

## *UNCTAD's Twenty Years of Pioneering Efforts in Trade and Development*

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The United Nations Conference on Trade and Development (UNCTAD) was established by the General Assembly in 1964 to promote international trade, particularly that of developing countries, with a view to accelerating economic development. To that end, it was called upon to formulate principles and policies, to make proposals for putting them into effect and, generally, to review and facilitate the coordination of activities of other institutions within the United Nations in the field of international trade and related problems of economic development. Since then UNCTAD, now with 167 members, has become a principal instrument of the General Assembly for deliberation and negotiation in the field of international trade and related issues of international economic cooperation.

During its 20 years of existence UNCTAD has constituted a universal forum of a unique, specialised kind, being the only one in which the problems in all the different sectors of the interdependent world economy can be considered in relation to each other and to all groups of countries. In particular, it has been the one forum in which the developing countries have been able to present their trade and development problems in a comprehensive and interrelated manner to the developed countries and to propose new policies and measures for dealing with them. This 'North-South dialogue', inevitably often controversial in character, has been the life-blood of UNCTAD and has given rise to much study, research and innovative thinking. Many of the ideas and proposals generated by the process have not been acceptable to the developed countries and have not made further headway. Other initiatives, however, have proved to be negotiable and have resulted in the conclusion of a number of international agreements and conventions of a pioneering character, including some which are legally binding in nature.

One of the earliest and most notable of these negotiating successes was the establishment of the Generalised System of Preferences (GSP), under

which manufactured goods exported by developing countries are given preferential tariff treatment by developed countries. After successful negotiation of the principles of the System in UNCTAD between 1968 and 1970, national preference schemes were put into operation by virtually all developed countries in order to help developing countries to expand their exports of manufactures. One of the non-tariff barriers faced by these exports is constituted by the existence of restrictive business practices in international trade and another of the organisation's successful initiatives relates to this problem. This was, in fact, one of the issues referred to in the Havana Charter drawn up in 1948 by the United Nations Conference on Trade and Employment. The Charter, however, was not ratified and it was not until after the creation of UNCTAD that international action was taken on the matter. This action took the form of the negotiation in UNCTAD of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. The Set was subsequently adopted by the General Assembly in 1980 and UNCTAD now has the task of monitoring and promoting its application and implementation.

In the exercise of its mandate as the organisation having primary responsibility within the United Nations system for the negotiation of new international commodity agreements and for the renegotiation of existing ones, UNCTAD has negotiated new agreements on cocoa, natural rubber, jute and jute products and tropical timber and has renegotiated the agreements on sugar, wheat, olive oil and tin. It was, moreover, in this key field of commodities, so important for most developing countries, that the organisation undertook one of its most notable initiatives — the negotiation of the Common Fund, which was completed in 1980. When it comes into operation the Fund will help international commodity councils that become associated with it to finance buffer stocks established by them for the purpose of price stabilisation, and will finance other measures for

commodities such as product development and market promotion.

In the area of shipping UNCTAD pioneered the Code of Conduct for Liner Conferences which was adopted in 1974, although it entered into force only last year. This Code defines certain principles to be observed in regulating freight rates in liner shipping and in determining cargo sharing between shipowners in developed and developing countries. More recently, another initiative taken by UNCTAD in the field of maritime transport came to fruition with the adoption in 1980 of the United Nations Convention on International Multimodal Transport, an agreement which establishes the responsibilities of multimodal transport operators who arrange for the carriage of given consignments of goods across frontiers by more than one mode of transport. UNCTAD, moreover, is the body which has been leading international efforts to abolish the system of open registries or 'flags of convenience'. These efforts have led to the convening of a United Nations Conference on Conditions for Registration of Ships to be held in Geneva in July-August 1984.

Another field in which UNCTAD has spearheaded action by the international community is that of providing special help to the particularly disadvantaged developing countries (the least developed, landlocked and island countries) in dealing with their exceptionally difficult development problems. UNCTAD's efforts in this area led to the convening of the United Nations Conference on the Least Developed Countries in Paris in 1981 which adopted by consensus the Substantial New Programme of Action (SNPA) for the 1980s for these countries. This Programme envisages a considerable expansion of financial and technical assistance to this group of particularly poor countries.

UNCTAD has also taken some major initiatives aimed at strengthening the technological capacity of developing countries. It initiated the negotiation of an international Code of Conduct on the Transfer of Technology, now at an advanced stage, as well as efforts at restructuring the legal environment for the transfer and development of technology, notably by contributing to the ongoing revision of the Paris Convention on Industrial Property. It has also been responsible for stimulating international efforts to deal with the problem of the reverse transfer of technology (the 'brain drain').

In considering the achievements of UNCTAD over the past 20 years, however, it is not only 'tangible' results in the form of specific agreements and conventions that should be taken into account. The catalytic role of the organisation in stimulating and facilitating action

elsewhere must also be included in the balance sheet. For example, in fulfilling its mandate from the General Assembly to promote international trade, particularly that of developing countries, UNCTAD has taken into account the special characteristics and potentialities of trade between countries having different economic and social systems. In fact, since its inception, it has played the leading role in the United Nations system in seeking to impart greater dynamism to the flows of trade between the developing countries and the socialist countries of Eastern Europe. This it does by disseminating information about the trading systems and practices of the latter countries through comprehensive technical assistance activities for developing countries and by investigating new opportunities, forms and mechanisms for East-South trade and economic cooperation. UNCTAD also provides a forum for regular annual bilateral consultations between developing countries and socialist countries on trade matters.

A similar role is played by the organisation in regard to trade and economic cooperation among the developing countries themselves. Since its establishment in 1977, UNCTAD's Committee on Economic Cooperation Among Developing Countries has had the task of mobilising support from the developed countries and from international organisations for programmes of self-help and mutual cooperation of the developing countries themselves. Such programmes, which include the creation of a global system of trade preferences among developing countries (GSTP), now have high priority for these countries and UNCTAD is recognised as 'lead agency' in the United Nations system for encouraging and facilitating their adoption and implementation.

In considering the catalytic role of UNCTAD account must also be taken of the impact of the debates and deliberations within the organisation on actions taken elsewhere. For example, a Group of Experts on international monetary issues convened by UNCTAD in 1965, which was chaired by the present Secretary-General of UNCTAD, Gamani Corea, gave a strong boost to the proposal for providing additional liquidity needed by the international community, particularly the developing countries, through the creation of a new international reserve asset by the IMF. It was this proposal which led to the first allocation of Special Drawing Rights (SDRs) by the IMF in 1970. The influence of UNCTAD, as the main international forum for discussion of the problems and needs of the developing countries, can also be seen in the various steps taken by the IMF over the years to improve its compensatory financing facility and to create new facilities (such as that for buffer stock financing). It was UNCTAD, moreover, which set the well-known target of 0.7 per cent of gross national

product for official development assistance (ODA) by developed countries. This target was originally incorporated in the first International Development Strategy adopted by the General Assembly for the 1970s and it was retained in the second Strategy adopted in 1980 for the current decade. Although only a few countries have attained the target it still has useful and practical significance as a benchmark for programming budgetary allocations and persuading legislatures to move towards meeting it.

By a resolution of the General Assembly, UNCTAD was designated in 1968 as a participating and executing agency of the UNDP. The UNCTAD secretariat accordingly assists governments of developing countries individually and collectively in their developmental efforts through technical cooperation involving advisory services, training, research and analysis, as well as support to preparation for negotiations at the intergovernmental level. The operational activities are provided in all fields of UNCTAD's substantive competence and developing countries are thereby assisted in enhancing the structures governing their external sector and improving their trade mechanisms, procedures and related supporting services. The technical cooperation programme is financed almost entirely from extra-budgetary resources, mainly from the United Nations Development Programme.

## Background reading

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