved an additional \$100 million, over and above its originally projected programme, to meet emergency needs in developing countries -- particularly for food and fertilizer. For the coming year, Canada's development assistance expenditures are expected to reach \$733 million as against \$571 million last year.
- We are also reassessing our entire programme with a view to ensuring that our development assistance is directed to those in greatest need and in sectors where an urgent response is required. The immediate measures will include balance of payments support through quick disbursing grants and soft loans for essential commodities. Longer term measures will include assistance for the development of energy sources. Such adjustments in development assistance programmes are difficult but necessary.

In this context, the Canadian Government believes that all countries with appropriate resources have a responsibility to examine their own situation closely and take steps to alleviate the plight of those countries which are hard hit by the present energy situation. There are promising signs that countries which have benefited most from oil price increases will, in fact, be taking concrete steps to provide assistance on concessional terms.

A renewed effort of international cooperation is called for in which full use should be made of those established and recognized international institutions which have experience and expertise in supporting development. The United Nations Development Programme (UNDP), the International Bank for Reconstruction and Development (IBRD), the World Food Programme, and the Regional Development Banks are repositories of technical skills available to the international community. As such, they offer a ready means of securing early and effective action.

Some of these institutions have already begun to adapt their operations to the new situation. There is every reason for them to carry forward this process of adaptation and to work out revised policies and criteria, new techniques and types of programmes, geared to present circumstances.

Finally, the Canadian Government has decided to bring into effect, on July 1st, 1974, its system of generalized tariff preferences in favour of developing countries. My Colleague, the Minister of Finance will be announcing the details of the scheme in Ottawa.

Mr. President, these are some steps Canada is taking to help with the problems of concern to this Special Session. But none of them is as important, to my mind, as our intention to cooperate fully with other countries:

- in needed adjustments to the international trade and payments system;
- in matters of commodity trade;
- in the reduction of trade barriers;
- in support for the established development assistance institutions.

There are mechanisms of international cooperation already established and in good working order. Let us use them.

Without close consultation in the appropriate bodies, there is little hope of maintaining an effective network of international economic relations. Conditions of disarray and sustained confrontation may yield short-term benefits for a few, but in the long run the consequences would be wasteful and dangerous for all countries.

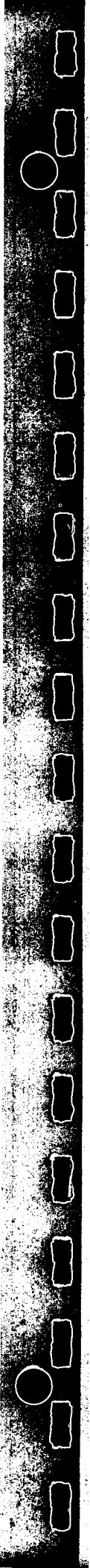
Modes of international cooperation need constant adjustment in order to reflect existing trends and realities. These adjustments may be small or great. We may expect a re-ordering and readjustment of international economic relations to emerge from a range of multilateral consultations, including:

- the current monetary negotiations and the multilateral trade negotiations;
- continuing discussions and consultations on commodities;
- the evolution of international codes of conduct in various areas;
- the creation of particular mechanisms to meet urgent needs, such as the proposed special facility in the IMF, which we have encouraged the Managing Director to explore; and
- the evolution of new techniques of resource management, including conservation policies.

We are in the midst of a period of transition, in many respects of unprecedented scope.

This Special Session of the General Assembly is one important step forward in this process. I welcome this opportunity to improve our mutual understanding of the problems before us. The Canadian Delegation, in addressing itself to the problems of raw materials and of development, will be taking a positive but realistic approach. It will seek, in promoting its own positions and proposals, to take full account of the interests of others. It will be guided by the conviction that our common interest is in a healthy and viable world economy.

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STATEMENT DISCOURS



ADDRESS BY
THE SECRETARY OF STATE
FOR EXTERNAL AFFAIRS
THE HONOURABLE ALLAN J. MACÉACHEN
TO THE COMMONWEALTH MINISTERIAL MEETING
ON FOOD PRODUCTION AND RURAL DEVELOPMENT
LONDON, ENGLAND
MARCH 4, 1975

I would like first to thank our hosts -- and particularly you, Mrs. Hart -- for providing us with the welcome opportunity represented by this Commonwealth Meeting on Food Production and Rural Development. It is fitting that Commonwealth members committed as they are to the social and economic betterment of their peoples should confront the interlinked problem of food production and rural development -- and determine how the Commonwealth can assist.

It is essential that any proposals for practical collaboration should benefit member countries directly and reinforce the spirit of Commonwealth collaboration which Heads of Government defined at the meeting in Ottawa in 1973.

With the increasing attention being paid to food production and rural development throughout the world -- especially in the wake of the World Food Conference -- this meeting must ensure that any activity undertaken through our Commonwealth supplements and reinforces -- and does not duplicate -- activities being undertaken elsewhere. Within the framework of existing bilateral programmes between Commonwealth countries the meeting may well recommend new and potentially fruitful areas of cooperation which could influence policy decisions.

One step which could help in this cooperation is the possibility of creating a Food and Rural Development Division within the Secretariat. Ministers will doubtless wish to examine this suggestion. Should productive areas of operation for such a division emerge from discussion, Ministers could recommend to governments a particular role for the division. In my view it could provide an information clearing house for member governments and an advisory service to the Commonwealth Fund for Technical Cooperation. As well, there should be involvement, as appropriate, of the existing Commonwealth Agricultural Bureaux in whatever recommendations are made -- a practice which would ensure maximum involvement by pertinent Commonwealth organizations.

Let me turn now, briefly, to the World Food Conference and review the follow-up action that is being taken internationally and by Canada.

It was understandable that many delegates to that conference from developing countries were preoccupied with the urgent short-term problems arising from a rapidly deteriorating world food situation. This made it difficult to place proper emphasis on the resolution of longer-term food problems and of increased agricultural production -- especially in developing countries -- which represented a major objective of that conference.

Nevertheless the conference did achieve agreement on a number of important institutional issues.

1. The establishment of a World Food Council.
2. The establishment of the FAO Committee on world food security.
3. The setting up of a committee on food aid policies and programmes.
4. The creation of a global information and early warning system.
5. The establishment of a consultative group on food production and investment of the IBRD, FAO, and UNDP, and
6. The creation of the framework for an international fund for agricultural development.

Discussions are presently taking place or are scheduled in the very near future to advance each of these matters. In keeping with Canada's role at the conference, we intend to take part in these discussions in the spirit that was developed at the Rome conference. In the three months or more since the conference, we, in Canada, have been occupied translating our pledges into realities.

We did pledge one million metric tons of food grain annually for each of the next three years to help overcome the short-term food shortages. Plans are nearly completed for the allocation of this grain to bilateral recipients and multilateral organizations. In keeping with our pledge to channel at least twenty percent of our food aid through multilateral agencies a significant portion of the one million tons will be made available to the World Food Programme.

We also pledged to make available immediately \$50 million dollars of aid funds to assist some of the most seriously distressed countries. This total sum has been fully committed to the provision of fertilizers and food aid shipments are now being made. We are deeply aware that measures of this kind are but the first steps on a long road. This conference is a further step down that road to improving the economic well-being of the developing world. I think this conference must concentrate on the basic long-term priorities, the increase in food production, the improvement of nutrition, and the advance of rural development. This conference is concerned with efforts to improve the lives of the rural poor who represent some 40 percent of the total population of developing countries -- about 750 million persons. Canadian efforts will concentrate on increasing the productivity of rural people by enhancing the means of production at their disposal.

To help meet demands of this magnitude we have been engaged in Canada in developing a new broad strategy for Canadian development assistance which is now in its final stages. It is intended to provide among other things new guidelines which should result in a greater capacity to respond to the changing priorities of developing countries.

In addition, other policies of government which affect Canada's relations with developing countries are also being re-examined with a view to ensuring a consistent approach to the development of a stable and equitable world economic environment.

Within the broad dimensions of this strategy, we have been re-assessing our development assistance programmes in order to enlarge them and make them more effective in the renewable resources sector. Through our bilateral and multi-lateral aid programmes we have been involved in a wide range of activities in this sector -- for example, the provision of fertilizer, research in dryland farming, water resource evaluation, the development of wheat farming and beef and dairy projects, and the development of storage and bulk handling facilities. We can extend also our activities in fisheries and forestry.

In agriculture, Canada is strong in the production of cereals such as wheat, oats, rye, barley and maize and in oil seed crops such as rapeseed, sunflower seeds and soybeans as well as starch crops like potatoes. We have a strong technology in dryland agriculture. Most of our cereal crops are grown in areas with under 20 inches of annual rainfall. In other agricultural technologies, we are good in the soil sciences, animal breeding, animal nutrition, and crop storage and processing. We are using these strengths as a back-up for our international development work. There are many projects and programmes drawing upon our expertise in these areas. Here are just a few examples.

In India, there are Canadian scientists working with their Indian colleagues adapting Canadian dryland technology to a variety of Indian soil and climatic conditions. They are also working on scaling down large-sized Canadian minimum tillage implements to small mechanical or ox-power systems. In Tanzania, Canadian scientists and practical farmers are opening new lands to wheat farming. In Lesotho, we are helping to sort out areas suitable for a variety of oil crops, and if successful, we will help with the technology for growing, harvesting and processing.

But we have our limits. We manufacture relatively few agricultural implements and practically no tractors. One of our biggest constraints is the fact that we do not have many professional agricultural personnel available for development work, even though we are placing more emphasis on training and recruiting for work abroad. Specialized manpower is a great lack, though perhaps we may yet find a way to tap the extensive knowledge that exists among our farmers. Finally although we are the largest per capita donors of food aid in the world there are clear limits to the amount of agricultural land in Canada located in a climate suitable for crop or animal production.

In fisheries, Canada has a highly developed capability in biological research, exploratory fishing, resource management and quality control. Fisheries development planning and resource management are two particular areas in which Canada has been involved in projects in several Commonwealth countries in Asia, the Caribbean, and Africa.

We know there are limitations not only to our food production capability but to the extent to which Canadian experience is immediately relevant to the problems of rural development in developing countries. From Canadian experience, we have learned that rural development is damnably difficult. As I have indicated, we are re-examing our international assistance operations in an effort to make them meet more effectively the needs of our partners in development. What we hope to hear at this conference from our developing country partners is some plain talk about their priorities. We want to match our response more closely to their needs. Thank you.

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Statements and Speeches

No. 75/6

THE CONTRACTUAL LINK -- A CANADIAN CONTRIBUTION TO THE VOCABULARY OF CO-OPERATION

Remarks by Prime Minister Pierre Elliott Trudeau at the Mansion House, London, England, on March 13, 1975.

My Lord Mayor, Your Excellencies, My Lords, Ladies and Gentlemen,

This is an eventful day for me, and one of great honour. An hour or so ago I was granted the freedom of the City of London. Now I am given the opportunity to speak to a distinguished audience in this historic chamber, a room that twice heard the voice of one of the great figures in Canadian history, Sir Wilfrid Laurier, shortly before and shortly after the turn of this century.

These are moving events, these appearances at the Guildhall and Mansion House, and of great significance. Not significant because they are happening to me. Nor even, in my view, because of their form or their antiquity. They are significant because they take place here, in Britain. In no other country in the world has the conception of "freedom" been so debated, its meaning so extended, its practice so protected.

To be a free man anywhere is a condition of great moment, but to be a free man in England -- to breathe Lord Mansfield's pure air -- is more; it is an exhilarating experience.

Through the centuries, man's quest for freedom has varied in its focus as tyranny has assumed new forms and threatened from new quarters. On one occasion the tyrant has been the Crown; on another, the Church. At one moment, the threat proceeded from a domestic source; at the next, it came from without the realm.

Throughout this tireless and changing pursuit of freedom, the attainments of the British people have become the standards against which men and women, world-wide, have measured their own accomplishments. The milestones of Magna Carta and Habeas Corpus, the Petition of Right and the Bill of Rights, have become models for societies everywhere; they turned the tide of battle in favour of the classical freedoms -- of speech, of conscience, of association, of assembly. Yet the result has not been permanent social tranquillity, in England or elsewhere. Nor should we be surprised. I doubt that any of those great observers of the English scene -- Bracton or Locke or Burke or Bagehot -- ever believed that

political freedom would not, and should not, be employed to seek the betterment of other aspects of the human condition. And such has been the case. Having established firmly the principle of the positive freedoms -- the freedoms "of" --, we now find ourselves involved in a struggle to establish with equal sanctity the negative freedoms -- the freedoms "from": from want, from hunger, from disease, from nuclear holocaust, from environmental degradation.

And we find that this struggle is more complex, more awkward, and more wide-ranging than we had thought possible. There is no single tyrant here -- no evil King, no zealot of the Church against whom we can focus our energies and direct our strategies. Equally, there is no immediate and identifiable challenge to our well-being that can be laid low with a single outburst of passion and courage -- no St. Crispin's Day, no Trafalgar, no Star Chamber advocacy. What involves us today is a struggle of far greater proportions, yet with far fewer handles for men and women to grasp. It is not the absence from the scene today of a Pitt or a Churchill that causes men and women to wonder in what direction humanity is pointed; it is the nature of the adversary. More than eloquence and more than leadership is required to come to grips with monetary imbalances, nutritional deficiencies and environmental pollution. Not a Shakespeare nor a Wordsworth nor a Kipling could translate into stirring words the requirements for commodity-price stabilization or nuclear non-proliferation. Yet these struggles are the essence of life on this planet today. They are not struggles that can be confined to a law court or a battlefield or a House of Commons; they require institutions and regimes of immense dimensions and novel attributes; they call -- in the final analysis -- for world-wide co-operation, for they demand that we struggle not against other human beings but with other human beings. They demand a common cause of humanity.

In this cause, we all -- Britons and Canadians -- have a vital role to play. We must not assume, however, that that role is dictated by altruism, any more than we should think of it as selfish. It is in our interest, as it is our obligation, to contribute our skills and our experience and our disciplines to the solutions of the immense problems that face mankind today and that threaten freedom in new and unprecedented ways. These problems will require of us decisions no less courageous and no less momentous than those faced by the barons of the early thirteenth century as they drafted Magna Carta. Yet those decisions, if wisely taken, will have an impact on the world no less startling and no less lasting than that of Magna Carta. For now, as in 1215, the world is ready for those decisions.

Professor J.C. Holt has written of Magna Carta: "The barons did not talk of free men out of loftiness of purpose, or make concessions to knights and burgesses out of generosity. They did so because the political situation required it and because the structure of English society and government allowed them to do no other."

It is my submission that now, 760 years after the event at Runnymede, the changes that must be incorporated into the international system can be justified in similar language: "The political situation requires it; the structure of world society and institutions allows us to do no other".

We have, at this moment in time, an opportunity to recognize and arrest the inertia that threatens to plunge all too many societies into a vast labyrinth of confusion and despair. The first step in that process is acceptance of two facts: the interrelationship of all countries, and the interconnection of all phenomena. The acceptance, in brief, of what each of the world's cultures has been proclaiming for centuries -- that we are all brothers.

Only recently has evidence emerged establishing beyond doubt that this brotherhood exists in the realm of actuality as well as in the realm of theology. The evidence is a product of human accomplishment. Man's past successes in removing so many of the great barriers of distance and time and mystery have created a world far different from that known in previous centuries, or in previous decades. It is different because those old barriers hindered more than migration. They defined the natural limitations of conquering armies, of famine and plague, of catastrophes, both natural and man-made.

Today those barriers are gone. There are no bulwarks behind which we can retreat in order to stave off or avoid calamity from abroad. And if there are any who believe otherwise, they are fools. Nations that are told that they can exist and flourish independent of the world are being misinformed. Leaders and opinion-makers who claim the existence of simple solutions to sweeping issues have forfeited their claim to office, be it in Whitehall or Fleet Street or Russell Square. Citizens who accept uncritically such siren songs are not discharging their responsibility as free men and women in democratic societies.

We are one on this earth. Each has the power to injure all others. Each of us must assume the responsibility that that implies. And each must understand that the nature of that injury is not ephemeral and it is not transient. It can be real and it can be

permanent. Co-operation is no longer simply advantageous -- in order to survive, it is an absolute necessity.

Yet ironically, and fortunately, it is this very situation that is so promising, as was a different situation so promising to clear-eyed men in 1215. Fearful though I am of the havoc that will be the inevitable result of continued selfishness and indifference, I am far from despondent, for I believe in the human quality of man's instincts and in the essentially rational behaviour of which he is capable.

Those instincts have lifted him from a solitary hunting animal to an intensely social being, aware of the advantages that flow from co-operation and from the sharing of tasks, aware of the benefits that follow when new structures are set in place to facilitate that co-operation. The history of mankind has been shaped in large measure by men and women who have acted as architects of social organization. Their works remain on view in the simplest villages and in the largest metropolises. Remaining as well for historians to assess are those accomplishments of international organization -- and the equally grand failures -- that have marked the past three decades. In many instances, these institutions are still too new, still not sufficiently formed, to permit final judgment. Even while pursuing the understandable, and altogether proper, desire for evolution and modification, the instinct that lay behind the original plan demands praise. One such example, and one such architect, is the Europe of Jean Monnet. Monnet's instinct, seasoned with his gift of foresight, fired the imagination of a generation of men and women. He gave fresh impetus to the age-old desire to fashion new techniques of co-operation, to erect new structures within which the ever-more-complicated tasks of society could be managed and discharged. The construction is far from complete, as we have seen this week, but the edifice is already so commanding in its presence that societies far distant -- of which Canada is one -- cannot disregard it. And so I have come to view it at first hand. On this occasion, as last October, Lord Mayor, I am in Europe to meet with heads of government of member states of the European Economic Community. I have conveyed to each of them, as I did to the European Commission in Brussels, the desire of Canada to enter into a contractual relationship with the Community -- one that would ensure that both the Community and Canada would keep the other informed, would engage regularly and effectively in consultations, would not consciously act to injure the other, would seek to co-operate in trading and any other activities in which the Community might engage.

We have described our goal as the attainment of a contractual link. Because we do not know -- indeed Europe does not know -- how far or how fast its experiment in integration will take it, or what form it will assume on arrival, no overall agreement can be laid in place at this time. But what can be done is to create a mechanism that will provide the means (i.e., the "link") and the obligation (i.e., "contractual") to consult and confer, and to do so with materials sufficiently pliable and elastic to permit the mechanism to adapt in future years to accommodate whatever jurisdiction the European Community from time to time assumes.

In each of the capitals I have visited I have been heartened by the willingness of governments to examine such a conception. Nowhere have I found it necessary to emphasize that Canada is not seeking preferential treatment or special advantages -- for this would be contrary to the GATT -- but only a guarantee of fair treatment at the hands of an economic unit rapidly becoming the most powerful in the world. In the interim since my visit to Europe last autumn, a series of exploratory talks has commenced with the object of constructing a framework within which formal negotiations will take place.

The extension in this fashion of co-operation among industrialized nations and the creation of co-operative institutions are important functions and necessary ones. Yet, however well-designed and sturdily-built, these structures will crumble away and be regarded by historians of the future with the same air of detachment now visited upon archaeological ruins if they are not extended still further and made global in their reach and in the distribution of their benefits. Happily, this very extension is now under way. There has been a step toward redemption of promises extended on several occasions that the European Community would not submit to the temptation and false luxury of looking only inward. In recent days, a historic agreement has been concluded between the community and a number of developing countries. This agreement is an admirable contribution to the resolution of the broad differences that currently exist in the attitudes of many of the developing and industrialized countries toward the international economic structure. The demands of the developing countries have been carefully formulated and powerfully articulated. They reflect a sense of frustration and anger. Those countries seek no piecemeal adjustments but a comprehensive restructuring of all the components -- fiscal, monetary, trade, transport and investment. The response of the industrialized countries can be no less well-prepared and no less comprehensive in scope. But we should be very wrong, and doing ourselves and our children a great

disservice, if we regarded this process as an adversary one. We should be foolish as well, for solutions are not beyond our reach.

The human community is a complex organism linked again and again within itself, and as well with the biosphere upon which it is totally dependent for life. This interdependency demands of us two functions: first, the maintenance of an equilibrium among all our activities, whatever their nature; second, an equitable distribution, world-wide, of resources and opportunities.

The proper discharge of those functions calls for more than tinkering with the present system. The processes required must be global in scope and universal in application. In their magnitude, if not in their conception, they must be new. Of their need none can doubt.

We know in our hearts what has to be done, even if we have not yet found in our minds the way it can be done.

Let us begin the search, and let us do so with boldness and with excitement, not with hesitancy and uncertainty. The past quarter-century of increased political independence, increased industrial development, increased commercial trade, and increased affluence was not the product of timid men. Nor will be the accomplishments of the forthcoming period of total interdependence.

The key, as in all accomplishments of worth, lies within the scope of individual men and women. It is found in their attitudes toward others. The role of leadership today is to encourage the embrace of a global ethic. An ethic that abhors the present imbalance in the basic human condition -- an imbalance in access to health care, to a nutritious diet, to shelter, to education. An ethic that extends to all men, to all space, and through all time. An ethic that is based on confidence in one's fellow man. Confidence that, with imagination and discipline, the operation of the present world economic structure can be revised to reflect more accurately the needs of today and tomorrow. Confidence that those factors that have the effect of discriminating against the developing countries can be removed from the world's trading and monetary systems. Confidence that we can create a trading order that is truly universal and not confined to or favouring groups defined along geographic or linguistic or ideological or religious or any other lines. Confidence that access to liquidity for trade and for development will not be restricted by factors other than those accepted by all as necessary in order to contribute to the health of the entire world system.

In the calculation of this new balance, we must aim for nothing less than an acceptable distribution of the world's wealth. In doing so, the inequities resulting from the accidental location of valuable geological formations should no more be overlooked than should the present unequal acquisition of technological and managerial skills. Nor should we be reluctant in encouraging those willing to help themselves. We must encourage and offer incentives to peoples who -- given the opportunity -- are willing to exercise self-discipline, to demonstrate tolerance, to work industriously.

The attainment of a goal of wealth-distribution does not require the replacement of the present international monetary system, nor does it require a wholesale abandonment of the trading mechanisms employed with such success in the past, which have brought unprecedented levels of prosperity to increasing numbers of persons in all countries in the world. It does require, however, imagination and ingenuity and hard work -- of the kind that brought forward the recent Lomé trade, aid and co-operation agreement between the European Community and 46 developing countries in Africa, the Caribbean and the Pacific, providing, among other things, for the stabilization of the foreign-exchange earnings of these 46 countries from 12 key commodities; of the kind that entered into the recent recommendations of the International Monetary Fund and the World Bank concerning floating exchange-rates, developmental assistance, extension of the decision-making process, enhancement of the role of the Special Drawing Rights, and study of the feasibility of international buffer stocks of primary products; of the kind that will be necessary if Britain and Canada are to discharge their proper responsibilities at the Commonwealth heads of government meeting in Kingston next month, and in the many other international gatherings in the forthcoming months at which economic issues will be featured.

We shall find ourselves well started on this process through the simple acceptance of several self-evident propositions:

- (1) The need for continuing and intensive consultation and co-ordination of national economic policies;
- (2) the need for steady movement in the field of multilateral trade negotiations, and early liberalization of tariffs and non-tariff barriers in the GATT;
- (3) the need for strengthening the political direction of the International Monetary Fund and the governing structures of other international agencies;

- (4) the need to implement with vigour decisions taken at the Stockholm Environmental Conference and the World Food Conference;
- (5) the need to make progress at the Non-Proliferation Treaty Review Conference and the next special session of the General Assembly on development.

These needs are all challenges, Lord Mayor, but they should not be regarded as the gloomy prospect of avoiding Doomsday. Properly met, they can be joyous opportunities, permitting the introduction into the world of a dynamic equilibrium between man and nature, between man and man. The challenge is a challenge of sharing -- food, technology, resources, scientific knowledge. None need do without if all will become good stewards of what we have. And, to ensure that, we must concentrate not so much on what we possess but on what we are and what we are capable of becoming.

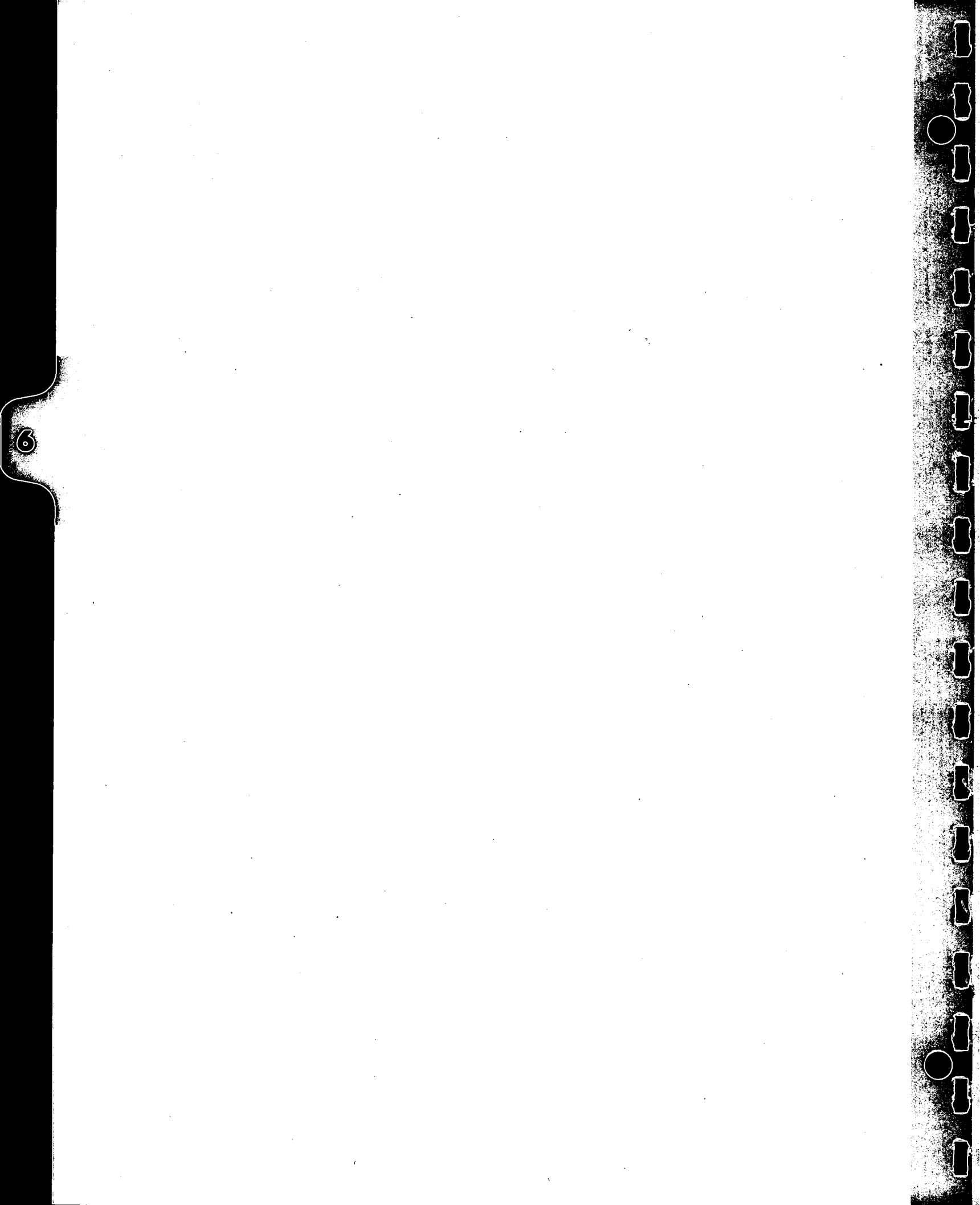
What I dare to believe is that men and women everywhere will come to understand that no individual, no government, no nation is capable of living in isolation, or of pursuing policies inconsistent with the interests -- both present and future -- of others. That self-respect is not self-perpetuating but depends for its existence on access to social justice. That each of us must do all in his power to extend to all persons an equal measure of human dignity -- to ensure through his efforts that hope and faith in the future are not reserved for a minority of the world's population, but are available to all.

This responsibility rests on each one of us. It is not transferable. Its discharge is not conditional upon the acts or the omissions of others. It demands that we care, that we share, that we be honest.

In this "global village" we are all accountable.

None of us can escape the burden of our responsibility. None of us can escape the tragedy of any failure. Nor, happily, will anyone escape the benefit, the joy, the satisfaction -- the freedom -- that will accompany the discharge of that responsibility.

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STATEMENT
DISCOURS



NOTES FOR A
SPEECH ON AID
TO ST. MARK'S UNITED CHURCH,
PORT HAWKESBURY, NOVA SCOTIA.
SUNDAY, MAY 4, 1975

The subject I wish to discuss with you this morning is aid to developing countries and more broadly Canada's relations with the Third World. Considerable attention has been focussed recently on this subject, in the press, within our Government and in international forums. In trying to define a future role for Canada in this area, I have been asking myself some very fundamental questions. These, I think, go to the heart of an assessment of what Canada can and should do in assisting the Third World.

First, what are the basic reasons for having an aid programme?

Second, what level of aid expenditure does the Canadian public, and more specifically the Canadian taxpayer, wish to support? I have in mind here Canada's domestic economic situation and the possibility of alternative ways of spending public funds for domestic programmes.

Third, in what way can the public and non-governmental organizations be encouraged to play a more active role in aid and development matters?

Fourth, how can Canada and other wealthy developed countries assist developing countries in ways beyond the provision of aid?

Fifth and finally, is there a need, as many developing countries have asserted, for a new international economic order?

In considering aid policy toward developing countries, one must seek the basic reasons for having an aid programme in the first place, and for transferring significant resources and wealth from one country to others.

We are all a part of the community of man. One of man's primary claims to civilization is that he is prepared to care for his fellow man and share his wealth and resources with others. This manifestation of civilization can be seen in a family, a community and a nation, and it can also be seen among nations. It is, in my view, the primary reason for providing assistance to countries less fortunate than our own.

Such assistance can take many forms.

It can be justified on humanitarian grounds, particularly when there is an urgent and immediate need for relief when natural disasters and man-made conflicts have caused widespread suffering among innocent victims.

Or, aid can be of a longer term nature aimed at creating self-sufficiency in an economy where none exists. In such cases its aim is to elevate living standards and levels of production in an economy so that development in this economy will eventually become self-sustaining. I hold the view that a special emphasis in the providing of aid should be placed on the needs of the poorest countries in the world and, within them, on the poorest sectors of society.

An aid programme can also be viewed as being advantageous from the point of view of the donor country. The result of a sustained and satisfactory relationship based on an aid programme can be the strengthening of relations between the countries concerned, with long-term benefits for them in a wide variety of fields such as trade, investment, industrial co-operation and cultural exchanges. On my recent visit to Africa, I have seen the results of our substantial aid programmes there, in terms of both the benefits to the recipient countries and the warm and friendly relations between Canada and these countries.

My second question concerns the level of aid spending which the Canadian taxpayer is prepared to underwrite.

One might think that, in view of our own economic difficulties, people would want to cut back on aid. But in my experience Canadian public support for Government spending on foreign aid is strong and growing. In the correspondence which I receive I am urged much more frequently to do more for developing countries than I am to do less.

Canadians are a fortunate people. Our country is one of the wealthiest in the world, both in terms of living standards and in terms of natural resources, including particularly food and energy, two areas which have been focal points of global concern in recent years. As a result, Canadians can afford to be generous, and in my experience they are inclined to be generous, when it comes to our relationship with countries of the Third World.

But it is not simply a matter of generosity. We live in an increasingly interdependent world. The well-being of developed countries like Canada is more and more bound up with the fate of the developing world. Our best interests, therefore, require us to assist developing countries. Governments of some developed countries have experienced inward-looking and isolationist pressures which would have them restrict or curtail their aid programmes and limit their efforts exclusively to the search for solutions to domestic problems. But Canada must be and is an outward-looking nation, dependent on good relations with countries in many parts of the world.

The Canadian public, in my view, recognizes these realities and therefore strongly supports the thrust of our important and growing aid programme.

Related to public support for aid is the question of public involvement.

I have wanted for some time to bring members of the public and non-governmental organizations more directly into the foreign aid process. Participation by individuals and groups of persons interested in Canada's assistance to countries of the Third World is being facilitated and encouraged. Canada's non-governmental organizations have long participated actively and effectively in providing aid to developing countries, particularly in the field of humanitarian and emergency relief. The Canadian International Development Agency has made available increasing amounts of funds for Canadian non-governmental organizations to strengthen their capacity to play a significant role in assisting the peoples of the Third World. This financial support will continue to grow.

A new dimension of public participation will be made possible by Canada's new voluntary food aid programme which is a direct outgrowth of the World Food Conference held in Rome in November of last year. I shall seek through this programme to encourage and facilitate participation by the provinces, the public and non-governmental organizations in our food aid efforts. This will give all those who want to take part as individuals or organizations in our aid activity a greater opportunity to do so. The programme will be coordinated by the Federal Government and will, I hope, prove to be a cooperative venture involving many sectors of Canadian society in a global undertaking in which Canada plays such an important role.

I turn now to my fourth question. How can Canada and other wealthy countries assist developing countries through means beyond aid programmes?

Increasingly, the developing world has been seeking ways of going beyond aid in its relationship with the industrialized world. Aid is but one factor in influencing the development performance of a poor country. For such countries, basic trade and monetary issues, the prices of their export commodities and the prices of the goods they must import, are more crucial to their future and their prosperity than aid flows. More and more developing countries want to outgrow their role as aid recipients and participate as full and equal partners in an international economic system which to date has left them somewhat on the periphery.

Steps must be taken to give higher priority to the trade, monetary and financial problems of developing countries. They seek more favourable treatment for their exports. They would like improved access to capital markets, and they want arrangements in the international monetary system which more adequately meet their needs. We are working towards these objectives at the Multilateral Trade Negotiations under the GATT, through the International Monetary Fund and the World Bank and through the United Nations system. These matters are being discussed at the Commonwealth Heads of Government Meeting now being held in Kingston, Jamaica, and we look forward to the opportunity at the Seventh Special Session of the United Nations General Assembly to be held in September of this year, for further progress in this important area.

Finally, I should like to address the issue of whether or not we need a new international economic order. A call for a new international economic order has been made in the past year by the developing countries. This appeal is often made in strident tones caused by the frustration of years of economic stagnation and deprivation in a world in which prosperity and wealth continue in a kind of peaceful coexistence with poverty. There is confidence and unity in this demand by countries of the Third World for a new system which will place them relatively in a more advantageous position in the world's economy, not as recipients of the fruits of the voluntary generosity of the rich, but as equal partners in and benefactors from the system itself.

Their approach initially caused concern among many policy makers in the developed world. The concept of a new order implies the destruction, or at least the drastic reform, of the old. And yet it is clear to all perceptive observers of the international scene that we are already in the midst of a process of transition toward a new international economic order. This is a process in which the concept of interdependence has taken on a new and more balanced meaning. Not only are developing countries dependent on the industrialized countries, in areas such as aid, technology and investment, but the industrialized countries are dependent on the developing countries, particularly in the area of natural resources.

If the old order resulted in exploitation of the poor by the rich let there be an end to that exploitation. If the old order is responsible for what seems to be an impenetrable gap between rich and poor around the world then perhaps its basic premises must be examined. What is needed at this time is dialogue, and co-operation between the developed and developing worlds in order to deal with the inevitable trend towards new forms of interdependence.

A new economic order need not imply rejection of all our institutions and our basic political and economic philosophies. It does mean change in our international economic system so that the greatest possible number of people will benefit from that system, so that ultimately, peoples and nations will be able to live in greater dignity and in harmony free from the oppression of poverty. If such poverty is not tackled by a responsive economic system, it will generate misery and conflict on a tragic scale in years to come.

The costs in domestic economic terms of supporting a new international economic order have not been fully assessed. The new international economic order itself has not been specifically defined. Broad concepts will have to be translated into concrete measures. But I remain confident that as the world changes, as it must, and as its economic system evolves, Canadians will be prepared to meet their reasonable share of the burdens and thus play an important part in making the world a better place in which to live.

Thank you for giving me this opportunity of speaking with you.

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MEETING OF COMMONWEALTH HEADS OF GOVERNMENT

KINGSTON, JAMAICA, APRIL/MAY 1975

FINAL COMMUNIQUE

1. Commonwealth Heads of Government met in Kingston from 29 April to 6 May. All Commonwealth countries were represented, twenty-eight by their Presidents or Prime Ministers. The Prime Minister of Jamaica was in the Chair.
2. This was the first Heads of Government Meeting to be held in the Caribbean. Heads of Government expressed their gratitude to Commonwealth Caribbean Governments and in particular to the Prime Minister of Jamaica for the warm hospitality provided by his Government.
3. Heads of Government extended a cordial greeting to the Prime Minister of Grenada whose country had become a member of the Commonwealth since the previous Meeting. They affirmed that a request from Papua New Guinea for Commonwealth membership on the attainment of its independence would be welcomed.
4. Heads of Government paid tribute to the memory of the late Norman Kirk, Prime Minister of New Zealand, and recalled with respect and affection his deep and practical concern for humanity and his outstanding personal contribution to the development of the modern Commonwealth.

5. Heads of Government reaffirmed the value they attach to these Meetings and expressed satisfaction with the constructive approach and mutual confidence of their deliberations. They noted with approval the increasing use being made of Commonwealth machinery to further the principles of the Commonwealth Declaration and to promote consultation, co-operation and collaborative action across and within regions. Such consultation formed an important part of the contribution Commonwealth countries make to the development of a new pattern of international relations which takes account of the significant shifts in political and economic power. Heads of Government urged that the Commonwealth initiatives already taken to this end should be intensified so as to promote peace and security, economic and social justice and harmony among races.

6. The reduction of continuing unacceptable economic disparities, the shifting balance of political and economic power, and colonialism and racialism in Southern Africa, were the main preoccupations of Heads of Government in their discussions.

7. Heads of Government recalled the statement in the Declaration of Commonwealth Principles: "We believe that the wide disparities in wealth now existing between different sections of mankind are too great to be tolerated", and pledged themselves to do all in their power to promote a new and equitable economic order.

World and Commonwealth Trends

8. Heads of Government reviewed political developments in the world which had occurred since they last met, in the light of the varied interests and concerns of member countries. They acknowledged the contribution of the spirit of detente to a measure of relaxation in international tensions and called for its universal application. They noted, however, that there were some crisis areas in the world where peace and stability were not yet secured and which were still subject to super power rivalry and interference. They stressed that the maintenance of peace and stability could not be left to arrangements between the super powers but was the responsibility of the entire international community. Heads of Government laid particular emphasis on the opportunities for the Commonwealth to make a constructive contribution to the problems of Southern Africa and underlined the special responsibility of Commonwealth member countries to work together in the search for a resolution of the situation in Rhodesia.

Disarmament

9. Heads of Government expressed their concern at the continued testing and proliferation of nuclear weapons and reaffirmed the need for urgent measures to facilitate a comprehensive ban on all nuclear weapons tests as one essential step towards general and complete disarmament under effective international control.

Cyprus

10. Heads of Government, deeply concerned over the continuation of the Cyprus crisis, expressed their solidarity with the

Government of the Republic of Cyprus and their determination to help in the achievement of a political settlement based on the independence, sovereignty, territorial integrity and non-alignment of the Republic of Cyprus. They reaffirmed their support for General Assembly Resolution 3212 (XXIX) and Security Council's Resolutions 365 (1974) and 367 (1975) and in particular they called for the speedy withdrawal of all foreign armed forces from the Republic of Cyprus, for the taking of urgent measures for the return of all the refugees to their homes in safety and for continued efforts through the intercommunal talks to reach freely and mutually acceptable political settlement. They noted the spirit of good will with which the Government of Cyprus approached the resumption of the intercommunal talks under the personal auspices and direction of the Secretary-General of the United Nations and expressed the hope that these would be fruitful.

11. Heads of Government, as a concrete expression of their interest and concern for a fellow Commonwealth country, agreed to establish a committee consisting of representatives of the Governments of Australia, Britain, Guyana, India, Kenya, Malta, Nigeria and Zambia to meet with the Commonwealth Secretary-General as early as possible, to follow developments concerning Cyprus, make recommendations and assist in every possible way towards the early implementation of the above-mentioned United Nations Resolutions.

Middle East

12. Heads of Government expressed concern at the renewed

danger of conflict in the Middle East. They re-emphasised the need for the establishment of a durable peace in the area as a matter of urgency and urged all parties to renew their efforts to achieve this objective. To this end Heads of Government affirmed their support for the relevant United Nations Resolutions on the Middle East and their belief that to ensure success it was necessary that the authentic and legitimate representatives of the Palestinian people participate in the forthcoming peace negotiations in Geneva.

Indian Ocean

13. Noting that the Indian Ocean was a region of special interest to a significant number of Commonwealth countries, Heads of Government re-affirmed the desirability of ensuring that it remained an area of peace and stability. Serious concern was expressed about the increase in naval activity in the Indian Ocean area on the part of the great powers and the establishment and expansion there of military installations. Heads of Government called upon all nations, and particularly the great powers most directly concerned, to work towards the implementation of the resolutions of the United Nations declaring the Indian Ocean a zone of peace.

South Asia

14. The Heads of Government noted that positive steps had been taken in the process of normalisation among the countries of the South Asian sub-continent. However, they expressed their grave concern at the impediment to normalisation of relations posed by certain outstanding problems resulting in the aggravation of economic hardship and the retardation of

the process of national reconstruction in Bangladesh. These problems include the repatriation of nationals and the sharing of assets. Heads of Government expressed the hope that the problems will be resolved expeditiously and satisfactorily through discussions among the countries concerned in the larger interest of peace and stability in the region.

Indo-China

15. Heads of Government welcomed the end of the prolonged war in Indo-China, urged countries in a position to do so to contribute to international assistance for the urgent tasks of rehabilitation and reconstruction and looked forward to the new governments of the region playing their full part in the community of nations.

The Caribbean

16. Heads of Government strongly reaffirmed the right of people in each country to choose the form of government which they considered best able to achieve their social, economic and political goals.

Belize

Heads of Government offered their full support for the aspirations of the people of Belize for early independence. Noting that talks had recently been resumed with Guatemala, and bearing in mind the special responsibilities of Britain as the administering power, Heads of Government urged the parties to take all necessary action for a speedy solution of the problem, which could be endorsed by the international community through the United Nations, in accordance with the

principle of the self-determination of peoples as enshrined in the Charter of the United Nations.

Cuba

Heads of Government expressed the hope that all countries would now normalise their relations with Cuba and respect the sovereignty and territorial integrity of that state and the right of its people to the government of their choice.

Southern Africa

17. Heads of Government had a thorough and constructive discussion of the changing situation in Southern Africa and its implications for the Commonwealth. They considered that the imminent independence of Mozambique and Angola had radically altered the balance of forces in the area and tributes were paid to the liberation movements who had contributed so decisively to this result.
18. Heads of Government emphasized that the objective for Rhodesia was independence on the basis of majority rule. They welcomed the initiatives taken by the Heads of Government of Botswana, Tanzania and Zambia and the President of Frelimo to achieve this objective by peaceful means if possible. The Heads of Government, meeting informally, heard a statement by Bishop Muzorewa, President of the African National Council. The Meeting noted that the nationalist movement now united in the African National Council was seeking with sincerity and determination the basis for an agreed settlement.
19. Heads of Government reaffirmed their total support for the struggle of the people of Zimbabwe for independence on the basis of majority rule and pledged to concert their efforts for the speedy attainment of this objective. They took note of the determination of the African freedom fighters, supported by African and other states, to achieve their objective by peaceful means if possible and recognised the inevitability of intensified armed struggle should peaceful

avenues be blocked by the racist and illegal regime. The moral responsibilities in those circumstances would lie with the minority government and those who had chosen to sustain it.

20. The Meeting noted that South Africa continues to support the rebel government by affording it the military and economic assistance on which its survival depends and reaffirmed their view that South Africa should fulfil its international obligations and strictly apply the United Nations mandatory sanctions and withdraw its forces from Rhodesia.

21. It was agreed that the prospects for a settlement would be greatly enhanced by the strict enforcement of sanctions by the international community as a whole. Heads of Government undertook to bring this consideration to the attention of governments outside the Commonwealth in renewed representations where a breach of sanctions was known to have occurred. They also agreed to take action at the international level for the reinforcement and extension of sanctions.

22. In considering the recommendations of the Commonwealth Sanctions Committee, and authorising the Committee to continue its work, Heads of Government emphasised the importance of taking immediate practical steps to assist an independent Mozambique in applying sanctions since the great bulk of Rhodesia's exports and imports is dependent on Mozambique's transit facilities. They were unanimously in favour of providing immediate financial assistance to the new

Government of Mozambique. They also endorsed the recommendation that an initiative should be taken by Commonwealth Governments at the United Nations to establish a programme of assistance for Mozambique in terms of Articles 49 and 50 of the Charter.

23. Heads of Government were deeply concerned that South Africa continues to occupy Namibia illegally in total disregard of the resolutions of the General Assembly and the Council Security/and the Advisory Opinion of the International Court of Justice of June 1971, and in defiance of world opinion. Reaffirming that the fragmentation of Namibia was unacceptable, they recalled the obligation of the international community to maintain the territorial integrity of the territory and the right of its people to self-determination and independence.

24. The Meeting looked forward to the time when the government and people of Namibia might be welcomed into the Commonwealth, if that were their wish.

25. Heads of Government reaffirmed their total and unequivocal condemnation of apartheid and all forms of racialism. They welcomed the British Government's decision to comply strictly with the United Nations embargo on the sale of arms to South Africa and to terminate the Simonstown Agreement. They condemned the violation of the embargo by those countries which continue to supply arms to South Africa or enable them to be manufactured in that country. Noting the alarming increase in South Africa's defence expenditure, Heads of Government expressed their concern that this military build-up was bound to increase tension in an area already plagued

by dangerous conflict. Heads of Government also agreed to maintain and intensify effective pressure on South Africa in the struggle for the elimination of apartheid.

26. Heads of Government reiterated their support for humanitarian assistance to the indigenous people of Southern Africa in their efforts to achieve self-determination and independence. Several Heads of Government described their contributions to various bilateral and multilateral programmes and indicated their intention to increase such assistance. The Meeting also noted with approval the development of the Special Commonwealth Programme for Assisting the Education of Rhodesian Africans and indicated their desire to expand this Programme to meet new and urgent needs. In particular, Heads of Government recognised the importance of extending the variety of education and training opportunities available to the people of Zimbabwe, with special emphasis on technical and industrial training, "in service" experience and administrative training. It was also agreed that Commonwealth multilateral assistance should be made available to help in the developmental and training needs of the people of Namibia.

Economic Matters

27. Commonwealth Heads of Government recognised the need to take immediate steps towards the creation of a rational and equitable new international economic order. They reaffirmed the statement included in the Commonwealth Declaration adopted in Singapore in 1971 that "the wide disparities of wealth now existing between different sections of mankind are too great to be tolerated..... our aim is their progressive removal", and acknowledged the complexity, range and inter-related nature of the issues involved. They agreed that a small Group of Experts should be invited to draw up for consideration by Commonwealth Governments, in the context of the current international dialogue, a comprehensive and inter-related programme of practical measures directed at closing the gap between the rich and the poor countries. These measures would be designed to promote development and to increase the transfer of real resources to developing countries inter alia in the areas of production, distribution and exchange of primary and secondary products as well as services. Heads of Government recognised the importance in this context of co-operating to achieve an expanding world economy and world trade.

28. The Group of Experts should be selected from the Commonwealth on the basis of their personal capacities and their expert knowledge of contemporary problems of international economic development, and should be assembled

in a way which would enable the perspectives of different regions of the Commonwealth and different national development strategies to be brought to bear on the problems concerned.

29. The Group of Experts should address itself to the issues and proposal elaborated in:

- i. The Declaration and the Programme of Action on the Establishment of a New International Economic Order as adopted by the United Nations General Assembly; and
- ii. the relevant principles of the Commonwealth Declaration adopted in Singapore in 1971; and
- iii. the concepts and proposals advanced during the discussions of the international economic situation at the Kingston Meeting Heads of Government including the presentations by the Government of Guyana on behalf of the Caribbean and the Government of Britain.

30. In drawing up a programme of practical measures the Group should pay particular attention to:

- i. measures to transfer real resources from developed to developing countries through international co-operation in the field of international trade in primary commodities with particular reference to the integrated

commodities programme recommended by the Secretary-General of UNCTAD, current proposals of buffer stocks, for indexation, and other relevant proposals, including the proposal for a general agreement on commodities.

- ii. measures which the international community can introduce for assisting developing countries -
- (a) to increase food production;
 - (b) to promote rural development;
 - (c) to promote economic co-operation among themselves at the sub-regional, intra-regional and inter-regional levels; and
 - (d) a review of existing organisations for industrial co-operation and development.
 - (e) to obtain greater control over, and benefits from, such activities as shipping, insurance, banking and other parts of the infrastructure for international trade and development.
- iii programmes for industrial development involving new and expanded forms of industrial co-operation, the enlargement of employment opportunities in developing countries, and more favourable access to the markets of developed countries;

- iv. a review of existing organisations for industrial co-operation and development;
- v. mechanisms for increasing the flow of long-term development funds, the transfer of technology and the transfer of real resources to developing countries; and
- vi. reform and where necessary the restructuring of the international institutions concerned with the management of international trade and finance, and whether means could be found to increase the effective share of the developing countries in the decision-making process of the major international financial institutions.

In all of the above matters due regard would be paid to the special needs of the least developed, land-locked, the most seriously affected, and island developing states with limited natural resources.

31. In drawing up its recommendations the Group of Experts should consider the feasibility of utilising relevant concepts and mechanisms embodied in recent economic co-operation agreements between certain developed and developing countries.

32. The Group of Experts should consist of not more than ten persons.

33. The members of the Group should be appointed by the Secretary-General after consultation with Member Governments.

34. The Group should aim at submitting to Governments an interim report on the results of its work indicating measures which are amenable to early and effective implementation in time to permit discussion of this report at the next meeting of Commonwealth Ministers and to enable Governments to take this report into account before the Seventh Special Session of the General Assembly.

35. It is expected that the Group will endeavour to hold its first meeting by the end of May or early in June.

36. It would be desirable that the Secretary-General-elect should be associated at as early a stage as possible with the work of the Group.

37. Heads of Government appointed Mr. Alister McIntyre, Secretary-General of the Caribbean Community, Chairman of the Expert Group.

Lome Convention

38. Heads of Government welcomed the conclusion of the Lome Convention drawn up by the European Economic Community and forty-six countries of Africa, the Caribbean and the Pacific. They welcomed the increased co-operation within the Convention between Commonwealth and non-Commonwealth countries in these areas. They expressed the hope that the principles underlying the Lome Convention could usefully contribute to the further development of relations between the EEC and other industrialised countries, on the one hand, and developing countries, including the Asian and other Commonwealth countries, on the other.

39. Heads of Government welcomed the valuable support which the Secretariat is giving to Commonwealth countries in the Multilateral Trade Negotiations.

Food Production and Rural Development

40. Heads of Government discussed the Report of the Commonwealth Ministerial Meeting on Food Production and Rural Development, held in London in March 1975. They welcomed the opportunity it had provided to consider in a Commonwealth setting the problems of the three quarters of the population of Commonwealth developing countries who live in rural areas. Heads of Government endorsed the view that the problems of rural development and food production should be attacked in an integrated manner and should receive high priority from individual governments and aid agencies. They stressed the need for aid-providing agencies to adapt their practices and programmes to meet the special needs of food production and rural development, and endorsed the proposal to establish a Food Production and Rural Development Division within the Secretariat. The new Division would enhance the effectiveness of the Secretariat's already significant contribution to this sector and should be essentially action-oriented.

41. Heads of Government emphasised the setback to agricultural production which has resulted from scarcity and high prices of fertilizer, and welcomed efforts, in

the Commonwealth and elsewhere, to secure adequate supplies of fertilizer at reduced costs. They also called for similar efforts with respect to farm machinery, feed stuffs and other agricultural inputs.

Drought and other Natural Disaster

42. Heads of Government recognised the value of the Commonwealth as a forum in which to consult and concert broad strategies for action in the Sahelian zone of Africa and in other natural disaster areas and endorsed the recommendation of the Ministerial Meeting on Food Production and Rural Development that Commonwealth action should supplement action taken by world bodies.

Industrial Development Co-operation

43. In underlining the importance of increasing agricultural production, Heads of Government stressed the parallel and related need to accelerate the development of industry and endorsed the expansion of industrial co-operation, particularly between Commonwealth countries. In this context, they stressed the need for measures to promote the processing of primary commodities in their places of origin and the removal of barriers to trade in processed primary commodities and other manufactured goods.

44. Heads of Government stressed their concern to ensure that the activities of multinational corporations conform with the policies of host governments and their goals for an equitable redistribution of wealth. They noted the work done on multinational corporations by the Commonwealth Secretariat and by bodies in the UN system. They agreed on the need for countries to build up their capabilities to deal with multinational corporations.

Development Assistance

45. Heads of Government affirmed the need for all countries with the capacity to do so, to maintain and, wherever possible, increase the flow of development assistance to developing countries, especially to the developing countries most seriously affected by recent economic developments. They should also promote the rapid industrialization of developing countries.

Commonwealth Fund for Technical Co-operation

46. Heads of Government reaffirmed their conviction that mutual help and shared responsibility were essential elements in Commonwealth co-operation. They expressed satisfaction at the expansion of the Commonwealth Fund for Technical Co-operation in the four years since its

establishment, noted with approval its flexibility and its capacity to respond quickly to the requests of member countries and commented favourably on its successful management.

47. Recognising the need for the Fund's resources to keep pace with the expanding requirements of Commonwealth governments, Heads of Government noted with appreciation the steady growth in support for the Fund and welcomed the substantially increased pledges made by developed and developing member countries. They noted the intention expressed by a number of Governments to increase their contribution and hoped that further increases would be forthcoming.

Commonwealth Investment Bank

48. Heads of Government noted the studies organised by the Secretary-General at the request of the 1974 Meeting of Commonwealth Finance Ministers, on the financial feasibility and the need for the services of a Commonwealth Investment Bank along the lines proposed by a Commonwealth Expert Group. They concluded that a number of issues still required discussion before the proposal could be put to Governments for a final decision. They requested the Secretary-General to convene a Committee of Commonwealth Officials to prepare a detailed and specific

proposal, addressing itself to the unresolved issues which must be faced if such an institution is to be set up. This Committee should report to the next meeting of Commonwealth Finance Ministers.

Commonwealth Scientific Committee

49. Noting the crucial importance of science and technology in promoting social and economic development, Heads of Government welcomed the proposal of the Commonwealth Scientific Committee for an enlarged programme of scientific and technological co-operation among Commonwealth members and for the closer integration of its activities within the Secretariat. They expressed the view that attention should be given to environmental aspects in the enlarged programme.

Commonwealth Youth Programme

50. Recognising that the populations of all Commonwealth countries included a significant and increasing number of young people whose talents and potential ought to be fully utilised in meeting the developmental challenges of their communities and nations, Heads of Government noted with satisfaction the progress which had been made in the short time since the establishment of the Commonwealth Youth Programme and agreed that the programme should be extended beyond 1976.

Brain Drain

51. Heads of Government acknowledged the concern expressed over the problems associated with the Brain Drain and agreed that there was an urgent need for practical measures to reduce these difficulties being experienced. The specific proposal for the establishment of a volunteer corps was considered and the Secretary-General was asked to undertake a detailed study for the consideration of Commonwealth Governments.

Women in Public Affairs

52. While recognising that there was increasing participation by women in the national affairs of many Commonwealth countries, Heads of Government emphasized the need to focus greater attention on the rights of women to ensure the availability of opportunities for them to participate on a basis of full equality in the political, economic, social and cultural activities of their countries. As far as possible existing and future Commonwealth programmes should take into account the needs and aspirations of women and genuine efforts should be made to provide for their full participation in national and international affairs.

Commonwealth Foundation

53. Heads of Government expressed appreciation of the achievements and progress of the Commonwealth Foundation which they regarded as having an important role to play in strengthening

professional co-operation throughout the Commonwealth and noted the increased budgetary requirements for 1976/79.

Report of the Secretary-General

54. Heads of Government took note of the Fifth Report of the Secretary-General.

Election of Secretary-General

55. Heads of Government paid warm tribute to the Secretary-General, Mr. Arnold Smith C.H. for his distinguished service to the Commonwealth over the past ten years and elected Honourable Shridath Ramphal, Foreign Minister of Guyana, to succeed him.

Next Meeting

56. Heads of Government accepted with pleasure an invitation by the United Kingdom Government to hold their next meeting in London in mid-1977 at the time of the celebrations of the Silver Jubilee of H.M. The Queen's accession as Head of the Commonwealth.



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PROCÉDÉ D'INVESTIGATION
MONTREAL, QUEBEC



STATEMENT
DISCOURS



NOTES FOR A
SPEECH TO OTTAWA BRANCH,
BY THE SECRETARY OF STATE
FOR EXTERNAL AFFAIRS,
THE HONOURABLE ALLAN J. MACÉACHEN,
CANADIAN INSTITUTE OF
INTERNATIONAL AFFAIRS

MAY 20, 1975

Perhaps the Ottawa Chapter of the Canadian Institute of International Affairs has an unfair advantage over those of other cities in Canada. Since your Chapter is located in the country's capital, you are naturally closer to decision-making centres in foreign affairs; you have access to the considerable expertise in this field which exists in the Department of External Affairs and other federal agencies involved in the conduct of Canada's international relations; you can draw upon the insights of the numerous foreign diplomats and other representatives who are either accredited in Ottawa or come here on official visits; and you can expect that the Secretary of State for External Affairs will always be pleased to accept invitations such as the one that brings me here this evening.

But there must be a limit to partiality. As a Maritimer, I feel strongly that even if Ottawa deserves much, the federal government must spread the wealth a little across the country. My colleagues from Quebec, for some reason or other, always tend to agree with me when I speak this way; and my friends from the western provinces -- for, believe it or not, we Liberals still have many friends in the Prairies -- are almost incredulous when I tell them that this doctrine applies equally to them! Still it was in Winnipeg, soon after my appointment to External Affairs and before another Chapter of the CIIA, that I delivered my first major speech on foreign policy, which dealt with the important issue of U.S./Canada relations. In March, I had an opportunity to speak in Quebec City before your sister institute, the Centre des relations internationales du Québec. In fact, as long as I hold this portfolio, I plan to maintain a very close relationship with the CIIA.

I sometimes hear my colleagues, especially those holding economic portfolios, complain about all the lobbies and sectional interests to which they must cater. But I have no such complaint; I can only hope that Canadians will take a more active interest - sectional or otherwise - in the Government's foreign policy and more generally in Canada's involvement in the world. I sometimes wish, for example, that the business community in Canada would be more bothersome; for this would mean that they are more fully aware of those policies - such as trade diversification, the negotiation of a contractual link with the European community, the strengthening of our economic relations with Japan - which afford them great opportunities and which indeed cannot be implemented without the aggressive participation of Canadian industry.

But there are many other dimensions to foreign policy: our involvement in the United Nations and other international agencies, our defensive alliances, our involvement in an extremely complex network of power relationships, which is becoming even more complex as a result of Détente, the growing role of the People's Republic of China in world affairs, the prosperity and rapid development of oil producing countries - particularly the Arab States - and finally the emergence of the Third World from the post-independence era and the ensuing call for a new international economic order. People no doubt find these developments somewhat disturbing, what with the flash of headlines, the explosion of rhetoric and the drama which surrounds tragic events such as the assassination of King Faisal and the end of the war in Indo-China, to take only two of the more recent ones. And yet, in a democratic society, the public must be persuaded to look "behind the headlines," as the CIIA does, to understand the realities of international affairs and therefore the rationale and motives of their government's foreign policy. This is why I attach the utmost importance to the activities of voluntary organizations such as the Canadian Institute of International Affairs. Your Institute has done much in the past to encourage the dispassionate analysis, understanding and public discussion of foreign policy issues; and I can only hope that your activities will continue to expand and reach a broader cross-section of public opinion.

I referred musingly a minute ago to the need to spread the wealth within Canada; but there is an even greater need, today, to spread the wealth around the world, to spread it effectively and in an orderly fashion through international cooperation, so as to enable the "have-not" countries to accelerate their social and economic development and raise the living standards of their peoples above the threshold of subsistence, while avoiding a confrontation which could impose severe economic strains upon the "have" countries - that small group of industrialized countries which must provide the capital and technology required by the Third World. This is what the demands for a new international economic order, formulated by the Third World at the last Special Session of the United Nations, amount to; and it is a challenge of truly historic proportion.

The Government of Canada has accepted this challenge. As the Prime Minister said at the Mansion House in London, in March: "The challenge is a challenge of sharing: of food, of technology, of resources, of scientific knowledge. None need

do without if all will become good stewards of what we have. And to ensure that, we must concentrate not so much on what we possess but on what we are and what we are capable of becoming." This challenge was a central issue at the Commonwealth Heads of Government meeting in Jamaica, last month; this challenge is being faced by the group of experts set up by that conference; and it was also this challenge that led me to visit five West African countries in April to discuss among other things with their leaders how we might shape the evolving relationship between developing countries and the industrialized world. These discussions confirmed to me how rapidly the context in which development issues are viewed is changing.

Until recently, international development could be discussed almost exclusively within the framework of bilateral and multilateral aid programmes. True, there were a few experts, a few Cassandras, who claimed that international assistance was not working, since there could never be enough of it to finance the social and economic transformation of the three-quarters of the world that live in poverty. True, the developing countries were not only clamouring for more aid, but also asking, in UNCTAD and other arenas, for a revamping of international trading arrangements which would enable them to "earn their own way," so to speak, that is to finance their development out of export earnings. All of us were familiar, long before the Seventh Special Session of the United Nations, with the slogan "trade not aid".

Yet international development was still mainly discussed with reference to the aid relationship. Statistics were endlessly recomputed, as if more dollars could be wrung from figures. A call to do more invariably meant more money for international development agencies. Studies and reports tended to focus on various aspects of the aid relationship; bilateral versus multilateral aid, agriculture versus industry, the sending of experts versus technical training, ways and means to relieve them of their debt burden, or to coordinate more effectively assistance made available to them from various sources. By and large, the contribution of donor countries to international development was still considered as a response to a moral imperative. The affluent sought to buy their peace of mind with a slice - quite often a substantial slice - of national budgets. The problem thus defined, only a predetermined set of questions needed to be answered. The technicians having taken their cue from the moralists, vital issues of development were thrown out with the bath water of aid.

What has changed recently is that, while remaining a moral imperative, international cooperation in the field of development has become a political necessity. The persistence of acute economic disparities in the world, the lack of effective and visible progress to reduce them, now appear quite obviously, in my view, as a threat to international stability and a recurrent source of tensions and conflicts. You are no doubt aware of the strains placed upon the United Nations during the last session by some of the initiatives and tactics of the so-called new majority from the Third World. You are also aware that the sudden and very considerable increase in the price of oil decreed less than two years ago by OPEC countries has been a source of acute economic difficulties for the rest of the world - developing as well as developed. I cite these examples not to blame this or that group of countries: indeed, I think that very little would be achieved by passing the buck and distributing the blame. But these two sets of events well illustrate my point. The countries of the Third World sought to advance their political interests in the United Nations through questionable means; but they did so because they felt that all other avenues were blocked. Similarly, the OPEC countries raised the price of their oil much too suddenly; but they did so in an international economic environment where inflation had been rampant for years with little being done to check it, and where there existed no effective framework for negotiations between producers and consumers.

The fact that history never quite repeats itself should not prevent us from learning what we can from those recent events. If we are really sincere when we say that we do not like cartels because they are not the most effective means to maintain a balanced and equitable economic relationship between producers and consumers of raw materials, then we should use our imagination and determination to forge better instruments. Similarly, if we are really serious when we claim that Third World countries are endangering the network of international institutions by attempting to achieve through them purposes for which they are not suited, then we should seek more actively, in cooperation with them, arrangements which would suit these new purposes.

The interdependence of all nations has become the cliché that graces after-dinner speeches such as this one. Yet, we are faced today with the hard realities of such interdependence. OECD countries can no more attempt to resolve collectively the problems of the industrialized world than the OPEC countries can resolve those of the oil-producing

world; and similarly for the wheat-producing world, the iron ore-producing world, the coffee or cocoa-producing worlds. Canada, like all other countries, is part of all these worlds, as consumer or producer and often as both. This is why the government has undertaken a comprehensive review of its economic relations with developing countries; and needless to say, this review must take into account Canada's changing relationship with other developed areas of the world such as the United States, Europe and Japan.

This review goes much beyond the activities of the Canadian International Development Agency, for which we are now framing a new set of operational guidelines for the next five years. It encompasses commercial policy - both the modalities of our participation in the multilateral trade negotiations now going on in Geneva and the instrumentalities of our bilateral trade with developing countries. It encompasses also our approach to international commodity agreements, the ways and means by which Canadian technology is made available to developing countries, the framework within which Canadian enterprise can participate in the industrialization of the Third World. We are seeking, of course, arrangements which will be beneficial to developing countries; but we are also seeking those arrangements which will be the least costly in terms of Canadian interests. For if we are really to abandon our exclusive reliance on the aid relationship to accelerate international development, then a greater element of mutuality must gradually be introduced in our overall relationship with developing countries. We are asked to open more liberally our markets to the manufactured products of the Third World; but if we do so, I think it would be reasonable to expect developing countries to keep in mind the textile workers in Quebec, the small assembly plants in the Maritimes, the farmers in the Prairies. We are asked to ensure that commodity producers in the Third World receive fair prices for their exports; but if we do so, I think it would be reasonable to expect them to recognize that our economic well-being also depends heavily on the export of primary commodities. And if developing countries want us to take account of their interests as consumers of wheat, say, then perhaps they should keep in mind that Canadians are heavy consumers of sugar, coffee and other tropical products.

You may ask: why should they do so? Are they not incomparably poorer than we are? Are we not rich enough, developed enough, both to assist the developing world and to look after our own interests?

In the abstract, there may be some merit in that line of reasoning; but in the real world, it leads nowhere. No Government of Canada could alter its economic policies in favour of developing countries, unless it were supported by the Canadian electorate; and the Canadian electorate is made up of workers and farmers from Quebec, the Maritimes, the Prairies and other regions. These workers will not support policies that would deprive them of their jobs overnight; but I believe they would support adjustments in the Canadian economy which would gradually make room for the manufactured products of the Third World, gradually improve their export earnings from raw materials, and gradually convert those Canadian regions that would be affected to new industries which may better reflect the country's fundamental trade advantages and whose products could be exported in return to developing countries.

What will be the outcome of the review now underway? Quite frankly, I do not know. The Interdepartmental Committee which we have set up for this purpose has been meeting for only a few months; its preliminary working papers are not yet completed. But I know that the extent to which we will be able to adjust our economic policies to the new realities of international development will depend on a great many factors. First, it will depend upon the state of the world economy, since a resumption of growth in the world would stimulate exports and production in Canada and enable the Canadian economy to adjust more easily to a new trading pattern, more favourable to developing countries. Secondly, it will depend upon how successful we will be in curbing inflation while maintaining the domestic rate of growth in Canada: so that the efforts of my colleague, the Minister of Finance, in negotiating a programme of voluntary restraints with the various sectors of the Canadian economy have a direct bearing upon our ability to meet the demands of the Third World. Thirdly, it will depend upon how successful we will be in persuading other industrialized countries to follow suit. For we live, after all, in a competitive world; and adjustments which might be easily bearable were they to be made simultaneously in the United States, Europe and Japan would become unbearable if Canada were to be the only country to undertake them. It will depend, finally, on a lot of other factors: the ability of developing countries to leave slogans aside and to deal with practical issues; their willingness not to interject in every discussion on economic affairs extremely difficult and hardly related political issues such as the Middle East conflict; the skill, flexibility and imagination which politicians and technicians from all countries will be able to muster.

But certainly one can imagine a different world economic environment in which international development would proceed at a faster pace and in the right places. In such an environment, the industrialized countries would have become the "arsenal" of world development, through the conversion of their less efficient consumer goods industries into supply bases for agricultural development and industrialization programmes in the Third World. The investment patterns in the industrialized regions would gradually have shifted towards capital goods industries, producing the industrial machinery and equipment which Asia, Africa and Latin America would absorb in huge quantities. The countries of the developing continents could then afford to purchase such machinery and equipment, with the substantially increased earnings they would derive from exports of commodities and manufactured goods to the "old" industrialized countries. Easier access to the markets of these countries and perhaps to those of other developing countries would have occurred gradually, so that appropriate industrial conversion plans would have been implemented in the affected regions. Quebec workers might then be manufacturing rice-cultivation machines for Bangladesh, instead of textiles; Maritime industries might be supplying mass-produced pumps for the Sahel irrigation network and fish-processing plants for the West African coast; Prairie manufacturers might have become suppliers of agricultural inputs - from tractors to fertilizers - for much of the Indian sub-continent.

The development plans of numerous developing countries would have become self-financing, following the negotiation of international commodity agreements which would establish stable and profitable prices for raw materials and agricultural products. Stockpiling and proper planning would avoid gluts or shortages of agricultural products, in spite of the occasional crop failure; while adequate conservation measures, combined with sustained exploitation and research, would stabilize the supply and demand for minerals.

International financial institutions would operate in such a manner as to facilitate international investment under secure conditions in developing countries, so that countries with balance of payment surpluses - particularly OPEC countries - would be able to finance massively and profitably the industrialization of the Third World. Appropriate national and, if necessary, international mechanisms would regulate the activities

of transnational corporations. These mechanisms would ensure, among other things, that the financial and personnel practices of these corporations are beneficial to host countries; that taxation, local re-investment and profit repatriation regulations provide a stable base for investment and that nationalization of assets takes place in accordance with recognized procedures. With the assistance of "old" industrialized countries, the Third World would begin the long, slow process of building up its own technological base; while the existing R & D capacities of developed countries would be increasingly devoted to resolving the technical problems faced by developing societies.

One can always dream, you will say! But I challenge anyone to show that the "new international economic order" which I have projected into the future is not entirely feasible, technically and economically, given time, a lot of hard work and the will to bring it about. I would go further and claim that a gradual shift of Canadian policies in that direction would be fully compatible with most of our other national goals. I would even contend that the achievement of some of these goals, such as trade diversification and regional development, might be greatly facilitated. Eastern Quebec and the Atlantic Provinces, after all, are much closer to Africa and Latin America than is southwestern Ontario; so that these less-developed regions would gain a locational advantage for industry, should Canadian trade patterns shift towards these overseas markets. Similarly, the Western Provinces would undoubtedly benefit from the expansion of our markets in Asia.

In conclusion, I would like to emphasize that irrespective of the new trade and financial arrangements which the international community might be able to implement in coming years, there will always be a considerable need for development assistance. Even the best of arrangements will never fit adequately the requirements and conditions peculiar to each country; and we cannot expect the economic benefits from such arrangements to be distributed equitably among all developing countries. Oil, for example, is and will remain a more valuable product than iron ore or cocoa; the bargaining power of some commodity producers will always be greater than that of others because some resources are concentrated in fewer countries; and of course there are quite a number of places in this world with few resources in relation to the population they must sustain and whose development, consequently, will require substantially more outside capital.

So no matter what transformations occur in the world economy, the wealthier countries will have to maintain development assistance programmes. It may not be the answer to the problems of the Third World; but it is certainly an essential component of the development equation. In fact, I would compare the function of international aid to that of equalization payments and other federal grants within the Canadian framework: it seeks to ensure that, in the long run, none of the peoples in the community of nations will be forced, for lack of means, to live below the minimum standard set for human decency.

In this respect, I should say that I have been most concerned recently by the stagnating levels of development assistance in many traditional donor countries and by the cuts which economic difficulties have forced some donors to practise in their aid budgets. These alarming developments unfortunately buttress the point I made earlier: that economic interdependence is a reality from which there is no escape. The balance of payments difficulties of one group of countries, which have caused them to reduce their financial assistance to a second group of countries, resulted less from domestic mismanagement of their economy than from a four-fold increase in the price of energy imposed by a third group of countries! And the downward spiral can go on: less development assistance will mean fewer imports by developing countries; less imports will mean a smaller output of manufactured goods by industrialized countries; less output of manufactured goods will mean fewer imports of raw materials from developing countries; and so on.

It is urgent that we cut through this vicious circle everywhere possible, if we wish to restore the rate of growth of the world economy at a high but sustainable level. I would suggest, for example, that donor countries for their part undertake to maintain at the very least the real value of their development assistance budgets which, in present inflationary conditions, would necessitate a nominal increase of over ten percent a year in most countries. I should point out that the impact of stagnating assistance from traditional donors has been somewhat cushioned by the entry into the breach of OPEC countries. Whatever may be said of oil-producing countries, the contributions they have made to the Third World cannot be denied. Already, for example, several Arab countries have allocated to development assistance a larger proportion of their GNP than the target of one percent suggested by the United Nations. This is a welcome development, which indicates that in whatever new economic order may emerge in the future, there will be a sharing of the burden as well as a sharing of the wealth.

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