

**United Nations Conference On Trade And Development
-A Study Of Its Objectives, Organizational
Structure And Functions**

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CERTIFICATE

Certified that the dissertation entitled *UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT — A STUDY OF ITS OBJECTIVES, ORGANIZATIONAL STRUCTURE AND FUNCTIONS* submitted by *AJITH CHALY M.* in partial fulfillment for the award of the degree of Master of Philosophy is a bonafide original work and has not been submitted to any other examination of this University or any other Universities.

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PREFACE

The dissertation seeks to examine the evolution of United Nations Conference on Trade and Development (UNCTAD) in terms of its objectives, structure and activities as manifested especially in its periodical conferences.

The establishment of UNCTAD in 1964 and its activities since then could be considered as one of the most important development with a bearing on international system of trade and economy of the post World War era. The importance of issues before the UNCTAD has been such that the views expressed have mostly been either extremely sympathetic to or bitterly critical of the organization, its orientation and its contribution. Nevertheless it remains a unique feature of UNCTAD that it is the only universal inter-governmental body of 1960s vintage that encompasses in its framework nations with all levels of development as also nations representing contenting systems of Socio-economic development. Moreover, UNCTAD can be seen as the only forum where the under privileged, less developed countries have a leverage--both numerical and political -- to press their view points vis-a-vis the developed countries.

What were the expectations of the international community at the time when UNCTAD was institutionalised? What is the speciality of the structural arrangements devised

or evolved at UNCTAD? To what extent and in what areas UNCTAD had been able to serve as a catalyst for building up necessary consciousness and fruitful negotiations? What are the areas where UNCTAD could not make headway and why? What kind of future is UNCTAD likely to have in store especially in the light of the recent upsurge in favour of free market economics in Eastern Europe and in many parts of the Third World? It is these questions the present study would seek to look into and explore answers.

The discussion is spread over four substantive chapters alongwith a conclusion. The first chapter traces factors of historical importance including the developments that accounted for the 1964 conference. The second chapter attempts to examine the objectives of UNCTAD as a permanent organ, its institutional structure and their functions. The next two chapters seek to examine each of the eight periodic conferences in terms of the issues focussed upon, breakthroughs registered and origin of agreements therein. Of the two the former highlights a period of relative progress upto 1976 as far UNCTAD negotiations are concerned while the latter underline the nature of stalemate each of the post-1976 conferences was faced with including the latest Cartagena Conference. However, the discussion on the 1992

conference had to be brief due to non-arrival of documents on this sessions.

The descriptive-cum-analytical study is a product of consultation of various source of materials such as UN documents (especially those of UNCTAD) and some secondary sources as scholarly books, research articles in journals, newspaper clipping etc.

CHAPTER I

BACKGROUND DEVELOPMENTS

Economic component of international cooperation has assumed increasing importance in the framework of international peace and security. Among many aspects, trade can be regarded as central to the promotion of international economic cooperation. Especially during the past three decades or so, the international community repeatedly gave expression to its conviction that it is through trade the inequalities and imbalances of the world economy could be corrected. To examine the problems associated with trade and its contribution to development, a UN Conference on Trade and Development was incepted in 1964. Indeed this measure should be regarded as part of the long time efforts of the international community since the days of the League of Nations to devise suitable ways and means for seeking solutions to problems of economic nature through cooperation. The purpose of the present chapter is to discuss these historical developments so that UNCTAD could be viewed in perspective.

Legacy of the League Days

Like any other organization UNCTAD also never came out of the blue. The concern for trade and development was shown in many of the deliberations much earlier, even dating back to the pre-First World War years. But a systematic regulation of international trade on a multilateral basis did not emerge

until after the First World War, but not on any great scale then. During the complicated and protracted negotiations on the war debts, trade restrictions, tariffs and currency exchange in the early 1920s, the economic nationalists, tried to exclude League of Nations from a central role. But there was a major shortcoming in the League's program in economy and finance also. The American and British, instrumental in drafting the League Covenant, rejected the French and Italian proposals bestowing the League with substantial responsibilities of an economic nature. As a result, Article 23(e) of the Covenant of the League simply stipulated that the League members agree "to make provisions to secure and maintain equitable treatment for the commerce of all members of the League".¹ The League was given certain limited functions in the economic field. But it had no body to be responsible for trade as such. There was an Economic and Financial Committee consisting of individual experts rather than government representatives. They undertook special studies, through sub-committees, of tariffs, exchange control and commercial policy and gave information on the international economic situation and other statistics. But the League's economic organisation had no powers, and in

1. Martin D. Dubin, "Towards the Bruce Report: The economic and social programmes of the League of Nations in the Avenol era", in The League of Nations in Retrospect, (Proceedings of the Symposium), (New York, 1983), p.44.

practice little influence on the international economic relations.

This, lack of power and influence on the international economic set up, in no way helped in restoring the economic situation as it existed in the pre-war years. The rising tariffs and disparities in price levels of different countries worsened the situation even years after the war. The economic crisis, which began by the end of 1929 and which developed into a major financial crisis two years later, aggravated the situation further. During this period the prices of commodities fell drastically and this prompted many of the Western countries particularly the US initiate policies to safeguard their products and thus ensuring employment and income. This rendered the League helpless which had practically no authority to control the economic and trade relations.

Any discussion on the League of Nations in the economic field will not be complete without mentioning the Bruce Committee Report issued in August 1939. This was the report of the Committee on the development of international co-operation in economic and social activities. The report discussed the League's experience in the growing interdependence of the late 1930s and envisaged new international machinery for the development and expansion of the League's social and economic activities. While the

proposed reform came on the eve of the Second World War, too late to be implemented, ideas contained in the Bruce Report were supposedly adopted by those drafting the United Nations Charter. They were reflected in the provisions for the Economic and Social Council of the United Nations. These provisions called for the identification of areas to be considered in the field of economy and social well being. It also could initiate studies on the area of concern and create such agencies for conducting studies and formulating reports. But the Charter provisions in the economic and social field is not on par with the provisions for political and security concerns since its decisions had no binding effect.

Post-War International Economy

In a variety of ways the transformation of international economic relations during the Second World War influenced the pattern of the system after 1945. The most important change arose from the increased economic strength, both absolutely and relatively, that the United States attained during the war. While being a neutral the United States' employment and income were boosted by the massive orders for armaments placed by the Britain and France in the late 1930s.²

At the end of the war, the US controlled around 70 per cent of the world's gold and foreign exchange reserves and

2. James Foreman Peck, A History of World Economy (Sussex, 1983), p. 261.

more than 40 per cent of its industrial output,³ while Europe and Japan had been devastated by War and the Third World was still locked into colonial bondage and contained less than one percent of the world's industrial capacity. The Post-War economic debate can be interpreted as an argument between the United States on one hand representing the interest of the strong surplus countries, and the rest of the world on the other having to deal with the problems of economic reconstruction or underdevelopment. The Americans wished to see the world economy fashioned on their principles and commitment to free trade.

The Bretton Woods Institutions

The economic dominance of the United States ensured that the Bretton Woods Agreement of 1944, which set up two international monetary institutions of the Post-War world, closely resembled the American plan. The two institutions were International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD), commonly known as the World Bank. The IMF was intended for the maintenance of exchange stability and to deal with balance of payment problems. The World Bank was supposed to deal with long-term international investments.

3. E.A. Brett, The World Economy Since the War, (London, 1988), p.63.

The decision making structures and procedures of the Fund formalized, the hold the United States enjoyed in world monetary system. And the institution as the ideological orientation closest to Western societies - free trade, free enterprise etc. The IMF package of policies usually involved a reduction in state spending, particularly in the provision of subsidies for the consumption of goods of low income groups, mechanisms for reduction of wages, devaluation of the currency and dismantling of controls on the activities of private enterprise local and foreign.⁴

The World Bank was the other product of the Bretton Woods Conference. It was precieved to be a response to the call for some means of providing developmental assistance to the weaker countries in the system, and in particular in 1944, to those countries whose economic base had been damaged by the Second World War. The proposal assumed that it would be provided with substantial official resources derived from the balance of payment surpluses of the developed countries, and would be able to offer its help to the poorest countries on terms which they would be able to afford. The Articles of Agreement of the Bank seemingly committed it directly to the development of production facilities and resources in less developed countries. It was therefore directly concerned with the key problem of even development.

4. ibid, p.65.

But the World Bank in its original form was very conservative in nature.⁵ This could be because the capitalist interests of the West in the 1940s were opposed to the creation of an institution that provided credit on a purely non-commercial terms. The Americans were certainly not willing to provide it with the resources to provide lending on a large scale. Initially World Bank had to raise most of its funds by borrowing from private financial institutions since it was provided with very little money from the subscriptions of governments. Hence it was forced to charge commercial interests on its borrowers. It was in fact only after 1960 that the World Bank established an affiliate, the International Development Association (IDA), to provide loans for poor countries on non-commercial basis.

Like the IMF, the World Bank's governing bodies were composed on the basis of the economic strength of its members and not on a direct democratic principle. so it was also effectively under the control of the development countries.

International Trade Organization and GATT

The third important institutional wing envisaged to oversee the Post-War international economy was the still-born International Trade Organisation.

Almost as soon as the hostilities, in the Second World War ceased the United States attempted to establish, almost

5. *ibid.*, p.66.

single handedly, a free trading non-preferential world system. In February 1946 the Economic and Social Council of the United Nations at its first meeting, at the initiative of US, adopted a resolution calling for an international conference on trade and employment to consider the question of establishing an International Trade Organization (ITO).⁶ It also established a preparatory committee to arrange for the conference and to prepare a draft Charter for the organization. Its mandate included the request that the organization should take into account the special conditions which prevailed in countries whose manufacturing industry was still in its primary stages of development.⁷ The world conference was held in Havana between November 1947 and March 1948. The Final Act of the conference was known as the Havana Charter. Though it was signed by 53 of the 56 countries represented at Havana, most of them failed to ratify it. Worst of all, it was not ratified by the US which itself was the proponent of the organization. Subsequently the idea of ITO had to be abandoned.

Closely linked to the above idea was the General Agreements on Tariffs and Trade (GATT), for it was brought into existence as a by-product of the negotiations intended

6. K.R. Gupta, A Study of General Agreements on Tariff and Trade, (New Delhi, 1967), p.2.

7. Ian M.D. Little, Economic Development: Theory, Policy and International Relations, (New York, 1982), p.28.

to set up the ITO. The Geneva conference of the preparatory committee, for Havana Charter, prepared the outlines of a procedure for holding multilateral tariff negotiations and suggested a separate agreement to safeguard the value of tariff concession.⁸ An Agreement on Tariffs and Trade, to serve as a basis for these negotiations, was signed on 30 October 1947, by 23 countries, and it finally entered into force in January 1948. Though created as a temporary means, this served as the instrument for the regulation of international trade policies since the ITO collapsed. The original GATT text contained three parts. Part I dealt with the obligations of non-discrimination and tariff commitments including schedules of tariff concessions. Part II embodied provisions relating to general commercial policy and non-tariff measures, and part III covered mainly organizational matters.⁹ Initially GATT had no provision for fresh rounds of negotiations for reduction of tariff and no permanent institutional machinery for its operation, presumably because it was assumed to be a temporary agreement.

The GATT rules were primarily designed to encourage non-discrimination between countries and progressive reduction of tariffs. Thus all tariffs that are imposed must

8. Anwarul Hoda, Developing Countries in the International Trading System, (New Delhi, 1987), p.2.

9. Gupta, n.6, p.17.

not favour one country any more than they do the others - in other words, the most favoured nation clause. Protection was to be given as far as possible through tariffs and not by other means. Tariffs were supposed to be stable once agreed and were not to be raised without further negotiations. All the disputes were to be settled through consultation and conciliation. GATT rules also stipulated that quantitative restrictions on imports were to be eliminated as far as possible.

Ever since the GATT was drawn up at Geneva in October 1947, it was felt by the developing countries that the trading system it embodied was not conducive to their interest. Over the years during debates in GATT the developing countries made successive attempts to reform the rules so as to take into account their trade and development needs and secure additional benefits for their international trade. But at the time of the preparatory conference a generalised approach, towards the problems of the developing countries, was not taken into consideration. The developing countries were anxious to ensure that the commercial policy obligations of ITO Charter did not bind their hands much in adopting measures needed to safeguard their economic development.¹⁰ The representatives of the developed countries who steered the course of the discussions at Havana

10. Hoda, n.8, p.30.

and its preparatory meetings were seemingly unsympathetic to the development needs of the poor countries. This led to the weak provisions for economic development. The industrial development of the developing countries was then regarded as inconceivable in the immediate years following the agreement. But between 1948 and 1954 the developing countries participated in tariff negotiations and other aspects of GATT activities as equal partners. They took their obligations seriously and obtained release from these obligations where necessary. However by the time the Review session of GATT was held in 1954-55, the realisation had deepened that developing countries needed additional flexibility with regard to GATT obligations in order to be able to implement their programmes of economic development. This new attitude towards the problems of developing countries resulted in a complete overhaul, at the Review Session, of the provision on Government Assistance to Economic Development and reconstruction contained in Article XVIII of the GATT.

The move for special action in favour of the developing countries gathered momentum at the Ministerial meeting held at Geneva in May 1963. At this meeting a programme of Action was represented by the developing countries envisaging a standstill on trade barriers in the developed countries on exports of the developing countries. It also sought the elimination of quantitative restrictions inconsistent with the GATT and an agreement in principle on the elimination of

tariff on primary products. Despite many disagreements the ministerial meeting of 1963 proved to be a major turning point in the evolution of GATT rules favouring the developing countries.

But, from the developing countries' point of view the main practical problem about GATT was that it operated in such a way that it was found to be dominated by the preoccupations of major trading nations.¹¹ Even in tariff negotiations the range of goods subject to reduced duties were dictated by the developed countries and reflected their trading rules. The lack of a solid institutional basis for GATT was also a serious disadvantage for developing countries. This in particular was in relation to their efforts to secure recognition for new principles of international trade that would take their special circumstances and weak bargaining power into concern. The shortfalls of GATT were primarily the result of the framework within which it had been conceived and created, and of the fact that its objectives were mainly those of the developed countries that dominated it.¹² The GATT Secretariat also served these objectives with a high degree

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11. Charles A. Jones, The North-South Dialogue: A Brief History (New York, 1963), p.23.
 12. Sidney Dell, "Origins of UNCTAD", in Michael Zammit Cutajer, ed., UNCTAD and the North South Dialogue, (Oxford, 1985), p.23.

of dedication and professional skills, but they had little interest in or understanding of the trade problems faced by the developing countries.

Immediate Background

The charter of the UN emphasized the responsibilities of the organization for fostering economic and social progress, encouraging respect for human rights and the advancing the welfare of the people. To help realize these objectives the UN tried to undertake activities within its framework. The Economic and Social Council, a principal organ of the UN together with the General Assembly was seized with development problems from the beginning. But there seemed to be a lack of understanding and vision which prevented the ECOSOC from occupying a major role in the trade and development field. Rarely were the key issues of trade and development even discussed by the Council. In the first decade of the United Nations the developing countries tried to use ECOSOC and General Assembly to demand more international action, by the developed countries, favouring their economies and development.

In 1949 the United Nations initiated the programme for technical assistance to the developing countries. This was expected to foster the economic and social development of those countries. But the developing countries believed that the process of technical assistance was limited because it

did not provide capital funds for development. Since the launching of the programme the developing countries tried to establish a machinery for collecting and distributing aid for their development. This was essential because mere technical assistance was not enough in the continuing stages of development. The ECOSOC considered these issues and tried to establish a fund for economic development. Though the developing countries were successful in launching the project of a capital development fund called the Special United Nations Fund for Economic Development (SUNFED), very few countries took part in pursuing for moves to make this move responsive to the desires of the developing countries. The developed countries of the West were reluctant to oblige with the provisions incorporated in the SUNFED and thus the concept of aid was not forthcoming.

So we find that the power of initiative and change rested with the industrial countries at the centre of the world economy, while the developing countries at the fringes merely responded almost passively to the activities generated at the centre. The hegemony of the developed countries was, moreover manifested both in the composition of its trade with the developing countries and in the terms on which that trade took place. In the 1950s the industrialized countries were passing through a phase of prosperity. Their rate of growth was high, had nearly full employment and the price levels

were on the whole stable.¹³ The composition of international trade became an extension of the colonial order under which the metropolitan powers exported manufactures to their colonies in exchange for imports of foodstuffs and raw materials. This pattern was promoted and preserved by the prevalent tariff structure by which primary products were admitted generally duty free and the tariffs on manufactures, entering the developed country markets, set at a high rate. These structural rigidities in the composition of trade would have hampered the growth and the terms of trade of the developing countries. The decline in the price of primary products exported by the developing countries in relation to the prices of the manufactures they imported has also contributed to the above trend. All these factors led to the progressively deteriorating situation of the developing countries in world trade in the course of the 1950s. While world trade as a whole more than doubled from 1950 to the early 1960s, exports from developing countries rose by only half.¹⁴ As a result the share of developing countries in world trade declined steadily from nearly one third in 1950 to slightly over one fifth by 1960. The developing countries even started losing their share of primary products' market. Hence the early view that stability and expansion of industrial nations would ensure

13. L.K. Jha, North-South Debate, (Delhi, 1982), p.28.

14. Dell, n.12, p.11.

stability in commodity markets was shown to be false.

Slowly in the late 1950s, the conditions for development and a coalition of caucus groups on the developmental issues emerged.¹⁵ By then the statistics were clearly showing a long-run decline in the terms of trade of most developing countries. In the light of these developments the developed countries tried to make some accomodating moves in the UN system. The International Development Association (IDA) and International Financial Corporation (IFC) were created keeping in mind the continuing demand for a multilateral capital development fund. The IMF began to study a compensatory financing scheme for countries in balance of payment difficulties. As the new groups began to exert influence, the United Nations turned more and more to matters of development and they received concessions in the trade field.

The linking of trade to development within the UN context was stimulated to a certain extent by some political developments also.¹⁶ The most important of these was supposed to be the creation of EEC and the Association of the French speaking African States, and also the ideas developed within Economic Commission for Latin America (ECLA)

15. Charles, L. Robertson, "The Creation of UNCTAD" in Robert W. Cox, ed., International Organizations: World Politics, (London, 1969), p.263.

16. ibid., p.264.

under Raul Prebisch's¹⁷ guidance. The ECLA, right from its inception, stressed the need for promotion of intra-regional and international trade for furthering economic development. Its Secretariat initiated studies on the improvement of terms of trade and the role of international trade. The Secretariat under Prebisch analysed the centre-periphery relationships and the commodity problems in the context of economic development and focussed on the inherent defects of the international economy and of the trading system. Prebisch confronted the conventional concepts and showed that forces tending towards the continuous polarization of economies were far stronger than those tending towards equilibrium.¹⁸ He also said that if these factors were not countered by deliberate action at the national and international level, the gap between the rich and poor would grow wider. And this was precisely what he was fighting against. His doctrine also realised that the adverse trends were not casual or accidental, but were deeply ingrained in the World trading system itself. This was evident in the decreasing trend in the share of the developing countries in international trade. His thesis provided the necessary boost to think in favour of a universal trade conference under the aegis of UN.

17. Raul Prebisch was the Argentine economist who was the Executive Secretary of ECLA in the early 1950s and had a pioneering role in convening first UNCTAD.

18. Dell, n.12, p.12.

For a number of years in the late 1950s the Soviet bloc had been pressing for such a conference. They thought it out primarily for the purpose of attacking Western strategic trade controls as well as the US policy of denying the most favoured nation to the Soviet bloc.¹⁹ But the US was very cool to the idea of such a conference. Their position was that these policies were simply a reflection of certain underlying realities of a political and security nature. They viewed that, under the prevailing circumstances then, the world conference such as the one proposed by the Soviet bloc would merely provide a forum from which to attack Western economic policies. Thus the idea for a world trade conference seemingly submerged in cold war polemics. But there were variations to be found among the developing countries also. The Latin American countries, with the exception of Brazil were divided and lukewarm towards the idea of a conference, though the Africans and Asians were more or less in favour of one. Marshal Tito of Yugoslavia, Prime Minister Nehru and President Nasser of Egypt, the stalwarts of the Non Aligned Movement, had exercised an informal leadership of the developing world.

But in the UN General Assembly in 1961, the idea of a world trade conference took on a different note. It was

19. Isaiah Frank, "Issues before the UN Conference", Foreign Affairs, (New York), vol.42, no.2, January 1964, p.212.

seized up by the developing countries with great enthusiasm as a means of directing attention to the problems of their trade with the rest of the world. The United States initially laid stress on the useful changes and new programmes underway in the old agencies. They along with other Western countries argued that a general conference would have only the kind of general results like those of the second committee of the General Assembly.

The resolution which finally came through was the one sponsored by the Latin American group.²⁰ The resolution titled "International trade as the primary instrument for economic development", called for the conduct of international meetings and requested the UN Secretary General to find out, whether a trade conference would be desirable and the items to be included in the agenda. Thus with the shift in emphasis and the overwhelming sentiment of the developing countries in favour of the conference, the US decided to support the project. The Western countries also decided to participate actively in influencing its scope and character and to join with others in seeking constructive solutions.

In 1962 a conference on the problems of economic development was sponsored by eleven developing nations.²¹

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20. General Assembly Resolution 1707 (XVI), 19 December 1961.
21. Kamal Hagrass, United Nations Conference on Trade and Development: A Case Study in UN Diplomacy, (New York, 1965), p.76.

The conference which met in Cario was also participated by thirty one other developing countries with observers from the UN, the specialized agencies and some regional groupings, Its agenda contained items like; the internal problems facing the developing countries; promotion of economic and trade cooperation, among developing countries as well as between developing countries and developed countries and economic and technical assistance to developing countries.²² The conference which culminated in the Cairo declaration was considered highly successful and of great significance for international cooperation among developing countries. But the very fact it was undertaken by developing countries alone, limited its importance. It needed concerted efforts from all the sides to show the required results for establishing a machinery for achieving the above mentioned goals.

The ECOSOC in its plenary meeting in August 1962, recalling the General Assembly resolution the previous year, gave attention to the then existing world economic situation and the problems and its solutions. Acting on the positive trend in the desirability of holding a world trade conference, as found by the UN Secretary General, ECOSOC decided to convene the United Nations Conference on Trade and

22. Odette Jankowitsch and Karl P. Sauvart, eds., The Third World Without Super Powers: The Collected Documents of Non-Aligned Countries, (New York, 1978), p.76.

Development. It also decided to convene a preparatory committee, by early 1963, and requested the Secretary General to prepare appropriate documents and proposals for such a conference, for consideration by the preparatory committee. In January 1963 Raul Prebisch was appointed Secretary General of the Conference.

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 The expert representatives, designated by governments which were represented on the ECOSOC, met as the preparatory committee to draw up a provisional agenda for the conference and to chart out its modalities. The provisional agenda was drawn up in the first session of the committee. It was then incorporated in the report submitted to the ECOSOC.²³ The agenda stated and defined the objectives of the conference and summarized them into seven headings, namely expansion of international trade and its significance for economic development; international commodity problems; trade in manufactures and semimanufactures; improvement of the invisible trade of the developing countries; implications of regional economic groupings; financing for an expansion of international trade and institutional arrangements to implement measures relating to the expansion of international trade. The developing countries twice enlarged the preparatory committee, during the second and third sessions, apparently for a balanced representation. The second session

23. Hagrais, n.21, p.79.

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of the preparatory committee was held in May-June 1963. In this session the committee studied papers prepared by the UN Secretariat, other member governments and specialized agencies on the objectives of the conference. In a number of sub-committees set up by the preparatory committee the seven main issues, of the agenda, were further studied and a definite draft of the agenda was prepared and necessary documentation was prepared. The report of the second session of the preparatory committee was submitted to the ECOSOC and the ECOSOC decided to hold the conference in Geneva from 23 March to 15 June 1964.

The third session of the preparatory committee discussed organizational matters and technical, procedural and administrative measures to be taken in preparation for the conference session. All these sets of studies and reports completed the task of the preparatory committee. Thus the ground work was laid for the United Nations Conference on Trade and Development.

CHAPTER II

STRUCTURAL AND FUNCTIONAL ASPECTS

As seen in the preceding Chapter, call for UNCTAD was born out of the growing recognition of the interdependence of economic development and international trade, external imbalances associated with the development process of developing countries and the long felt need for re-orientation of the then existing system regulating international trade. What was envisaged as a one-time conference in 1964 ended with a call to institutionalize the occasion with a view to keeping up the momentum on a continuing basis.

OBJECTIVES OF UNCTAD

The resolution¹ establishing UNCTAD as a permanent organ of the General Assembly defined its objectives also. Those specified by Resolution included the promotion of international trade, especially with a view to accelerating economic development. This, in particular, was trade between countries at different stages of development, between developing countries and countries with different systems of economic and social organization, without overlapping the functions performed by the other international organizations. The UNCTAD objectives were also to formulate principles and policies on international trade and related problems of

1. General Assembly Resolution 1995 (XIX), 30 December 1964.

economic development. In fact, this was one of the basic presumptions for the establishment of the organization. It was also supposed to make proposals for putting the above principles and policies into effect and to take such steps within its competence as relevant to this and having regard to differences in economic systems and stages of development.③ It also includes initiation of action, wherever necessary, in cooperation with the competent organs of the UN for the negotiation and adoption of multilateral legal instruments in the field of trade, with due regard to the adequacy of the existing organs of negotiation and duplication of their activities.

UNCTAD was generally supposed to review and facilitate the coordination of activities of other institutions within the UN system in the field of international trade and related problems of economic development. In this regard it was to cooperate with the General Assembly and the ECOSOC with respect to the performance of their responsibilities for coordination under the UN Charter. The above provision, in the UNCTAD's objectives, gives wide scope to its coordination function. It embraces not only international trade, but also related problems of economic development, which with a liberal interpretation would cover most of the technical cooperation activities carried out by UN and its affiliated

agencies.² UNCTAD was supposed to be available as a centre for harmonizing the trade and related development policies of Governmental and regional economic groupings in pursuance of Article 1 of the UN Charter. Its mandate was widened to an extent by entrusting it with the power to deal with any other matter within the scope of its competence.

ORGANS AND FUNCTIONS

The institutionalization was one of the significant offshoots of the first Conference in 1964. The 38th plenary meeting of the conference deliberated up on the draft recommendations of the Fourth Committee as well as the draft recommendations of the President of the Conference. As a result a draft recommendation was worked out on the institutional arrangements and methods and machinery to implement measures relating to the expansion of international trade. It suggested that the Conference on Trade and Development be established as an organ of the UN General Assembly and a Trade and Development Board be set up as a permanent organ of UNCTAD. It also suggested arrangements to be made to organize a Secretariat which would serve the Conference, the Board and its subsidiary bodies. Despite

2. Walter R. Sharp, The United Nations Economic and Social Council (New York, 1969), p.220.

some reservations³ expressed by different countries the Conference endorsed the recommendations and thus the proposals for the institutional arrangements by the Fourth Committee, were adopted. These formed the basis of the resolution adopted by the General Assembly on 30 December 1964.

The noteworthy provision of the UNCTAD's basic statute as approved by the General Assembly in 1964 was that it would function as an organ of the Assembly.⁴ Thus UNCTAD would not be a specialized agency, nor would it have the status of a special programme under an inter-governmental body chosen by and responsible to ECOSOC.

The three pronged structures of UNCTAD, viz., the Conference, the Board and the Secretariat - along with related institutional devices are discussed below.

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3. Britain warned that the interest of the developing countries could not be effectively served without agreement of the individual governments concerned while Burma attacked the lack of adequate representation of the developing countries in the Trade and Development Board. The socialist countries resented the lack of promptness in response for establishing the institutional machinery.
 4. It was established under the provision of Article 22 of the UN Charter which empowers the General Assembly to establish subsidiary organs as it deems necessary. Whereas the provisions for the creation of Specialised Agencies of the UN are found in Chapter IX, Articles 55-59 of the Charter.

a. Conference:

The UNCTAD has laid down, in its Rules of Procedure,⁵ certain principles for the conduct of the conference and the machinery needed for that purpose. It starts off with the periodicity of the Conference, and expects it to meet at intervals of not more than four years.⁶ The General Assembly is authorized to determine the date and location of the conference sessions taking into account the recommendations of the conference itself or of the Trade and Development Board. The provisional agenda for a session of the conference is prepared by the Trade and Development Board on the basis of the list of items submitted by the Secretary General of UNCTAD. But these items may be proposed by the Board itself, different committees, members of UNCTAD, the Secretary General himself, the General Assembly of the UN, the ECOSOC, Regional Commissions, the IAEA and other specialized agencies of the UN.

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5. UNCTAD, Rules of Procedure, T D. 63/Rev. 2, (New York, 1987), p.6.
 6. UNCTAD has so far held eight conferences, the details of which are as follows: (1) Geneva - 23 March-16 June 1964, (2) New Delhi - 1 February-29 March 1968, (3) Santiago - 13 April-21 May 1972, (4) Nairobi - 5-31 May 1976, (5) Manila - 7 May-3 June 1979, (6) Belgrade - 6 June-3 July 1983, (7) Geneva - 9 July-3 August 1987, (8) Cartagena - 8-25 February 1992.

The conference also elects from its members a President,⁷ Vice-President and Rapporteurs for the sessions. The Rules of Procedure of UNCTAD also provide for the establishment of a Bureau for the conference. The Bureau comprises thirty five members who include the President, Vice-President and the Rapporteurs of the Conference as well as the Chairmen of the main committees⁸ The President of the conference acts as the Chairman of the Bureau. It assists the President in the general conduct of the business of the conference and, subject to its decision, ensures the coordination of its work. The Bureau meets periodically throughout the session to review the progress of the conference and its main committees and other sessional bodies and makes recommendations for furthering such progress. A credential committee is also established before the commencement of each session, to verify the credentials of the participating delegates, the members of which are proposed by the President of the conference.

(Decision-making system in UNCTAD is based on the principle of 'one country - one vote' i.e., each member having one vote. The decisions of the conference on matters of

7. Generally the head of the delegation of the host country is elected as the President. The following persons presided the sessions (1) A.M. Kaissouni (Egypt) (2) Dinesh Singh (India) (3) Albeyda (Chile) (4) E.T. Mwamunga (Kenya) (5) Carlos Romulo (Philippines) (6) Lazar Mojson (Yugoslavia) (7) Bernard Chidzero (Zimbabwe) (8) L. Santos (Columbia).

8. To be discussed later in the chapter, pp.32-34

substance are to be taken by two-thirds majority of the members present and voting, while the matters of procedure are decided by a majority of the members present and voting. The President of the Conference can designate a question as procedural or substantive matter. But there has been a clear tendency to avoid voting, and the UNCTAD decisions and the decision-making has tilted towards consensus. A tacit rule also prevailed to require that resolutions should be acceptable to everybody and that negotiations continued until agreement is reached.

Of all the provisions contained in the institutional arrangements the one which dealt with the process of conciliation in the decision-making procedure aroused much interest. It was a device aimed at providing adequate time to negotiate an agreed decision and a cooling-off period before proceeding for a decision by vote.⁹ A special committee was advocated to work out acceptable conciliation procedures which were incorporated into the resolution establishing UNCTAD. It was proposed that a conciliation may be invoked either by a relatively small group of countries or by the President of UNCTAD or Chairman of the Trade and Development Board. Then a conciliation group is to be set up with representation from the opposing parties which try to evolve a consensus by meeting privately. If successful, the

9. United Nations, History of UNCTAD 1964-84, (New York, 1985), p. 45.

resolution in question can be voted; and if not, the conciliation efforts were to be continued till the next session where it is decided by a majority vote if the conciliation efforts were to prove unsuccessful. But there are a number of specified fields where conciliation is not required. They include procedural matters, proposals for study or investigation and the establishment of subsidiary bodies of the Board etc.

Thus UNCTAD provided for an elaborate conciliation procedure in its decision making bodies. But the fact is that this formal procedure is invoked very rarely in arriving at decisions, understandably its availability itself would have prompted the formulation of consensus decisions.

b. Trade and Development Board

The Trade and Development Board is a permanent organ of UNCTAD. Membership of the Board is open to all members of UNCTAD ¹⁰ and every member is entitled to have one representative in the Board. It adopted its own rules of procedure and meets, in accordance with its rules, which is normally twice a year.

The UN General Assembly has bestowed the Trade and Development Board with some very important functions. The

10. Initially it was composed of 55 members only and the members were elected on the basis of equal geographical distribution.

Board carries out the functions that fall within the competence of UNCTAD when the conference is not in session. The recommendations, declarations, resolutions and other decisions of UNCTAD are kept under review by the Board and it takes appropriate action within its competence for the implementation of the same and thus ensures continuity of its work. The Board initiates studies on its own, and reports in the field of trade and related problems of development. It can even request the Secretary General of UNCTAD to prepare such reports, studies and other documents as found appropriate. It establishes continuous and close links with the regional economic commissions of the UN acting in conformity with the responsibility of the ECOSOC under the UN Charter. The Board acts as preparatory committee for the sessions of the conference. For that purpose it initiates preparation of documents including the provisional agenda. It also makes recommendations as to the appropriate date and place for convening the conference.

The Board reports to the conferences and also annually to the General Assembly of the UN through the ECOSOC. It is also supposed to establish such subsidiary organs as may be necessary to the effective discharge of its functions. Initially three priority areas were identified for the subsidiary organs and they were the commodities, the manufactures and the invisibles.

c. Committee System

The plenary meetings of the Conference were complemented by different committees. The committees were organized for extensive discussions of the various issues in the provisional agenda which was approved by the initial plenary meetings. In the Committees, the problems were reviewed and the differences of opinion were discovered and analysed. They also work out many proposals and suggest solutions.

① One such committee deals with International Commodity problems. It is otherwise known as the First Committee. It is concerned with primary commodities, a program of measures and action for the removal of obstacles and discriminatory practices against such products. It also deals with market expansion opportunities, stabilization of markets at suitable and remunerative prices and also compensatory financing. The recommendations made by the First Committee went into details of steps for implementation and for action of various types to be taken by developed countries as well as developing countries and international organizations for many promotional methods and work programmes.

② The Second Committee was designated to deal with trade in manufactures and semi-manufactures. In the Second Committee various measures were proposed to carry out the policies in the trade in manufactures and semi-manufactures.

They were, diversification and expansion of the export of manufactures and semi-manufactures by developing countries with a view to increasing their share in world trade; expansion of markets of developing countries and promotion of trade among developing countries. Among the measures proposed was the establishment of international machinery for industrial development.

A number of topics fall in the ambit of the Third Committee. They were, (2) the improvement of invisible trade of developing countries; matters of financing for an expansion of international trade and the technical aspect of international trade and the technical aspect of international compensatory financing and measures for stabilization of primary export earnings at adequate levels. —

The Fourth Committee was set up to explore institutional arrangements as well as methods and machinery to implement measures relating to the expansion of international trade. It was to review the effectiveness of the then existing international bodies and the possibility of elimination of overlapping and duplication by coordinating their activities. (5) The Fifth Committee dealt with the question of expansion of international trade and its significance for economic development and with the implication of regional economic groupings.

These main committees were institutionalised with the relevant recommendations from the Trade and Development Board. They were supplemented by such other sessional bodies as deemed necessary for the performance of their functions. Every member of UNCTAD was entitled to be represented in the main committees by one person. All the main committees and the sessional bodies could set up such sub-committees and working parties as may be required. The committees thus established by UNCTAD over the years included money and finance; shipping; transfer of technology, economic co-operation among developing countries and trade related to land-locked and island countries.¹¹

d. **Secretariat and Secretary General**

The third main structural wing of UNCTAD, Secretariat, was established as an independent unit of the Conference. But it was an integral part of the Secretariat of the UN. Initially it was formed with a set of civil servants from the UN Secretariat as well as other international organizations. The physical isolation from the Department of Economic and Social Affairs at New York apparently increased its opportunities for independent and autonomous action. Basically its functions are procedural in nature which

11. Nine main committees were proposed to be replaced at UNCTAD VIII in Cartagena by standing and adhoc committees in specific areas. They were: commodities, poverty alleviation, economic cooperation among developing countries and fostering competitive service sectors in developing countries.

include interpretation, translation of documents and circulation and publishing of records, resolutions and reports. The UNCTAD Secretariat recognizes its obligation to show the maximum of objectivity in dealing with development problems. Its impartiality alongwith the required sense of initiative expressed itself at all stages of international action in the analysis and diagnosis of problems and the formulation of specific remedies and measures. The Secretariat assists the developing countries in their group meetings before the conference sessions. This was primarily due to the reluctance of the G-77 to establish a Secretariat and a permanent consultative machinery as well as lack of representation by many of the developing countries at Geneva.

[The Secretariat is headed by the Secretary General¹² who is appointed by the UN Secretary General. The Secretary General acts in that capacity in all meetings of the conference and its sessional bodies and directs the staff required by the conference, its main committees and the other sessional bodies. He is responsible for keeping the members informed of any questions which may be brought before the conference for consideration. The Secretary-General or his representative is entitled to make statements to the

12. The following have held the post so far 1) Raul Prebisch (1964-68), 2) Manuel Perez-Guerrero (1968-74), 3) Gamani Correa (1974-86), 4) Kenneth Dadzie since 1986.

conference and its main committees and other bodies concerning any question under consideration. He is responsible for all necessary arrangements for the meetings of the conference including preparation and distribution of documentation. But the role of the Secretary General of UNCTAD is not identical with the role of the Secretary General in other organisations that are less dominated by conflict.¹³ Here the central element of his power rests on the developing countries' need to create and control a forum to initiate, coordinate and negotiate their policy packages. As a result the Secretary General inherits a unique leverage that may permit him to reflect a broader interpretation of developing countries' interests. But the role of Secretary General is often termed to be unstable. His power rests on the interaction between his personal stature, his political skills in putting together a programme acceptable to all and establishing sufficient support for the same. Thus his effectiveness is likely to rest on the power of persuasion and not the power to compel or dominate.

The Secretary General has played an important role in offering good offices and promoting agreed decisions and solutions in respect of many subjects.¹⁴ He could do this

13. Robert L. Rothstein, Global Bargaining: UNCTAD and the Quest for New International Economic Order, (New Jersey, 1979), p.239.

14. United Nations, n.9, p.14.

both at the request of the members and on his own initiative and invariably in consultation and with approval of different groups of countries. But of course, the character of the role has varied over time and with the differences and complexity of the issues and the gaps between different group positions.

GROUP SYSTEM IN UNCTAD

The group system as such was not invented by UNCTAD, although nowhere else has it been formalized and practiced to the extent as in UNCTAD.¹⁵ The principal purpose of the system was to obtain an equitable geographical distribution of seats in the non-plenary organs of the UN system and hence to ensure proper representation of all sections in order to strengthen the legitimacy of the institutions as a whole.

Different positions assumed by the Western developed countries, the socialist countries and the developing countries on the institutional issues prior to, and during the Geneva conference were part of the process that led to the emergence of the group system functioning in UNCTAD.

The formula that was agreed upon at UNCTAD recognized four groups. They were formally institutionalized when General Assembly established UNCTAD as one of its organs. For

15. Karl P. Sauvart, The Group of 77; Evolution, Structure, Organization, (New York, 1981), p.10.

the purpose of electing members for the Trade and Development Board, on the basis of equitable distribution four lists of states were drawn up and annexed to the General Assembly resolution establishing UNCTAD. The African and Asian countries alongwith Yugoalovia were put into Group A; the Western European countries alongwith Australia, Canada, Cyprus, Japan, New Zeraland and US in Group B; the Latin American countries in Group C and the East European countries in Group D.

The four groups in UNCTAD were initially administrative in origin. They attained a political character when the geographical limits that bound the groups had to be adjusted, to a large extent, by configuration of interests. Hence adjustments had to be made to form them into distinct interest groups. The most important of them was the merger of groups A and C to form the Group of 77.

The creation of Group of 77¹⁶ and of the UNCTAD group system has a corresponding relationship with the efforts of the developing countries to change their status in the world economic system. The Western group actually existed in the Organization for Economic Cooperation and Development (OECD-1961) while the socialist countries had an organizational base in the Council of Mutual Economic Assistance (COMECON-

16. Though the membership of the Group grew every year, the name remained as such. The present membership is around 130.

1949). Thus there were three distinct sets of groups in UNCTAD, the Group of 77 of the developing countries; Group B of the developed countries and Group D composed of the Socialist countries of Eastern Europe.

The Group of 77 was characterized by heterogeneous composition, large number, great political and ideological differences. There was a conspicuous absence of leadership by a great power and hence no ultimate authority in the group. The Group of 77 was considered to be an instrument to enhance the negotiating position of the developing countries vis-à-vis the developed countries. It also introduced a political pressure element into the economic negotiations. But there was a serious threat to the unity of the 77 in their diversity and in the close links many of them maintained with developed countries.

Not being institutionalised, the Group of 77 constituted itself whenever the need arose for any particular set of negotiations. Along these lines they organised themselves before the UNCTAD sessions through the preparatory committees and the ministerial meetings.¹⁷ Ministerial meeting is the supreme organ of Group 77. These meetings are complemented by technical committees which concentrate on different themes. These are further supported by different working groups. The preparatory committees

17. Sauvart, n.15, p.32.

along with other sub-committees draft agendas for discussions in the ministerial meetings and they in turn try to evolve a common stand for the Group of 77 in its negotiations in the international fora."

The affairs of Group of 77 in Geneva are managed by the regional coordinators of African, Latin American and Asian groups respectively. They are rotate every two or three months in the alphabetical order. This ensures that the work is shifted frequently between the countries and enables more countries to represent the Third World.

As a counter measure to the creation of UNCTAD and the formation of Group of 77, the western countries formally organised themselves as Group B.¹⁸ Unlike the Group of 77, the Group B assumed a distinct organisational form very rapidly because it was able to utilize existing OECD machinery. Initially the task of the Group B in the UNCTAD was rather easy when their main purpose was to elaborate a defensive posture i.e. to react to and neutralise demands of the developing countries. But as years passed there were signs of more positive attitude on the part of the Group B countries as a whole towards the demands of the developing countries.

18. Banislav Gosovic, "UNCTAD: North-South Encounter", International Conciliation (New York), no.568, May 1968, p.22.

The Group D composed of the socialist countries of Eastern Europe did not establish a firm common position. Since the chief preoccupation of UNCTAD had been the deliberations of the Group of 77 and Group B concerning development problems, the Group D had often appeared as a marginal actor. It extended support to the Group of 77 and tried to enhance its bargaining power. This was because the group viewed the Group of 77 as an anticolonial formation and also because they competed with the West for influencing the Third World.

In UNCTAD the group system facilitated dialogue because it provided for regular prior consultation and coordination of positions. The system actually was a good method of collective negotiation for the formulation of principles and general trade policies. But the existence of groups does limit the freedom of individual countries and they might have to surrender some of their sovereignty prerogatives.

CHAPTER III

EVOLUTION AND ACTIVITIES, 1964-1976

As discussed in the previous chapter UNCTAD operates in two main ways. On the one side there are the quadrennial conferences and on the other the continuing work of the Trade and Development Board and other sessional bodies. The conferences which are public affairs were supposed to serve as places where issues of concern to developing countries are generally brought into open, and when attempts are made to gain commitments to particular programme of action at the international level.

This chapter tries to discuss the evolution of UNCTAD through its periodic conferences and the activities it took up in them to serve the objectives of the organization.

UNCTAD I (GENEVA): SETTING THE BALL ROLLING

The first UNCTAD met at Geneva from 23 March to 16 June 1964, and it was the largest and one of the most important intergovernmental conferences ever assembled. Its deliberations covered almost the entire field of trade and development problems and policies. This conference for the first time in history was seized with the problems of trade and development of the developing countries, ushered in a new era of international endeavour for accelerating the process of development. UNCTAD I set the stage for enlarging the role of the United Nations in the field of international

trade and broadened the concepts of negotiation and cooperation for resolving the economic issues facing the world community.

The preparations for the convening of the first conference were undertaken in different sessions of the preparatory committee. The committee also drew the draft agenda which was adopted by the initial meetings of the conference plenary session. The early phase of the conference was devoted to adopt the procedural rules, constitution of some sessional bodies, and the election of the office bearers for the session etc.¹ Raul Prebisch, the first Secretary General of UNCTAD, initiated the debate in the Plenary Session. He introduced the general debate with a statement which supposedly summed up the key issues. He noted that "the main efforts to accelerate the economic development of the developing countries had to be by their own governments".² The intention of the conference, according to him, was to assist developing countries to achieve this aim by helping them to control economic forces instead of being dominated by them. Analysing the economic areas which needed improvement he drew special attention to

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1. Most of these were explained in the previous chapter while discussing the procedures and the institutional framework.
 2. Kamal Hagra, United Nations Conference on Trade and Development: A Case Study in Un Diplomacy (New York, 1964), p.89.

the fact that the beneficial effect of foreign aid granted to developing countries was nullified by the terms of trade with developed countries which never consider the needs of the developing economies. He called for international negotiations and urged that this be translated into quantitative targets covering exports of both primary and industrial goods from the developing countries. His points generally served as basis for further discussions in the conference.

The representatives of the participating countries did their best to explain what was wrong with the then existing system of trade relations and what they considered to be the prime issues for the consideration of the conference. There were similarities to be found in the approaches of the developing countries on the one hand and of developed countries on the other. Some countries even ascribed the economic difficulties of developing countries to the continuing threat of new colonialism and to the discriminatory practices of capitalist economies. Almost all nations agreed that some reorganisation of GATT was necessary, since, in its present form then it was not equipped to promote trade relations between developed and developing countries.

While the plenary was in session, and was the focus of attention, the actual work was done in different committees

of the conference. The agenda of the conference contained five major items which were directly concerned with trade and development. For an extensive study of these issues, five committees were set up.³ A study of the work performed by these committees reveals the main problems faced by the conference and the extent to which active cooperation on international level contributed to proposed solutions. The First Committee which dealt with problems of commodity trade made recommendations covering a wide range of issues in the field of primary products aimed at improvements in the condition of commodity trade. It also emphasised the need for securing remunerative, equitable and stable prices for primary commodities and improving access to the markets of the industrialised countries through removal or reduction of obstacles.⁴ Above all, the committee seemed to be concerned with the problems of synthetics and other substitutes affecting trade of primary commodities. This could cause great concern to the trade prospects of the developing countries. The developing countries felt that synthetics reduced the demand for their natural materials and increased price competition among themselves. A hitch arose when the developed countries decided to tackle the problem of trade in

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3. The objectives and areas covered under the committees are elaborated in the second chapter, at pages **32-34**
 4. H.D. Shourie, UNCTAD II A Step Forward (New Delhi, 1968), p.32.

commodities as such. They insisted that a commodity by commodity approach was necessary and the members would be free to choose their own methods and speed in adopting the measures recommended. The conference had to yield to the wishes of the developed countries of the West. This clause could give enough freedom to negotiate the commodity trade to their markets.

At its second plenary meeting the conference designated the second committee to deal with trade in manufactures and semi-manufactures. The draft proposals and counter proposals submitted by individual countries and by groups of countries were numerous. The idea was to grant preferences, by the developed countries, to the developing countries' exports in manufactured products. Most of the developed countries refused to accept this proposal, for they feared, this would affect their domestic industries.

The discussions on the problems regarding shipping took place for the first time in an international forum when the Third Committee of UNCTAD I decided to set up a working party for shipping. It was supposed to consider how shipping could best contribute towards international trade of the developing countries. The general discussions covered the main aspects of shipping industry, especially the liner conference system and the problems relating to shipping of the developing countries. The deliberations in the working group were

comprehensive, touching almost all aspects of importance to the merchant shipping, concluding in an agreement called "Common Measures for Understanding on Shipping Questions".⁵ The origin of the working group and its discussions gave birth to the shipping committee itself, which became a permanent addition to the UNCTAD mechanism. Justice Nagendra Singh, the Indian representative in UNCTAD I, even says that the great contribution of UNCTAD I was considered to be the realisation, on the part of the developed states, of the necessity for a dialogue with the shippers or the governments of the developing countries.⁶ UNCTAD I also found the awakening of the shippers who had, till then, been disorganised and disunited.

The UNCTAD I also recommended that the socialist countries should take certain measures to expand exports of developing countries. It indeed listed some measures to be adopted by the centrally planned economies. The conference recommended, for instance, that long term trade agreements might be considered to stimulate the economic progress of developing countries. It also believed that these trade agreements would be one of the methods that contribute to the solution of the commercial problems between countries at

5. Nagendra Singh, Achievements of UNCTAD I and UNCTAD II in the Field of Shipping and Invisibles, (New Delhi, 1969), p.45.

different levels of development and with different economic and social systems.

The establishment of regional groupings by various developed countries and their impact on world trade, especially on the trade of developing countries, was also a subject of discussion at the first conference. The conference called upon the developed countries participating in regional economic groupings to do their best to ensure that economic integration should not cause injury or otherwise affect the expansion of their imports from third countries and in particular from developing countries.

→ In its final Act, the UNCTAD also agreed on fifteen general and twelve special principles.⁷ These were supposed to govern international trade relations and trade policies in the interest of fostering economic development.

The general principles were meant to respect sovereign equality of all nations and against the discrimination of socio-economic systems. There was the freedom to trade, and disposal of natural resources and the acceleration of growth and thereby narrowing of income gap. The international division of labour was to be followed where the developed

6. *ibid.*, p.47.

7. UNCTAD, Final Act, (E. Conf. 46/L.28), (New York, 1964), p.2.

countries were expected to help developing countries and an increase in export earnings of less developed countries were expected regardless of the system followed. The general principles also called for international arrangements for market access and remunerative prices for the primary products. There was a need for preferences and non-reciprocity and the regional groupings were expected not to harm nations outside the group while the encouragement for regional groups and integration were called for. The increase in aid was supposed to be without any political or military strings. The principles also advocated disarmament with the resources thus freed to be made useful for development. There was a provision for transit trade of land locked countries. The general principles also called for a complete decolonisation. It also recognised the differences in stages of development of different countries.

The special principles which were agreed upon to moderate international trade relations were to set targets for trade expansion and it felt the need for industrialisation and modernisation of agriculture. There was a concept of preferences and the right to protect infant industries. The principles were against domestic support prices, stimulating uneconomic production. It expected the developed countries to help developing countries in the resubstitution for their commodities. Compensatory financing were to be offered for worsening terms of trade. the surplus

disposals were to be governed by international rule. The principles were also against the dumping of products and called for extension of technical assistance to developing countries. The principles concerned with assistance expected more multilateral aid and also for easier terms and repayment in local currencies or even commodities. The principles also laid down actions to promote invisible earnings. It also called for the establishment of multilateral trade and payments arrangement among the less developed countries.

Thus, UNCTAD I provided a unique opportunity to make comprehensive review of the problems of trade in relation to economic development, specifically, from the point of view of accelerating the pace of development of the developing countries. It also could recommend the regularizing of the forum, and decide on the principles to be followed in the field of international trade which could become the basis of ensuing negotiations in UNCTAD.

UNCTAD II (1968): LIMITED SUCCESS

The second UNCTAD took place at New Delhi against a background of changing trends in world trade and development. The world economy in 1967 had been characterised by a considerable slowdown in overall growth rates combined with severe strains on the balance of payments and international

monetary system.⁸ Inevitably the slowdown in trade expansion adversely affected the export earnings of the developing countries.

Many of the principles recommended by the first conference to govern international trade relations and trade policies conducive to development received growing recognition and began to be reflected at specific actions at both international and national level in the years after 1964. The idea that preferential tariff concessions should be granted to imports of manufactures and semi-manufactures from developing countries gradually gained ground in the years following UNCTAD I. But, in many other fields the implementation of recommendations of the first conference had been considerably slow and inadequate. In view of the inadequacies of implementation of actions called for by the first conference, the second session of UNCTAD was envisaged as a new and politically decisive stage in the pursuit of the objectives of UNCTAD.

Most of the issues which did not receive enthusiastic support from several developed countries during the 1964 conference were discussed subsequently in the Board Sessions. As a result there was apparently greater measure of understanding and agreement on the eve of the conference,

8. Shah M. Bijli, Developing Nations and the UNCTAD (Aligarh, 1973), p.36.

preparing the ground for adequate negotiation and concrete proposals. The agreed aim of the conference, as mentioned by the President of the Trade and Development Board, were to reevaluate the economic situation and its implications for the implementation of recommendations of the first UNCTAD; to achieve, through appropriate form of negotiation, specific results that ensured real progress in international economic cooperation for development and to explore and investigate matters requiring more thorough study before agreements could be envisaged.⁹

~~T~~There was great contrast between the first and second conference in terms of emphasis. This conference was expected to concentrate on those problems where some agreement was likely, unlike the first session which covered all problems relating to trade and development. But the pressures from different quarters of the developing countries to include on the agenda everything of interest to them did dilute the seriousness of the original intent.

As in UNCTAD I, substantive deliberations of the conference took place in the various committees established for discussing different issues. A committee on commodities was established in 1965. But despite lengthy negotiations

9. Banislav Gosovic, "UNCTAD: North-South Encounter", International Concilation, (New York), no.568, May 1968, p.47.

nothing was accomplished regarding international commodity arrangements. Thus a fresh evaluation of the situation arising from the lack of implementation of the recommendations of the first conference and consideration of further action for securing the implementation of these recommendations became inevitable. The developed market economy countries shared the general disappointment of developing countries regarding the lack of progress made since UNCTAD I in tackling commodity problems. They, however, disagreed with their pessimism and pointed out that in the years before the conference the export earnings of developing countries had increased at a rate substantially above that achieved in the 1950s.¹⁰

The conference could achieve consensus on general principles to guide the negotiation of specific commodity agreements. The developed countries refused the idea of a General Agreement on Commodity Arrangement stating the futility of such an arrangement. They, seemingly, stuck to their view that owing to different features of each commodity markets and variety of national policies, a commodity by commodity approach would be preferable. In the UNCTAD II the concept of buffer stock was recognised as one of the methods to be used in international commodity agreements.¹¹ But there was no agreement either on the market intervention by a buffer stock or on sources for its prefinancing. The developing countries proposed that the international

financial institutions should be able to finance buffer stocks. The developed countries refused this view. They wanted the IMF- World Bank to complete a study on this aspect before any decision was taken. In the controversial area of synthetics and substitutes also there was no agreement on action. The developed countries agreed only to give sympathetic consideration in their financial and technical assistance programmes. The developing countries insisted that differential tariffs on processed and semi-processed products be removed. The developed countries were partially in agreement with these proposals. These vague commitments illustrated the non-preparedness of developed countries to introduce changes in their domestic economic policies in line with the demands of the developing countries.

✓ The positive side covered in the field of manufactures where, there was unanimous agreement in favour of the early establishment of a generalised, non-reciprocal and non-discriminatory system of preferences. This marked a considerable step forward since, at UNCTAD I, many developed countries including the US had firmly opposed to extension of

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10. The Period 1950-60 showed an average annual growth of 4 per cent whereas the period 1960-68 showed 9 to 10 per cent growth.
 11. Gosovic, n.10, p.52.

preferences in principle.¹² Their acceptance of the preferential treatment implied the recognition of the inequality of nations in the economic field and relatively weak position of the developing countries in the world trade in so far as manufactured goods were concerned. But there was some disappointment over product coverage under preferences. The developed countries were ready to include only manufactured and semi-manufactured products while, developing countries urged the need for covering processed and semi-processed products too.¹³ These were supposedly inclined to help the exports of the least developed countries.

Many developing countries suggested the creation of a machinery within UNCTAD to supervise a programme for the removal of tariff and non-tariff restrictions. The developed countries agreed that there was some justification in the developing countries' concern with the adverse effects of non-tariff barriers¹⁴ on their exports. They asserted that they imposed only few restrictions which were not

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12. Manubhai Shah, Developing countries and UNCTAD (Bombay, 1968), p.12.
 13. Tracy Murray, "UNCTAD's Generalised Preferences: An Appraisal", Journal of World Trade Law (Geneva), vol.7, no.4, July-August 1973, p.462.
 14. They are quantitative restrictions on imports to developed countries, state import monopolies, discretionary licensing and granting of government aids.

affecting the interest of the developing countries. But they refused to remove restrictions on some other items which would perhaps be due to pressure from local industries and trade unions.

There can be no doubt regarding the general feeling that as far as shipping was concerned the Conference had been by and large successful.¹⁵ A regular separate committee was appointed to deal with shipping at UNCTAD II. The developing countries stressed the need for governmental interference in the dialogue between the shippers and the ship owners. This view could be because they believed that their shippers were either non-existent or disorganised. The developed countries opposed this, they maintained that as there were only two parties concerned, the conciliatory negotiations had to be bipartisan, and the governments had no place in the negotiations. But, there was mutual agreement in establishing the principle that freight rates ought to be subject of negotiation.

The Trade and Development Board held substantive discussions in 1967 on the relationship of trade between countries of different social and economic systems. The differentiations of all three groups emphasised the role which UNCTAD should play in promoting 'inter-systems' trade

15. Singh, n.5, p.311.

including 'East-West' trade. So the principal questions faced, in the New Delhi Conference, in the East-West trade were how to promote trade between countries with different social systems and how the interests of the developing countries were related to East-West trade. The adoption of a resolution on this subject meant that it has been formally recognised that UNCTAD in consultation with the regional groupings could also deal with the subject of East-West trade.¹⁶ This was opposed by the Group B countries viewing it as a step towards the establishment of an ITO. The Socialist countries of Eastern Europe noted a limited improvement in East-West trade relations and emphasised the need for removal of discriminatory policies, such as quota restrictions, tariffs, export controls and credit limitations employed by developed countries. But, the developed countries expressed satisfaction with the increase in trade between their countries and the socialist countries and also referred to their government's liberalization measures. The developing countries also supported the expansion of the East-West trade. They had a feeling that this expansion may be of benefit to all developing countries.

The subject of the impact of regional economic groupings was discussed in Committee V of UNCTAD II. Many countries favoured economic integration in principle

16. Gosovic, n.9, p.64.

including that among developing countries. They recognised that this process yielded better specialization, improved utilization of technological possibilities and other benefits that could accelerate the growth of the participating countries.¹⁷ But some developing countries and socialist countries expressed the view that there had been unfavourable effects on world trade, and in particular on the trade of developing countries, resulting from formations such as Western European Economic groupings. On the other hand, developed countries called attention to the rising imports of their groupings from all all major groups or third countries including developing countries and socialist countries.

/ Thus the second conference recorded certain important gains though most of the critics¹⁸ wrote it off as a total failure. It would not be correct to suggest that the conference did not achieve anything at all. There were partial gains, like in the case of preferences, development finance etc. and some positive gains in field of shipping, trade with socialist countries etc. But there were practically no gains in the access to commodity markets and the reduction of tariiff and non-tariff barriers to trade.

17. Shourie, n.4, p.214.

18. For example, see Guy Erb, "The Second Session of UNCTAD", Journal of World Trade Law, vol.2, n.3, 1968, pp.346-58, and David Howell, "Failure at UNCTAD II", Round Table, n.231, May 1968, pp.249-53.

But above all, the fact that UNCTAD survived as an organisation itself proved to be of immense value.

UNCTAD III (1972): KEEPING THE ISSUES ALIVE

The third session of UNCTAD was held at Santiago in April 1972. It took place at a time when the need to remedy all unresolved weaknesses of the international economic order was as inescapable and urgent as it had been when UNCTAD was established in 1964. The Third World was beginning to be disillusioned with UNCTAD when the follow up actions expected to be undertaken by the developed countries were half-hearted and the implementation of even the resolutions were very slow.¹⁹ Any progress whatsoever made during the interval between the second and third conferences proved to be slow and inadequate in relation to the magnitude of the development problem. This has been accompanied by the aggravation of some basic problems and the re-emergence of others, such as mounting inflation and monetary instability. Development has not been fast in those countries where incomes were lowest and hence where needs were greatest. The conference was marked by the realization that neither the developing countries nor the developed countries could be wholly satisfied with the progress thus far achieved by the

19. Bijli, n.8, p.47.

recognition of poor state of development in the Third World.²⁰

As far as primary commodities were concerned, there was general support for the claim that international commodity agreements had an important role to play and that efforts should be continued, wherever appropriate, for the conclusion of more agreements.²¹ But many developing countries reflected disappointment over the slow progress regarding efforts to offset fluctuations in commodity prices. This could have been because of the fact that most of the developing countries depended on the export of primary products, the prices of which were declining, while, prices of their imports continued to rise. References were also made for complementary action by producers of commodities, who should devise coordinated measures with a view to strengthening the bargaining power of developing countries in their common objectives of obtaining equitable treatment in the trade of these products. The developed countries expressed themselves in favour of moves towards greater diversification of the economies of the developing countries with a view to lightening the latter's often excessive dependence on the export of a narrow range of commodities.

20. United Nations, Report of the third session of UNCTAD, T D/178, (New York, 1972), p.18.

21. Other than Sugar Agreement, no new agreements were arrived since UNCTAD II.

But, their approach to the solution of the problems of developing countries, attributable to the composition of their commodity trade, remained same as before i.e. they still persisted on a case-by-case basis.

In the field of exports of manufactures and semi-manufactures, though developing countries continued to face both tariff and non-tariff barriers, there was general satisfaction over UNCTAD's successful efforts in introducing the Generalised System of Preferences (GSP). But, the developing countries pointed out that in order to be of a real assistance to them, the product range of the schemes would have to be widened to include processed and semi-processed goods as well as other items of particular interest to developing countries. The governments of Malta, Spain and Turkey seemed to be more enthusiastic about the GSP. They emphasised, the need for an early implementation of all the schemes of preferences and, that all developing countries should be considered as beneficiaries. The conference agreed that, a special committee on preferences should be established as a permanent machinery of UNCTAD and, it should be convened as early as possible. This was with a view to consultations for further improvements of the preferential agreement, taking into consideration the requests made by developing countries. Besides this the Committee for manufactures was asked to study and investigate means for

reducing or removing non-tariff barriers on the products exported by developing countries.

As far as shipping question was concerned the usefulness of a code of conduct for ~~liner~~^{lines} conferences was recognised in principle by UNCTAD III. But the developing countries themselves had differences on certain aspects of the issue, specifically on the expansion and protection of merchant fleets and the extent of government intervention to be embodied in the code.²² Throughout the statement of objectives and principles of Draft Code, reference was made to the overall goal of improving the position of the developing countries in maritime transport. The developing countries saw the code of conduct as a proper instrument for promoting their economic development goals. Developed countries viewed that the discriminatory provisions in the code such as, 'temporary', 'promotional' or 'reduced' rates had no place in a code of conduct that was supposed to regulate liner conferences throughout the world in an objective manner. Many developed countries also considered that the code elaborated by the committee for European National Ship Owners Association (CENSA) in consultation with European Shippers Organization should be fully taken into account in the work on the code of conduct. This, they thought, would confirm to the needs of their shipping organizations.

22. Stephen Zamora, "UNCTAD III and Shipping", Journal of World Trade Law, vol.7, no.2, p.143. 1973.

After the second Conference, the UNCTAD secretariat had begun consideration of the role which UNCTAD could play in promoting an examination of the issues faced by the developing countries in the transfer of technology. The Inter Governmental Group convened for this purpose adopted a programme of work, in 1971, for UNCTAD in the field of Transfer of Technology. The question on Transfer of Technology was thus taken up as a major item in UNCTAD III. Its deliberations led to a unanimous inter-governmental agreement. It was characterised as a decisive breakthrough for further work at the national, regional and international levels. The resolution also represented a considerable broadening of UNCTAD's mandate in this field. It addressed a series of major recommendations to the developed countries and socialist countries and the international community in general to take measures towards improving the access of the developing countries to technology.²³ The developed countries expressed their satisfaction and viewed that UNCTAD had made an excellent beginning. Agreeing to its detailed programmed of work they believed that clarification of priorities of work was needed in order to avoid duplication. The Group D countries always had been in favour of full scientific and technical co-operation among the countries

23. Surendara J. Patel, "Transfer of Technology and Third UNCTAD", Journal of World Trade Law. vol.7, no.2, 1973, p.226.

of the world. They thought that transfer of technology should be encouraged among all countries, including those with different economic and social systems.

The Board in its 8th session had decided to convene, periodically, a sessional committee, in order to proceed with consultations on and elaboration of proposals concerning East-West and East-South trade relations. Thus the new idea of trade possibilities between the market economy countries and the socialist countries of Eastern Europe also emerged during the third UNCTAD session. The conference also reiterated the need to facilitate all trade flow i.e., those between countries at different levels of development, between developing countries; and between countries with different economic and social systems.

As a whole, in UNCTAD III, there was a feeling of urgency for moving forward with practical measures. The participants were encouraged by the desire to seek the widest possible area of understanding on how UNCTAD, as an instrument of concerted inter-governmental action, would most effectively be used to carry forward the aims and purposes of the organization.

UNCTAD IV (1976): PROMISE OF PROGRESS

The fourth session of UNCTAD held in Nairobi was regarded as the first opportunity which would allow for a

real breakthrough in terms of the international economic situation following the seventh special session of the UN Generaly Assembly in 1975. In Nairobi, it was hoped that it would be possible to identify the issues and attempts to translate them into concrete agreements. The agenda for the session was also to be much more selective than before, leaving routine matters to be dealt by the UNCTAD's continuing machinery.

✓ In this session a scheme for the Integrated Programme for Commodities(IPC) was formulated, debated and finally adopted. The outline of which was discussed and studied by the Committee for Commodities as put forward by the UNCTAD secretariat in 1975. It was conceived as a comprehensive attack on the deep-rooted problems of commodity sectors which the earlier commodity-by-commodity approach had failed to tackle. The resolution on the programme was wideranging, envisaging the negotiation of agreements or arrangements for eighteen specific commodities with the aim of avoiding excessive price fluctations and achieving price level remuneration to producers and equitable to consumers.²⁴ The Common Fund to finance the acquisition of national stocks was the main element of the agreement. The broad objectives of the agreement were to improve the terms of trade of

24. Research and Information System for Non-Aligned and other developing countries, UNCTAD III and the Global Challenge: A Report (New Delhi, 1987), p.28.

developing countries and to ensure an adequate rate of growth in the purchasing powers of their earnings from their exports of primary commodities, and to encourage more orderly development of world commodity markets in the interests of both producers and consumers.

During the discussions the developing countries pointed out that the objectives of IPC made it clear that the concern focussed both on the questions of pricing arrangements and on a re-allocation of resources on an international scale to redress the existing imbalances between the industrialised countries and the developing countries. They observed that in the procedures of negotiation on individual commodity arrangements, a clear responsibility could be placed on the shoulders of UNCTAD. The socialist countries also agreed with the views of the developing countries regarding the IPC and believed that the basic idea and goal of an integrated approach consisted in a radical reform of both the structure of world community markets and of the commodities sector of the economies of developing countries.²⁵ But, some developing countries of Latin America joined the consensus with some reservations, stating that the IPC should exclude the existing agreements. They believed that the results of such agreements were excellent and were favouring their

25. United Nations, Report of fourth session of UNCTAD, T D/217, (New York, 1976), p.36.

commodity trade interests. Nonetheless, most of the developed countries welcomed the IPC and especially the Common Fund. The US even praised the consensus resolution on commodities as the central element of UNCTAD IV.

↙ The resolution adopted in the area of manufactures resulted in a much more comprehensive action programme than before. This aimed at the working out of a comprehensive strategy for the development of exports of manufactures and semi-manufactures from the developing countries and also placed increased emphasis on the development of the capacity of developing countries to expand and diversify their exports.²⁶ The resolution confirmed the importance of continuing work on reduction of tariff and non-tariff barriers and called for an acceleration of work on Restrictive Business Practices. The Group D countries seemingly understood and supported the efforts of developing countries to increase their own industrial potential in order to have a great share in industrial production and to increase their export of manufactures. The US supported the provision that stated that the GSP should continue beyond the initial period of ten years. They along with some other developed countries referred to the useful work undertaken by UNCTAD in dealing with the Restrictive Business Practices and welcomed the decision to accelerate its work on this

26. *ibid.*, p.42.

field. They believed that such practices adversely affected international trade as also development of developing countries and called for elimination or reduction of Restrictive Business Practices. But, the proposals for Multilateral Trade Negotiations had a slow progress, supposedly, due to the American position which did not view these as the appropriate forum for the consideration of the preferences.

Till the third session of UNCTAD, its work in the field of shipping had been concentrated on issues related to freight rates, consultation machinery and elaboration of rules. In UNCTAD IV, greater emphasis was placed on an integrated approach to activities hitherto to separate in the field of shipping, ports and their inland transport connection. This reflected the substantive evolution resulting from the changing needs of world maritime transport and, especially that of the developing countries. Another development was the working programme in the field of merchant marines and port development of developing countries and the increasing importance of substantive support for technical assistance in response to requests from developing countries.²⁷

The Committee on Transfer of Technology was formed in 1974. Since then it has provided the groundwork for the

27. United Nations, Working Programme of UNCTAD 1976-77 and 1978-79, T D/B/643/ADD.1, (New York, 1977), p.14.

Conference to take necessary decisions. The issue was considered as one of the main themes at UNCTAD IV also. Its growing importance in UNCTAD over the years was attributable to the need of the developing countries to accelerate the flow of imported technology under conditions which contribute to economic development and create a soundly based indigenous scientific and technical capacity.²⁸ UNCTAD was called up to play a prominent role with regard to the economic, commercial and development aspects of a review of industrial property system. The Socialist countries viewed that the proposed programme could be a useful tool for the normalization of international technology exchange and for the elimination of political discrimination. Though the developed countries favoured UNIDO in this field because of its competence in the field of technology, they assured full co-operation and the most effective utilization of the limited resources available with UNCTAD. The fourth session of UNCTAD established an inter governmental machinery to formulate the Code of Conduct on Transfer of Technology. It also saw a shift in the emphasis from transfer to development of technology.

The issues, related to the trade relations between countries having different economic and social systems, almost gained the status of routine matters in UNCTAD IV as,

28. *ibid.*, p.16.

more or less, the same policies were followed in the preceding sessions of the conference, with better facilities envisaged without any hurdles. These included long term trade and economic policies, economic cooperation in specific areas and industrial co-operation.

As regards issues of economic cooperation among developing countries, a committee was proposed for Economic Co-operation among Developing Countries within UNCTAD, to consider and recommend measures to provide support and assistance to developing countries or groups thereof in strengthening and enlarging their mutual cooperation at the regional and inter-regional level.²⁹ The developed countries welcomed these efforts with the understanding that such decisions were consistent with international obligations. The Socialist countries stressed that the concept of inter-dependence should not be detrimental to the sovereignty and independence of any countries.

The first major step in institutional restructuring of UNCTAD was also mooted in the Nairobi session. The discussions in this regard and the final resolution were evolved out of the analysis made by then Secretary General.³⁰

29. United Nations, n.25, p.44.

30. United Nations, History of UNCTAD 1964 - 1984 (New York, 1985)p.36.

The resolution also recognised UNCTAD's principal role in the area of international economic cooperation and development.

At the conclusion of the session, there was a general feeling that some progress was made towards strengthening international economic co-operation. The developed countries had expended efforts to make constructive contribution towards the success of the conference. Major steps had been taken in essential fields as commodities, trade and transfer of technology etc. But much more could have been achieved with better political will and better association of the issues discussed.

CHAPTER IV

EVOLUTION AND ACTIVITIES 1979-1992

The preceding chapter deals with the evolution of UNCTAD through different conferences during a period which could be considered heartening, if not positive era, for the UNCTAD. The conferences exhibited the continuing enthusiasm and solidarity of the developing countries which prevailed during the 1960s. The results were evident in the achievements of UNCTAD to a great extent. This chapter deals with the Conferences since 1979 which would signify another distinct phase in itself in the history of UNCTAD.

UNCTAD V (1979): FALTERING MOMENTUM:

The agenda for this session of the Conference held at Manila was wide ranging. It included within its purview almost all the concerns in the area of international co-operation for development, the major issues of relevance to the North-South dialogue and the essential themes of the New International Economic Order.¹ No single issue dominated the agenda to the exclusion of others. They reflected the major problems facing the developing countries in the international economic relations as well as the problems of vital concern to the developed countries.

1. United Nations, Proceedings of United Nations Conference on Trade and Development, Fifth Session, T D/269, Vol.3, (New York, 1981), p.8.

The issue of structural change in the international economy provided the underlying theme for the conference and the importance attached to this question was the first major item on the agenda.² This was intended to provide a general framework within which the remaining specific issues might be considered. Though discussion on this was extensive, the conference failed to agree on a resolution and instead referred the matter to the Trade and Development Board. The differences between the G-77 countries and the developed countries crystallised around the proposal for the establishment of a high level advisory group within UNCTAD with responsibility for advising on actions that could be required to bring actual policies into closer harmony with the requirements of structural change in the world economy and the development of the developing countries.

As far as the commodity questions were concerned, the negotiations preceding the conference on the agreements under the Integrated Programme were slow. Negotiations on the establishment of the Common Fund also had been protracted. Lack of progress in negotiating individual commodity agreements might have been in part the result of delay in establishing the Common Fund. But an agreement could be charted out on the fundamental elements of the Fund just

2. C.H. Kirkpatrick and S. Foekes, "The Results of UNCTAD V", Journal of World Trade Law, (Geneva), Vol.13, no.6, 1979, p.538.

before the conference was held. Thus the discussion on commodities marked a shift from the earlier preoccupation with issues of price stabilization towards the broader question of increasing the producer's share of benefits from commodity trade. But the problems of fluctuating terms of trade continued to be one of the prominent concerns of the developing countries. The UNCTAD Secretariat was asked to develop its work in the areas of marketing, distribution and diversification of the commodities. This represented an increased awareness of the importance of the broader developmental aspects of commodity trade.

The Secretariat submitted a report to the Conference, for restructuring international trade in manufactures which had implications for the export capability of the developing countries. UNCTAD V had more or less to review the program made in the Secretariat and in specialised bodies to prepare for a full negotiating conference to be held at a later date.³ The proposals for comprehensive measures required to expand and diversify the export trade of developing countries in the manufactures and semi-manufactures and the review and evaluation of GSP were submitted to the continuing machinery of UNCTAD. The Board was called to organize an annual review of pattern of production and trade in the world economy.

3. United Nations, Proceedings of United Nations Conference on Trade and Development, Fifth Session, T D/269, vol.1, (New York, 1981), p.15.

Both the developed and developing countries expressed desire to continue discussion on these issues. The G-77 countries viewed that the above measures reflected their aspirations and their interests and were extremely important for the establishment of New International Economic Order. They also stressed the question of access to markets for the products of their emerging manufacturing sectors since they acquired a new urgency against the background of a trend towards protectionism in the industrialised countries.

The conference also dealt with four items under the head of Transfer of Technology. But, the one on negotiating a code of conduct got more attention. The developing countries expressed their dissatisfaction over lack of progress during the session with respect to the code on transfer of technology. The disappointment over this issue was shared by the socialist countries as well as the developed countries. But the developed countries sounded optimism in believing that the discussions would pave the way towards a satisfactory conclusion of the resumed negotiating conference and hoping to reach final agreement on all outstanding issues.

UNCTAD V showed some response to press with promising ventures such as shipping. It was put into life, almost after five years, by the EEC ratification of the code of conduct for Liner Conferences in early 1979. A resolution

was adopted, by a majority, on the participation of developing countries in world shipping and the development of their merchant marines. The socialist countries observed that the decision involved has shown that the monopolisation by the fleet of TNCs under open registry flags continued to expand and thought that the depression in the freight market was a direct result of uncontrollable process of the capitalist methods of production which were harming the development of international relations in the world shipping.⁴ But they supported, on the whole, the developing countries' rightful aspirations for wider participation in international shipping. The developed countries noted that the growth of open registry fleets was a subject of concern to many developing and developed countries. They strongly supported in principle the provisions of financial and technical measures to help developing countries to compete effectively in international shipping.

The need for much wider economic co-operation among the developing countries themselves came to be highlighted by the persistence of their dependence on some metropolitan Powers for trade, technology and finance.⁵ Therefore, there were recommendations for improved institutional arrangements to promote and strengthen their cooperation. The Group D

4. *ibid.*, p.16.

5. United Nations, n.1, p.10.

countries were sympathetic to the concept of collective self-reliance primarily as an instrument for economic decolonization.⁶ But they were not ready to compromise on their earlier stand on respect for sovereignty of the participating countries.

Pertaining to the institutional restructuring of UNCTAD, the very issues and concern at the previous sessions came up once again before UNCTAD V. They contained a renewed and stronger recognition of UNCTAD's role and measures for rationalising its structure. By then it became clear that an extensive and purposeful adaptation of the UNCTAD structure and operating procedure was required. Therefore the conference decided to convene an adhoc committee for rationalising UNCTAD's machinery.

To conclude the discussion on UNCTAD V, we find that the developed countries led by the United States struck a somewhat rigid posture on almost every issue, like global economic structure, trade, protectionism etc. and almost got away with that. The conference took positive steps forwards in the programmes on economic cooperation among developing countries and for strengthening their technical capability. It also provided a thrust for the ushering in of the Common Fund and for commodity negotiations. But on the whole the

6. United Nations, n.3, p.17.

results looked negative considering the major tasks assigned, its importance and the preparations undertaken for the conference. The failure could be mainly attributable to the lack of any decision in the process for world economic restructuring taking into account the inter-dependence of policies in the field of trade, payments and development.

UNCTAD VI (BELGRADE, 1983): GROWING ALIENATION

Since 1980 the world economy has been supposedly in the throes of the worst crisis since the Great Depression of the 1930s. Most of the countries had been caught in a spiral of declining production, employment and trade. While, it had left no part of the world economy untouched, the brunt of the crisis fell most heavily on the developing countries. Since 1982 the international trade diminished vastly, the results of which had been a fall in the export income of the developing countries while food and development programmes kept their imports high.⁷ To cover the trade deficits developing countries had to take loans and reschedule previous loans. Thus most of the past achievements of the developing countries had been undermined. The effects of the recession on developed countries were also severe. Their production stagnated or was declining and unemployment reached levels unprecedented since the 1930s.

7. Ingra Brandell, "UNCTAD VI: Impasse in North-South Relations", Bulletin of Peace Proposals (Oslo), vol.14, no.3, 1983, p.289.

The documents prepared for UNCTAD VI explained the gravity of the situation and the dismal prospects for the developing world. The general debate in the conference revolved around the world economic situation with special emphasis on development, approaches to the economic crisis and the perspectives for the 1980s including issues, policies and measures relevant to the New International Economic Order. The developing countries demanded adoption of coordinated and sustained programmes for the international community as a whole aimed at reactivating the world economy and accelerating the development of the Third World.⁸ They wished to include both instant measures in areas of critical importance to the developing countries and well planned structural changes of the world economy as a whole.

Regarding commodities, there were discussions pertaining to a review of the situation in areas of stabilizing and strengthening commodity markets. A resolution was adopted without dissent on the implementation of IPC in the above mentioned area. The US along with other Group B countries joined the consensus presumably as a symbol of their continued willingness to abide by the conference decision in 1976 and to participate constructively in the Integrated Programme. But the US was against the proposed

8. H.G. Sulimma, "UNCTAD VI: A useless North-South Encounter", Aussen Politik (Hamburg), vol.34, no.4, 1983, p.261.

compensatory financing of "export earning shortfalls" because they thought that this was an overall balance of payments issue which should be addressed in the IMF and not in UNCTAD. The socialist countries also disowned the above scheme because they believed that it was primarily the creation of developed market economy system. Hence, they observed that such programmes were not applicable to the economic relations of socialist countries with developing countries.

The Board established a Sessional Committee in 1981 to carry out the tasks assigned to it by UNCTAD V, and specified that the studies by the Secretariat of UNCTAD should give commensurate attention to the sectors of agriculture, manufactured goods and services. There was general consensus in the Conference while discussing the issues regarding the trade in goods and services, protectionism and structural adjustments. The US agreed that trade in services was an activity requiring further study and understanding and international institutions had an important role to play in promoting such understanding. But it strongly believed that GATT had an important role in services which was against the position of the G-77 who assigned no role to GATT. The developing countries believed that the proposals as a whole contained a number of positive and constructive elements such as reaffirmation of understanding made in the fields of protectionism and of structural adjustments and with respect to GSP, it alone underlined the commitment to halt

protectionism and dismantling trade restrictions.⁹ Though there was growing protectionist tendencies in the Western world in the wake of the economic crisis, they viewed the above aspects of the proposals as an important contribution to the expansion of world trade. The socialist countries supported the resolution since it represented a clear affirmation of the validity of the basic principles of the world system, such as principles of Most Favoured Nation Treatment and non-discrimination.¹⁰ The resolution tried to reinforce the role of the Board as a forum for wide-ranging discussion and exchange of information and recognised its responsibilities to review and monitor trade development and make general policy recommendations.

Though the resolution adopted on the issues of shipping reaffirmed the will of the members of UNCTAD to renew and to rationalise the legal instruments relating to world shipping, it apparently did not fully reflect all the aspirations of the developing countries. The US thought that the recommendations would serve only to harden the position of members and aggravate the unproductive controversy between developed and developing countries. They also viewed that the resolution disregarded the recommendations of the UNCTAD

9. United Nations, Proceedings of United Nations Conference on Trade and Development, Sixth Session, T D/326, vol.1, 1986, p.21.

10. *ibid.*, p.22.

secretariat not to reopen large conceptual questions pertaining to the rationale of market regulations or to place shipping in national plans for economic development. Their views might have been due to the consideration that the questions regarding shipping could more or less be settled by the concerned parties along with their governments if necessary and there was no need for further involvement of a forum like UNCTAD.

The Belgrade session of the conference also took up the case of trade relations among countries of different economic and social systems. But the resolution adopted found no serious takers. This was despite the fact that all the Board Sessions before the Conference holding extensive negotiations and requesting the UNCTAD members to continue efforts aimed at further expansion of trade relations. The socialist countries regretted the impossibility of adopting a comprehensive resolution on the items in conformity with the agreements in United Nations General Assembly in 1964, which called for promotion of international trade including trade between countries of different economic and social systems, between socialist countries and developing and developed countries. They insisted on any decisions in the subject to include all trade flows. All the decisions in the preceding sessions, in this connection, were protracted. This session also was not better. But soon after the conference, the Board in its twenty seventh session took up the decision in the

conference and requested the Secretary General of UNCTAD to convene an adhoc group of experts to consider better ways and means of expanding trade and economic relations between countries of different economic and social systems.

The discussions in the field of Transfer of Technology were aimed at giving new directions for the future taking into account the activities in the past. These were based on the report of the committee on Transfer of Technology which suggested strategies for the technological transformation of developing countries by strengthening their domestic technological capacity. Though this was not one of the main items of discussion at Belgrade, there were intense negotiations throughout the session which finally led to the adoption of the resolution calling for "technological transformation of developing countries".

The question of economic assistance to national liberation movements was first raised at UNCTAD in 1983 session. The Arab countries who brought this issue to UNCTAD believed that it was supposed to give a more positive face to the outcome of the conference. The US and Israel, as expected, strongly opposed the proposal because it dealt with political and not economic issues. There were better fora in the United Nations where this could be discussed and it would divert the attention towards the political issues from more important trade and development issues. The socialist

countries who supported the move stated that their position regarding rendering assistance to national liberation movements found expression in their unwavering support for the fight for national and social liberation. They stood for the intensification of UNCTAD activities in that field in harmony with the UN decisions.

The Adhoc committee, convened in the Manila Session for the rationalization of UNCTAD machinery, considered various proposals from the different group of countries and came up with proposals for strengthening the coordinating function of the Board and consolidation of one or more of the different committees. But the Board and the Belgrade session of the conference took no action on these proposals because the member countries were reluctant to come to terms with them.

Most of the discussions in UNCTAD VI were overshadowed by bigger global issues which were aggravated by the recession in the economic field. But, the prospects of restructuring of international economic environment in line with the needs of the developing countries seemed as distant as ever. This session also could not make any significant progress forwards instituting the New International Economic Order. The developed countries started displaying their intentions of stepping back from the resolutions, decisions and understandings previously reached within UNCTAD thereby

presenting a major obstacle to progress in the conference. Infact, Raul Prebisch rightly pointed out at the Belgrade session that the Third World countries should not expect too much at that stage owing to the recessionary trend in the world economy.¹¹ And of course, the possibilities of positive achievements were also grim considering the state of the economy. The conference failed to respond to the need for a rigorous programme of recovery and development. Also there was an overwhelming desire on the part of the governments of the West to prevent any change in the status quo, because of their fears that they would suffer most from any such change.¹² A positive result of the sixth session was that UNCTAD survived as an institution without any breakdown.

UNCTAD VII (GENEVA, 1987): SURVIVING THE CRISIS

The characteristics of the world economy in the early 1980s continued almost unabated even after the sixth session of the Conference. The UNCTAD report suggested that there was a slow down in growth of demand and output compared with the preceding two decades. Many countries faced difficulties in

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11. Ignacy Sachs, "Trade and Development: A Perspective view of UNCTAD", in Michael Cutajar, ed., UNCTAD and the North-South Dialogue, (Oxford, 1985), p.244.
 12. Robert Ramsay, "UNCTAD's Failures: The Rich Get Richer", International Organization, (Boston), Vol.38, no.2, 1984, p.391.

adapting to structural changes and the high level of protectionism. Commodity prices depressed to an all time low and terms of trade losses continued for the commodity exporting countries. In this difficult global economic situation there had been a diversity of socio-economic experiences. Developed countries succeeded in curbing inflation and maintained a slow but steady growth. On account of their dominant share in the world trade, the impact of their slow growth had been transmitted to other countries who had to depend on their policy formulation. Hence most of the developed countries had to retrench, they had been unable to consolidate and build up on whatever economic and social progress they achieved in the 1970s. The socialist countries also launched intensive policy reforms aimed at transforming the mechanisms of the national economy, improving the management of foreign economic relations and enhancing international competitiveness.

In this background the conference drew an agenda with its substantive items such as the revitalization of development; growth and international trade through multilateral cooperation; assessment of relevant economic trends and global structural change and appropriate formulation of policies and measures addressing the supposedly key issues in

the area of development like financial and related monetary issues, commodities, international trade, etc.¹³

The stringency of external resources for many developing countries in the preceding years had posed very difficult challenges for both multilateral cooperation and domestic economic management.¹⁴ Hence, unlike the earlier conferences where these issues were never highlighted because of total refusal of the developed countries to discuss anything related to monetary questions in UNCTAD, there was some positive reaction to these issues in the seventh session. The main challenges were the debt problem, external financial resources and mobilisation of domestic savings. The total outstanding debt of the developing countries at the end of 1986 stood at \$ 854 billion which was around \$ 40 billion more than the previous year.¹⁵ The debt crisis was thus a complex one and an equitable and mutually agreed solution could be reached only by an approach based on development within the framework of an integrated strategy that took into account the particular circumstances of each country. Taking this into consideration, the developing countries proposed to

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13. "Final Act of UNCTAD VII", Foreign Trade Review, Vol.22, no.2, 1987, p.187.
 14. United Nations, Proceedings of United Nations Conference on Trade and Development, Seventh Session, T D/359, vol.1, 1989, p.17.
 15. UNCTAD, Trade and Development Report - 1987, (New York, 1987), p.21.

establish a Committee of Ministers from both developed and developing countries to examine debt problem including specific solutions for lower income countries. But some developed countries believed that consideration of these matters could be done in the existing framework of UNCTAD and strongly supported the efforts currently undertaken in those bodies. In the case of resources for development, the Official Development Assistance (ODA) was expected to play an important role for a large number of developing countries especially the least developed countries. There was continued stress on the financial institutions also in playing a central role in supporting the growth and adjustment process. Thus the need was felt for strengthening these institutions. The developed countries believed, and rightly so, that future financing for development required enhanced domestic resource mobilisation also. It was true because the dependence on the financial institutions would serve only short-term purposes.

Before the commencement of the conference the committee on commodities held a number of sessions to reach agreement on the elements of framework for international cooperation in the processing, marketing and distribution of export commodities of developing countries. But there was disagreement between the G-77 and the developed countries on some technical matters viz. the criteria governing the framework for co-operation etc. The Western countries seemingly avoided any decision in this regard by projecting

such views. And in view of the low commodity prices, there was a need to seek lasting solutions to deal with short, medium and long range problems in the commodity sector. The conference recognised that international cooperation between producers and consumers was necessary, for the achievement of these objectives, and such co-operation should be strengthened.¹⁶ For this the conference reiterated the validity of its resolution of 1976 Conference and called for the implementation of those policies and measures. However, the developed countries stressed the need for a better functioning of commodity markets and the desirability of achieving stable and more predictable conditions in commodity trade including the avoidance of excessive price fluctuation.¹⁷ There was general agreement in the conference that, where ever possible, producer-consumer consultations should be enhanced, strengthened or established and the operation and functioning of existing commodity agreements were to be improved.

The conference also noted that the prospects for the entry into force of the agreement establishing the Common Fund in the near future had improved with additional signatures and ratifications. But the unwarranted delay in

16. *ibid.*, p.18.

17. United Nations, Proceedings of United Nations Conference on Trade and Development Seventh Session, T D/359, Vol.2, New York, 1989, p.84.

ratifying this showed the apathy among the member countries to honour to their own commitments. This was despite the fact that a number of developmental programme on individual commodities had already been arrived at considered by producers and consumers for possible financing under the Common Fund. Therefore, the conference urged the countries which had not ratified the Common Fund agreement to do so as early as possible. In the case of synthetics and substitutes the conference proposed that this had to be dealt within a broader developmental context. The developed countries took a vague stand agreeing that the programme of action should focus towards improving the competitiveness of natural products with respect to synthetics and substitutes and viewed that technical and financial support should be extended to this end. Hence, there was practically no shift in their attitude towards the concerns of the developing countries in this matter.

This session held extensive discussions on a wide range of international trade issues. They were protectionism and structural adjustment; market access and policies affecting trade; systemic issues of international trade; enhancement of trade prospects for developing countries and trade relations among countries with different economic and social systems.¹⁸

18. United Nations, n.14, p.18.

Before the conference session, the Board held wide ranging discussions on the above subjects and emphasised the responsibility of UNCTAD in these areas. There were views suggesting that positive development in trade could be achieved only through reduction and elimination of protectionist measures.¹⁹ The G-77 countries believed that structural rigidities and resistance to structural change had aggravated protectionism including in sectors of particular export interest to developing countries. It was generally recognised in the conference that expansion of trade had an important role in the process of economic development and there was a sharp inter-relationship between trade expansion and structural adjustment. The developing countries also reiterated that the protectionist measures had proliferated and tendencies towards a managed trade had intensified.²⁰

Though the GSP had played an important role in expanding exports by developing countries, its objectives were not fully achieved. In fact there was a need for improvements of access to markets particularly for the export of products of the developing countries including manufactures and semi-manufactures and full liberalization of trade in tropical and natural resource based products. The

19. UNCTAD, Trade and Development Board Thirty First Session-Report, (New York, 1987), p.24.

20. United Nations, n.17, p.93.

developing countries feared that the escalating tariff and non-tariff barriers affected their products of export. But these concerns of the developing countries were not dealt within a co-operative spirit by the developed countries.

Another contentious issue which came up during the conference was again the question of extending support to the Palestinian people. A resolution was put forward, by the developing countries, on the economic situation in the occupied Palestinian territories. There were contradictory statements of facts on the economic situation there, by the Israeli government and the G-77. The G-77 countries maintained that the resolution wholly reiterated trade matters and appealed for improvement of the conditions of the people living under occupation. The US alongwith Israel strongly opposed the moves by the developing countries. The US registered its dismay at the introduction and voting of the resolution and the fact that such a resolution had found its way into a conference of trade and development.²¹ They observed that a handful of countries were trying to score cheap political points through UNCTAD. The socialist countries favoured the resolution attaching great importance to socio-economic aspect of the Middle East problem which required a speedy, equitable and comprehensive settlement. They supported the rights of the Palestinian people for

21. United Nations, n.14, p.19.

self-determination and to national independence and sovereignty. The member countries of the European Community abstained on the resolution for it went, in their view, beyond the agreed agenda for the session. But this was not the conclusion of their view on the Palestinian problems as such. They thought that the question under discussion in the General Assembly of the UN could be further discussed in its broad purview.²² In fact the subject had no relevance to the purpose of the conference. It could even question the credibility of UNCTAD as an ongoing forum for discussions on economic and development issues.

Despite some aberrations like the one mentioned above, whatever constructive dialogue which took place at the seventh session of UNCTAD had been an important step in heightening and sharpening perceptions of the then existing economic problems. The conference showed that multilateral economic co-operation should be a continuing endeavour for which important benefits could be expected for the development process and the world economy as a whole. But, the lack of perseverance with the decisions of UNCTAD, which continued in this session also, could have a negative impact on the future decisions and their implementation.

22. *ibid.*, p.19.

UNCTAD VIII (CARTEGENA, 1992): AN OPPORTUNITY TO REVAMP

The period preceding the Cartagena conference witnessed a continued slow growth rate of world trade coupled with major changes in the political scenario. The slow growth was the effect of the considerable deceleration of output growth in the major industrialised countries, especially the US, along with the deep recession in Eastern Europe and the erstwhile Soviet Union.²³ The major events of the recent past viz. the Gulf crisis, changes in the Central and Eastern Europe, all had implication for world trade and particularly the trade of the developing countries.

With this background, the developed countries perceived that the future of UNCTAD depended on finding new ways to benefit countries both rich and poor, that endorse free market policies.²⁴ With many developing countries already carrying out market oriented reforms and accepting liberalization of trade, the negotiations at the Conference were comparatively easy.

The issue of institutional reforms was the main item of the agenda alongwith the crucial areas of Resources for development, international trade, technology, services and

23. United Nations, Report of the Secretariat to the UNCTAD Conference, (New York, 1992), p.48.

24. Economic Times (New Delhi), 2 March 1992.

commodities. These issues were supposed to have a major impact on the world economy and offer good potential for strengthening international economic co-operation for growth and development:

The discussions on the institutional reforms, which was initiated in UNCTAD IV, V and VI and which did not receive much attention later, seemingly overshadowed the negotiations on other areas of the agenda of the Cartagena session of the conference. The industrialised countries stressed the need for restructuring the organization by which it could play a bigger part in influencing world trade and development. There was a general consensus on the vital changes to be brought about in UNCTAD. The conference agreed to suspend the existing nine committees and replace them with standing and special adhoc committees. The newly established standing committees were supposed to deal with commodities, poverty alleviation, economic cooperation between developing countries and fostering competitive service sectors in developing countries. The adhoc committees would look into financial and investment flows, trade efficiency and expanding of trading opportunities for developing countries.

Though revitalising the institutional structure was an important achievement for the conference as such, the developing countries, the flag bearers of UNCTAD, showed a definite lack of interest in the conference. This was evident

from the fact that many of them were not represented in Cartagena with the G-77 showing signs of disintegration.²⁵ On the contrary, the developed countries were in full force and took lot of interest in revitalising UNCTAD.

Thus there is a feeling that UNCTAD VIII, was a complete success considering its achievements and, marked a turning point in its existence. But the success if any, could be ascertained only when the new institutions prove their effectiveness.

25. Times of India (New Delhi), 24 February, 1992.

CHAPTER V

CONCLUDING OBSERVATIONS

To conclude the discussion on UNCTAD, it would be appropriate to make an assessment of its activities and role of UNCTAD in international trade and development.

When it came into being in 1964 UNCTAD was supposed to be the largest get-together of the states with divergent political and economic views and interests. They were supposed to discuss and sort out their problems keeping in view common interests where ever possible. As a conference it brought together all the UN members as well as the members of the specialised agencies. It created a new, universal forum for resolving economic problems of the world in general and the developing countries in particular, which did not exist before on the scale and in the sphere projected by UNCTAD.

Looking into some specific areas, we find that the main thrust of UNCTAD's initiatives in the area of commodity policies and programmes had been to deal with commodity issues in a manner so as to give a central role for commodities in the development process of the developing countries. In the second and third conferences UNCTAD piloted policy proposals in the shape of integrated programmes outlined to resolve commodity problems. But support from international community was lacking and most of the discussions were inconclusive. The commodity-by-commodity

approach was regarded as a preferred course by many developed countries. But, the beginning off UNCTAD's second decade witnessed some changes in the policies because of the oil crisis and the emergence of the cartels. The emphasis on the commodities -was adopted at the Nairobi session of UNCTAD in 1976. However, the developments after Nairobi showed that UNCTAD's efforts to translate commitments into actions did not succeed much. Many of the agreements envisaged in the IPC were not forthcoming and even the minimum ratifications necessary for the Common Fund could be received after a long delay -- by the end of 1989. The fall in the commodity prices in the 1980s was influenced to a large extent to these lapses. All these factors showed that the efforts from the part off the international community were not forthcoming and UNCTAD's integrated programme degraded as the years passed.

In the field of manufactures, the initial aim for UNCTAD was to find a device which would reduce and possibly abolish tariffs on all export products of developing countries. The Generalised System of Preferences introduced in the UNCTAD II was considered to be an acceptable policy. The questions of Restrictive Business Practices and non-tariff barriers came up in the UNCTAD II and UNCTAD III sessions respectively. But the years which followed showed an erosion in the basic principles of non-discrimination and non-reciprocity in the GSP and hence the negotiations for the adaptation of GSP took almost a decade. It took another two

long years to work out the details of the various schemes of preferences. But it could not satisfy the needs of many countries who relied on exports of agricultural products and raw materials, since the GSP covered mostly manufactured goods. Further, the trade restrictions placed on products where developing countries established an export capability, accentuated the difficult situation. So the objectives for which the GSP was set up were not achieved fully because it was not implemented in the way it was conceived in the late 1960s.

The efforts to bring issues relating to shipping on UNCTAD's agenda and to give it greater involvement in the affairs of shipping industry were truly trend-setting in nature. UNCTAD launched a process to bridge the wide gap in understanding between the developed and developing countries in matters related to shipping. Though, over the span of a decade UNCTAD brought into force the code of conduct for liner conferences it took another 8 to 9 years to get this into force. UNCTAD has also showed interest in developmental issues such as development of national merchant marines, ports and devising international shipping legislation. Though it has not been success all the way for UNCTAD in the area of shipping, it could identify the issues that needed attention and could provide the facilities for consultation process.

✓ UNCTAD has taken into account the special characteristics and potentialities of trade between countries with different economic and social systems. The idea of universalism has influenced its thinking and initiative. There was general agreement in the conferences that it had a definite role to play in trade relations between East and West. Through the concepts of industrial co-operation, payment arrangements and technical assistance, UNCTAD has opened new vistas of understanding and improved trading relations between socialist countries and the Western countries. The measures of UNCTAD evoked a steady and progressive growth of trade and economic co-operation between socialist, capitalist and developing countries. Thus, UNCTAD struck somewhat a positive and constructive note to its functions in this area.

✓ UNCTAD has also played a useful role in promoting trade and economic co-operation among the developing countries themselves. But like its overall record this programme also had its strengths and weaknesses. The failure to foresee emerging trends and to adapt to changing circumstances affected the capacity of UNCTAD to respond to the problems confronting the developing countries. The slow pace, at which the ECDC programmes were initiated and implemented was detrimental to the effectiveness of the same. But UNCTAD foresaw the increased South-South co-operation as the need of

the hour and provided institutional avenues for promoting such programmes.

The preceding chapters on UNCTAD's activities could lead to some general conclusions also. As Gamani Correa, the third Secretary General of UNCTAD, correctly pointed out, the main features of UNCTAD could be classified into three categories viz. the role as a forum for the international debate on development issues, its general influence on thinking and policy making, and the specific decisions and agreements that have been negotiated.¹ But how far these features were turned into concrete actions is not beyond question.

UNCTAD's efforts since its creation can be seen as a step-by-step process to improve the international economic environment for development. But the expectations roused by UNCTAD did not materialise wholly. Its processes were also never smooth, progress was intermitant with periods of frustration and lull. The initial conferences took time off to identify the areas to be considered while discussing trade and development. But the co-operation from the developed countries during the negotiations in the 1960s and early 1970s were not forthcoming later. In the last decade the loss

1. Gamani Correa interview with Ursulla Wasserman, Journal of World Trade Law, vol.19, no.5, 1985, p.237.

of momentum has been marked and there were set-backs in the climate of negotiations. The impasse in the North-South dialogue was evident in the UNCTAD sessions also. More important political questions overshadowed the activities of UNCTAD and there was a growing negligence from all quarters of the member countries.

According to an analyst, the fight between conflicting ideologies and divergent principles combined with structural rigidities as manifested in the group bargaining system also compelled a choice of hard strategies by both developed and developing countries in the hope that others will yield to their views.² As a result, the tactics that dominated the UNCTAD arena tended to aggravate the difficulties of moving past confrontations and stalemate. Hence we find that UNCTAD could never be an autonomous body and most of its performances were heavily conditioned by external developments beyond its control. To add to its woes UNCTAD did not have an enforcing machinery, which would have ensured greater implementation of its proposals and decisions. In fact UNCTAD also had another failing i.e. the unwarranted dispersion of efforts and resources over a wide range of subjects, and hence the establishment of new bodies, never helped to safeguard the interests of the member countries.

2. Robert L. Rothstein, Global Bargaining: UNCTAD and the Quest for New International Economic Order, (New Jersey, 1983), p.237.

The recent proposals to streamline the institutional machinery of UNCTAD may possibly overcome this drawback in the organization.

[The UNCTAD Secretariat is also responsible for the lack of fruitful negotiations in the forum. It is because, from the beginning itself it has been identified as aligned to the Group of 77 and thus forfeited the role] it could play as a neutral force in arriving agreements. The group structures prevalent in UNCTAD was also a hurdle for the positive evolution of UNCTAD activities. The divergent interests in the individual groups, particularly G-77, to a large extent stood against reaching a common stand and many of the individual countries had to forego their interests to accomodate the Group's decisions. As expected, the G-77 showed signs of withering in the latest UNCTAD session where negotiation were mainly on individual basis.

The failures of UNCTAD could not be attributed to the rigid postures of Western Countries alone]. The developing countries are also equally, if not more, responsible for their negative efforts to dominate UNCTAD negotiation with their numerical strength and trying to hi-jack the organization.

But one can not fully agree with the view that UNCTAD failed miserably, like that of Ron Sanders.³ Though UNCTAD could not stand up to the expectations, it achieved much by opening new vistas for negotiations favourable for the developing countries and its survival through the last two to three decades-- and this is testimony to its perservance as a negotiating forum.] And despite many drawbacks it is immensely useful as a centre of analysis and of evaluation of policies and programmes.]

3. Ron Sanders, "An Assessment of UNCTAD's effectiveness as an instrument to promote the interests of the third World", Round Table, 311, July 1989, pp.284.

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