



FIRST MINISTERIAL MEETING OF THE GROUP OF 77: CHARTER OF ALGIERS

Algiers, 10-25 October 1967

Part One

The representatives of developing countries, assembled in Algiers in October 1967 at the Ministerial Meeting of the Group of 77, united by common aspirations and the identity of their economic interests, and determined to pursue their joint efforts towards economic and social development, peace and prosperity,

Having reviewed the work of the international community for economic progress since the adoption of the Joint Declaration of the Seventy-Seven Developing Countries at the conclusion of the first session of the United Nations Conference on Trade and Development in 1964,

Have decided to chart a common course of action as conceived in the African Declaration of Algiers, the Bangkok Declaration of Asian countries and the Charter of Tequendama of Latin American countries,

Deem it their duty to call the attention of the international community to the following facts:

I

The lot of more than a billion people of the developing world continues to deteriorate as a result of the trends in international economic relations;

The rate of economic growth of the developing world has slowed down and the disparity between it and the affluent world is widening;

While the developed countries are adding annually approximately 60 dollars to the per capita income of their people, the average increase of per capita income in the developing world amounts to less than 2 dollars per annum;

The share of the developing countries in total world exports declined from 27 per cent in

1963 to only 19.3 per cent in 1966. In the first half of the 1960s, total world exports grew at an average annual rate of 7.8 per cent and exports of developing countries, excluding oil exports, grew at an average rate of 4 per cent only. While the value of exports of manufactures from industrial countries increased between 1953/1954 and 1965/1966 by 65 billion dollars and from socialist countries by 10 billion dollars, the increase from developing countries amounted to only 3 billion dollars;

The purchasing power of exports from developing countries has been steadily declining. In the mid-1960s the developing countries have been able to buy, for a given volume of their traditional exports, one-tenth less imports than at the beginning of this period. The loss in purchasing power amounted annually to approximately 2.5 billion dollars, which represents nearly half of the flow of external public financial resources to developing countries;

This has aggravated the problem of the increasing indebtedness of developing countries. The external public debt alone has increased from 10 billion dollars in 1955 to 40 billion in 1966. While the debt service payments averaged half a billion dollars annually in the mid-1950s, these have already increased to 4 billion dollars and may offset the entire transfer of resources before the end of this decade if present trends continue; they already equal the entire amount of grants and grant-like contributions;

Although modern technology offers developing countries great possibilities to accelerate their economic development, its benefits are largely by-passing them due to its capital and skill intensive nature, and is drawing away from them such limited skills as are developed;

The virtual stagnation in the production of food-stuffs in developing countries, in contrast with the rapid increase in population, has aggravated the chronic conditions of under-nourishment and malnutrition and, combined with the distortion of production and trading patterns by artificial means, threatens to give rise to a grave crisis.

II

The concern over these economic and social trends and the joint efforts of the developing countries to correct them have progressively led the international community to embark on a series of initiatives culminating in the Final Act, adopted in 1964 by the first session of the United Nations Conference on Trade and Development; however, the promise held out by the Final Act has not been realized. In fact, in spite of the provisions of the Final Act of the first session:

No new commodity agreement on primary products of interest to developing countries has been concluded;

The standstill has not been observed by the developed countries, and they have increased the degree of protection in many of those agricultural products in which developing countries are more efficient producers;

While the average prices for primary products exported from developing countries have decreased by 7 per cent since 1958, those for primary products exported from developed countries increased by 10 per cent in the same period;

Heavy fiscal charges continue to be levied on products of export interest to developing countries;

The proliferation and promotion of synthetic substitutes in developed countries has resulted in shrinking markets and falling prices for competing natural products produced by developing countries;

Insufficient progress has been made by developed countries in dismantling import tariffs on tropical products without prejudice to the interests of certain developing countries;

Little or no progress has been achieved in the relaxation of quota restrictions that are applied particularly to industrial products imported from developing countries; nor did the situation improve for some temperature zone products whose access to the developed countries is governed by restrictive measures and policies applied by the developed countries;

The implicit discrimination in tariff policies towards developing countries has been further intensified as a result of the process of economic integration among some developed countries and also as a consequence of the Kennedy Round of negotiations;

No progress has been made by developed socialist countries on the recommended transferability of credit balances held with them by developing countries;

The wide disparity between domestic selling prices of goods imported by socialist countries from developing countries and the import prices of such goods creates unfavourable conditions for increases in consumption and import of such goods from developing countries;

In spite of the unanimously agreed target of 1 per cent of national income of financial resources to be provided to developing countries, actual disbursements have levelled off in absolute terms and declined as a

proportion of gross national product of developed countries. While in 1961 the flow of development financing to developing countries amounted to 0.87 per cent of gross national product of developed countries, it came down to 0.62 per cent in 1966;

With a few notable exceptions, the terms and conditions of development finance are becoming more and more onerous; the proportion of grants is declining; interest rates are increasing; repayment periods are shortening and development loans are becoming increasingly tied;

Discriminatory practices and arrangements in the field of shipping and increasing freight rates have aggravated further the balance-of-payments position and hindered the effort to promote the exports of developing countries.

III

The international community has an obligation to rectify these unfavourable trends and to create conditions under which all nations can enjoy economic and social well-being, and have the means to develop their respective resources to enable their peoples to lead a life free from want and fear.

In a world of increasing interdependence, peace, progress and freedom are common and indivisible. Consequently the development of developing countries will benefit the developed countries as well.

Developing countries reiterate that the primary responsibility for their development rests on them.

Developing countries are determined to contribute to one another's development.

However, a fuller mobilization and more effective utilization of domestic resources of developing countries is possible only with concomitant and effective international action.

Traditional approaches, isolated measures and limited concessions are not enough. The gravity of the problem calls for the urgent adoption of a global strategy for development requiring convergent measures on the part of both developed and developing countries.

The establishment of UNCTAD and the dialogue which has taken place within it constitute a step towards a new and dynamic trade and development policy. What is needed now is to move from the stage of deliberation to the plane of practical action.

Developing countries expect that the second session of the Conference will concentrate on a common endeavour for accelerated economic and social development. The agreement which has recently emerged on the basic issues to be negotiated reflects the general feeling in this respect.

To this end the representatives of developing countries at the Ministerial Meeting of the Group of 77 have considered carefully the present state of affairs and suggest the following programme of action as the most urgent and immediate step to be taken by the second session of the Conference.

Part Two

PROGRAMME OF ACTION

A. COMMODITY PROBLEMS AND POLICIES

1. *Commodity policy*

(a) *Commodity arrangements*

(i) Commodity problems should, where appropriate, be dealt with by international commodity arrangements negotiated on a commodity-by-commodity basis;

(ii) Producing developing countries should consult and cooperate among themselves in order to defend and improve their terms of trade by effective coordination of their sales policies;

(iii) A cocoa agreement should be concluded before the end of 1967 and an agreement on sugar early in 1968;

(iv) Commodity arrangements for oil-seeds and vegetable oils, bananas, rubber, tea, sisal and hard fibres should be concluded at the earliest possible date;

(v) Appropriate action should be taken on an urgent basis in respect of iron ore, nickel, tobacco, cotton, wine, citrus fruit, manganese ore, pepper, mica, shellac and tungsten.

(b) *Buffer stocks*

Buffer-stock techniques as a short-term measure for market stabilization should, where

appropriate, be one of the methods adopted for international commodity arrangements, and international financing institutions and developed countries should participate in their prefinancing, while with regard to its regular income producing and consuming countries should devise a formula ensuring an equitable distribution of costs.

(c) *Diversification programmes*

Developed countries and the appropriate international financial institutions should make available additional financial and technical assistance to developing countries, including specific funds, in order to facilitate the carrying out of diversification programmes, highest priority being given to diversification in the programmes on interregional, regional and sub-regional levels in the process of trade expansion and economic integration among developing countries. These specific funds for diversification should be one of the features of commodity agreements.

(d) *Pricing policy*

The main objectives of pricing policy should be: (i) elimination of excessive price fluctuations; (ii) the highest possible earnings from the exports of primary products; (iii) maintenance and increase of the purchasing power of the products exported by developing countries in relation to their imports; and (iv) that developed countries undertake to assist in achieving more stable and higher prices for unprocessed and processed commodities from developing countries by applying adequate domestic taxation policies.

2. *Trade liberalization*

(a) *Standstill*

No new tariff and non-tariff restrictions should be introduced by developed countries and those introduced since the first session of the Conference should be eliminated by 31 December 1968.

(b) *Removal of barriers*

(i) All restrictions and charges applied by developed countries to primary commodities, including semi-processed primary products originating exclusively in developing countries, should be removed;

(ii) A programme of specific commitments should be elaborated with a view to eliminating tariff and non-tariff barriers, including duties and revenue charges, on all products;

(iii) Pending the elimination of internal duties and revenue charges, a system of partial refund should be introduced to lead progressively on an annual basis to full refund;

(iv) The tariff reductions offered during the Kennedy Round of negotiations on primary products of export interest to developing countries should be implemented without phasing and without reciprocity in favour of all developing countries.

(c) *Preferences*

The representatives of the developing countries at the Ministerial Meeting of the Group of 77, (i) bearing in mind the desire expressed by all members of the Group of 77 to apply recommendation A.II.I, part II, paragraphs 3 and 6, concerning the elimination of preferences, adopted unanimously at the first session of the Conference and noting that the abolition of preferences requires that the developed countries grant equivalent advantages to the countries which at present enjoy such preferences; (ii) noting that the developed countries have not so far taken effective measures for the implementation of this recommendation; (iii) considering that, in the case of certain commodities, the special preferences in force could be reduced or even abolished through international agreements:

Decided to request the Secretary-General of UNCTAD and the regional groups to undertake studies, commodity-by-commodity and country-by-country, on the effect of the abolition of the special preferences in force and the steps necessary to ensure that countries which at present enjoy such preferences receive advantages at least equivalent to the losses resulting from abolition.

(d) *Minimum share of markets*

(i) Where products of developing countries compete with the domestic production of developed countries, the latter should allocate a defined percentage of their consumption of such products to developing countries; in any case, a substantial share of any increase in domestic demand for primary commodities in the developed countries should be reserved for the output of the developing countries. This allocation should be arrived at on a country-by-country and commodity-by-commodity basis, through multilateral negotiation; developed

countries should agree to establish maximum ratios of domestic production so as to guarantee to developing countries adequate conditions of access for their exports;

(ii) The developed countries should adopt measures to discourage uneconomic production of commodities which compete with those originating in developing countries and should abolish subsidies on such competing products.

(e) *Surpluses and reserve stock disposal*

The existing machinery for consultation on surplus disposal should be widened and reinforced, and suitable machinery should be established, where such arrangements do not exist, in order to ensure that disposal of production surpluses or strategic reserves does not result in the depression of international prices, and does not adversely affect the exports of developing countries or the intra-regional trade and agricultural development of developing countries and the position of developing countries receiving those surpluses as assistance.

(f) *Use of escape clauses*

Objective criteria should be adopted under a multilateral institutional arrangement for identifying situations on which restrictions are applied by virtue of safeguard clauses and the unilateral application of restrictions should be avoided.

3. *Synthetics and substitutes*

(i) Special measures in the field of finance, technical assistance and marketing, including financing of research, abolition of subsidies and granting of preferences should be taken to improve the competitive position of natural products of developing countries that are affected by the competition of synthetics and substitutes originating from developed countries;

(ii) The provision of Special Principle Nine of the Final Act of the first session of the Conference on dumping should be implemented with special reference to the marketing of synthetic products.

B. EXPANSION OF EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES

1. Principles for a general system of preferences

The following principles should be adopted in order to implement a general system of preferences. They should be accepted simultaneously as complementary and indivisible measures.

(a) At the second session of the Conference there should be negotiations which should lead to the conclusion of an agreement on a general system of tariff preferences on a non-discriminatory and non-reciprocal basis. The agreement should provide for unrestricted and duty-free access to the markets of all the developed countries for all manufactures and semi-manufactures from all developed countries;

(b) Without prejudice to the general provisions contained in paragraph (a) above, the escape clause actions as envisaged below may be taken; in particular special treatment may be granted by developed countries to the less developed among the developing countries;

(c) The manufactures and semi-manufactures covered by the preferential system should include all processed and semi-processed primary products of all developing countries;

(d) All developed countries should grant such preferences to all developing countries;

(e) The form of the escape clause action, the objective criteria which should govern the application of escape clause action by developed countries and the procedures that should be followed in such cases must be agreed upon internationally. Such action must however be temporary in nature and be subject to international consultation, approval and review;

(f) The preferential system must be conceived in such a way as to make it possible for the least advanced among developing countries to share in its benefits. Accordingly any time limits of the system should be flexible so that countries at present in very incipient stages of development will also be able to reap its advantages. Escape clause actions limiting or excluding particular exports should not apply to the less competitive products from less advanced countries. Specific commitments should be taken for technical and financial assistance in the establishment of export-oriented industries in least advanced countries, with a view to markets both in the developed world and in other developing countries;

(g) The new system of general preferences should ensure at least equivalent

advantages to development countries enjoying preferences in certain developed countries to enable them to suspend their existing preferences on manufactures and semi-manufactures. From the beginning, provisions should be incorporated in the system of general preferences, for the developed countries to redress any adverse situation which may arise for these developing countries as a consequence of the institution of the general system of preferences;

(h) In order to achieve the objective of the general preferential system, the arrangement should last long enough to enable all developing countries to benefit from it. Initially the arrangement should last for twenty years and should be reviewed towards the end of this initial period. In any event, the preferential treatment should not thereafter be abruptly terminated;

(i) In order that the general system of preferences may make adequate contribution to the balance of payments of the developing countries, the developed countries should not reduce their aid to them or nullify or impair the benefits of preferences through other measures;

(j) Suitable machinery within UNCTAD should be established to supervise and ensure the effective implementation of a general system of preferences in accordance with the foregoing paragraphs.

2. Liberalization of trade in manufactures and semi-manufactures

(a) The developed countries should implement immediately, without phasing, in favour of all developing countries, concessions agreed on during the Kennedy Round of trade negotiations, on products of export interest to the latter countries;

(b) The developed countries should state at the second session of the Conference that all concessions agreed on during the Kennedy Round of trade negotiations on products of export interest to developing countries would be extended at the time of implementation to all developing countries whether or not members of the General Agreement on Tariffs and Trade (GATT), without reciprocity;

(c) At the second session of the Conference both developed and developing countries should, on the basis of the evaluation of the Kennedy Round being prepared by the UNCTAD and GATT secretariats and those prepared by Governments themselves, identify all outstanding issues for further negotiations. The principles of the most-favoured-nation treatment and reciprocity should in no way be introduced in these negotiations. In these

negotiations all developing countries should be allowed to participate if they so desire;

(d) The developed countries should implement the agreements reached at the first session of the Conference on liberalization for manufactures and semi-manufactures of export interest to the developing countries, particularly as regards the principle of the standstill;

(e) The developed countries should establish, at the second session of the Conference, a concrete programme for the removal of quantitative restrictions at an early date, particularly those which are applied by them inconsistently with their international obligations, and also give an undertaking not to renew existing restrictions or to impose new quantitative restrictions, or to adopt any other measures having equivalent effects on products of export interest to developing countries;

(f) Developed countries should supply all relevant information to the UNCTAD secretariat in respect of non-tariff barriers other than quantitative restrictions applied in the markets of the developed countries for examination at the second session of the Conference;

(g) Objective criteria should be established for the application of restrictions to trade in products from developing countries under escape clauses relating to "market disruption" and other "special circumstances" applied by developed countries, so that such situations may be defined, provisions may be laid down specifying what measures restrictive of trade can legitimately be applied when such a situation is found to exist, and compensation may be fixed which corresponds to the loss or damage suffered by the developing countries;

Multilateral consultative and supervisory machinery should be set up for that purpose. The developed countries should undertake measures for anticipatory structural readjustments and other measures for bringing about such changes in their production patterns as to eliminate the possibility of resorting to restrictive trade policies or escape-clause actions on the ground of market disruption in relation to products of export interest to developing countries in order to establish a new international division of labour that would be more equitable. The developed countries should not promote the development in their territories of industries of particular interest to the developing countries. In those cases where developed countries have invoked escape clauses on grounds of market disruption, they should make the appropriate domestic structural adjustments;

(h) The developed countries should take appropriate action to carry out readjustments in the tariff nomenclatures of their countries so as to facilitate the granting of duty-free entry on products exported by and large by developing countries;

(i) The machinery which would be established to supervise the effective implementation of a general system of preferences should also supervise the programme for the elimination of tariff and non-tariff barriers, and the application of escape clauses, in particular any such barriers which prejudice or nullify the scheme of general preferences.

3. Trade with socialist countries

The socialist countries should grant concessions to the developing countries whose advantages are at least equivalent to the effects of preferences which would be granted by the developed countries with market economies.

The socialist countries should:

(a) Adopt and implement measures designed to increase the rate of growth of the imports of manufactures and semi-manufactures from developing countries, and to diversify such imports in consonance with the latter's trade and development requirements;

(b) Undertake to contribute to the maintenance of remunerative and stable prices for the exports of developing countries by the inclusion of suitable provisions in their trade agreements with these countries;

(c) In drawing up their national and regional development plans, take due account of the production and export potential in developing countries;

(d) Abolish customs duties and other trade restrictions on goods imported from and originating in developing countries;

(e) Eliminate the margin between the import price and the domestic selling price of the goods imported from developing countries;

(f) Refrain from re-exporting the goods purchases from developing countries, unless it is with the consent of the developing countries concerned;

(g) Encourage the conclusion of industrial branch agreements for the supply of plant and equipment on credit to the developing countries, accepting

repayment of such credits in particular with the goods manufactured by such plant in the developing countries concerned;

(h) Multilateralize, to the extent possible, among the socialist countries of Eastern Europe, payments arrangements with developing countries to facilitate increase of imports from the latter;

(i) Grant preferential access conditions for products originating from developing countries. These conditions should include the establishment in their international purchasing policies, of margins of tolerance in favour of the developing countries with regard to prices and delivery terms;

(j) Within the framework of UNCTAD set up permanent consultative machinery through which socialist countries and developing countries may promote mutual trade and economic cooperation, and solve problems and obstacles which may arise.

4. Trade promotion

(a) Diversification of production of manufactures and semi-manufactures of developing countries should be carried out within the framework of a new and more equitable international division of labour between developing and developed countries;

(b) Developed countries should abstain from harming the interests of developing countries by fostering production of commodities produced principally by developing countries, and, in that regard, they should encourage the establishment in the developing countries of export industries processing primary commodities produced by the latter;

(c) Developed countries and international agencies should channel more, and more effective, technical and financial assistance in order to improve the productivity of the developing countries' industries and their competitiveness in international markets;

(d) International cooperation should also be secured with a view to the dissemination of trade information, particularly with regard to the opportunities offered by the developed countries' markets. To that end, the developing countries should support the establishment of the joint UNCTAD/GATT trade promotion Centre and obtain the financial and technical support of the developed countries for its operation. Also a closely and continuing cooperation between the United Nations Industrial Development Organization (UNIDO) and UNCTAD should be promoted,

on the general understanding that, as stated in General Assembly resolution 2152 (XXI), "the former shall be competent to deal with the general and technical problems of industrialization, including the establishment and expansion of industries in developing countries, and the latter with the foreign trade aspects of industrialization, including the expansion and diversification of exports of manufactures and semi-manufactures by developing countries". Furthermore, developing countries should take into consideration the possibility of the establishment of a single export promotion Centre within the United Nations family under the auspices of UNCTAD.

C. DEVELOPMENT FINANCING

1. *Flow of international public and private capital*

(a) Each developed country should comply with the target of a minimum 1 per cent of its gross national product for net financial flows, in terms of actual disbursements, by the end of the United Nations Development Decade. A separate minimum target, within this goal, and progressively increasing, should be established for the official component of aid flows, net of amortization and interest payments;

(b) Any gaps remaining in the 1 per cent transfer each year should be made good by additional government transfers;

(c) Resources of the International development Association (IDA) should be immediately replenished and augmented;

(d) Developed countries and financial institutions should extend and intensify their support to regional development banks;

(e) The International Bank for Reconstruction and Development (IBRD) should be made a development bank for developing countries exclusively. Total repayment of current loans by developed countries in advance of maturity should be secured. Such released funds should be used to augment resources of IBRD and IDA to finance development of developing countries;

(f) There should be no discrimination by international lending institutions against the public sector, in particular in industry;

(g) Special consideration should be given to developing countries which have not so far received adequate international aid;

(h) Private investments should be of permanent benefit to the host developing country. Subject to nationally-defined priorities and within the framework of national development plans, private investments may be encouraged by incentives and guarantees;

(i) No developed countries should decrease the existing level of their aid to developing countries, especially those forms of aid granted through negotiations.

2. Terms and conditions of development finance

(a) By 1968, the norms of lending laid down by General Assembly resolution 2170 (XXI) and the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) should be reached;

(b) Beyond a date to be internationally agreed, all development lending should on terms currently applied by IDA. In regard to earlier loans or loans on other than IDA terms, the interest should be subsidized by governments of developed countries;

(c) Pending the general adoption of IDA terms, there should be a considerable lowering of interest rates and a considerable increase in maturities and grace periods;

(d) A multilateral interest equalization fund should be created to cover the interest margin between loans obtained on international capital markets and concessional development loans;

(e) Development finance should be rapidly and progressively untied, with a view to reaching the goal of total untying by a specific date; excess costs incurred through tying should be subsidized by creditor countries; procurement in developing countries should be freely permissible, especially within the same region;

(f) External finance should be made available both for programmes and for projects and should include local costs where necessary;

(g) Development finance commitments should be on a continuing basis to cover plan programmes over a period of years;

(h) Appropriate steps should be taken to improve the administration of development finance;

(i) An inter-governmental group with equitable representation of developed and developing countries should be established to deal with all aspects of commercial credits, including suppliers' credits.

3. Problems of external indebtedness

Suitable measures should be adopted for alleviating the debt-servicing burdens of developing countries by consolidation of their external debts into long-term obligations at low rates of interest. In case of imminent difficulties, speedy arrangements should be made for refinancing and rescheduling of loans on "soft" terms and conditions.

4. Mobilization of financial resources

Developing countries recognize that they should, to the fullest extent possible consistent with smooth economic growth and social stability, continue to mobilize their domestic resources for financing their development process. They recall, however, that the utilization of these resources cannot be fully effective without the necessary external assistance.

5. Supplementary financing

The second session of the Conference should negotiate an agreement for early implementation of a scheme of supplementary financing on the basis of a consensus to be reached after considering the report of the Inter-governmental Group on Supplementary Financing on the IBRD study.

In no case should the scheme involve internal policy commitments which prejudice the sovereignty of any member country as defined by that country, the means for achieving this objective to be further discussed at the forthcoming meeting of the Inter-governmental Group on Supplementary Financing and negotiated at the second session of the Conference. These discussions and negotiations should take account, inter alia, of the positions expressed in the regional declarations of the developing countries.

6. Compensatory Financing Facility

The developing countries ask that:

(a) Drawing on the International Monetary Fund under the Compensatory Financing Facility should be immediately available up to 50 per cent of the countries' quotas in the Fund, and that such drawings should not be subject to any conditions;

(b) The formula for calculating shortfalls should be modified, taking as the basis the exports of each of the countries concerned either during three normal years or more,

preceding the payment of compensation;

(c) Due consideration should be given to refinancing debts incurred by developing countries during periods of persistent shortfalls in their export earnings, including a revision of current repurchase time limits.

7. *International monetary issues*

(a) Developing countries should participate from the outset in all discussions on international monetary reform and in the operation of the new arrangements for Special Drawing Rights in the International Monetary Fund;

(b) A link between development finance and additional liquidity should be forged as urged by the developing countries;

(c) The developing countries are intimately concerned with the policies of international financial organizations relating to the use of their resources, voting power and the improvement of machinery for balance-of-payments adjustments.

D. INVISIBLES, INCLUDING SHIPPING

Developing countries reaffirm the competence of UNCTAD in shipping matters.

1. *International shipping legislation*

(a) Developing countries ask that the second session of the Conference should include "international shipping legislation" in the work programme of the Committee on Shipping which should use such technical and expert advice as may be necessary;

(b) In accordance with the obligations undertaken by the international community, all developed countries should give full cooperation to the UNCTAD secretariat by providing complete information for studies being carried out by it in the field of shipping including freight rates, conference practices, adequacy of shipping services, etc.;

(c) These studies should take into account the implications of technical advances in shipping in respect of the organization and structure of conferences, cost levels, rate structure and techniques of port organization

and operations as well as the implications of technical advances for the expansion of merchant marines of developing countries.

2. Freight rates and conference practices

(a) Immediate steps are needed at the second session of the Conference to provide a basis for future action on freight rates which are not only continuing to rise but are still discriminatory and restrictive vis-a-vis the developing countries;

(b) Developed countries should press freight conferences and shipowners to abolish the widespread practice of fixing special high freight rates for the transport of non-traditional products of the developing countries and to lower freight rates applied to traditional exports of the developing countries;

(c) Developing countries ask the second session of the Conference to adopt the following principles:

(i) The right of developing countries to take part in any freight conference affecting their maritime traffic on an equal footing with shipowners of developed countries;

(ii) Freight conferences to have representation in developing countries;

(iii) Publication of information, including advance publication of any proposed changes on freight rates and other cargo arrangements by freight conferences affecting the foreign trade of developing countries.

(d) Developing countries should intensify their cooperation among themselves, inter alia on regional basis, to secure maximum benefits and better bargaining positions in the field of shipping, in particular regarding freight rates.

3. Expansion of merchant marines

(a) Developing countries affirm their unquestionable right to establish and to expand their merchant marines in the context of rising freight rates and the prospects of their foreign trade;

(b) Developed countries and international agencies should extend financial and technical assistance to developing countries for the establishment and

expansion of national and regional merchant marines and related facilities. Such assistance should include the training of personnel in the economic, managerial, technical and other aspects of shipping. Financing arrangements should be in favour of national enterprises;

(c) All countries should recognize the right of developing countries to assist their merchant marines, including the right to reserve a fair share of the cargo transported to and from those countries;

(d) The regulations enacted by developing countries with a view to achieving the objectives aforementioned should not be considered justification for the adoption of retaliatory or other measures by the developed countries and their shipping conferences which may have the effect of rendering ineffective the measures taken by the developing countries;

(e) Developing countries should be enabled to make the maximum use of their shipbuilding industries and expand them.

4. Consultation machinery

(a) Specific action should be taken by UNCTAD in collaboration with the United Nations Development programme and the regional economic commissions to give effect to the resolution of the Committee on Shipping on the establishment of national and regional consultation machinery in various parts of the world in accordance with the provisions adopted;

(b) Financial and technical assistance should be given to developing countries for the establishment of such machinery where necessary.

5. Port improvements

(a) Practical measures should be devised at the second session of the Conference for financing and giving technical assistance to developing countries for port development and allied works and programmes relating to port operation, taking into account technical advances in shipping;

(b) Measures should be devised at the second session of the Conference for ensuring that savings achieved by the improvement of port facilities in shipping operations are utilized to the advantage of developing countries through reduction of freight rates in respect of the port achieving such improvement.

6. Insurance and reinsurance

- (a) Developed countries should reduce the cost of reinsurance to developing countries;
- (b) A substantial part of the technical reserves of the insurance and reinsurance companies should be retained in the countries where premium incomes arise for reinvestment in those countries;
- (c) Developing countries should be technically and financially assisted in building up their own insurance and reinsurance facilities.

7. Tourism

- (a) Developed countries and financing institutions should extend credits on easy terms to developing countries for promoting tourism;
- (b) Developed countries and international credit institutions should make investments in infrastructure in tourism in developing countries;
- (c) Passenger fares to developing countries should be concessional and attractive and other facilities should be provided in order to encourage tourist traffic.

E. GENERAL TRADE POLICY ISSUES

1. Principles governing international trade relations and trade policies conducive to development

- (a) The second session of the Conference should review the implementation of the principles governing international trade relations and trade policies conducive to development;
- (b) In compliance with recommendations A.I.1 and A.I.3 of the Final Act of the first session of the Conference which leave open the completion of these principles, the second session may elaborate new principles. However, principles already adopted would not be subject to reexamination.

2. Trade relations among countries having different economic and social systems

- (a) The expansion of trade between developed socialist countries of Eastern Europe and developed market-economy countries should not unfavourably

affect the trading possibilities of developing countries but on the contrary should lead to a rising trade between them and the latter. In pursuance of this objective, the socialist countries should provide in their economic development plans and trade policies measures for accelerated increase of their imports of primary commodities and manufactures and semi-manufactures originating from developing countries;

(b) Socialist countries should also reaffirm the assurances given by them at the first session that they will refrain from re-exporting the goods purchased from the developing countries unless it is with consent of the developing countries concerned;

(c) Socialist countries should adopt the necessary measures to reduce the gap between import and sales prices of products originating in developing countries in order to promote the consumption of these commodities; the establishment in the import policies and trade programmes of the socialist countries of margins of tolerance with regard to prices, delivery dates and other conditions relating to exports from developing countries would greatly contribute to the increase of trade between these countries and the socialist countries;

(d) Credit extended by socialist countries for financing public and private projects in developing countries should be adapted to the particular conditions of the countries concerned, and, where possible, provision should be made for repayment by the export of the products of those or other projects;

(e) In the case of contracts concluded between the enterprises in the developing countries and the relevant agencies in the socialist countries, due attention should be given to the periods covered by those contracts in order to enable the enterprises to plan and execute with greater efficiency their investment, production and delivery programmes.

3. Impact of regional economic groupings

(a) Regional economic groupings of developed countries should avoid discriminating against the export of developing countries of manufactures, semi-manufactures and of primary products, particularly temperate and tropical agricultural commodities;

(b) The expansion of these groupings should not increase the incidence of any discrimination;

(c) Regional economic groupings of developed countries should take measures with a view to ensuring freer access of the exports of developing countries.

4. International division of labour

A new and dynamic international division of labour should be applied whereby developed countries avoid taking protective measures affecting agricultural exports of developing countries in fields in which they are more efficient and duplicating investments already made, or about to be made, by developing countries in industry. Conditions should be created for industrialization in developing countries to make the fullest use of their available resources. Diversification of the production of developing countries should also be carried out within a framework of a division of labour that would enable the greatest flow of trade on the one hand among developing countries and, on the other hand, between those countries and others.

5. The world food problem

It was agreed that, in the light of the fact that the item had only recently been introduced, consultations would be pursued within the Group of 77 with a view to adopting a common position on the world food problem for the second session of the Conference.

6. Special problems of the land-locked countries

A group of experts should be established in order to carry out a comprehensive examination of the special problems involved in the promotion of trade and economic development of the land-locked developing countries, with special reference to the high costs involved in the execution of their development programmes and trade expansion programmes. In the light of this examination, adequate financial and technical assistance should be extended by international financial institutions to minimize the cost of the factors involved. The international financing agencies should also give priority to such technical and financial assistance programmes as the land-locked developing countries may propose in connexion with the special problems of their trade and development and, in particular, with the development and improvement of their transport infrastructure.

7. Transfer of technology, including know-how and patents

(a) The developed countries should encourage the transfer of knowledge and technology to developing countries by permitting the use of industrial patents on the best possible terms which will enable products manufactured in developing countries to compete effectively in world markets;

(b) They should also promote the elimination of restrictive practices, relating to market distribution and price-fixing, which are imposed by enterprises in developed countries in granting licences for the use of patents and trade-marks in developing countries;

(c) The developed countries should provide guidance to their industrial entrepreneurs regarding investment opportunities in the export industries of the developing countries and familiarize them with legal, political, economic and other relevant information on the situation in the developing countries.

F. TRADE EXPANSION AND ECONOMIC INTEGRATION AMONG DEVELOPING COUNTRIES

(a) The developing countries reaffirm that trade expansion and economic cooperation among themselves is an important element of a global strategy for development, and they are therefore determined to make their own contribution toward the fulfillment of the objectives of the second session of the Conference by stepping up their efforts in this respect. Such action can in no way be regarded as a substitute for larger and more remunerative exports to developed countries or for a greater contribution by the latter countries. However, trade expansion and economic integration among developing countries raise special problems and difficulties as compared with similar processes among developed countries. Action with regard to trade barriers will therefore not be enough, but must be combined with suitable measures in other fields in particular investment matters and payments. In this connexion, the availability of appropriate external financing and technical assistance would be an important contribution for enabling developing countries to achieve more rapid progress in trade expansion and integration efforts. This international support should however be granted in a manner that would fully respect the determination of developing countries to follow their own methods of approach when expanding trade and advancing towards integration among themselves.

(b) The developing countries will inform the second session of the Conference of the efforts they are making or planning to make, in order to

increase their trade and strengthen their economic cooperation, particularly in the field of inter-regional, regional and sub-regional cooperation.

(c) Since the joint efforts of the developing countries cannot be fully successful without financial and technical aid from the developed countries, the latter should at the same time make a formal declaration of support for the developing countries' efforts at cooperation and integration, specifying the nature and the volume of financial assistance they are prepared to render to those efforts.

(d) At the second session of the Conference, a special working group should be set up to study the practical problems related to:

(i) Trade expansion, economic cooperation and integration among the developing countries, including consideration of the special problems of the least developed countries;

(ii) The establishment or improvement of multilateral payments systems between developing countries;

(iii) The practical measures for the implementation of an international policy which would support these joint efforts with particular reference to financial and technical assistance.

Regional or sub-regional groups of developing countries should be invited to participate in the working group.

(e) The second session of the Conference should establish a permanent committee whose task would be to study all questions relating to trade expansion and economic integration among developing countries, with particular reference to ways and means of enabling the developing countries participating in such groupings to derive equitable benefits therefrom.

This Committee should, in particular, undertake the following activities:

(i) The study, centralization and dissemination of information and data on the experience acquired by developing countries in dealing with specific problems of sub-regional, regional or interregional cooperation and integration, and the organization of symposia on such problems for national and regional officials;

(ii) Studies relating to the possibility of establishing export and

import groupings by commodity, or by group of commodities, among developing countries;

(iii) Studies for the improvement of the infrastructure of transport and communications among developing countries;

(iv) Study the possibility of establishing national and regional information and trade promotion centres in developing countries;

(f) Consideration should be given to the establishment, under the auspices of UNCTAD and of other specialized agencies, of a special Centre to train experts, particularly from developing countries, in the field of economic cooperation and integration among developing countries.

(g) The international information and trade promotion Centre which is being established under the sponsorship of UNCTAD and GATT should give due importance to the question of promoting exports among developing countries.

G. SPECIAL MEASURES TO BE TAKEN IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

Owing to the varying stages of economic development existing among the developing countries and to the varying factors responsible for their development, the trade and financial policy measures required to accelerate the pace of economic development would differ from one developing countries to another. It is therefore essential to devise a global strategy of convergent measures in order to enable the least developed among the developing countries to derive equitable benefits so that all the developing countries would gain comparable results from international economic cooperation of member countries of UNCTAD, particularly that with the developed countries.

The individual measures recommended by the first session of the Conference and those that would be recommended by the second session should be viewed as components of an integrated policy of cooperation for achieving the over-all objectives of trade expansion and accelerated development. All these measures are interrelated.

While the appropriate mix of the convergent measures required for the least developed countries cannot be determined at this stage, these measures may be devised from the spheres of:

(a) Commodity policy, including measures of financial and technical assistance for diversification programmes;

- (b) Preferences in trade of manufactures and semi-manufactures;
- (c) Development finance;
- (d) Regional economic integration;
- (e) Invisible;
- (f) Trade promotion.

With regard to commodity policy, the following actions should be recommended to be taken by the second session of the Conference:

Special consideration of the need of the least developed countries in relaxing tariff and non-tariff barriers affecting access to the markets both in tropical and temperate products;

Temporary refunds, at least in part, of revenue charges and duties on commodities of particular interest to least developed countries.

With reference to manufactures and semi-manufactures, the recommendation on the general scheme of preferences contained in this document under section B (Expansion of exports of manufactures and semi-manufactures) should be taken into consideration and adopted. This should take place independently of the principle in virtue of which substantial advantages may be granted to the least developed among the developing countries under systems of regional or sub-regional integration; while the latter, where appropriate, attain perfection in the matter of customs duties.

For the purpose of designing special measures for the least developed countries, it does not seem to be desirable or convenient to attempt an abstract general definition of such countries nor, at this stage, an *a priori* strict listing of such countries applicable to specific measures considered. Hence, this could be better undertaken, in due course, in a form agreed upon by the developing countries.

In order to give effect to the provisions of section G, the Ministerial Meeting decides to establish a working group. The function of the working group shall be to make a special study of the arrangements to be made on the matters referred to in the third paragraph of this section.

Composition of the working group: it is agreed that each regional group shall be represented on this group by five members.

The working group shall meet at Geneva on or about 1 December 1967. It shall submit

its report to the countries members of the Group of 77 not later than 15 January 1968.

Part Three

A. FUTURE ACTIVITIES OF THE GROUP OF 77

The representatives of developing countries of the Group of 77 are firmly decided to maintain and further strengthen the unity and solidarity of the group of developing countries. They agree to maintain continuous consultations and contacts in order to further that objective.

The Group of 77 should meet at the ministerial level as often as this may be deemed necessary, and in any case always prior to the convening of sessions of the United Nations Conference on Trade and Development, in order to harmonize the positions of developing countries and to formulate joint programmes of action in all matters related to trade and development. It can also meet at any other level, as required by the needs of developing countries.

In all matters relating to preparations for ministerial meetings of developing countries, and during the intervals between these ministerial meetings, and for the formulation of joint positions on issues within the purview of UNCTAD, the competent authority of the Group of 77 is the Group of 31 developing countries. This Group of 31 is composed of the developing countries members of the Trade and Development Board, and should normally meet concurrently with the Trade and Development Board. For all matters related to their specific fields of activities the developing countries members of the Committee of the Board are fully competent.

The Co-ordinating Committee of the Group of 77, as established in Geneva in October 1966, should be continued until the New Delhi Conference with the following terms of reference:

(a) To assist in making appropriate arrangements for visits of goodwill missions;

(b) To transmit to Government of States members of the Group of 77 the reports of the goodwill missions received from the President of the Ministerial Meeting;

(c) To undertake any other work that may be entrusted to it by the Group of 77 in Geneva.

Informal coordinating groups of the Group of 77 should be established at all headquarters of the various United Nations specialized agencies.

B. GOODWILL MISSIONS

The representatives of the developing countries participating in the Ministerial Meeting of the Group of 77 have decided to send high-level goodwill missions to countries belonging to other groupings of member States of UNCTAD. These missions, entrusted with the task of informing and persuading, shall acquaint the respective Governments of the countries to be visited of the conclusions of the Meeting so as to contribute to the creation of the best possible conditions for negotiations on the programme of action at the second session of the Conference.

There will be six high-level goodwill missions to visit capitals of developed and socialist countries, composed of at least one, and if possible, two special envoys accredited by Heads of States from each of the three regional groups within the Group of 77. Each mission will be headed by one of its members so as to ensure that each regional group provides two mission leaders.

Necessary steps will be taken immediately to contact the respective Governments to fix suitable dates for the visits of the missions in such a way as to ensure the completion of all visits before the end of November 1967.

Each mission will submit its report to the President of the Ministerial Meeting who, in his turn, in cooperation with the Co-ordinating Committee, will forward these reports to all the developing countries members of the Group of 77 as soon as possible.

The President of the Ministerial Meeting of the Group of 77 was requested to present the Charter of Algiers to the General Assembly of the United Nations and to the Secretary-General of the United Nations. The President or the Ministerial Meeting, in his turn, invited the Rapporteur-General of the Ministerial Meeting and the Chairmen of the four Main Committees of the Meeting to accompany him on this mission. He also invited the Vice-Presidents of the Ministerial Meeting to accompany him if their duties permit them to do so.

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