stan pointed out that the solution to the problem of the international prices of raw materials was a matter of concern both to the primary producing countries and to the more industrialized countries.

Replying to various points made in the debate, Mr. Jacobsson emphasized the importance of the external convertibility introduced by many European and associated countries. He agreed that there should be a balance between the responsibilities of the developed and under-developed countries with respect to the prices of primary products, and in this connexion he mentioned some of the measures adopted by the United States and the Federal Republic of Germany.

On 9 April 1959, the Council adopted, without a formal vote, a resolution (706(XXVII)) taking note of the Fund's annual report.

**DOCUMENTARY REFERENCES**

**ECONOMIC AND SOCIAL COUNCIL—-27TH SESSION**

Plenary Meetings 1052, 1053.


RESOLUTION 706(xxvii), taking note of report of International Monetary Fund, as proposed by President of Council, adopted by Council without a formal vote on 9 April 1959, meeting 1053.

**CHAPTER II**

**INTERNATIONAL TRADE AND COMMODITY QUESTIONS**

**DEVELOPMENT OF WORLD MARKETS AND IMPROVEMENT OF TRADE CONDITIONS OF LESS DEVELOPED COUNTRIES**

During 1959, the topics of trade promotion, international trade machinery and international commodity trade again claimed a great deal of attention at the General Assembly's fourteenth session—as they had at Assembly sessions in previous years.

Bulgaria, Czechoslovakia and Poland proposed a two-part draft resolution in the Assembly's Second (Economic and Financial) Committee, by the first part of which the Assembly would, among other things, express itself "in favour of the creation within the United Nations of a single universal international trade organization." The second part of the proposal dealt with measures to promote trade between the highly developed and the less developed countries, including long-term trade and payment agreements.

Introducing the draft resolution, the representative of Poland stated that the Assembly would not be committing itself to one kind of organization rather than another but would merely be giving its approval, in principle, to the extension of international co-operation in the field of trade through an organization which would act within the framework of the United Nations. Although there were various international organizations at present which were concerned with trade, he pointed out, none of them was universal. Moreover, the arrangements for the General Agreement on Tariffs and Trade (GATT), intended as temporary, had led to the setting up of a body with specific functions in a limited sphere of activity.

The question of the creation of new international trade machinery, which had been discussed in previous years in both the Assembly and the Economic and Social Council, was thus once more discussed in the Assembly. While there was general agreement in the Second Committee on the need to expand trade and reduce trade barriers, most delegations could not accept the principle of the creation of a new organization. It was pointed out by the United Kingdom...
and Yugoslavia that countries with centrally planned economies—such as Czechoslovakia, Poland and Yugoslavia—had in fact taken steps to associate themselves with GATT despite the special problems which countries having centrally planned economies might encounter in so doing.

On the other hand, it was felt by India and Yugoslavia, among others, that in the case of the countries with centrally planned economies or of the under-developed countries there was a need for further study of certain problems for which GATT would not provide a solution.

With regard to the second part of the draft resolution, some Members—including Canada, the Netherlands, the United Kingdom and the United States—maintained that the reciprocal bilateral agreements envisaged by the text would work against the expansion of trade advocated in the first part of the proposal. In fact, it would be a step backward from the existing multilateral system which had been carefully built up since the Second World War.

Various delegations, notably those of India, Iraq, Liberia, New Zealand and the United Kingdom, co-operated with the sponsors of the draft resolution in an effort to arrive at a mutually acceptable formula. The draft was twice revised, after which it was approved both by the Second Committee and at a plenary meeting of the Assembly.

By the first part of the resolution, the Assembly recommended continued efforts to promote and extend mutually beneficial trade between all States, regardless of their economic systems. It reaffirmed its belief that international organizations concerned with the regulation and development of international trade should continue to contribute to the extension of multilateral world commerce and should facilitate the expansion of trade between States regardless of their economic systems. It asked the Secretary-General to submit a report to the Economic and Social Council's thirtieth (mid-1960) session and to the General Assembly's fifteenth (1960) session on the ways and means of promoting wider trade co-operation among States irrespective of their economic systems and stages of development, including consideration of all the arrangements for such co-operation.

The second part of the resolution dealt with measures to promote stabilization of commodity markets and recommended the development—within the United Nations and the specialized agencies and other appropriate forums—of reciprocally beneficial multilateral trade on a non-discriminatory basis, including, where appropriate, short-, medium- or long-term trade agreements, international commodity agreements and international study groups. The Assembly also recommended that the industrially developed and the economically less developed countries should continue to encourage, by means of freely negotiated credit arrangements, the export of machinery and industrial equipment to the less developed countries, without restriction on the freedom of these countries to buy and sell in the best market.

This text was approved by the Second Committee on 27 November by 72 votes to 0, with 1 abstention, and finally adopted at a plenary meeting of the Assembly on 5 December 1959, by 80 votes to 0, with 1 abstention, in the form of resolution 1421(XIV).

DOCUMENTARY REFERENCES

GENERAL ASSEMBLY——14TH SESSION
Second Committee, meetings 627, 629, 630, 634, 635. Plenary Meeting 846.
A/C.2/L.429 and Rev.1.2. Bulgaria, Czechoslovakia, Poland: draft resolution and revisions, adopted by Second Committee on 27 November 1959, meeting 635, by 72 votes to 0, with 1 abstention.
A/C.2/L.447 and Rev.1. United Kingdom: amendments and revised amendments to 3-power draft resolution and revision, A/C.2/L.429 and Rev.1
A/C.2/L.448 and Rev.1. India: amendments and revised amendments to 3-power draft resolution A/C.2/L.429 and Rev.1.

A/4321. Report of Second Committee, draft resolution II.
RESOLUTION 1421(xiv), as recommended by Second Committee, A/4321, adopted by Assembly on 5 December 1959, meeting 846, by 80 votes to 0, with 1 abstention.

"The General Assembly, "Guided by the principles set forth in the Charter of the United Nations and wishing to extend international economic co-operation, to bring about full employment and to foster economic and social progress and development, "Considering that world trade is a natural and reliable factor in the development of peaceful relations between States,
"Desiring to promote the development and extension of trade, to ease the exchange of goods and to create the stability and welfare essential for peaceful and friendly relations between nations,

I

1. Recommends that all Member States should, individually and jointly, continue their efforts to promote and extend mutually beneficial trade between all States, regardless of their economic systems;

2. Reaffirms its belief that international organizations concerned with the regulation and development of international trade should continue to contribute to the extension of multilateral world commerce and should facilitate the expansion of trade between States regardless of their economic systems;

3. Requests the Secretary-General, taking fully into consideration all the views expressed and proposals submitted on this subject at the present session of the General Assembly, to prepare a report on the ways and means of promoting wider trade co-operation among States, irrespective of their economic systems and stages of development, including, inter alia, the consideration of all the arrangements for such co-operation;

4. Requests the Secretary-General to submit this report to the Economic and Social Council at its thirtieth session and to the General Assembly at its fifteenth session;

II

1. Considers that the United Nations and the specialized agencies concerned should expand the useful work which they are doing in promoting the stabilization of the commodity markets and the development of reciprocally beneficial multilateral trade;

2. Considers that it would be desirable to work out, within the United Nations and other appropriate forums, measures to promote the stabilization of the commodity markets and the development of trade between the highly developed and the less developed countries on a reciprocally beneficial and non-discriminatory basis, including, where appropriate, short-, medium- or long-term trade agreements, international commodity agreements and the establishment of international study groups;

3. Recommends that the industrially developed and the economically less developed countries should continue to encourage, by means of freely negotiated credit arrangements, the export of machinery and industrial equipment to the less developed countries, without any restriction on the freedom of these countries to buy and sell in the best market."

INTERNATIONAL TRADE DEVELOPMENT AND COMMODITY PROBLEMS

INTERIM CO-ORDINATING COMMITTEE FOR INTERNATIONAL COMMODITY ARRANGEMENTS

In 1959, the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA) reported, in the 1959 Review of International Commodity Problems, on: the use made of international machinery to deal with commodity problems during 1958 and the early part of 1959; and on inter-governmental consultations and action on specific commodities. The Committee reported that recent experience supported the view that solutions to international commodity problems should continue to be sought on a commodity-by-commodity basis. Nevertheless, the Committee recognized the importance of consultation on general principles and of the fact that relationships between certain commodities exist. In any inter-governmental discussions having the purpose of concluding international commodity arrangements, it stressed, full opportunity should be afforded both exporting and importing countries to express their views in accordance with the principles recommended by the United Nations.

With regard to the experience gained as a result of recent United Nations commodity conferences, the Committee noted that, in the case of both the 1958 and 1959 sugar and wheat conferences, the re-negotiations dealt not merely with the continuation of the expiring agreements but included consideration of basic principles and alternative techniques. A noteworthy feature of the new sugar and wheat agreements was their broadened coverage both with respect to the proportion of international trade and to the number of participating countries.

Pursuant to the recommendation of the United Nations Lead and Zinc Conference of 1958 that an international lead and zinc study group be set up at an early date, the Committee arranged for convening the inaugural meeting of the International Lead and Zinc Study Group in May 1959. The Committee also made a recommendation to the Secretary-General on the convening of a United Nations Tin Conference in 1960.

On the nomination of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), the Secretary-General appointed Mr. L. K. Jha (India) as chairman of the Committee for 1960. Sir Edwin McCarthy (Australia) was chairman of the Committee during 1958 and 1959.
COMMISSION ON INTERNATIONAL COMMODITY TRADE

The 18-member Commission on International Commodity Trade (CICT) met for its seventh session in March 1959. This was its first session since its reconstitution by the Economic and Social Council in 1958. The Commission concentrated mostly on reviewing the situation of international trade in primary commodities and on mapping out a new programme of work.

In its appraisal of the commodity trade situation (based on the Commodity Survey, 1958, prepared by the United Nations Secretariat) the Commission noted a steady decline in the international price index of primary commodities from the first quarter of 1957 to the second quarter of 1958; although the index levelled out after the first quarter, for 1958 as a whole it was about five per cent below the 1956 level. In contrast, the price index of manufactures was about four per cent above the 1956 level; thus the terms of exchange between primary commodities and manufactures deteriorated by about eight per cent between 1956 and 1958. During 1957-58, the Commission noted, there was a reduced demand for many primary commodities while output continued to expand in some cases, and in general the relative rates of consumption and production resulted in an increase in stocks between mid-1957 and mid-1958.

The world commodity value of trade declined. This posed serious problems for many of the primary exporting countries, especially those whose development programmes had been geared to a high volume of imports. In many of these countries, efforts were made to counteract the effect of falling prices on the balance of payments and on the income of producers by encouraging an expansion of exports by such means as: reducing export duties; removing quota restrictions; providing insurance against export risks; or offering more favourable rates of exchange. In other countries, greater importance was attached to attempts to sustain world prices by holding supplies off the market or by curtailing output. Countries which followed the method of withholding supplies found the burden of financing stocks a heavy one, tending to lead to inflationary increases in public expenditure.

The Commission concluded that, because of the expansion in the world's capacity to produce most primary commodities and the virtual cessation of large-scale buying for strategic stockpiles, the stability of most commodity markets had become more and more dependent on the steady growth of normal market demand. The significance of this situation was magnified by the vulnerability—demonstrated once again by the downswing in commodity prices in 1957 and 1958—of many of the less developed countries which continue to rely, both for their foreign exchange earnings and in respect of the incomes of a large part of the economy, on the export of one or two primary products. In the absence of adequate foreign exchange reserves, serious reductions in export earnings could be prevented from retarding and disrupting development programmes only if other means, of either a national or international character, were available for helping to ease the strain on the balance of payments.

The Commission drew up a comprehensive programme of work, which included studies of: the impact of fluctuations in economic activity in industrial countries on international commodity trade; national and international measures to deal with fluctuations in primary commodity markets; the prospective production of and demand for primary commodities over the medium term; international measures designed to compensate for fluctuations in foreign exchange receipts from the export of primary commodities.

CONSIDERATION BY ECONOMIC AND SOCIAL COUNCIL

The Economic and Social Council discussed international commodity problems at its mid-1959 session.

Several Council members expressed the view that the Commission's work programme showed a well-balanced attempt to study the main problems. The study of the impact of fluctuations in economic activity in the industrial countries was welcomed in view of the relationship of such variations to the short-term instability in the prices of, and volume of trade in, primary commodities. Stress was placed on the need to maintain the demand of the industrialized countries for such commodities. Importance was attached to the study of the possibilities of reducing the fluctuations in primary commodity...
markets, or mitigating their harmful effects, through national and international measures. In this connexion, particular attention was drawn to the international repercussions of action taken on the national level.

On 24 July, the Economic and Social Council unanimously adopted a resolution approving the programme of work submitted by the Commission, including the study of national and international measures to deal with the fluctuations in primary commodity markets. It also recommended that, in dealing with the problems of specific commodities, Governments should take into account the views of the Governments of interested countries—particularly the less developed countries and countries dependent to a high degree on the export of a narrow range of primary commodities—which were producers of such commodities. The Council requested the Secretary-General to submit a report on the advisability of, and, if appropriate, on the practical arrangements for, a joint session of the FAO Committee on Commodity Problems and the Commission, taking into account the views of FAO and the Commission. The resolution to this effect (726(XXVIII)) had been unanimously recommended for adoption by the Council's Economic Committee on the basis of a Sudanese proposal as amended by France.

CONSIDERATION BY GENERAL ASSEMBLY

International commodity problems were again discussed later in 1959 at the fourteenth session of the United Nations General Assembly. Two resolutions bearing on these problems were adopted on the recommendation of the Assembly's Second (Economic and Financial) Committee.

INTERNATIONAL TRADE DEVELOPMENT AND COMMODITY PROBLEMS

One text developed from discussion in the Second Committee on a proposal by Argentina, Chile, France and Greece. This dealt with: international commodity agreements and participation in international study groups; the progressive abolition of discrimination, quantitative limitations and other restrictive practices likely to hamper the development of international trade; and the problem of giving temporary assistance to countries encountering serious international payment difficulties as a result of a sharp drop in raw material prices.

During the discussion on this text, which was revised twice, it was pointed out that, while Governments would do well to give careful consideration to various types of comprehensive schemes for stabilizing commodity markets, some Governments preferred tackling the problems involved by means of agreements for individual commodities, on a commodity-by-commodity basis. The draft resolution involved an appeal to Governments to continue the negotiation of such agreements.

The United States representative considered that it was best to allow commodity prices to be determined by the free play of market forces, except in rare cases when it was necessary to resort to international commodity agreements. He could not therefore support without qualification that part of the draft resolution appealing to Governments to continue their efforts to solve the problems mainly through the negotiation of commodity agreements.

After voting separately on individual paragraphs in the revised draft resolution, the Second Committee on 25 November 1959 adopted the draft as a whole, by 72 votes to 0, with 1 abstention.

This text was approved on 5 December 1959, at a plenary meeting of the Assembly, by 81 votes to 0, with no abstentions, as resolution 1422(XIV).

The Assembly thereby renewed the appeal to United Nations Member Governments to continue their efforts to solve the problems relating to commodity production and trade, including, where appropriate, participation in existing international commodity agreements or the negotiation of new agreements. It hoped that the Commission on International Commodity Trade (CICT) would give careful attention to various types of comprehensive commodity schemes. It also urged Governments to contribute to the greatest possible extent, either unilaterally or in the competent international organizations, to the progressive abolition of all such discrimination, quantitative limitations and other restrictive practices as are prejudicial to the sound development of international commodity trade. In addition, the Assembly asked the Commission to give particular attention to the study of means for giving temporary assistance to coun-
tries encountering serious payment difficulties as a result of a sharp drop in raw material prices.

MEASURES TO HELP OFFSET COMMODITY PRICE SWINGS

The second resolution adopted by the Assembly dealt more specifically with international action to help offset swings in world commodity prices.

Discussion on this problem in United Nations organs during 1959 reflected the considerable concern of under-developed countries over the difficulty of sustaining development programmes when wide fluctuations in commodity prices occur. Although some Governments favoured a commodity-by-commodity approach in seeking a solution to this problem, the Commission on International Commodity Trade (CICT) at its seventh session decided to explore other international measures to deal with fluctuations in primary commodity markets.

It was with this in mind that the sponsors of the draft resolution on this subject submitted in the Second Committee (Brazil, Burma, Cambodia, Ceylon, Ethiopia, Ghana, Indonesia, Pakistan, the United Arab Republic and Yugoslavia) proposed that the Secretary-General appoint a group of experts to assist CICT in its consideration of commodity problems by examining the feasibility of establishing machinery within the United Nations designed to assist in offsetting the effects of large fluctuations in commodity prices on balances of payments, with special reference to compensatory financing.

While some Members of the Second Committee had reservations, none opposed the purpose of the draft resolution and the Second Committee adopted it with some revisions on 26 November 1959 by 60 votes to 0, with 11 abstentions.

On 5 December it was approved at a plenary meeting of the Assembly by 72 votes to 0, with 9 abstentions, as resolution 1423(XIV).

The Assembly thereby asked that the expert group submit its report in time for CICT's 1961 session. The Economic and Social Council was asked to transmit the report, with its own comments, to the General Assembly. The Secretary-General was requested to invite the International Monetary Fund and the Food and Agriculture Organization (FAO) to participate in the work of the expert group in a consultative capacity.

DOCUMENTARY REFERENCES

ECONOMIC AND SOCIAL COUNCIL—25TH SESSION
Economic Committee, meetings 267-270.
Plenary Meeting 1085.


RESOLUTION 726(xxviii), as recommended by Economic Committee, E/3291, adopted unanimously by Council on 24 July 1959, meeting 1085.

"The Economic and Social Council,
"Noting with appreciation and satisfaction the report of the Commission on International Commodity Trade on its seventh session and the programme of the studies contained therein, and the report of the Interim Co-ordinating Committee for International Commodity Arrangements,
"Noting also with appreciation that the World Economic Survey 1958 deals comprehensively with international commodity problems and policies,
"Realizing the importance of research into commodity trade problems, principally in view of the connexion between them and the problems of the economic development of the under-developed countries,
"Noting further the concern of the General Assembly with international commodity problems as expressed in its resolution 1324(XIII) of 12 December 1958,
I
1. Approves the programme of work submitted by the Commission on International Commodity Trade including the study of national and international measures to deal with fluctuations in primary commodity markets;
2. Recommends that, in dealing with problems of a specific commodity, Governments should take into account the views of the interested countries, particularly the less developed countries and countries dependent to a high degree on the export of a narrow range of primary commodities, which are producers of such commodities, and the possible harmful effects on them of any contemplated action;
INTERNATIONAL TRADE AND COMMODITY QUESTIONS

II

"Requests the Secretary-General:

(a) To bring to the notice of the Director-General of the Food and Agriculture Organization of the United Nations before the opening of the tenth annual conference of that organization, the question of a joint session of the Commission on International Commodity Trade and the Committee on Commodity Problems of the Food and Agriculture Organization of the United Nations, for the purpose of studying the first substantive report on prospective production of, and demand for, primary commodities;

(b) To submit to the Council at its thirtieth session, taking account of the views of the Commission on International Commodity Trade and of the Food and Agriculture Organization of the United Nations, a report on the advisability and, if appropriate, on the practical arrangements for such a joint session."

GENERAL ASSEMBLY——14TH SESSION

Second Committee, meetings 627, 630-632, 634. Plenary Meeting 846.


RESOLUTION 1422(xiv), as recommended by Second Committee, A/4321, adopted by Assembly on 5 December 1959, meeting 846, by 81 votes to 0.

"The General Assembly,

Recalling its resolution 1324(XIII) of 12 December 1958 and noting Economic and Social Council resolution 726(XXVIII) of 24 July 1959,

Convinced that economic and social progress throughout the world, especially in the under-developed areas, depends largely on a steady increase in international trade,

Bearing in mind that exports of a relatively small number of primary commodities constitute the main source of foreign exchange earnings of many countries, particularly in the under-developed areas,

Considering that excessive fluctuations in commodity prices affect the volume of export receipts and the budgetary resources of many countries, and in the case of the under-developed countries are likely to hamper the sound and stable development of the economy,

Convinced that a policy of economic assistance to the under-developed countries will be more effective if the excessive instability of commodity markets is remedied, and that to seek solutions to this problem should be one of the main concerns of all Member States,

"Noting the approval given by the Economic and Social Council to the programme of work of the Commission on International Commodity Trade, including the detailed study of national and international measures to deal with fluctuations in primary commodity markets,

"Noting further that the Contracting Parties to the General Agreement on Tariffs and Trade have undertaken a study of the problem of the long-term expansion of trade, and in particular of the exports of countries producing primary commodities,

"Considering however that the procedures of multilateral financial assistance do not always enable countries that have suffered from a sharp and sudden drop in the prices of the raw materials they export to overcome rapidly the deficit in their balance of payments and at the same time to carry out their development programmes,

1. Appeals anew to the Governments of Member States to continue their efforts to solve the problems relating to commodity production and trade, including, where appropriate, participation in existing international commodity agreements or the negotiation of agreements between the principal producers and the principal consumers of the same product, in their mutual interest, or participation in international study groups;

2. Takes note with appreciation of Economic and Social Council resolution 726(XXVIII) approving the report and programme of work submitted by the Commission on International Commodity Trade and expresses the hope that the Commission in the course of its studies will give careful attention to the types of comprehensive commodity schemes referred to in part I, chapter 3, of the World Economic Survey, 1958;

3. Invites the Governments of Member States to extend the greatest possible assistance to the Commission on International Commodity Trade in order to help it carry out its programme of work quickly and effectively;

4. Recommends that the regional economic commissions, the specialized agencies concerned, especially the Food and Agriculture Organization of the United Nations, the Contracting Parties to the General Agreement on Tariffs and Trade and the international study groups dealing with commodity problems give particular attention to the problems of countries dependent to a high degree on the export of a small number of primary commodities;

5. Urges the Governments of Member States:

(a) To contribute to the greatest possible extent, either unilaterally or in the competent international organizations, to the progressive abolition of all such discrimination, quantitative limitations and other restrictive practices as are prejudicial to the sound development of international commodity trade;

(b) To take into account, in formulating their economic policy, the effect that it may have on the export opportunities of the primary-producing countries;

6. Requests the Commission on International Commodity Trade to give particular attention, in
carrying out its programme of work, to the study of means for giving temporary assistance to countries encountering serious payment difficulties as a result of a sharp and sudden drop in the prices of their raw material exports, with a view to enabling them to take the necessary measures and at the same time continue to carry out their economic development programmes."

A/C.2/L.437 and Add.1.2. Brazil, Burma, Cambodia, Ceylon, Ethiopia, Indonesia, Pakistan, United Arab Republic, Yugoslavia: draft resolution.

A/C.2/L.437/Rev.1, Rev.1/Corr.1. Brazil, Burma, Cambodia, Ceylon, Ethiopia, Ghana, Indonesia, Pakistan, United Arab Republic, Yugoslavia: draft resolution and revision as orally amended by sponsors, adopted by Second Committee on 26 November 1959, meeting 634, by 60 votes to 0, with 11 abstentions.


A/4321. Report of Second Committee, draft resolution IV.

RESOLUTION 1423(xiv), as recommended by Second Committee, A/4321, adopted by Assembly on 5 December 1959, meeting 846, by 72 votes to 0, with 9 abstentions.

"The General Assembly,

"Recalling its resolution 1324(XIII) of 12 December 1958 and Economic and Social Council resolution 726(XXVIII) of 24 July 1959,

"Bearing in mind the responsibilities laid upon Member States by the Preamble, by Article 1, paragraph 3, by Article 13, paragraph 1, and by Article 55 of the Charter of the United Nations to promote international co-operation in the economic field, higher standards of living, full employment, and conditions of economic and social progress,

"Taking into account the harmful potentialities of the widening gap between the levels of per caput income in developed and under-developed countries,

"Having examined the report of the Economic and Social Council on international commodity problems and the report of the Commission on International Commodity Trade on its seventh session, particularly paragraph 62 thereof relating to compensatory financing,

"Commending the work programme drawn up by the Commission on International Commodity Trade at its seventh session and approved by the Economic and Social Council,

"Considering the necessity of devising means to combat large fluctuations in commodity prices when accompanied by a general fall in the price levels of primary commodities and the rising price levels of manufactured goods, and the resulting decline in the terms of trade against the under-developed countries,

"Considering that such fluctuations hamper world trade,

"Considering further the repercussions of adverse trade balances on the capacity of the under-developed countries to contribute to their own development,

"Recognizing the imperative necessity of urgent and effective measures to enable the under-developed countries to initiate and sustain their development programmes at adequate levels,

1. Requests the Secretary-General to appoint a group of not more than seven experts to assist the Commission on International Commodity Trade in its consideration of commodity problems by examining the feasibility of establishing machinery, within the framework of the United Nations, designed to assist in offsetting the effects of large fluctuations in commodity prices on balances of payments, with special reference to compensatory financing, and to submit its report and recommendations to the Commission on International Commodity Trade by its ninth session, and requests the Economic and Social Council to comment on and transmit this report to the General Assembly;

2. Further requests the Secretary-General to invite the International Monetary Fund and the Food and Agriculture Organization of the United Nations to participate in the work of the group of experts in a consultative capacity."

LATIN AMERICAN COMMON MARKET

Recognition of the efforts made by the Economic Commission for Latin America (ECLA) to establish a Latin American Common Market was expressed in a resolution (1430(XIV)) adopted unanimously by the General Assembly on 5 December 1959, on the recommendation of its Second (Economic and Financial) Committee.

The resolution was based on a proposal introduced in the Second Committee by the following 17 Members: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Uruguay and Venezuela. It referred to an Economic and Social Council resolution (679 C (XXVI)) of 10 July 1958 stating the desirability of gradually establishing the common market on multilateral and competitive bases. The Assembly's resolution also noted a resolution adopted on 19 May 1959 by the Trade Committee of ECLA, and later approved by the Commission itself, whereby the Committee decided to intensify efforts to increase economic co-operation in the region in order to promote the common market.

By ECLA's Trade Committee resolution, the Latin American Common Market would: (1) include all the Latin American countries which decided to participate in its formation; (2) re-
main open to the accession of other Latin American countries; (3) operate on competitive bases and comprise the largest possible number of products; (4) take into consideration the inequalities that existed among the Latin American countries in so far as their economic development was concerned; (5) be characterized by the progressive standardization of the customs tariffs and other instruments of trade policy of the Latin American countries, in their relations with other areas, due allowance being made for international commitments; (6) depend, for its realization, on the widest possible collaboration on the part of private enterprise; (7) promote increasing specialization in economic activities, in order to improve use of the region's available production factors; and (8) contribute to the expansion and diversification of trade among the Latin American countries, and between them and the rest of the world.

(For further information about ECLA's current activities in promoting inter-regional trade see below, CHAPTER IV, section on ECONOMIC COMMISSION FOR LATIN AMERICA.)

The operative part of the General Assembly's resolution expressed the hope that the Latin American Common Market would be organized in such a way as to expand and diversify trade among Latin American countries and between them and other regions of the world, while increasing economic development in the region and raising living standards. The Assembly also recommended that ECLA should continue to give high priority to its work to this end.

Statements in favour of the resolution were made in the Second Committee by the representatives of Belgium, Chile, the Dominican Republic, France, Haiti, India, Italy, Mexico, the Netherlands, Peru, Portugal, Spain, Tunisia, the United Kingdom, the United States and Yugoslavia.

The representative of Japan suggested an amendment seeking assurance that establishment of the market would not be followed by discriminatory measures against countries outside the region. He later withdrew the suggestion and supported the draft resolution after hearing explanations by representatives of various Latin American countries.

The draft resolution was adopted by the Second Committee on 1 December 1959, by 61 votes to 0, with 7 abstentions. Prior to its unanimous adoption at a plenary meeting of the Assembly on 5 December, the spokesman for Japan explained that he supported the resolution on the understanding that there would be no discrimination against outside countries. The USSR stated that in voting for the resolution it took into account the expressed wishes of the Latin American delegations.

DOCUMENTARY REFERENCES

GENERAL ASSEMBLY——14TH SESSION
Second Committee, meetings 638, 639.
Plenary Meeting 846.

A/C.2/L.442 and Corr.1. Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Uruguay, Venezuela: draft resolution as modified by sponsors, adopted by Second Committee on 1 December 1959, meeting 639, by 61 votes to 0, with 7 abstentions.
A/4321. Report of Second Committee, draft resolution XI.
RESOLUTION 1430(xiv), as recommended by Second Committee, A/4321, adopted by Assembly on 5 December 1959, meeting 846, by 81 votes to 0.

"The General Assembly,
"Recalling section I of Economic and Social Council resolution 679 C (XXVI) of 10 July 1958, in which the Council considers it desirable gradually and progressively to establish a Latin American regional market on multilateral and competitive bases,
end being carried out by the Economic Commission for Latin America;

"3. Recommends that the Economic Commission for Latin America should continue to assign high priority to the work being done in this field."

INTERNATIONAL COMMODITY CONFERENCES AND MEETINGS IN 1959

UNITED NATIONS WHEAT CONFERENCE

The second session of the United Nations Wheat Conference was held in Geneva from 26 January to 10 March 1959. It prepared the text of a new three-year agreement, expiring 31 July 1962, the objectives of which were broader than those of the 1956 agreement. They included the promotion of the expansion of international trade and the securing of the freest possible flow of trade, the encouragement of the use and consumption of wheat and the assuring of supplies of wheat to importing countries and of markets to exporting countries at equitable and stable prices. The new agreement also contained a revised formula for regulating international transactions in wheat by the signatories.

The United Kingdom, the world's largest wheat-importing country, was among the countries which signed the new agreement; it participated in the 1949 Agreement but not in those of 1953 and 1956.

The new agreement also increased the powers and functions of the International Wheat Council. In particular, the Council was given the important task of reviewing the world wheat situation annually, due regard being given to the work of other bodies such as the Food and Agriculture Organization of the United Nations (FAO).

INTERIM COMMITTEE FOR OLIVE OIL COUNCIL AND INTERNATIONAL OLIVE OIL COUNCIL

The Interim Committee for the Olive Oil Council met in Geneva from 21 to 23 January 1959. It prepared draft rules of procedure for the Council as well as the agenda of the Council's first session, and gave preliminary consideration to such matters as the appointment of a director, the preparation of a provisional budget and the allocation of votes among participating Governments.

The International Agreement on Olive Oil, 1956, as amended by the Protocol of 3 April 1958, entered into force on 26 June 1959, the provisions for entry into force under article 36 of the Agreement having been complied with.

At the request of the Interim Committee, the first session of the International Olive Oil Council was convened by the Secretary-General of the United Nations and met in Madrid from 6 to 16 October 1959. It was attended by representatives of Belgium, France, Greece, Israel, Italy, Libya, Morocco, Portugal, Spain, Tunisia and the United Kingdom.

Certain Governments had, in accordance with paragraph 5 of article 36 of the Agreement, given notification of their intention to participate in the Agreement but had not completed formalities at the time of the first session of the Council. In view of the important role of these countries in the olive oil economy and in view of the fact that steps were being taken to complete formalities, the Council decided to take into account in its deliberations the votes that would be allocated to the various countries when these formalities were completed.

The Council adopted rules of procedure for conducting its work. It also adopted a budget of a provisional nature and determined the amounts of contributions due from participating countries for the first olive crop year. It was decided that the seat of the Council should be in Madrid.

While the Council is an inter-governmental body independent of the United Nations, it is expected that its own secretariat will not be formed until some time after its second session to be held by April 1960. In the interim, the United Nations Secretariat will continue to act on its behalf on certain matters.

LEAD AND ZINC COMMITTEE AND INTERNATIONAL LEAD AND ZINC STUDY GROUP

The Lead and Zinc Committee, established by a United Nations Conference in 1958 and comprised of both exporting and importing countries, held its third session in New York from 28 April to 6 May 1959. It reviewed the situation as it had developed since November 1958 (when it held its second session) and also the outlook for 1959. Estimates were made of the excess of production of lead metal and of slab zinc over consumption during 1957 and
1958. It was agreed that reduction in commercial production and exports were needed to improve the relationship between supply and demand. The Committee received reports of specific voluntary curtailments relating to lead or zinc which were to be made in certain countries.

A meeting to decide on the inauguration of the International Lead and Zinc Study Group was held at United Nations Headquarters in New York from 4 to 6 May 1959. The meeting adopted initial terms of reference for the Study Group, containing provisions relating to membership, functions and the operation of the Study Group.

The meeting asked the Secretary-General of the United Nations to send its report to all Governments invited to the meeting and to request them to indicate whether they were prepared to accept membership in the Study Group. It was understood that the Lead and Zinc Committee would be dissolved if the Study Group were to come into being.

By December 1959, a sufficient number of major exporting and importing countries had signified their intention of participating in the Study Group, and the Secretary-General made arrangements for its first session to be held in Geneva in January 1960.

DOCUMENTARY REFERENCES


LEAD AND ZINC COMMITTEE AND INTERNATIONAL LEAD AND ZINC STUDY GROUP


OTHER DOCUMENTS

E/CN.13/SER.A/30-32. Recent Commodity Developments, April, August and October 1959.

E/CA/INF.13,14. Calendar of international meetings relating directly or indirectly to commodities. March and August 1959.

CHAPTER III

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

THE UNITED NATIONS SPECIAL FUND

The United Nations Special Fund, established by the General Assembly on 14 October 1958, began operations on 1 January 1959. During 1959, contributions totalling the equivalent of $25.8 million were pledged by 68 Governments to the Special Fund, which is financed by voluntary contributions from Governments. As at 31 December 1959, requests had been received for 164 projects, expenditures for which would amount to $159.3 million.

Soon after operations of the Special Fund were started, more specific policies were adopted to determine—within the broad framework set by the General Assembly in establishing the Special Fund—the relative priority of requests received. At the suggestion of the Managing Director of the Special Fund, Paul G. Hoffman, the Governing Council of the Special Fund generally agreed that, initially, major emphasis should be put on projects which would demonstrate the wealth-producing potential of unsurveyed natural resources in the less developed countries, on training and research institutes, and on surveys which would lead to early investments.

During 1959, the Governing Council authorized 44 projects, for which appropriations totalling $31.9 million were approved. The Governments' own contributions to the approved projects were estimated at $44.6 million, bringing the total project cost to $76.5 million.

1 For details of the General Assembly's resolution setting up the Special Fund (1240(XIII)) and an account of the aims and objects of the Special Fund, see Y.U.N, 1958, pp. 131, 137-141.