

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Irving Friedman UNCTAD Files: New Delhi Meeting, February 1 - March 25, 1968 - Correspondence 02 (with Sarma and Karasz)

Folder ID: 1787620

Series: Records of Economic Advisor Irving Friedman

Dates: 2/1/1967 – 3/31/1968

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

ISAD Reference Code: WB IBRD/IDA 03 EXC-10-4481S

Digitized: 6/14/2013

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK

Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000


Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED

Friedman UNCTAD Files - New Delhi Meeting / Feb. 1 - Mar. 25, 1968
Corresp. w/ Sarma & Karasz

DECLASSIFIED
WBG Archives

THE NATIONAL ARCHIVES
Archives



1787620

A1992-017 Other # 5 167584B

Irving Friedman UNCTAD Files New Delhi Meeting February 1 - March 25, 1968 -
Correspondence 02 (with Sarma and Karasz)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date March 8, 1958

TO -	Name	Room No.
1	Mr. Irving S. Friedman	
2		
3		
4		

FOR -

	Action		Initialing
	Approval		Preparing Reply
	Comment		Previous Papers
	Filing		Noting and Returning
	Full Report		Recommendation
X	Information		Signature

REMARKS

DATE RECEIVED

MAR 12 1968

FROM - N.A. Sarma

OFFICE MEMORANDUM

New Delhi.

TO: Mr. Irving S. Friedman

DATE: March 8, 1968.

FROM: N.A. ^{Sarma} Sarma and Bimal Jalan ^{Bmj}SUBJECT: UNCTAD II : Committee discussions on Supplementary Finance
= = = = =

There were four meetings of the Third Committee on Supplementary Financial Measures from March 1, 1968 to March 6, 1968. A few more meetings were planned, but the Chairman, Mr. Everts (of the Netherlands) thought that discussion and negotiations between various groups could be more effectively pursued in the so-called "contact groups", and that the debate in the Committee should be confined to general statements by the representatives of various delegations. A record of the daily Minutes of these discussions is enclosed.

Not
Enclosed

Statements were made by a number of developed and developing countries - among them Ceylon, Argentina (on behalf of all Latin American countries), India, Nigeria, Uganda, the United States, the United Kingdom, France, Germany, Sweden (on behalf of the Nordic countries), the Netherlands and Japan. Earlier Mr. Mermolja, the Chairman of the Intergovernmental Group had made a statement introducing the Report of the Group to the Committee, identifying the area of agreement and disagreement, and hoping that it would be possible to implement the scheme in the not too distant future.

The developing countries (with the exception of Cuba and Cameroon) gave their strong endorsement in principle to a scheme for Supplementary Financial Measures along the lines of the joint statement of the developing countries made at the intergovernmental group. The general line taken by the developing countries was not unexpected; though the strong and unequivocal support given by India, and by Argentina on behalf of the Latin American countries, would have come as a surprise to some.

The developed countries also took familiar positions - the United States, Germany, France, Australia, New Zealand, Japan and Belgium could not agree to the idea of an endorsement in principle of the Bank Staff Scheme; among these France, Australia, New Zealand, Belgium, and perhaps also Japan, were against the principle of Supplementary Finance itself and their reservations against the Bank Staff Scheme

(continued .. 2)

could as easily have been directed against the basic premises of the UNCTAD Resolution A.IV.18. France and Australia clearly stated this. The United States' statement was somewhat surprising for the vehemence with which it was expressed. While reiterating a number of times their acceptance of the principle of the Resolution A.IV.18 and their appreciation of the work of the Bank Staff, the United States, more or less, ruled out the Bank Staff Scheme as a feasible solution to the problem, and suggested that the intergovernmental group be re-convened to consider certain other alternatives. Sweden (speaking also on behalf of Denmark, Finland and Norway), the Netherlands and Switzerland, on the other hand, gave their support to the principles of the Bank Staff Scheme. Canada was also favourably inclined, though it sought answers to some unresolved questions before it could commit itself to the scheme as formulated at present. The United Kingdom, not unexpectedly, succeeded in leaving everybody guessing - "as one of the original sponsors it was for the scheme; but ..., if, however".

Amidst these disagreements and varying views, there was nonetheless one point on which there seemed to be - for want of a better phrase - a "general concensus". This was that a scheme for Supplementary Finance would come into existence by 1970. The developing countries and other supporters of the Bank Staff Scheme wanted this particular scheme to be "The Scheme" which would be implemented then (with some modifications, may be). The dissenters wanted an alternative (with some features of the Bank Staff Scheme, may be). For some among the latter group, the search for an alternative scheme was, of course, a useful device by which the proposal for Supplementary Finance could be kept at bay gracefully - and indefinitely.

There also seemed to be a general agreement that the intergovernmental group should be re-convened. Germany suggested that its membership should be increased in order to give wider representation. The difference between various groups of countries was on what the terms of reference of this Group should be. Those who supported the Bank Staff Scheme felt that the Group should be re-convened to resolve the few issues which yet remained to be further discussed, and draft a set of Articles and Rules on the basis of which final negotiations could take place. They, therefore, wanted the present Conference to endorse the Bank Staff Scheme in principle, provide broad guidelines to the intergovernmental group as a basis for its discussion, and indicate a definite date by which the Scheme should come into operation. Those who could not agree with the essential elements of the Bank Staff Scheme wanted the Conference not to take any action on this scheme, but re-convene the Group to consider afresh all the aspects of the Scheme as well as other possible alternatives.

The possibility of an Agency, other than the IDA, administering the Scheme was not mentioned. It was assumed that, if the Scheme came into existence, the IDA will be the Agency. However, among the supporters of the Scheme the prevailing view seemed to be that the actual negotiations on the Scheme would be carried out within the framework of the UNCTAD by the Trade and Development Board. The Board of Governors of the IDA would be requested to approve and adopt the Scheme, once the Draft Articles of Agreement governing the operation of the Scheme were agreed to among member governments of the UNCTAD.

In the Committee discussions, a lot was made by some developed countries, particularly the United Kingdom, of the relationship between commodity stabilization measures and supplementary finance. Numerous references were made to the Study on Commodity Stabilization now being undertaken by the Fund and the Bank in response to the Rio Resolution. They wanted to have an indication of the scope and content of this Study as well as the date by which this would be ready since, in their view, this would clearly affect the outcome of discussions on Supplementary Finance. The developing countries and some others, while no less eager or interested in the Bank-Fund Study, emphasized that there was no conflict between measures to stabilize commodity prices and Supplementary Finance - in fact they would reinforce each other, and that action on supplementary finance should not be postponed any longer. It was surprising that the U.S. and the U.K. which are not particularly noted for their championship of commodity stabilization measures should have evinced such great interest in these measures in the context of Supplementary Finance.

Invited by the Chairman, Mr. Sarma, on behalf of the Bank Staff, and Mr. Jones for the Fund Staff, made brief statements on the Bank-Fund Commodity Studies to the effect that at this time it was not possible to indicate precisely when these would be completed. Nor was it possible at this time to give an idea of the scope of this Study beyond what was suggested in the Rio Resolution. The Board of Governors had requested the Staff to complete this Study, if possible, by the time of the next Annual Meeting.

Later in the Committee discussion, in response to a request by Ceylon from the floor, and at the suggestion of the Chairman, Mr. Sarma made statements on the relative importance of export shortfalls and other causes of disruption, and on the relationship between commodity stabilization measures and Supplementary Financial Measures. He stated that in the view of the Bank Staff, there was no conflict between Supplementary Finance and Commodity Stabilization.

(continued .. 4)

Now that the Committee discussions are over, the discussion on Supplementary Finance, as on other issues, will be carried on in the Contact Groups which are likely to conclude their work by March 15. It is not yet clear what, if anything, will emerge; though from corridor conversation, one gathers that the mood of cautious hope among the developing countries has now given way to frustration and even anger. So far the developed countries have not been willing to make concessions on any issue - there is now a stalemate in most Committees. The hope for something fruitful to emerge out of this conference now lies, not in Committees, but in the political dialogue between the developed and the developing, which is likely to take place during the last ten days of the Conference.

cc: Mr. Karasz (2)
Mr. de Fontenay

NEW DELHI

March 4, 1968

Dear Mr. Friedman:

Discussions on S.F. started last Friday and continued this afternoon. A summary record of the S.F.S. so far made will be mailed tomorrow thro' the usual channels.

Briefly, Argentina spoke up for all Latin American countries, extending full support to a scheme essentially on the lines of Bank Staff proposal. Ceylon, India, Uganda and every other LDC representative fully endorsed the Joint Statement issued by them at Intergovernmental Group meeting. So far only U.S.A. has made a statement from among donor countries - raising several technical issues and questions as at the Intergovernmental Group meeting. These discussions will continue for another 2 or 3 days. Concurrently, informal talks are taking place in the so-called Everts(?) Group.

As I expected, I have had difficulties with Mr. Karasz in regard to the handling of S.F. discussions from our side. While extending full co-operation in every possible way, I have had to make my position clear in regard to this matter.

Kind regards,

Yours sincerely,

(Signed) N.A. Sarma

DATE RECEIVED

MAR 8 1968

N. Delhi., March 4.

Dear Mr. Friedman:

Discussions on S.F. started last Friday and continued this afternoon. A summary record of the stts so far made will be mailed tomorrow thru the usual channels. Briefly, Argentina spoke up for all Latin American Countries, extending full support to a scheme essentially on the lines of Bauer's Staff Proposal - Ceylon, India, Uganda and every other LDC representative fully endorsed the joint stt. issued by him at Inter-Govt Group meeting. So far only USA has made a stt. from among donor Countries - ~~the~~ raising several technical issues and questions as at the Inter-Govt Group meeting. These discussions will continue for another 2 or 3 days. Concurrently, informal talks are taking place in the so-called Contact Group.

As I expected, I have had difficulties with Mr. Karasz in regard to the handling of S.F. discussions from our side. While extending full cooperation in every possible way, I have had to make my position clear in regard to this matter.

Kind Regards,

Yours truly

N. A. Sarma

BY AIR MAIL
PAR AVION

हवाई पत्र
AEROGRAMME



Mr. Irving S. Friedman
The Economic Adviser to the President
World Bank, 1818 H St., N.W.
Washington DC
USA.



दूसरा मोड़ SECOND FOLD

इस पत्र के अन्दर कुछ न रखिये NO ENCLOSURES ALLOWED

भेजने वाले का नाम और पता:- SENDER'S NAME AND ADDRESS:-

N. A. Sharma

Room 209, Clarendon Hotel

N. Delhi

भारत INDIA

1960 JAN 28 AM 8:55

पहला मोड़ FIRST FOLD

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date March 5, 1968

TO -	Name	Room No.
1	Mr. Irving S. Friedman	
2		
3		
4		

FOR -

	Action		Initialing
	Approval		Preparing Reply
	Comment		Previous Papers
	Filing		Noting and Returning
	Full Report		Recommendation
X	Information		Signature

REMARKS

COPIES RECEIVED

MAR 8 1968

FROM -

N. A. Sarma, New Delhi

March 1, 1968

The discussions on the Supplementary Financial Measures began today in Committee III. Ceylon, Argentina, India and Malaysia made general statements. All of them endorsed the essential elements of Bank Staff Scheme and urged an early agreement in principle in the Committee.

Ceylon suggested that an agreement on Supplementary Financial Measures was necessary concurrently with a likely agreement on preferences; many of the less developed countries were unlikely to gain much from the later concession. Progress in the Commodity field was likely to be extremely slow. This Scheme was compatible with commodity agreements and organization of markets.

The Committee and the Conference could agree on the essential ingredients of Supplementary Finance Scheme as proposed by the Bank Staff. The Conference should then request the inter-governmental group to convene immediately and proceed with the solution of unresolved questions pertaining to the scheme, and on the basis of the broad guidelines adopted by the Conference, draft the scheme to be considered at the 7th Meeting of the Trade and Development Board. The agreed scheme could then be sent for appropriate action to the Board of Governors of the World Bank which would presumably be the Agency administering the Scheme. If all went well, the Scheme should be operable in 1970. Actual disbursements would, however, begin somewhat later.

Argentina, speaking on behalf of all Latin American countries, expressed full support of the countries to the joint statement of the developing countries made at the last session of the inter-governmental group (which has been circulated as a Conference document) and urged the developed countries to take immediate action on this Scheme. Argentina said that there was a wide measure of agreement on the following points: (a) It is desirable to have a scheme of Supplementary Financial Measures; (b) At present no mechanism of this kind exists; (c) Resources for supplementary Financial Scheme would be additional to basic finance; (d) The Scheme suggested by the Bank Staff was a feasible solution to the problems under consideration.

As such, the Latin American countries would expect the developed countries to support the Scheme for Supplementary Financial Measures, the principle of which had already been

(continued .. 2)

agreed to in the First Conference. Further, the developed countries should also make it known to the Conference when they would want this scheme to begin operations. The Latin American countries expected a definite answer from the developed countries on this item.

Malaysia said that it had placed much hope in Resolution A.IV.18 which was passed at UNCTAD I, and in the excellent study prepared by the Bank Staff in response to this Resolution. It was, however, disappointed at the unwillingness of some developed countries to commit themselves to the scheme. It felt that the Bank Staff Scheme was feasible and adequate to deal with the problem under consideration. It therefore suggested that the Executive Directors of the World Bank should be invited to draw the final report of the Scheme for Supplementary Financial Measures to be submitted to their Board of Governors as soon as possible.

India (Ambassador Swaminathan) said that the stand of the developing countries on Supplementary Financial Measures, with which India fully agreed, was expressed in the joint statement of the LDC's. The Scheme filled an important gap in international machinery; this was compatible with the Scheme for Market Organization, since if a scheme for Market Organization came into existence this would be taken into consideration in making the export projections by the developing countries. The developing countries had further agreed in the inter-governmental group that the scheme should not be open-ended and that there should be some provision for rationing. So far as policy understanding is concerned, the Bank, the I.M.F. and other international financial institutions had already had considerable experience and a workable solution consistent with national sovereignty could be found.

India appealed that the Conference should make a unanimous declaration in favour of the Supplementary Financial Measures. Such a scheme should be based on the main elements of the Bank Staff Scheme. It should be finalized within the machinery of the UNCTAD, and should come into existence by 1970.

Before the general statements, on Supplementary Financial Measures, the U.K. had requested the Bank and the Fund representatives to make statements on the progress already made on the Bank-Fund Commodity Study, and the precise date when this Study was expected to be completed.

Tanzania, Ceylon and other delegations also felt that it would be useful for the Committee to have an idea of the time when this study was expected to be completed. In response to the suggestion by the Chairman that the Bank and the Fund should make such a statement, Mr. Sarma, on behalf of the Bank, and Mr. Jones, on behalf of the Fund, indicated to the Committee the nature of the Study being undertaken, and also the wish of the Board of Governors that this Study should be completed, if possible, by the time of the next Annual Meeting. They, however, pointed out that it was too early to say precisely when this Study would be completed. Nor was it possible at this time, to give an idea of the scope of this Study beyond what was suggested in the resolution. There was some dissatisfaction expressed by the U.K., Bolivia and Ceylon at the fact that the Bank and the Fund could not give a more precise answer to the question of timetable of the Study.

The Chairman suggested that the Bank and the Fund representatives let the Committee know of anything further they could find out in this regard from their Head Quarters.



B. N. Jalan

cc: Mr. Karasz (2)
Mr. Sarma
Mr. de Fontenay

KARASZ
ASHOKA HOTEL
NEW DELHI

FEBRUARY 27, 1968

LT

INDIA

15

REURLET FEBRUARY 22 FIRST IRVING COMING NEW DELHI TO MAKE APPEARANCE AND
TALK TO VARIOUS UNCTAD AND DELEGATION PERSONALITIES. HE DOES NOT REPEAT
NOT WISH TO LEAD BANK DELEGATION AND YOUR ROLE AND METHOD OF OPERATION
WILL REMAIN UNAFFECTED. SECOND IRVING CONFIRMS JALAN INFORMATION NOT
INCONSISTENT WITH YOUR INSTRUCTIONS WHICH YOU WILL CONTINUE TO RECEIVE
FROM ME ON ALL POINTS. IF DOUBT CREATED ON ANY PARTICULAR POINT PLEASE
CABLE. REGARDS

DEMUTH

Richard H. Demuth
Development Services

cc: Mr. Friedman ✓
Mr Console

RHD:tf

INTRAFRAD FOR
KARASE
NEW DELHI

FEBRUARY 27, 1968

LT

INDIA

14

REURLETS 24 AND 26 PRIMO AFTER UNCTAD I PREBISCH ON VARIOUS OCCASIONS
APPROACHED BANK ON POSSIBILITY FINANCING BUFFER STOCKS WITH NEGATIVE
REACTIONS STOP SO FAR BANK APPROACH TO SOLUTION COMMODITY PROBLEM HAS
BEEN THROUGH ASSISTING DIVERSIFICATION LDC ECONOMIES STOP RIO STUDY IS
PROBLEMS AND GROUP
EXAMINING/POSSIBILITIES OF BANK/ASSISTANCE TO COMMODITY STABILIZATION
SCHEMES (XXXXXXXXXXXXXXXXXXXX) SHOULD ADEQUATE RESOURCES BE AVAILABLE STOP
WOULD BE INAPPROPRIATE FOR BANK TO SPECULATE ON ITS EVENTUAL ROLE IN THIS
MATTER UNTIL COMPLETION STAFF WORK ON RIO RESOLUTION AND CONSIDERATION OF
STUDY BY EXECUTIVE DIRECTORS STOP SECUNDO OFFICIAL TRANSMISSION COMMODITY
STUDY TO UNCTAD AFTER ITS SUBMISSION TO BOARD OF GOVERNORS WOULD NOT SEEM
CREATE ANY PROBLEM STOP IT IS LIKELY IN ANY EVENT TO BE PUBLISHED

DESMUTH

Richard H. Desmuth
Development Services

Cleared with and cc: Mr. Avramovic
cc: Mr. Friedman ✓

FConsole/RHDesmuth/mcd

INCOMING CABLE

DATE AND TIME OF CABLE: FEBRUARY 21, 1968 1825
LOG NO.: WU 2 / 22
TO: INTBAFRAD
FROM: NEW DELHI

ROUTING	
ACTION COPY:	MR. FRIEDMAN
INFORMATION COPY:	MR. DEMUTH
DECODED BY:	

TEXT:

13 FOR FRIEDMAN COPY DEMUTH.

YOURS 9 ANSWERED MY 11 WHICH MUST HAVE ARRIVED MEANTIME.

ACCOMMODATION RESERVED FOR JALAN ASHOKA FROM MONDAY 26

REGARDS

KARASZ

IR

INTSAPRAD
NEW DELHI

FEBRUARY 21 1968

LT

INDIA

NO. 13 FOR KARASEK AND SAHGA

IDA REPLENISHMENT EXPECTED TO BE CONSIDERED BY EXECUTIVE DIRECTORS
DURING EARLY MARCH (STOP) WOODS ^{WISHES} BELIEVES ~~BETTER~~ FOR ME TO BE IN
WASHINGTON THEN ~~(REFER)~~ BUT BELIEVES IMPORTANT FOR ME TO ATTEND UNCTAD
FOR SIGNIFICANT PERIOD OF TIME (STOP) WILL THEREFORE PLAN TO BE IN
DELHI FOR LAST PART OF CONFERENCE FROM ABOUT MARCH 13 OR 14 TO END OF
CONFERENCE PLEASE INFORM PREMISCH, EVERYS AND OTHERS INTERESTED (STOP)
HAVE FULLY INFORMED JALAN OF DISCUSSIONS TODAY WITH MR. WOODS ON
SUPPLEMENTARY FINANCE (STOP) HE EXPECTS TO BE IN DELHI MONDAY (STOP)
REGARDS

FRIEDMAN

Irving S. Friedman
Office of the President

INCOMING CABLE

DATE AND TIME OF CABLE: FEBRUARY 20, 1968 1135

LOG NO.: WU 5 / 21

TO: INTBAFRAD

FROM: NEW DELHI

ROUTING	
ACTION COPY:	MR. FRIEDMAN
INFORMATION COPY:	MR. DEMUTH
DECODED BY:	

TEXT:

11 FOR FRIEDMAN COPY DEMUTH

YOURS 8 SUPPLEMENTARY FINANCE WILL START SOMETIME BETWEEN FEBRUARY 28 AND MARCH 1ST AND LAST 5 TO 7 MEETINGS. THEREFORE SUGGEST YOU PLAN ARRIVAL AROUND FEBRUARY 28. PLEASE CONFIRM EXACT DATE ARRIVAL ENABLING ME RESERVE SUITE AHOKA FOR YOU BOTH REGARDS

KARASZ

IR

INCOMING CALLS

DATE AND TIME OF CALL	NAME OF CALLER	REMARKS
FEBRUARY 20, 1968	WU S / 23	
	INTERNATIONAL DEVELOPMENT INFORMATION AND REPORTS	
	1000 W 4TH ST	
	MINNAPOLIS MN	

IN YOUR OWN INTEREST

PLEASE CONTACT THE OFFICE OF THE DIRECTOR OF THE INTERNATIONAL DEVELOPMENT INFORMATION AND REPORTS AT THE ADDRESS ABOVE FOR THE NAME OF THE PERSON WHO MADE THE CALL.

FEB 21 8 31 AM 1968

GENERAL FILES

INTBAFRAD
NEW DELHI

February 20, 1968

L.T.

INDIA

No.9 FOR KARASZ

JALAN WILL BE LEAVING FOR NEW DELHI THIS WEEK ARRIVING ^{Tuesday} ~~MONDAY~~ TWENTY-SIX STOP
HE WILL CARRY PAPERS ON SUPPLEMENTARY FINANCE STOP PLEASE ARRANGE HOTEL
BOOKING FOR HIM STOP EYE WILL BE INFORMING YOU LATER OF MY PLANS STOP HAVE
NOT RECEIVED REPLY TO MY CABLE OF FEBRUARY SIXTEEN TO YOU STOP REGARDS

FRIEDMAN

Irving S. Friedman

The Economic Adviser to the President

N. Delli



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Feb 9,

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAFRAD

Dear Mr Friedman.

I am separately sending today extracts from Spectator on S.F. and I DA replacement, as also one or two interesting press clippings. The press coverage here has been extensive.

As I write to you, the UK. St. is generally about S.F. was not enthusiastic. I gather they were taken to task for this by a number of countries in their Commonwealth meetings and the UK. Delegates ~~to~~ is likely to be more forthcoming in Committee discussions.

India has quite openly declared itself for S.F. However, Brazil and some from Latin America seem to be reluctant (Sydney) was not right about India - but seems right about ~~Portugal~~ Portugal).

The French opposition, his disinclination, are to be noted as important. (As you know, my words did not make any reference to his subject in his speech).

However, I believe something tangible will emerge from this Conf. on S.F., as also on preferences. The fact that practically all ~~developed~~ countries of Europe have extended support to S.F. in varying measure is a significant development. India's support is important. Finally, all LDC's, including Latin American countries, will press for it. The agenda timetable for Committee III discussions

will be finalized only early next week. We will send a cable here about the date of S.F. discussions. It still looks as though it will



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.
New York 303 • Telephone - EX-100 • Cable Address - INTBARAD

Mr. [Name] [Address]

about the date of 2-F. discussion. It will be a long time
 to be finished only early next week. We will send a copy
 to you for it. The other materials for Committee III discussion
 in progress. Finally, we have included Latin American countries
 working program is a significant development. Latin America
 the general condition of Latin America has been to be reluctant (often
 in that to be more forthcoming in Committee discussion.
 of working in Latin American countries and the U.K. together
 contributions. I believe they were able to talk for this of a number
 At I was in New York, in the U.K. 2-F. is planned about 2-F. was not
 the first meeting has been postponed.
 in 2-F. and I at Washington, as also as to which, from Clipping
 have my friends.

1968 FEB 13 09:10:52



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAFRAD

be from later Feb 25. A suggestion by Everts to keep together discussions on S.F., CFF and IM legally, was rejected by the Committee: the items will be discussed separately.

I am certain there will be considerable and pointed discussion of various aspects of S.F. in the Committee. It would be useful if you were to be here. On the other hand, if you shd get involved in these technical discussions over some days, it is for consideration if this will not affect your impact later towards end of the Conference if at that stage (high level) negotiations should take place for some agreement of, for any reason, you cannot be present during Committee proceedings, I would find it useful if Mr Jalan could be sent here.

I will write to you again next week.

kind regards

Yours truly

N. A. Sarina

C
O
P
Y

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

NEW DELHI
FEB. 9 1968

Dear Mr. Friedman,

I am separately sending today extracts from speeches on SF and IDA replenishment, as also one or two interesting press clippings. The press coverage here has been extensive.

As I write to you, the U.K. statement in plenary about SF was not enthusiastic. I gather they were taken to task for this by a number of countries in their Commonwealth meeting and the U.K. delegate is likely to be more forthcoming in Committee discussions.

India has quite openly declared itself for SF. However, Brazil and others from Latin America seem to be reluctant (Sydney Dell was not right about India -- but seems right about Brazil).

The French opposition and U.S. disinclination are to be noted as important (as you know Mr. Woods did not make any reference to the subject in his speech).

However, I believe something tangible will emerge from the Conference on SF as also on Preferences. The fact that practically all donor countries of Europe have extended support to SF in varying measure is a significant development. India support is important. Finally all LDCs including Latin American countries, will press for it.

The agenda timetable for Cttee III discussions will be finalized early next week. We will send a cable then about the dates of SF discussions. It still looks as though it will be from about February 25. A suggestion by Everts to keep together discussions on SFx~~CFR~~ CFF and international liquidity was rejected by the Committee: the items will be discussed separately.

I am certain there will be considerable and pointed discussion on various aspects of SF in the Committee. It would be useful if you were to be here. On the other hand if you should get involved in these technical discussions over seven days it is for consideration if this will not affect your impact later towards end of the Conference at that stage (high level) negotiations should take place for some agreement. If for any reason you cannot be present during Committee proceedings I would find it useful if Mr. Jalan could be sent here.

I will write to you again next week. Kind regards,

Yours sincerely,

/s/ N.A. Sarma

~ ~ ~ ~ ~
13 - 20
/h l o h

C
O
P
Y

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

NEW DELHI
FEB. 9 1968

Dear Mr. Friedman,

I am separately sending today extracts from speeches on SF and IDA replenishment, as also one or two interesting press clippings. The press coverage here has been extensive.

As I write to you, the U.K. statement in plenary about SF was not enthusiastic. I gather they were taken to task for this by a number of countries in their Commonwealth meeting and the U.K. delegate is likely to be more forthcoming in Committee discussions.

India has quite openly declared itself for SF. However, Brazil and others from Latin America seem to be reluctant (Sydney Dell was not right about India -- but seems right about Brazil).

The French opposition and U.S. disinclination are to be noted as important (as you know Mr. Woods did not make any reference to the subject in his speech).

However, I believe something tangible will emerge from the Conference on SF as also on Preferences. The fact that practically all donor countries of Europe have extended support to SF in varying measure is a significant development. India support is important. Finally all LDCs including Latin American countries, will press for it.

The agenda timetable for Cttee III discussions will be finalized early next week. We will send a cable then about the dates of SF discussions. It still looks as though it will be from about February 25. A suggestion by Everts to keep together discussions on SF and CFF and international liquidity was rejected by the Committee: the items will be discussed separately.

I am certain there will be considerable and pointed discussion on various aspects of SF in the Committee. It would be useful if you were to be here. On the other hand if you should get involved in these technical discussions over seven days it is for consideration if this will not affect your impact later towards end of the Conference at that stage (high level) negotiations should take place for some agreement. If for any reason you cannot be present during Committee proceedings I would find it useful if Mr. Jalan could be sent here.

I will write to you again next week. Kind regards,

Yours sincerely,

/s/ N.A. Sarma

C
O
P
Y

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

NEW DELHI
FEB. 9 1968

Dear Mr. Friedman,

I am seperately sending today extracts from speeches on SF and IDA replenishment, as also one or two interesting press clippings. The press coverage here has been extensive.

As I write to you, the U.K. statement in plenary about SF was not enthusiastic. I gather they were taken to task for this by a number of countries in their Commonwealth meeting and the U.K. delegate is likely to be more forthcoming in Committee discussions.

India has quite openly declared itself for SF. However, Brazil and others from Latin America seem to be reluctant (Sydney Dell was not right about India -- but seems right about Brazil).

The French opposition and U.S. disinclination are to be noted as important (as you know Mr. Woods did not make any reference to the subject in his speech).

However, I believe something tangible will emerge from the Conference on SF as also on Preferences. The fact that practically all donor countries of Europe have extended support to SF in varying measure is a significant development. India support is important. Finally all LDCs including Latin American countries, will press for it.

The agenda timetable for Cttee III discussions will be finalized early next week. We will send a cable then about the dates of SF discussions. It still looks as though it will be from about February 25. A suggestion by Everts to keep together discussions on SFx&ER& CFF and international liquidity was rejected by the Committee: the items will be discussed seperately.

I am certain there will be considerable and pointed discussion on various aspects of SF in the Committee. It would be useful if you were to be here. On the other hand if you should get involved in these technical discussions over seven days it is for consideration if this will not affect your impact later towards end of the Conference at that stage (high level) negotiations should take place for some agreement. If for any reason you cannot be present during Committee proceedings I would find it useful if Mr. Jalan could be sent here.

I will write to you again next week. Kind regards,

Yours sincerely,

/s/ N.A. Sarma

C
O
P
Y

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

NEW DELHI
FEB. 9 1968

Dear Mr. Friedman,

I am seperately sending today extracts from speeches on SF and IDA replenishment, as also one or two interesting press clippings. The press coverage here has been extensive.

As I write to you, the U.K. statement in plenary about SF was not enthusiastic. I gather they were taken to task for this by a number of countries in their Commonwealth meeting and the U.K. delegate is likely to be more forthcoming in Committee discussions.

India has quite openly declared itself for SF. However, Brazil and others from Latin America seem to be reluctant (Sydney Dell was not right about India — but seems right about Brazil).

The French opposition and U.S. disinclination are to be noted as important (as you know Mr. Woods did not make any reference to the subject in his speech).

However, I believe something tangible will emerge from the Conference on SF as also on Preferences. The fact that practically all donor countries of Europe have extended support to SF in varying measure is a significant development. India support is important. Finally all LDCs including Latin American countries, will press for it.

The agenda timetable for Cttee III discussions will be finalized early next week. We will send a cable then about the dates of SF discussions. It still looks as though it will be from about February 25. A suggestion by Everts to keep together discussions on SF and CFP and international liquidity was rejected by the Committee: the items will be discussed seperately.

I am certain there will be considerable and pointed discussion on various aspects of SF in the Committee. It would be useful if you were to be here. On the other hand if you should get involved in these technical discussions over seven days it is for consideration if this will not affect your impact later towards end of the Conference at that stage (high level) negotiations should take place for some agreement. If for any reason you cannot be present during Committee proceedings I would find it useful if Mr. Jalan could be sent here.

I will write to you again next week. Kind regards,

Yours sincerely,

/s/ N.A. Sarna

C
O
P
Y

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

NEW DELHI
FEB. 9 1968

Dear Mr. Friedman,

I am seperately sending today extracts from speeches on SF and IDA replenishment, as also one or two interesting press clippings. The press coverage here has been extensive.

As I write to you, the U.K. statement in plenary about SF was not enthusiastic. I gather they were taken to task for this by a number of countries in their Commonwealth meeting and the U.K. delegate is likely to be more forthcoming in Committee discussions.

India has quite openly declared itself for SF. However, Brazil and others from Latin America seem to be reluctant (Sydney Dell was not right about India -- but seems right about Brazil).

The French opposition and U.S. disinclination are to be noted as important (as you know Mr. Woods did not make any reference to the subject in his speech).

However, I believe something tangible will emerge from the Conference on SF as also on Preferences. The fact that practically all donor countries of Europe have extended support to SF in varying measure is a significant development. India support is important. Finally all LDCs including Latin American countries, will press for it.

The agenda timetable for Cttee III discussions will be finalized early next week. We will send a cable then about the dates of SF discussions. It still looks as though it will be from about February 25. A suggestion by Everts to keep together discussions on SF and CFF and international liquidity was rejected by the Committee: the items will be discussed seperately.

I am certain there will be considerable and pointed discussion on various aspects of SF in the Committee. It would be useful if you were to be here. On the other hand if you should get involved in these technical discussions over seven days it is for consideration if this will not affect your impact later towards end of the Conference at that stage (high level) negotiations should take place for some agreement. If for any reason you cannot be present during Committee proceedings I would find it useful if Mr. Jalan could be sent here.

I will write to you again next week. Kind regards,

Yours sincerely,

/s/ H.A. Sarma

C
O
P
Y

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

NEW DELHI
FEB. 9 1968

Dear Mr. Friedman,

I am separately sending today extracts from speeches on SF and IDA replenishment, as also one or two interesting press clippings. The press coverage here has been extensive.

As I write to you, the U.K. statement in plenary about SF was not enthusiastic. I gather they were taken to task for this by a number of countries in their Commonwealth meeting and the U.K. delegate is likely to be more forthcoming in Committee discussions.

India has quite openly declared itself for SF. However, Brazil and others from Latin America seem to be reluctant (Sydney Dell was not right about India -- but seems right about Brazil).

The French opposition and U.S. disinclination are to be noted as important (as you know Mr. Woods did not make any reference to the subject in his speech).

However, I believe something tangible will emerge from the Conference on SF as also on Preferences. The fact that practically all donor countries of Europe have extended support to SF in varying measure is a significant development. India support is important. Finally all LDCs including Latin American countries, will press for it.

The agenda timetable for Cttee III discussions will be finalized early next week. We will send a cable then about the dates of SF discussions. It still looks as though it will be from about February 25. A suggestion by Everts to keep together discussions on SF and CFF and international liquidity was rejected by the Committee: the items will be discussed separately.

I am certain there will be considerable and pointed discussion on various aspects of SF in the Committee. It would be useful if you were to be here. On the other hand if you should get involved in these technical discussions over seven days it is for consideration if this will not affect your impact later towards end of the Conference at that stage (high level) negotiations should take place for some agreement. If for any reason you cannot be present during Committee proceedings I would find it useful if Mr. Jalan could be sent here.

I will write to you again next week. Kind regards,

Yours sincerely,

/s/ N.A. Barua

INTBAFRAD
NEW DELHI

FEBRUARY 16 1968

LT

INDIA

NO. 8 FOR KARASZ

WOULD APPRECIATE OPINION OF YOURSELF AND SARMA ON WHEN BEST FOR
ME TO COME TO UNCTAD (STOP) AT PRESENT AM PLANNING TO COME ABOUT
FEBRUARY 28 (STOP) WILL FINALIZE PLANS AFTER HEARING FROM YOU AND
TALKING TO MR. WOODS WHO IS RETURNING THIS WEEKEND REGARDS

FRIEDMAN

Irving S. Friedman

Office of the President

Mr. Woods

February 19 1968

Irving S. Friedman

Letter No. 15 from New Delhi

I would like to bring this letter from Mr. Karasz to your attention since it reports your views on Supplementary Finance and says you will be discussing this with me "before his trip to Delhi".

I would like very much to discuss this trip with you.

Att:

Headquarters:
Washington, D.C., U. S. A.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Cable Address - INTBAFRAD PARIS

INTERNATIONAL DEVELOPMENT ASSOCIATION

Cable Address - INDEVAS PARIS



EUROPEAN OFFICE:

4, AVENUE D'ÏËNA, PARIS (16^e) - FRANCE

Telephone - 553-2510

c/o Resident Representative
P. O. Box 416, New Delhi,
India

Letter No. 4

February 14, 1968

Dear Mr. Friedman,

... Attached is a copy of a letter from Mr. Karasz to Mr. Demuth;
you may have seen this already.

With kind regards,

Yours sincerely,

N. A. Sarma

N. A. Sarma - 1

Mr. Irving S. Friedman
The Economic Adviser to the President
International Bank for
Reconstruction and Development
Washington

DATE RECEIVED

FEB 19 1968

c/o Resident Representative
P. O. Box 416, New Delhi,
India

Letter No. 15

February 13, 1968

Dear Dick:

Yesterday, I had a long conversation with Mr. Woods. We discussed once more matters relating to the UECTAD Conference.

1. Mr. Woods asked me again about supplementary financial measures. He repeated - these are his very words - that he does not want the Bank delegation to crusade for the scheme.

When I told him about the Italian delegate's proposal (Zegari) that IDA should be the agency for the supplementary financing scheme, Mr. Woods reacted negatively. The charter of IDA would not permit it to do this job and it does not have the personnel for it. In general, in Mr. Woods' opinion, this matter should be kept open and if supplementary finance is ever accepted it should be taken care of possibly by the Bank and Fund jointly. He has discussed this idea with Pierre-Paul Schweitzer, who agrees.

The idea of supplementary financing starting in 1970 or 1971 was new to him. He is wondering whether this postponement would solve anything, because 1970 will be exactly the year of the third replenishment of IDA. (You might remember that we discussed this question in the meeting with Irving Friedman held in your office).

Mr. Woods will mention these matters to Irving before his trip to Delhi.

2. On IDA replenishment, he is optimistic and thinks that the meeting of February 19 and 20 will bring agreement on the principle of replenishment, depending of course on parliamentary action which will necessarily take some time.

I asked Mr. Woods that I should be kept informed on further developments on IDA.

Mr. Richard H. Demuth
Director, Development Services Department
International Bank for Reconstruction and Development
Washington, D.C.

.../...

3. UNCTAD is very interested in the grand assize. I drew Mr. Woods' attention to the report to Committee Three by Sidney Dell (transmitted to you by letter No. 12 of February 10). Mr. Woods is quite relaxed about any action which might be taken on the subject of the grand assize at UNCTAD or at DAC. I agree with him and hope UNCTAD will not do anything which might disturb the Bank's programme on the subject.

It would be very helpful if I were kept informed about further developments in Washington.

4. I tried to explain to Mr. Woods how I see further developments in this Conference. In this respect we also discussed whether I should, or should not, go to Washington from Delhi in order to report on the Conference. It is, of course, impossible to take a decision at such an early date. But Mr. Woods and I agreed that it should be mentioned leaving the decision to be made by you sometime in the first half of March.

With kind regards,

Sincerely yours,

Arthur Karasz

AK/jlw

cc: Mr. Sarma ✓
Mr. de Fontenay
Mr. Wishart

*Copies to Kanank / Kalnauoff, London
Hoffman, Jala 2/16/68*

Headquarters:
Washington, D.C., U. S. A.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Cable Address - INTBAFRAD PARIS

INTERNATIONAL DEVELOPMENT ASSOCIATION

Cable Address - INDEVAS PARIS



EUROPEAN OFFICE:

4, AVENUE D'ÉNA, PARIS (16^e) - FRANCE

Telephone - 553-2510

C/o Resident Representative
P.O. Box 416, New Delhi
India

Letter No. 3

February 12, 1968

Mr. Irving S. Friedman
The Economic Adviser to the President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

DATE RECEIVED
FEB 16 1968

Dear Mr. Friedman,

Attached hereto is the proposed time-table for the work of
Committee III. From this it would seem that the discussions in the
Committee on supplementary financing would take up six meetings from
February 28 to March 5.

Kind regards,

Yours sincerely,

N. A. Sarma

N. A. Sarma

Enclosure:

cc: Messrs. Karasz
de Fontenay



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Cable Address - INTBARAD PARIS

INTERNATIONAL DEVELOPMENT ASSOCIATION

Cable Address - INDEVAS PARIS

EUROPEAN OFFICE:
4, AVENUE D'ENNA, PARIS (16^e) - FRANCE
Telephone - 553-2510

C/o Resident Representative
P.O. Box 116, New Delhi
India



Letter No. 3

February 12, 1968

DATE RECEIVED
FEB 16 1968

Mr. Irving S. Friedman
The Economic Adviser to the President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Mr. Friedman,

Attached hereto is the proposed time-table for the work of
Committee III. From this it would seem that the discussions in the
Committee on supplementary financing would take up six meetings from

February 28 to March 5.

Kind regards,

Yours sincerely,

N. A. Srivatsa

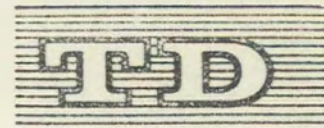
N. A. Srivatsa

Enclosure:

cc: Messrs. Karasz
de Fontenay
RECEIVED 19 04 03

COMMUNICATIONS

*Copies to Messrs. Karasz / de Fontenay
1/16/68*



Mal

Distr.
LIMITED

TD/II/C.3/L.2
9 February 1968

Original: ENGLISH

United Nations Conference on Trade and Development

Second session
New Delhi, India
1 February 1968

THIRD COMMITTEE
Item 12

GROWTH, DEVELOPMENT FINANCE AND AID (SYNCHRONIZATION
OF INTERNATIONAL AND NATIONAL POLICIES)

Organization of the Third Committee's Work

Note by the Chairman

1. Item 12 of the Conference's agenda has been referred to the Third Committee for its consideration.
2. A proposed time table for the consideration of the sub-items before the Committee is given below, in accordance with the order agreed upon at the second meeting of the Committee.

Week ending 16 February

12-16 February

(5 meetings)

Flow of international public and private capital:
Item 12(b) (i)

Week ending 23 February

19-23 February

(3 meetings)

Mobilization of internal resources: Item 12(b) (iv)

(3 meetings)

Terms and conditions of aid: Item 12(b) (ii)

Week ending 1 March

26 February - 1 March

(4 meetings)

Problems of external indebtedness: Item 12(b) (iii)

(3 meetings)

Supplementary financial measures: Item 12(c)

Week ending 8 March

4-8 March

(3 meetings)

Supplementary financial measures: Item 12(c)

(2 meetings)

Compensatory financing facility: Item 12(d)

(3 meetings)

International monetary system: Item 12(e)

Week ending 15 March

11-15 March

(3 meetings)

Adoption of the report of the Third Committee

3. The documentation relevant to the above sub-items is listed in TD/1 pages 22 to 27.

INTBAFRAD
NEW DELHI

FEBRUARY 16 1968

LT

INDIA

NO. 8 FOR KARASZ

WOULD APPRECIATE OPINION OF YOURSELF AND SARMA ON WHEN BEST FOR
ME TO COME TO UNCTAD (STOP) AT PRESENT AM PLANNING TO COME ABOUT
FEBRUARY 28 (STOP) WILL FINALIZE PLANS AFTER HEARING FROM YOU AND
TALKING TO MR. WOODS WHO IS RETURNING THIS WEEKEND REGARDS

FRIEDMAN

Irving S. Friedman

Office of the President

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Sarma asks for (in Letter No. 1)
copies of the following:

Briefing papers on export shortfalls
and other causes of disruption,
supplementary financial measures and
commodity stabilization studies, and
other aspects.

(I have sent two papers only -- Hawkins
capital requirements estimates, and
Suppliers credits paper.)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

To:

Mr. Irving S. Friedman
The Economic Adviser to the
President
IBRD, Washington, D.C.

From:

Mr. N.A. Sarma
C/o Resident Representative
IBRD, New Delhi

February 8, 1968

(No internal distribution on copy 2/14 R/S)

UNCTAD II : References to IDA replenishment in the
general statements at plenary meetings
by Heads of Delegations of major donor
countries.

U.S.A. (Mr. Eugene V. Rostow)

"...the replenishment of the funds of the International Development Association is one of the most important issues now before the world community. The United States, as you know, proposed a plan last March for reaching the target of \$1 billion a year in IDA funds within three years. Negotiations for the replenishment of IDA are well advanced, and we are hopeful that final agreement on this vital issue will be reached soon. We shall, of course, do our share in whatever program commands general support."

U.K. (Mr. Anthony Crosland)

"...even within the limitations imposed by our present difficulties I can foresee certain increases in the fairly near future. These will include, first of all, our contribution to the replenishment of the funds of the International Development Association, which we hope will shortly be agreed upon at a level 60 per cent higher than in the past. We should ourselves have been prepared to contribute our share to a larger amount."

Germany (Dr. Karl Schiller)

"...my Government is prepared to participate in a second replenishment of IDA funds, that means an increase of 60 per cent!"

France (Mr. Michel Debre)

"With regard to financial assistance, we cannot shut our eyes to the fact that it is unsatisfactory. Indeed, it will always be unsatisfactory because needs are greater than capacities. But it is essential to aim at steady growth if the newborn aspirations of all the continents are, even partially, to be satisfied.

During the last few years, France has sought greater geographical diversity and greater flexibility of methods. And, as from this year, our contribution to the funds of the International Development Association will increase by some 60%."

Switzerland (Mr. Paul R. Jolles)

"... although Switzerland is not a member, it has recently voted a loan of 52 million francs to the International Development Association, free of interest and for a duration of 50 years."

Handwritten notes at the top left of the page.

UNCTAD II : References to IDA replenishment in the
General statements at plenary meetings
by Heads of Delegations of major donor
countries.

U.S.A. (Mr. Eugene V. Rosow)

"...the replenishment of the funds of the International Develop-
ment Association is one of the most important issues now before
the world community. The United States, as you know, proposed
a plan last March for reaching the target of \$1 billion a year
in IDA funds within three years. Negotiations for the replenish-
ment of IDA are well advanced, and we are hopeful that final
agreement on this vital issue will be reached soon. We shall,
of course, do our share in whatever program commands general
support."

U.K. (Mr. Anthony Crossland)

"...even within the limitations imposed by our present difficulties
I can foresee certain increases in the fairly near future. These
will include, first of all, our contribution to the replenishment
of the funds of the International Development Association, which
we hope will shortly be agreed upon at a level 60 per cent higher
than in the past. We should ourselves have been prepared to
contribute our share to a larger amount."

Germany (Dr. Karl Schiller)

"...my Government is prepared to participate in a second replenish-
ment of IDA funds, that means an increase of 60 per cent."

France (Mr. Michel Debre)

"With regard to financial assistance, we cannot shut our eyes to
the fact that it is unsatisfactory. Indeed, it will always be
unsatisfactory because needs are greater than capacities. But
it is essential to aim at steady growth in the newborn aspirations
of all the continents are, even partially, to be satisfied."

During the last few years, France has sought greater geographical
diversity and greater flexibility of methods. And, as from this
year, our contribution to the funds of the International Develop-
ment Association will increase by some 60%."

Handwritten date: 10:52

Switzerland (Mr. Paul R. Joller)

"... although Switzerland is not a member, it has recently voted
a loan of \$2 million to the International Development
Association, free of interest and for a duration of 20 years."

Italy (Mr. Mario Zagari)

"....the Italian Government was one of the promoters of the increase of the International Development Association's resources and is ready to participate in a second replenishment of International Development Association funds, that is to say, an increase of 60%."

February 8, 1968

N.A. Sarma

cc: Messrs. Friedman ✓
Karasz (2)
de Fontenay

7/9. Friedman

UNCTAD II : Reference to Supplementary Financial Measures in general statements at plenary sessions by Heads of Delegations of developing countries.

YUGOSLAVIA

Mr. Janez Stanovnik, Member of the Federal Executive Council

".... we shall support the establishment of a diversification fund from existing bank resources, without renouncing our strong support for supplementary financing".

REPUBLIC OF CHINA

Mr. K. T. Li, Minister of Economic Affairs

".....my delegation fully agrees with the views expressed by the distinguished Secretary General of UNCTAD in his report on the feasibility and importance of supplementary financing. It is sincerely hoped that through the assistances extended by the World Bank this measure can overcome the export shortfalls of the developing countries".

UNITED ARAB REPUBLIC

Dr. Abdel Monsim El Kaissouni, Minister of Planning

"The compensatory financing facility offered by the IMF is decidedly short of the needs of developing countries, and a scheme of supplementary financing has yet to see the light. In addition, it has not yet been sufficiently recognized that the reform of the international monetary system is the joint responsibility of both the developed and developing countries."

ISRAEL

Mr. Zeev Sharef, Minister of Commerce and Industry

"A great number of alternative action programmes have been formulated and explored. Only a handful of these survived international scepticism. Those proposals which remain on our agenda - on preferences, on commodity agreements, on supplementary financing - are illustrative of the imaginative thinking necessary to promote the common international good."

CEYLON

Mr. J. R. Jayewardena, Minister
of State

(The text of the statement not available). The reference to supplementary finance was extensive, and Ceylon's support to the scheme precise. While international commodity arrangements for price stabilization would be helpful, as also buffer stock arrangements, if a country's development program is to be cushioned against sudden declines in export earnings, a scheme of supplementary finance has to be adopted. There should be no further delay in implementing this scheme.

MEXICO

Senor Placido Garcia Reynoso, Deputy
Minister of Commerce & Industry

"...we should concentrate ourselves on those items which are identified in the Fifth Session of the Trade and Development Board as the "crystallisation points".

In the opinion of Mexico, these specific points could be the following:

....negotiation of the supplementary financing program proposed by the World Bank".

REPUBLIC OF THE PHILIPPINES

Mr. Marcelo S. Balatbat, Secretary
(Minister) of Commerce & Industry

"We want to give specific support to the proposal for supplementary financing measures designed to take up the slack in unforeseen price falls in the exports of developing countries. As has been stated by other distinguished delegates, this long needed scheme has yet to be fully worked out in its details, but we have no doubt that, given the proper spirit, agreement can be reached on its fundamental principles and the implementing machinery."

TUNISIA

Mr. Mansour Moalla, Under-Secretary
of State for Industry & Trade

"I think that the fundamental idea involved is that the country applying for supplementary financing should accept the idea of close co-operation with the international community in establishing its development plan. It is this idea which I wish to stress and to develop. The difficulty lies in the fact that such a procedure may jeopardize national sovereignty.

My suggestion is that the acceptance by the country concerned of the discipline of consultation and co-operation in preparing its plan should not mean merely that it enjoys the benefit of supplementary financing in the event of the deterioration of one element in its economic situation - its export earnings, it should also provide it with a guarantee on the part of the international community concerned in its development that adequate basic financing will be provided throughout the whole duration of its plan.

I think that many countries, including my own, which has already done so, would accept such a discipline.

An embryo of this procedure exists in the consultative groups created by the IBRD. These consultative groups might be improved if the developed countries which are members of them, after careful examination of the plan of the developing country concerned, were willing to enter into specific undertakings, not for one year only, but for the whole duration of the plan; such undertakings might eventually be partially modified in the light of the economic situation and, more particularly, of the trend of exports; and this is where my point links up with the question of supplementary financing which appears on our agenda.

It seems to me that the advantage of my suggestion is that it might encourage many countries to accept the discipline of modernization, progress, and planning to which I referred at the beginning of my statement.

This idea of the joint evaluation - by the country concerned and by the international community - might in the future be applied on a wider scale.

It might, in fact, be adjusted so as to encourage and favour those developing countries which accepted the necessary effort and discipline and succeeded in implementing their development plans.

I realize that the application of this idea might raise some important political questions. But I think that, with the growth of the spirit of solidarity and international co-operation and with the improvement of statistical data concerning developing countries, we might work out objective criteria of evaluation which would avoid any interference in the internal affairs of the country concerned. It might be possible in the future to work out "development coefficients" which might lead to a better distribution of the aid agreed on by the aid agreed on by the international community and avoid, so far as possible, the wastage which is the most intolerable, the more scarce and limited are resources."

INDIA

Mr. B.R. Bhagat, Minister of State,
Ministry of External Affairs

"There are many sectors in which financial techniques can provide a stimulus for developmental activities. The World Bank scheme for supplementary financing is one such technique. My delegation proposes to seek in this Conference a solution of the outstanding issues in this field. This is a matter on which the Conference cannot afford to postpone a decision to a later date".

February 8, 1968

N.A. Sarma

cc: Messrs. Friedman ✓
Karasz (2)
de Fontenay
Files

7/ L. Friedman

UNCTAD-II : Reference to Supplementary Financial Measures in general statements at plenary sessions by Heads of delegations of donor countries.

NETHERLANDS

Mr. L. de Block, Minister of Economic Affairs

"Supplementary financing" was also among our choice of items deserving special consideration by the Conference. I am aware of the difficulties that have come to light during the highly professional studies undertaken by UNCTAD bodies.

I also subscribe to the opinion of many who consider replenishment of IDA a first priority.

Assuming however that IDA replenishment will be decided upon in the very near future, I see no reason why, during the present Conference, we should not try to reach agreement in principle on possible measures intended to supplement basic financial assistance. Those measures should be designed to help countries who are pursuing a realistic and internationally recognized policy for development to overcome unforeseeable serious disruptions in that policy."

NORWAY

Mr. Kare Willoch, Minister for Commerce and Shipping

"Development financing related to trade is a major area of UNCTAD activity. The link between trade and financing is most clearly manifested in the efforts we have made within our organisation to elaborate a system of supplementary financing. My country is prepared to take part in an effort here and now to reach agreement on a mechanism to be used for such financing. I would like to associate myself with the Secretary General in his suggestions for a procedure, whereby we would concentrate on elaborating a workable system for such financing."

NEW ZEALAND

Mr. B. E. Talboys, M.P. Minister
of Agriculture

"The President, during the course of this debate much has been said about Supplementary Financial Measures and related financial questions. On Tuesday the Rt. Hon. Anthony Crosland said that "neither the negotiation of individual commodity agreements nor any results that might emerge within the terms of the Rio studies will lessen the need to mitigate the effects on developing countries of sudden and unforeseen shortfalls in their primary product earnings, and especially the effect on their development programmes". While we agree with the Distinguished Leader of the United Kingdom Delegation, Mr. President, we believe that the very heart of the problem that faces us is the need for expanding commodity trade at remunerative and relatively stable prices."

FINLAND

Mr. Olavi Salonen, Minister for
Trade and Industry

"In the field of international development assistance the scheme of supplementary financing is one upon which the hopes have centred for a long time. In our view the scheme as worked out by the World Bank staff and the committee of experts constitutes a new and constructive approach to the development and growth problems of the developing countries. Some of the fundamental issues related to the scheme still remain to be solved. I hope that during this Conference agreement on the basic principles can be achieved in a way corresponding to what the Secretary-General outlined in his opening statement".

AUSTRIA

There was no reference to supplementary finance in the statement that was circulated. However, while delivering his speech, the Minister referred to the discussions that have so far taken place on supplementary finance and welcomed the advances made in considering the scheme. He said Austria would cooperate to obtain agreement between donor countries and developing countries on the subject.

SWEDEN

Mr. Jannar Lanje, Minister of
Commerce

"The Chairman, the question of supplementary financing is of particular interest.

The developing countries - as all other countries - need to plan carefully the utilization of the resources available to them. The possibility to carry through a development plan may be jeopardized by external factors which could not possibly be foreseen by the planners. Therefore there is a need to safeguard the realization of development plans against the influence of unforeseen export shortfalls during a reasonable time period. It constitutes the main purpose of supplementary financing.

Another valuable feature of this scheme is the policy understandings to be negotiated between the potential recipient countries and the administering agency. Here is in fact the link between resources provided and performance which has been sought for by many donor countries. In the discussion of supplementary financing frequent reference has been made to the actions to be taken in the field of market stabilization. There is an evident link between these two questions; they are complementary. Supplementary financing is altogether compatible with a successful stabilization of commodity markets.

It has been said that the supplementary financing scheme is only a palliative and does not attack the root of the problems of the developing countries. This kind of criticism, I think, depends on the fact that the system has been wrongly described as merely some sort of export stabilizing device. However, the ultimate purpose of the scheme is not to stabilize export proceeds but to safe-guard development plans. The connection with export shortfalls is there, because they are likely to cause the disruption of development plans. Having made this point clear I can only state that I can think of no better way to attack the root of the problems than a carefully prepared and executed development plan.

Sir, our positive attitude towards supplementary financing has not changed. However, we are not dogmatic; we are prepared to discuss modifications which would increase the acceptability of the scheme without jeopardizing its basic principles.

We hope this conference will be able to adopt a resolution which endorses the broad principles of a scheme and which at the same time takes full recognition of the further work which has to be carried out. We also hope that we shall be able to fix a timetable for this further work".

UNITED KINGDOM

Mr. Anthony Crosland, M.P.
President of the Board of
Trade

"I am convinced, however, that neither the negotiation of individual commodity agreements, nor any results which might emerge within the terms of reference of the Rio studies, will lessen the need to mitigate the effects on developing countries of sudden and unforeseen shortfalls in foreign exchange earnings from the sale of primary commodities - and especially the effect on their development programmes. It was this need that prompted the United Kingdom at the first UNCTAD Conference to sponsor jointly with Sweden the proposal for a scheme of Supplementary Financial Measures. That proposal was followed by a full-scale study by staff of the International Bank, and exhaustive study in an inter-governmental group whose report is now before us. Unfortunately that report makes it clear that we are not yet in sight of agreement on a generally acceptable scheme, and I fear that some time must elapse before we can hope to reach an agreement even in principle. But I remain convinced that the idea of establishing an international fund for this purpose is basically sound, and I hope that this Conference will advance significantly the date by which such a fund becomes reality."

SWITZERLAND

Mr. Paul R. Jolles, Head of
the Swiss delegation

"The cocoa and coffee negotiations have, however, convinced us that it might also be useful to examine in a more general way those questions which are common to several commodities.

We have followed with interest the work of the inter-governmental group on supplementary financing. Although the report still indicates divergent views and emphasises the need to pursue the study of certain technical aspects of implementation, we share

The view expressed by the Secretary General that we should explore how further progress could be achieved, avoiding an excessive degree of automaticity and fixing a ceiling for the potential financial commitment. The proposals of the World Bank correspond to our ideas of a multilateral co-operation between developed and developing countries. The "policy package" or "policy understanding" - an essential part of this mechanism - would indeed establish a link between the financial efforts of the developed countries and the discipline to be observed by the developing countries in the implementation of their development plans".

ITALY

Mr. Mario Zagari, Under Secretary
of State for Foreign Affairs

"We consider that the charter principles for a fund for supplementary financing related to the development plans of developing countries should be laid down. This fund would be a valuable means for the realisation of the global development strategy we look forward to so earnestly. Therefore, the Italian Government will constructively cooperate in the further deliberations on this problem. As of now, we can state that, in our opinion, it would be advisable to entrust the administration of the fund to the International Development Association".

February 8, 1968

N. A. Sarma

cc: Messrs. Friedman ✓
Karass (2)
de Fontenay
Files

Statesman, February 9, 1968.

Statesman
Feb 9. Please see paragraph indicated in S.F.
An informed article by an able editor which is
attracting considerable attention.
POLITICAL COMMENTARY
Savary 2/9

TIME FOR INDIAN INITIATIVE IN DIPLOMACY OF DEVELOPMENT

By DILIP MUKERJEE

IN the hey-day of non-alignment, India's rôle in world affairs was characterized by a breadth of vision which managed to integrate the pursuit of national self-interest with the advocacy of larger international causes. This rôle is now played out—partly because of domestic difficulties crowding out outside preoccupations, and partly because of the changed circumstances of the world. But there is an opportunity today, dramatized by UNCTAD II meeting now in New Delhi, to regain the initiative. India is well placed to work for sensible policies of trade and development which serve not only her own interest but also help to forge common ties in several directions at once.

Unfortunately, world trade problems are a little remote for India. This is the basic handicap to overcome if we are to move towards a new rôle in economic diplomacy. Living in a sheltered market, which fortuitously happens also to be a very large one, India has had little incentive to think about problems of trade and development except in purely national terms. The insularity is happily ending: there is a growing realization, forced upon us by circumstances, that some important problems—both political and economic—cannot be resolved except by joining hands with other similarly placed nations.

This trend in India's recent thinking should be reinforced by the experience of UNCTAD II. Although it is only a week since the conference opened, it is clear that developing countries must look not only to the developed, but also to each other for assistance. The lesson to be drawn is that the course of future friendships in the third world will depend increasingly not on high-minded professions of sympathy but on the practical accommodation that developing nations are willing to allow each other.

India with its large market is in a position to do more for fellow-members of the developing world than most. The more she does, the more she can expect as quid pro quo, not only from the partners but also from the world community. This is Japan's line of approach which India can adopt with benefit to herself.

India's position makes her particularly well-qualified to serve in yet another direction. She combines in herself the industrial maturity represented by heavy engineering plants and the economic backwardness of subsistence agriculture. She is rapidly moving to a position where she will need less and less aid for complete projects, although she may be still going round hat in hand for food and fertilizer. These contrasts within her economy give her an ability to talk to nations, up and down the development ladder, on the same wave-length.

For instance, commodity exports are important enough to India to give her an understanding of the problems afflicting those solely dependent upon them. At the same time, India's quest for viability in international trade is coming to depend more and more upon manufactures, and hence her big stake in problems relating to access to markets. India is both at the giving and receiving

UNCTAD II presents India with both a challenge and an opportunity. Despite her pressing domestic preoccupations India needs to give thought to the problems facing fellow-members of the developing world, many of them less fortunate than herself. What this calls for is an economic world view to supplement the political commitment to peace and non-alignment. It will also be necessary to make some adjustments to the economic strategy adopted at home to allow wider scope for co-operation. The present squeeze on India's resources—material and moral—is no reason to shirk the task. Unless India moves in now, the chance to play a constructive role in the diplomacy of development may be lost.

ing ends of aid. Last but not least, India operates a mixed economy with strong ties with both the capitalist and socialist worlds. The range of interests is thus wide enough to make her qualified, perhaps uniquely, to play a pivotal, mediatory rôle in the diplomacy of development. Her own concerns are so varied as to give her an entry in all sections of the world community.

Viewed in this light, India's task at UNCTAD should be to summon from within herself the statesmanship necessary to bridge differences and reconcile conflicts. India's stake in the world's economic growth in conditions of stability is on a par with her striving for peace and co-existence. The economic and political aims have so far been pursued separately from each other to the detriment of both. But UNCTAD may come to mark a beginning towards an integrated approach. In preparations for UNCTAD as well as the day-to-day conduct of the conference, the Economic Ministries and the Foreign Office are having to work together, setting a pattern of co-ordination which augurs well for the future.

*

OF the many issues before UNCTAD, one of interest to most countries is commodity trade. Eighty per cent or more of the export earnings of the developing world are derived from commodities. This explains the concern over the trend of declining prices, the result partly of production expanding more rapidly than demand as in the case of tea, or of the shrinkage in demand as substitutes are developed, illustrated by our experience in jute.

Everyone—the developing and the developed alike—sees the need to do something to halt the trend. But precious little is being done: only four commodities are today covered by international agreements for the regulation of marketing and prices. One reason for this is the havoc played by lobbies in developed countries. The renewal of the agreement on coffee is stalled because of a dispute between makers of instant coffee in the USA and Brazil. But another reason—just as important—is the inability of the producers to come together.

India and Ceylon are, for instance, trying to evolve a common approach to tea but this is proving none too easy, despite the decision to co-operate taken at the political level. To

suggest that India should go as far as she can to accommodate a neighbour is to state the obvious, but more important still is the need to see the problem in its wider perspective. The stabilization of tea prices, whether through bilateral action between India and Ceylon or through wider international effort, is not going to be enough; countries like Ceylon need a progressive increase in their exchange earnings which price stabilization cannot guarantee.

This explains their keen interest in the idea of supplementary financing mooted by Britain and Sweden at UNCTAD I, and since elaborated by the World Bank. The scheme the Bank has put forward envisages working out detailed projections of export earnings on the one hand, and import needs on the other on the basis of an agreed development plan. If export earnings do not move up as expected, development would not be wholly disrupted since supplementary external finance in the shape of long-term loans will be provided to cover some part of the shortfall.

This idea is of interest to all developing countries, but more so to vulnerable economies like Ceylon's which may be given the first claim on such funds as are available. India and some others supported the idea but not as vigorously as they might have, perhaps from a fear that funds diverted to supplementary financing would reduce the flow of straightforward development aid. The fear is not unwarranted, but a narrow approach of self-interest may defeat its own purpose.

The main thing that has sustained UNCTAD since its inception four years ago is the remarkable cohesion of the developing countries, functioning as the group of 77 (which now has in fact 87 members). It is this unity and sense of common purpose which have obliged the developed countries to take UNCTAD seriously. This unity has to be sustained for the common good, but it can hardly be if nations gear their tactics purely to self-interest.

It is only by adopting an enlightened attitude to commodity problems that nations like India can hope to gain support within the 77 for their case on manufactures and semi-manufactures. The idea of non-reciprocal non-discriminatory tariff preference to be extended by the developed to the developing nations is of interest to only a handful of countries. The rest do not have, and are not likely to have within the foreseeable future, any significant exports in these categories. Their willingness to go along with the minority who stands to benefit is likely to be dependent on what the minority is ready to do for them.

In this context, there are two possibilities to consider. Will the minority be willing to grant the less well-off majority the same kind of tariff concessions that the developed are being asked to extend to the developing? Manufactures apart, there is in any case a clear need for more trade of all categories among the developing. This intra-trade, as the UNCTAD secretariat points out, is growing more slowly than their trade with the developed nations.

THE Delhi conference meets at a time when the climate for aid is distinctly unpropitious. As a percentage of national income, the flow of funds in 1966 dropped to the lowest level since 1960 when the 1% target was set by the U.N. General Assembly. There is nothing much that UNCTAD can do about it with major donors like the USA and Britain involved in balance of payments difficulties.

The focus should shift, therefore, from the level of aid to the terms on which it is granted. India's interest in this is self-evident, but she could usefully go beyond a general plea for soft terms to urging special consideration for the least developed. This is a viewpoint for which it should be possible to gain the support of France—the great bulk of French aid to Africa is in the form of outright grants—and Britain.

The opportunity could also be taken to reaffirm India's willingness to provide some aid on her own account, linked to the purchase of capital goods in which there happens today to be some surplus capacity. Finally, it should also be possible to build up a case for triangular aid: the developed lending to countries like India to sustain a higher and more economic level of manufacturing activity, and the latter in turn lending to those below them on the development ladder.

The aid issue needs to be tackled from yet another angle. The Soviet Union seems to say that it owes the developing nations nothing: it is only for the capitalist countries to provide "compensation" for past misdeeds of colonial exploitation and unequal trade. India has of course no reason to grumble; Moscow has indeed been kind to her. The point still needs to be made, however, that aid is certainly not charity, but it is not compensation either. A gentle reminder on the terms of Soviet trade is also overdue: it started off with, in the mid-fifties, more generous terms than anything the capitalist world was offering but this is no longer the case. In neither respect, India needs to speak for herself: she will be much better off speaking on behalf of the least privileged.

Economic Times
Feb. 7, 1968

THE ECONOMIC

VOL. VII. NO. 314

BOMBAY: WEDNESDAY, FEBRUARY 7, 1968

BRITAIN

*Fair price for commodities,
commodity pacts*

YUGOSLAVIA

*Tied aid, untied repayment
can't go together*

ITALY, SWITZERLAND

*Useful role of private
foreign investment*

*Supplementary financing, special
tariff schemes
get strong
support at UNCTAD*

From Our Special Representative

Copies sent to Hoffman, Karam/ Karam, Khatu, Galar/ Bhandu 2/13/68

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: FEBRUARY 13, 1968 1810
LOG NO.: WU 17 / 13
TO: INTBAFRAD
FROM: NEW DELHI

ROUTING	
ACTION COPY:	MR. FRIEDMAN
INFORMATION COPY:	
DECODED BY:	

TEXT:

7 FOR FRIEDMAN
COMMITTEE THREE DISCUSSES SUPPLEMENTARY FINANCE FEBRUARY 28
MARCH 5 REGARDS

SARMA

*Mr. Friedman advised
by phone (in N.Y.) 2/13/68*

IR

Headquarters:
Washington, D.C., U. S. A.

*Copies sent to Messrs. Hoffman,
Karasz/Kalinick, Jaganmohan 2/13/68
67*



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Cable Address - INTBAFRAD PARIS



INTERNATIONAL DEVELOPMENT ASSOCIATION
Cable Address - INDEVAS PARIS

EUROPEAN OFFICE:
4, AVENUE D'ÏËNA, PARIS (16^e) - FRANCE
Telephone - 553-2510
C/o Resident Representative
P.O. Box 416, New Delhi
India

Letter No. 2

February 7, 1968

Mr. Irving S. Friedman
The Economic Adviser to the President
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Mr. Friedman,

In my yesterday's letter I had said that the US, French and Japanese statements made no reference to supplementary finance. Subsequently in press briefings it would appear that Mr. Debre observed that the scheme was very difficult to implement, and Mr. Rostow is reported to have said that the scheme required to be examined further because there was considerable doubt about it. As I have already noted, that Mr. Schiller extended qualified support to the proposal in his statement to the Conference, which he seemed to have reiterated at the press briefings also. Attached hereto are extracts on supplementary finance from other statements by donor countries.

Kind regards,

Sincerely yours,

N. A. Sarma

N. A. Sarma

cc: Messrs. Karasz
de Fontenay

attachments:

DATE RECEIVED

FEB 12 1968



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Cable Address - INTERBANK PARIS

INTERNATIONAL DEVELOPMENT ASSOCIATION

Cable Address - INDEVAS PARIS



EUROPEAN OFFICE:
4, AVENUE D'ENNA, PARIS (16^e) - FRANCE

Telephone - 553-2810

C/o Resident Representative
P.O. Box 116, New Delhi
India

Letter No. 2

February 7, 1968

Mr. Irving S. Friedman
The Economic Adviser to the President
International Bank for Reconstruction
and Development

1818 H Street, N.W.
Washington, D.C. 20413

Dear Mr. Friedman,

In my yesterday's letter I had said that the US, French and Japanese statements made no reference to supplementary finance. Subsequently in press briefings it would appear that Mr. Debre observed that the scheme was very difficult to implement, and Mr. Rostow is reported to have said that the scheme required to be examined further because there was considerable doubt about it. As I have already noted, that Mr. Schiller extended qualified support to the proposal in his statement to the Conference, which he seemed to have reiterated at the press briefings also. Attached hereto are extracts on supplementary finance from other statements by donor countries.

Kind regards,

Sincerely yours,

N. A. Sarmis

N. A. Sarmis

cc: Messrs. Karas
de Fontenay

DATE RECEIVED

FEB 12 1968

attachments:

UNITED KINGDOM

Mr. Anthony Crosland, M.P.
President of the Board of
Trade

"I am convinced, however, that neither the negotiation of individual commodity agreements, nor any results which might emerge within the terms of reference of the Rio studies, will lessen the need to mitigate the effects on developing countries of sudden and unforeseen shortfalls in foreign exchange earnings from the sale of primary commodities - and especially the effect on their development programmes. It was this need that prompted the United Kingdom at the first UNCTAD Conference to sponsor jointly with Sweden the proposal for a scheme of Supplementary Financial Measures. That proposal was followed by a full-scale study by staff of the International Bank, and exhaustive study in an inter-governmental group whose report is now before us. Unfortunately that report makes it clear that we are not yet in sight of agreement on a generally acceptable scheme, and I fear that some time must elapse before we can hope to reach an agreement even in principle. But I remain convinced that the idea of establishing an international fund for this purpose is basically sound, and I hope that this Conference will advance significantly the date by which such a fund becomes reality."

"We must try to agree on the principle of supplementary financial measures to safeguard the developing countries against some of the vagaries of their foreign exchange earnings."

SWITZERLAND

Mr. Paul R. Jolles, Head of
the Swiss delegation

"The cocoa and coffee negotiations have, however, convinced us that it might also be useful to examine in a more general way those questions which are common to several commodities.

We have followed with interest the work of the inter-governmental group on supplementary financing. Although the report still indicates divergent views and emphasizes the need to pursue the study of certain technical aspects of implementation, we share the view expressed by the Secretary General that we should explore how further progress could be achieved, avoiding an excessive degree of automaticity and fixing a ceiling for the potential financial commitment. The proposals of the World Bank correspond to our ideas of a multilateral co-operation between developed and developing countries. The "policy package" or "policy understanding" - an essential part of this mechanism - would indeed establish a link between the financial efforts of the developed countries and the discipline to be observed by the developing countries in the implementation of their development plans."

SWEDEN

Mr. Junnar Lanje, Minister of
Commerce

"The Chairman, the question of supplementary financing is of particular interest.

The developing countries - as all other countries - need to plan carefully the utilization of the resources available to them. The possibility to carry through a development plan may be jeopardized by external factors which could not possibly be foreseen by the planners. Therefore there is a need to safeguard the realization of development plans against the influence of unforeseen export shortfalls during a reasonable time period. It constitutes the main purpose of supplementary financing.

Another valuable feature of this scheme is the policy understandings to be negotiated between the potential recipient countries and the administering agency. Here is in fact the link between resources provided and performance which has been sought for by many donor countries. In the discussion of supplementary financing frequent reference has been made to the actions to be taken in the field of market stabilization. There is an evident link between these two questions; they are complementary. Supplementary financing is altogether compatible with a successful stabilization of commodity markets.

It has been said that the supplementary financing scheme is only a palliative and does not attack the root of the problems of the developing countries. This kind of criticism, I think, depends on the fact that the system has been wrongly described as merely some sort of export stabilizing device. However, the ultimate purpose of the scheme is not to stabilize export proceeds but to safe-guard development plans. The connection with export shortfalls is there, because they are likely to cause the disruption of development plans. Having made this point clear I can only state that I can think of no better way to attack the root of the problems than a carefully prepared and executed development plan.

SWEDEN continued:

- 2 -

Sir, our positive attitude towards supplementary financing has not changed. However, we are not dogmatic; we are prepared to discuss modifications which would increase the acceptability of the scheme without jeopardizing its basic principles.

We hope this conference will be able to adopt a resolution which endorses the broad principles of a scheme and which at the same time takes full recognition of the further work which has to be carried out. We also hope that we shall be able to fix a timetable for this further work.

ITALY

Mr. Mario Zagari, Under Secretary
of State for Foreign Affairs

"We consider that the charter principles for a fund for supplementary financing related to the development plans of developing countries should be laid down. This fund would be a valuable means for the realisation of the global development strategy we look forward to so earnestly. Therefore, the Italian Government will constructively cooperate in the further deliberations on this problem. As of now, we can state that, in our opinion, it would be advisable to entrust the administration of the fund to the International Development Association."

AUSTRIA

There was no reference to supplementary finance in the statement that was circulated. However, while delivering his speech, the Minister referred to the discussions that have so far taken place on supplementary finance and welcomed the advances made in considering the scheme. He said Austria would cooperate to obtain agreement between donor countries and developing countries on the subject.

FINLAND

Mr. Olavi Salonen, Minister for
Trade and Industry

* In the field of international development assistance the scheme of supplementary financing is one upon which the hopes have centred for a long time. In our view the scheme as worked out by the World Bank staff and the committee of experts constitutes a new and constructive approach to the development and growth problems of the developing countries. Some of the fundamental issues related to the scheme still remain to be solved. I hope that during this Conference agreement on the basic principles can be achieved in a way corresponding to what the Secretary-General outlined in his opening statement."

ROUTING SLIP

Date
Jan. 25, 1968

OFFICE OF THE PRESIDENT

Name	Room No.
Mr. Sarma	1036

To Handle	Note and File
Appropriate Disposition	Note and Return
Approval	Prepare Reply
Comment	Per Our Conversation
Full Report	Recommendation
Information	Signature
Initial	Send On

Remarks

From

Mr. Friedman's office.

22 December 1967

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Second session
Preparatory meeting
New Delhi, 29 January 1968

TENTATIVE TIMETABLE FOR THE SECOND SESSION OF THE CONFERENCE

Proposed disposition of agenda items in
the main committees

Note by the UNCTAD secretariat

In response to a number of requests from delegations, the UNCTAD secretariat has prepared a tentative order for the disposition of agenda items which the Trade and Development Board recommended should be allocated to the five main committees of the Conference. It would be for the Conference to allocate the remaining items (see e.g. the annotations to items 4, 9(f) and 14 of the provisional agenda (document TD/1), and paragraphs 4 and 9 of TD/PM/Misc.1). ^{1/}

First Committee - Commodity Problems and Policies (Item 10); 1 February to 15 March 1968

- Election of officers (Inaugural Meeting)
- 10 (b) (i) Operation and financing of buffer stocks
(ii) Role and financing of diversification programmes, and
(iii) Basic principles and guidelines for pricing policy, etc.
- 10 (d) Problems arising from the development of synthetics and substitutes
- 10 (c) Programme for the liberalization and expansion of trade in commodities of interest to developing countries.
- Adoption of the report of the First Committee.

^{1/} TD/PM/Misc.1 was distributed to Governments of States Members of UNCTAD. The present document is being distributed to all Conference participants since it is believed that the information it contains may be generally useful. The Annex to TD/PM/Misc.1 containing the tentative time-table giving the allocation of the number of meetings to plenary and main committees is attached to the present document for easy reference.

Second Committee - Expansion and diversification of exports of manufactures and semi-manufactures of developing countries (Item 11); 1 February to 15 March 1968

- Election of officers (Inaugural Meeting)
- 11 (b) Preferential or free entry of exports of manufactures and semi-manufactures of developing countries to the developed countries
- 11 (c) Programme for the liberalization and expansion of trade in manufacture and semi-manufactures of interest to developing countries
- 11 (d) Measures for the promotion, expansion and diversification of exports of manufactures and semi-manufactures from developing countries; etc.
- Adoption of the report of the Second Committee

Third Committee - Growth, development finance and aid (Synchronization of international and national policies) (Item 12); 1 February to 15 March 1968

- 12 (b) (i) Increasing the flow of international public and private capital
 - (ii) Improving the terms and conditions of aid
 - (iii) Alleviating the problems of external indebtedness
 - (iv) Improving the mobilization of internal resources
- 12 (c) Supplementary financial measures
- 12 (d) Compensatory Financing Facility
- 12 (e) International monetary system, issues relating to development finance and trade of developing countries
- Adoption of the report of the Third Committee

Fourth Committee - Problems of developing countries in regard to invisibles including shipping (Item 13); 1 February to 1 March 1968

- Election of officers (Inaugural Meeting)
- 13 (d) Consultation machinery in shipping
- 13 (c) Shipping industry in developing countries including expansion of merchant marines of developing countries
- 13 (b) Level and structure of freight rates, conference practices and adequacy of shipping services - progress report on studies by the secretariat

- 13 (e) Port improvements, Progress report on studies by the secretariat
- 13 (a) Review of recent developments and long term trends in the field of invisibles including shipping and international legislation thereon in the light of recommendations and other provisions of the Final Act of the first Conference.*/
 - (i)**/ Shipping legislation
 - (ii)**/ Review of recent development and long term trends in the field of insurance
 - (iii)**/ Review of recent development and long term trends in the field of tourism
- Adoption of the report of the Fourth Committee

Fifth Committee - Trends and problems in world trade and development (Item 9);
1 February to 8 March 1968

- Election of officers (Inaugural Meeting)
- 9 ((b)) Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development
- 9 (d) Impact of the regional economic groupings of the developed countries on international trade including the trade of the developing countries
- 9 (e) Consideration of the measures leading to the improvement of the international division of labour
- 9 (c) Trade relations among countries having different economic and social systems including etc.
- Adoption of the report of the Fifth Committee

*/ In view of the suggestions of the Committee on Shipping, endorsed by the Board, that shipping questions should be considered during a continuous but definite period, it is suggested that the report of the Committee on these questions be considered by the plenary as soon as possible after it has been approved by the Committee.

**/ Although item 13 (a) is not subdivided the secretariat suggests that the subjects involved should be considered under separate sub-headings (i), (ii) and (iii).

ANNEX

TENTATIVE TIMETABLE FOR THE SECOND SESSION OF THE CONFERENCE
(Allocation of number of meetings to plenary and main committees)

	1-2 Feb.	5-9 Feb.	12-16 Feb.	19-23 Feb.	26 Feb.-1 Mar.	4-8 Mar.	11-15 Mar.	18-22 Mar.	25 Mar.	Total
Plenary - Items 1 to 8, items 9 (f) ^{*/} (g) and (h), items 14 to 19 of agenda ^{*/}	2	10	7			2	4	10	2	37
First Committee - Commodity problems and Policies (Item 10)	1 ^{**/}	6	7	8	6	6	3			37
Second Committee - Expansion and diversification of export of manufactures and semi-manufactures of developing countries (Item 11)	1 ^{**/}	4	4	4	6	7	3			29
Third Committee - Growth, development finance and aid (synchronization of international and national policies) (Item 12)	1 ^{**/}		6	6	7	8	3			31
Fourth Committee - Problems of developing countries in regard to invisibles including shipping (Item 13)	1 ^{**/}	8	6	6	3					24
Fifth Committee (Items 9 (b), (c), (d) and (e)) ^{*/}	1 ^{**/}			6	8	3				18
Number of meetings with full services in reserve for plenary and main committees		2				4	17	20		43
Total of meetings with full services	7	30	30	30	30	30	30	30	2	219
Number of meetings with interpretation services only for Bureau, working parties and group meetings		20	20	20	20	20	20	20		140
Grand total of meetings	7	50	50	50	50	50	50	50	2	359

^{*/} If the Conference decides to establish working groups to deal with certain items or sub-items of the provisional agenda such as 9 (f), 9 (g), 9 (h) and particularly 14, and depending on whether or not these items or sub-items would be examined after or without preliminary debate in plenary the meeting facilities required would be made available for this purpose, within the limit of (a) the meeting reserve with full services set aside for plenary and main committees; and/or (b) the meeting reserve with interpretation only.

^{**/} Short constituent meeting to deal exclusively with the election of officers in accordance with rule 65 of the provisional rules of procedure of the Conference.