RESOLUTIONS ADOPTED ON THE REPORTS OF THE SECOND COMMITTEE

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1706 (XVI). Establishment of a United Nations capital development fund

The General Assembly,

Recalling its resolution 1521 (XV) of 15 December 1960,

Having considered the report of the Committee on a United Nations Capital Development Fund,[1] and the comments of the Economic and Social Council thereon,[2]

1. *Decides* to extend the mandate of the Committee on a United Nations Capital Development Fund;

2. *Instructs* the Committee to prepare the necessary draft legislation (statute) for a United Nations capital development fund in the light of the general principles prepared by the Committee and annexed to the present resolution, the comments of the Economic and Social Council, the discussions at the sixteenth session of the General Assembly and the Secretary-General's report on the financial needs of less developed countries and on the impact of existing financial institutions, as proposed by the Committee;

3. *Requests* the Committee to submit the draft legislation (statute) to the Economic and Social Council at its thirty-fourth session, which shall transmit it, together with its comments, to the General Assembly at its seventeenth session;

4. *Requests* the Committee to take into account the desirability of devising an arrangement for inter-governmental control and for voting such as to inspire the confidence of all members of the United Nations capital development fund, in accordance with the purposes and principles of the Charter of the United Nations.

1084th plenary meeting,
19 December 1961.

[1] *Official Records of the Economic and Social Council, Thirty-second Session, Annexes,* agenda items 2 and 5, document E/3514.

[2] *Official Records of the General Assembly, Sixteenth Session, Supplement No. 3* (A/4820 and Corr.2), paras. 214-220.

ANNEX

GENERAL PRINCIPLES GOVERNING THE ESTABLISHMENT AND OPERATIONS OF A UNITED NATIONS CAPITAL DEVELOPMENT FUND

1. Assistance from the United Nations capital development fund to under-developed countries should be directed towards the achievement of accelerated and self-sustained growth of their economies. In keeping with this objective, assistance should be oriented towards the diversification of their economies, with due regard to the need for industrial development as a basis for social progress.

2. The provision of assistance shall be in conformity with the purposes and principles of the Charter of the United Nations.

3. Operations of the fund should not serve as a means for foreign economic and political interference in the internal affairs of assisted countries and should not be influenced by considerations relating to the nature of their economic and political systems.

4. Assistance should be of a kind and in a form consistent with the wishes of the recipients and should involve no unacceptable conditions for them, whether political, economic, military or other.

5. Assistance from the fund should be provided in such forms and on such terms as are compatible with the continued economic development of the assisted countries, taking due account of their balance of payments position and prospects.

6. Assistance from the fund should be given in a flexible manner and not necessarily be limited to specific projects or groups of projects. Assistance can also be given to support general development plans, where such plans exist, or to meet general development requirements.

7. Resources of the fund must be large enough to make a significant contribution towards the achievement of accelerated and self-sustained economic growth of the less developed countries.

8. While funds should be derived from contributions by all members, the bulk of the contributions to the fund should come from the more developed countries in a readily and economically usable form.

9. The size and nature of the contributions of the less developed countries to the fund should not be such as to hamper the effective mobilization of their resources for their own economic development.

10. Contributions to the fund should ensure the provision of assistance on a long-term and continuing basis.

11. Resources available to the fund should be augmented by a portion of any savings resulting from progress made in internationally supervised world-wide disarmament.

12. Every effort should be made to co-ordinate the assistance rendered by the fund with assistance from other sources, so as to achieve the maximum permanent beneficial effect on the economies of the less developed countries.

1707 (XVI). International trade as the primary instrument for economic development

The General Assembly,

Recalling its resolutions 623 (VII) of 21 December 1952, 1028 (XI) of 20 February 1957, 1324 (XIII) of 12 December 1958, 1421 (XIV) and 1422 (XIV) of 10 December 1959, and 1519 (XV) and 1520 (XV) of 15 December 1960,

Having considered the report of the Secretary-General entitled "Ways and means of promoting wider trade co-operation among States: trade relations between under-developed and industrially advanced countries"[3] and the comments thereon voiced in the Economic and Social Council,[4] and endorsing Council resolution 846 (XXXII) of 3 August 1961,

Convinced that the economic development of countries must be based primarily on their own efforts through the utilization of all their productive resources,

Affirming that, for these national efforts to achieve their objectives more rapidly, it is essential that countries should ensure the maximum expansion of their trade and an increase in their foreign exchange income as a result of growth in the volume and value of their exports,

Considering that the importance of such an expansion of trade, especially for under-developed countries or for countries which depend on a narrow range of primary commodities, calls for constant attention to protectionist policies which are detrimental to the growth of international trade, with a view to the achievement of an increasing degree of trade liberalization through the modification of those policies and, where surpluses arise, strict adherence to the principles of surplus disposal recommended by the Food and Agriculture Organization of the United Nations[5] in respect of any possible effects on international markets,

Deeming it necesary that the economic policies of regional and sub-regional economic groupings avoid the introduction and facilitate the elimination of obstacles and restrictons which may hamper the necessary expansion of the trade of the developing and under-developed countries or discourage the indispensable growth of their economies,

Observing that the practices of dumping and the unrestricted disposal of accumulated stocks on international markets impede the progress of countries in the process of economic development, distort the most effective structure of their industries, and depress the levels of production and prices of primary commodities and manufactures,

Recognizing that the developing and under-developed countries have in recent years suffered from their unfavourable terms of trade with industrialized countries and that this trend has resulted in a declining share of the developing and under-developed countries in the gains from international trade and in a chronic gap between their exports earnings and import requirements for development,

Bearing in mind that the instability in primary commodity trade of the developing and the under-developed countries results in variations in their national incomes, in their export earnings and their foreign exchange earnings, and that this instability may often jeopardize the development plans of many countries, which are designed on a long-term basis,

Noting the efforts made and the progress achieved in the study of systems for compensating for the fluctuations in commodity trade, particularly the report of the Committee of Experts on international compensation for fluctuations in commodity trade and on the establishment of a development insurance fund,[6]

Reaffirming that it is the recognized responsibility of the more highly industrialized countries to make all

[3] *Official Records of the Economic and Social Council, Thirty-second Session, Annexes,* agenda items 2 and 5, documents E/3520 and Add.1.

[4] *Official Records of the General Assembly, Sixteenth Session, Supplement No. 3* (A/4820 and Corr.2), paras. 191 and 192.

[5] Food and Agriculture Organization of the United Nations, Commodity Policy Studies, No. 10, *Functions of a World Reserve—Scope and Limitations* (Rome, 1956), appendix III.

[6] *International Compensation for Fluctuations in Commodity Trade* (United Nations publication, Sales No.: 61.II.D.3).