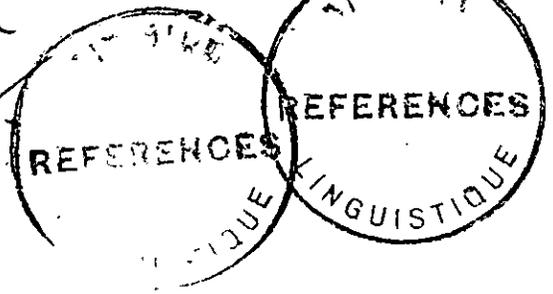


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ORGANIZATION OF AFRICAN UNITY

UNITED NATIONS ECONOMIC  
 COMMISSION FOR AFRICA

REPORT OF THE OAU/ECA GROUP OF EXPERTS CONVENED  
 TO HARMONIZE THE AFRICAN VIEW AND FORMULATE AN  
 AFRICAN POSITION ON THE ISSUES BEFORE THE SEVENTH  
 SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY

(ADDIS ABABA, 13 to 16 AUGUST, 1975)

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PART I  
ORGANIZATION OF THE MEETING

ORIGIN AND PURPOSE OF THE MEETING

The Group was convened in compliance with resolution CM/Res.437(XXV) of the OAU Council of Ministers at its Twenty-Fifth Ordinary Session at Kampala, 18 to 25 July, which decided in its operative paragraph 1,

"to convene a meeting of experts to be serviced jointly by the OAU/ECA and ADB in collaboration with IDEP in which experts from each member country will participate in order to harmonize African view and formulate an African position on the issues before the 7th Special Session of the UN General Assembly. The meeting will take place from 13 to 16 August, 1975, in Addis Ababa".

ATTENDANCE:

The meeting was attended by representatives of the following countries:

Algeria	Burundi	Cameroon
Congo (R.P)	Egypt	Equatorial Guinea
Ethiopia	Gabon	Gambia
Ghana	Guinea	Guinea Bissau
Ivory Coast	Kenya	Liberia
Libya	Madagascar	Malawi
Mali	Mauritania	Morocco
Niger	Nigeria	Rwanda
Senegal	Sierra Leone	Somalia
Sudan	Tchad	Togo
Uganda	Upper Volta	Zaire
Zambia		

ELECTION OF OFFICERS

The meeting elected the following Officers:

CHAIRMAN: Algeria

1st VICE-CHAIRMAN: *Liberia*

2nd VICE-CHAIRMAN: Kenya

RAPPORTEUR: Burundi

ORGANIZATION OF WORK:

The meeting divided into two Committees. Committee A discussed agricultural development, industrial development, transfer of technology, commodities and trade, and transport and telecommunications. Committee B discussed transfer of resources, the international monetary system, transnational corporations, economic co-operation, least developed and land-locked countries, and the reform of the structure of the United Nations system.

DOCUMENTS BEFORE THE MEETING

The meeting considered the following documents which were before it:

1. "Development and Economic Co-operation", ECA
2. "Africa and the New International Economic Order" OAU, CM/667(XXV)
3. "Natural Resources in Africa in the Light of the Establishment of a 'New Economic Order'", OAU, CM/674(XXV)
4. Group of 77 preliminary proposals for the revision of the International Development Strategy, ECOSOC, E/5693, E/C.9/7, Annex IX.
5. "Report of the Second Meeting of the Follow-up Committee on Industrialization in Africa", ECA, E/CN.14/INR/213

SERVICING OF THE MEETING

The meeting was serviced by the Secretariats of the Organization of African Unity and the United Nations Economic Commission for Africa.

PART II  
RECOMMENDATIONS ARISING FROM THE MEETING

A. Agricultural Development

1. The Group of African Experts noted that the targets laid down in the International Development Strategy for the Second United Nations Development Decade and Africa's Strategy for Development in the 1970s called for an annual expansion in agricultural output of 4 per cent. The Group also noted that the Declaration and Programme of Action on the Establishment of a New International Economic Order emphasized the need to ensure adequate food supplies.
  
2. Despite these targets, agriculture has been relatively neglected. During the period 1970 - 1974, total agriculture production in developing African countries increased at annual rate of 0.5 per cent at constant factor cost, which is far below the above mentioned targets and the minimum level required to cope with population growth. The food situation is even worse, for food production per capita actually declined by 1.2 per cent annually for the period 1970 - 1974.
  
3. African Governments should mobilize resources both from internal and external sources for the development of their agriculture. A greater priority should be given to the establishment of credit, extension and marketing services, the building up of infrastructural facilities such as feeder roads and storage facilities and the supply of vital inputs such as fertilizers. For this reason, African Governments should be provided with further assistance by FAO, ECA and/or other United Nations agencies for the implementation of their agricultural projects.
  
4. As far as agricultural infrastructure is concerned, more emphasis should be laid on irrigation projects with the objective of assisting developing African countries particularly in the drought stricken countries to reorganize their agriculture in such a way that it benefits their population. It is recognized that the development of irrigation

potential of river basins would need funds. The Committee therefore recommends that the World Bank and the existing regional organizations should increase their financial commitments for the development of water resources.

5. African Governments should reform the institutional structure and organization of African agriculture, including systems of land tenure, as a means of raising land productivity and bringing about a more appropriate factor mix in the agricultural sector of African economies.

6. There should be greater co-operation among African countries themselves as well as with international agencies and independent research institutes. This co-operation should be particularly prominent in the field of agricultural research and the training of agricultural personnel.

7. As the prices of agricultural products are vital for the development of the agricultural sector, African Governments should pursue a realistic producer pricing policy as an incentive to greater production efforts. Developed countries should also be urged to pay more remunerative prices for some of their agricultural imports from developing African countries.

8. As development efforts in the agricultural sector need long-term planning, the international community should be called upon to provide sustained financial and technical assistance.

9. Regarding the recent drought in the Sudano-Sahelian and other regions of Africa, subregional co-operation bodies similar to the Inter-State Committee on Drought Control in the Sahel based in Ouagadougou, Upper Volta, should be established. Actions should also be taken for the establishment of subregional specialized research institutes for the prevention and control of natural disasters. The International Community in particular the specialized organizations and agencies should increase its assistance to African States in their effort to control drought and other natural disasters.

10. African Governments, through the African Ministerial Committee on Food, should take measures, in conjunction with the international community and the newly established World Food Council, to ensure a much higher degree of food security to countries most vulnerable to drought and similar disasters. Special consideration should be given at national, regional and international levels to expand storage facilities.

11. Appeals should be made to developed countries to take into account the adverse effects of excess production of synthetics on the value and pricing of products from developing countries.

12. African Governments should also urge developed countries and international organizations to extend assistance in the form of grants and concessional loans to enable developing countries to import urgently needed fertilizers and agricultural equipment. The developed countries are also called upon to provide the necessary technical know-how and capital for the establishment of fertilizer plants in Africa to ensure production at cheap costs and to eliminate uncertainty in fertilizer supplies.

13. The International Agricultural Development Fund should be set up as a matter of urgency. In addition, the United Nations should change its attitude to non-governmental organisations and participate actively with them through providing them with technical and financial contribution in the implementation of their projects.

B. Industrial Development

14. In the field of industrial development, the growth target set for in the International Development Strategy was an increase in manufacturing output of 8 per cent per annum. Africa's Strategy for Development in the 1970s stressed the restructuring of the domestic economy and more specifically the integration of the traditional sector with the modern sector through the development of small-scale, allied and export industries. Both Africa's Strategy and the Declaration and Programme of Action on the Establishment of a New International Economic Order mentioned the need for industrial research and training.

15. The average rate of growth of industrial production for the continent was 7.2 per cent between 1970 - 74. In considering this figure, however, it should be borne in mind that the performance of the oil producing African countries was mostly above the target, while the growth rate of the poorer countries was considerably below the target. Industrial advances in the least developed and land-locked countries in particular have been slow and disappointing. Africa's level of industrial output today accounts for only slightly over 11 per cent of GDP.

16. In addition to the five documents before the meeting, the Group of African Experts agreed on the proposals included in the Lima Declaration and Programme of Action. In line with the Lima Declaration and Programme of Action, African Governments should co-operate in the pursuit of a dual strategy of export promotion and multinational industrialization based on the processing of African raw materials.

17. Furthermore, African Governments should intensify efforts to ensure that Africa does not remain a raw material supplying region. Special consideration should be given to intra-African co-operation through the establishment of regional economic groupings.

18. Since Lima Declaration is a valuable and coherent addition to the instruments of a New International Economic Order, its adoption constituted an important step in the fight for economic justice by the developing countries.

19. Developing countries should continue efforts for the endorsement of the whole Declaration by all the developed countries.

20. In conclusion, the Group of Experts recommended the following proposals for implementation of the Lima decisions for consideration by the Ministerial meeting scheduled to precede the Seventh Special Session of the General Assembly:

- (i) Re-affirming the importance of industrialization as an instrument for attaining the social and economic development targets, especially, the meeting of the social needs of the people and the gradual move towards self-reliance;
- (ii) Endorsing the Lima decisions as a means for acting within a Specific Sector on the principles of the new international economic order;
- (iii) Endorsing the Lima recommendations for the reconstructing of the world industry, the 25 per cent target for the share of the developing countries, appropriate economic policies, a permanent system for consultations at international, regional and sectoral levels, and calling for their effective application through the United Nations, particularly UNIDO;
- (iv) Requesting that the necessary resources be earmarked for the implementation of these recommendations;
- (v) Given that industry is to be developed in close relationship with the other branches of the economy within integrated

development prospects, recommending that a similar approach be adopted through the United Nations system for the other sectors of the economy as a whole.

21. The Group of African Experts also endorsed the priority areas for action recommended by the follow-up Committee on Industrialization in Africa. These were the following:

- (i) Identification, formulation and promotion of large-scale export industries based on African natural resources, notably iron and steel, chemicals and fertilizers, agriculture based and engineering industries;
- (ii) Identification, formulation and promotion of large-scale multinational industries, so as to intensify import-substitution industrialization;
- (iii) Preparation and promotion of industrial programmes and projects that could be implemented within the framework of schemes for redeploing industries;
- (iv) Promotion of viable import-substituting and export-promoting small-scale and medium-scale industries for consumption goods and the processing of African raw materials for implementation, in particular in the least developed countries.

22. The Group of African Experts also endorsed the recommendations of the follow-up Committee on:

- (i) Initiation and intensification of multilateral consultations on multinational industries; and, to achieve this objective, launching at the earliest possible date of the regional project; "Multinational Industrial Co-operation in the Africa Region" as recommended at the first meeting of the Follow-up Committee on Industrialization in Africa;

(ii) Promotion of the establishment of producers' associations on product-by-product basis and in this connexion the creation of an African Centre for Iron and Steel Industry.

23. Once these institutions are established close working relationship should exist between them, UNIDO, and the ECA as well as other relevant United Nations Specialised Agencies.

C. Commodities and Trade

24. The Group of African experts noted that the International Development Strategy for the Second Development Decade set a target of somewhat less than 7 per cent annual growth in imports and somewhat more than 7 per cent annual growth in exports. It called for the review and strengthening of commodity agreements already in existence and for the conclusion of new agreements for commodities not yet covered. Africa's Strategy for Development in the 1970s underscored the need for international policies to secure remunerative, equitable and stable prices for primary commodities, improved access to the markets of the developed countries, the diversification and expansion of trade in manufactures and semi-manufactures by African countries, and joint African positions in all international bodies in which problems affecting trade were discussed. The Declaration and Programme of Action on the Establishment of a New International Economic Order reaffirmed the need for producers' associations and an equitable relationship between the prices of developing countries' exports and imports. It also reaffirmed the need for improved access to markets in developed countries, commodity agreements, pricing policies, compensatory financing, buffer stocks, and improvements in the generalized system of preferences.

25. In spite of these recommendations, subsequent action in the international sphere has been disappointing. For example, although high hopes were held by African countries for positive results of UNCTAD III, it is now acknowledged that this Conference achieved little so far as African commodities and trade are concerned.

26. The Group of African Experts noted that about one quarter of the measured resources of the African region are derived from trade. It also noted that Africa's problems in the field of trade stem from two basic economic realities: an overdependence on

primary commodity exports, and an over-orientation of trade towards the developed market economies of the West. Primary products, including petroleum, account for 92 per cent of African exports; roughly 80 per cent of these were go to the developed market economies. With the exception of a few key commodities such as cocoa beans, palm kernels and oil, sisal, groundnuts and oil, coffee, diamonds, phosphate rock, manganese, and copper, African countries play a generally insignificant role in world trade.

27. In view of this generally insignificant role and in continuation of efforts which have already begun in the African region, African countries should continue their strong support for the establishment of more associations of primary producing countries as a means of increasing Africa's bargaining power, of supporting the prices of primary products without relying on the agreement of importing countries, and of achieving stable financing for African development. Other aims of producers' associations are to co-ordinate research on technical and economic aspects of production, processing, and marketing of African commodities; to promote the establishment of industrial activity in Africa based on the upgrading of raw materials, to promote the consumption of African commodities in traditional and new markets; and to co-ordinate standards of quality so as to facilitate international marketing. Developed countries should refrain from applying economic and political measures that would limit the effectiveness of producers' associations.

28. A second approach to supporting prices of primary commodities at just and remunerative levels is the unified system of international commodity stocks sponsored by UNCTAD. African governments should support the establishment of such buffer stocks for commodities of export interest to developing countries. With respect to financing the buffer stocks, African countries should support both the recent proposals of UNCTAD to obtain finance from importing as well as exporting countries and the decision of African Ministers at Dakar to set up a special fund of contributions from the Third World.

These two proposals are not mutually exclusive. Developing countries should use their own proposal to finance buffer stocks as a bargaining lever to ensure that the list of commodities in UNCTAD's programme and the intervention prices set for these commodities are satisfactory to developing countries.

29. Compensatory financing is a third approach to commodity stabilization, in particular, for the stabilization of export earnings. Two such schemes - the IMF scheme and the EEC scheme (which forms part of the Lome Convention) - are already operating. The EEC scheme is a significant step forward. African countries should attempt to negotiate schemes at least as good as this scheme with their other major trading partners in the developed world. Unfortunately, the IMF scheme has not met the aspirations of the developing countries since it is operated in line with the general procedures and practices of IMF. African countries should request IMF to broaden the scope of its facility, to make compensatory financing available irrespective of whether a country is in overall balance-of-payments difficulties, unrestricted by IMF quotas, and not subject to a repayment in its entirety in the relatively short period of five years.

30. The indexation of the prices of African exports to the prices of their imports within an integrated commodity scheme is a fourth way not only of stabilizing export earnings but also of bringing about a just and equitable relationship between the prices of primary commodities and the prices of semi-manufactured and manufactured goods. In line with decisions taken at other forums in the third world, African countries should pursue the idea of indexation as a means of improving their terms of trade, increasing their purchasing power, and generally protecting their interests in the field of commodity trade.

31. In view of the fact that the marketing and distribution of Africa's primary commodities are still overshadowed by large, increasingly transnational and multicommodity corporations controlled

by interests in the developed countries, African countries should explore ways and means of increasing their control over the marketing and distribution of their own commodities with a view to increasing their returns from the production and export of these commodities.

32. In view of the over-dependence of African countries on commodity exports, African countries should take immediate measures to accelerate the growth and diversification of their export trade in manufactures and semi-manufactures and in processed and semi-processed products. They should attempt to negotiate preferential trade agreements with their major trading partners at least as good as the Lome Convention, with particular emphasis on greater product coverage, higher ceilings, larger degrees of preference, and expanded preferential tariff quotas for their industrial exports. In the multilateral trade negotiations under GATT, they should press for substantial improvements in the trading conditions for developing countries, including the relaxation of tariff and non-tariff barriers to trade. The developed countries should be called upon to fulfill their commitments to promote the exports of developing countries both to markets in the developing and the developed world.

38. The generalized systems of preferences implemented by the developed countries should be improved. Unfortunately, those schemes already in operation tend to be limited in application by political strings, small product coverage, ceilings, quotas, and other restrictions. African countries should request developed countries to remove such restrictions, not to discriminate between developing countries, and to enlarge the product coverage so as to include all agricultural and industrial products of export interest to the developing countries at zero rates of duty.

34. Successful diversification of exports into industrial products sold in new markets will depend to a considerable extent on successful expansion of intra-African trade, especially for the least developed

and land-locked countries in Africa. In view of the present lack of complementarity between the exports of African countries, countries should specialize in the production of specific industrial commodities. Infrastructural and institutional facilities should be expanded, including the establishment of regional clearing-house agreements to reduce the need to trade in hard currencies. Special attention should be paid to the quality of products produced and exported by African countries in view of competition from developed countries. Liberalization of trade between African countries should be considered insofar as this does not contravene African obligations under GATT.

35. African countries should try to expand trade with Socialist countries, both in Eastern Europe and elsewhere, in view of market prospects in these countries and in view of the fact that the development of these countries has reached such a stage that they can meaningfully contribute to the development of countries in the Third World. African countries should take full advantage of the multilateralization of payments adopted by the Council for Mutual Economic Co-operation (CMEA). Socialist countries should endeavour to meet the development requirements of developing countries.

D. Transfer of Resources

36. The African countries are deeply disappointed that the developed countries have not lived up to their obligations and commitment to transfer to the developing countries the net volume of resources equivalent to one per cent of their GNP. In fact the ratio of official development assistance has declined from 0.34 per cent in 1970 to 0.29 per cent in 1973 compared with the set target 0.7 per cent.

37. As a result of the economic crises of 1973 - 1974 caused mainly by spiralling inflation in the advanced market economy countries coupled with wildy fluctuating primary commodity prices, economic conditions in developing countries have worsened. The gravity of the situation was underlined by the Sixth Special Session of the United Nations General Assembly. By resolution 3202 (SVI) the United Nations Secretary General was authorized to organize emergency assistance to the most seriously affected countries. As many as 34 countries of which 26 are African were identified during 1974 for purposes of disbursements emergency aid.

38. In spite of the disenchantment with the meagre efforts of the developed countries the African countries wish however to associate themselves completely with all the genuine efforts being made to increase the flow of resources to the developing countries. The group of 77 has set 1978 as the date for reaching the one per cent target within which official development assistance should reach 0.7 per cent and of which 80 per cent should be in the form of outright grants.

39. It is recognized that the volume and the value of resources put at the disposal of both the multilateral and bilateral aid mechanisms have been eroded by inflation and that the present distribution of international liquidity favours the developed countries. Developed countries are therefore strongly urged to support measures aimed at increasing the paid up capital of the IBRD and its raising of funds in the capital markets. Special attention should be given to increasing the resources of the International Development Association which lends to developing countries on soft terms.

40. Although there is already too much liquidity in the international monetary system the share of the developing countries is very small. The African countries therefore strongly support the idea of linking any further creation of SDRs to increasing the transfer of resources for development to developing countries. They further support all efforts to achieve revaluation at market prices of the IMF's gold stocks currently standing at US \$6,000 millions and the use the profits accruing therefrom for subsidizing interest on borrowings by the developing countries.

41. Among the developing countries themselves effort should be made to achieve a distribution of the transfer of resources especially with regards to borrowing on soft terms on the basis of the criteria used to identify the most seriously affected countries. Such arrangements would help to reduce the burden of debt servicing. Attempts to allocate the greater proportion of such resources to the least developed countries should be endorsed. The middle-level countries which would have to give up their right to claim such resources should have access to the "third window" category of resources loanable at no more than 4 per cent interest per annum. Creation of the "third window" should therefore be strongly supported. The developed countries are urged to contribute for the "third window" and to make available funds for subsidizing interest rates on borrowings by the middle level developing countries.

42. Stronger measures for alleviating the burden of debt servicing, including negotiations to reschedule or even to cancel altogether debt contracted on hard terms should be fully accepted by the developed countries. The former colonial powers should altogether cancel all public and private debt contracted during the colonial period, in the default of which the developing countries concerned would consider such debts null and void.

43. Significant contribution has been made by multilateral agencies in the distribution and transfer of resources. During 1974 when the most seriously affected countries faced serious balance of payments problems, it was notable that the IMF, efficiently and expeditiously filled the immediate needs of this group of countries while assistance

from bilateral sources operating under national legal frameworks was received with varying time-lags. Disbursement of more aid through multilateral institutions should therefore be supported. It would also reduce arising from tied aid and fears of involvement in the domestic affairs of a recipient country by a donor country.

44. Every possible measure should be taken to increase the absorptive capacity of developing countries to make meaningful use of transferred resources in accordance with each developing country's development objectives and targets. The developing countries are urged to ensure even a better economic climate for receiving the transferred resources. The developed countries are in a position to contribute to these efforts by allowing more local cost financing in their aid programmes. Many developing countries' capacity to make use of foreign aid is often limited by their inability to raise the local costs component of foreign financed projects. Technical and managerial skills should also be provided to the least developed countries.

45. The developed countries should also demonstrate greater good will by helping in the surveillance of the appropriateness of foreign private investment originating in their territories. This is most desirable in cases where foreign private investment is guaranteed by public institutions in their country of origin. The developed countries should also co-operate in seeing that such foreign private investments contribute to the objectives and targets of development and that they do not infringe on the sovereignty of developing countries.

#### E. The International Monetary System

46. A reformed international monetary system is an important pillar in the structure of the New International Economic Order. African Governments are therefore disturbed by the relative lack of progress towards making the system more democratic allowing all countries to benefit equally and to play a useful and constructive role in the workings of the system. It is strongly urged that the on-going work

and negotiations in various organizations and institutionalized groups should end without any further delay in a package that is fair and equitable to all.

47. In as much as recourse to exchange rate adjustment is the approach to the balance of payments adjustment process that is least damaging to international trade, including the trade of developing countries, the reformed international monetary system should be based upon stable but adjustable par values and equipped with intervention and convertibility arrangements which do not belong to widespread floating. Developed countries should consequently accept the need not to have recourse to domestic demand deflation or excessive import restraints.

48. Because of the usefulness of the IMF Oil Facility in helping a number of African countries in alleviating the financing of their balance of payment deficit in 1974, the recent establishment of the Extended Oil Facility is welcomed; so is the proposed establishment later in 1975 of the interest subsidy account which should enable the most seriously affected countries to use the 1975 oil facility. The continued operation of these together with the OECD Financial Support Fund and all other multilateral and bilateral arrangements with oil producers is strongly urged. They should enable the industrial countries to avoid trade and capital investment restrictions and/or deflation and assist developing countries in adjusting to changed world economic conditions. In view of the prospects of substantial payments deficit for many developing countries, the criteria governing access to the 1975 Oil facility should in particular be further liberalized to facilitate the adjustment process of developing countries which are heavily dependent on imported energy.

49. Recent events have confirmed the danger of using national currencies as international reserve assets. Fluctuations in the value of reserve currencies and the increasing costs of procuring gold as the ultimate asset into which reserve currencies can be converted

have demonstrated the need for an asset which is free of such handicaps. The use of SDR's as the standard international currency with a basket of currencies adopted as the basis of its valuation is therefore fully supported but should be reviewed periodically. The role of gold and existing reserve currencies should be gradually reduced. The value and yield of SDR's as suggested by the Interim Committee should be made more attractive pending the final provisions of international monetary reform.

50. African governments are of the firm convictions that the creation of SDR's should be linked to the liquidity and development needs of developing countries and urge that an immediate decision on this be reached. In this connexion, the achievement of the three objectives rightly emphasized by the Committee on 20 is endorsed. These are: minimum risk of adversely affecting other aid transfers, minimum overall cost of SDR transfers, and maximum assurance that the allocations will adequately reflect relative needs of developing countries.

51. It is the position of African Governments that gold holdings of the IMF should now be used to bring about a more equitable distribution of international liquidity. IMF gold holdings should indeed be revalued at prevailing market prices and the profits used for long-term loans to developing countries and/or subsidizing interest on loans to them.

52. Under the Old Bretton Woods system, the creation of international liquidity depended largely on balance of payments deficits in those countries whose currencies acted as international reserves. Other countries had little or no say in the creation of international liquidity. The efforts of the Interim Committee to invest global control of liquidity in the whole international community acting through the IMF in order to avoid uncontrolled liquidity creation is therefore strongly supported.

53. On the question of the role of the International Monetary Fund it is to be noted that the world has changed quite considerably since the International Monetary Fund was created. The Fund should cease to be the monopoly of the developed countries which created it. There is urgent need to bring about the concept of greater universality and in particular a fair and equitable voting system to ensure the effective participation of developing countries in the international decision-making process in monetary and financial fields.

54. In this connexion, while the strong representation of the developing countries in the Interim Committee and the Development Committee is welcome, it is firmly believed that to bring about the effective participation of the developing countries in the international decision-making process in monetary and financial fields, amendments must be made in the Articles of Agreement of IMF. In this regard, the proposal to amend the Articles of Agreement so that the quotas can be increased and the shares of the major oil exporters doubled while the shares of the other developing countries remain unaltered and so that the 25 per cent gold requirements in quotas no longer be obligatory is welcome.

55. The proposal to transform the Interim Committee into a permanent Council responsible for the management of the affairs of the Fund is also welcome. However, since the original concept was that the Council would be established as an integral part of a reformed international monetary system, its establishment should be upheld while negotiations proceed and to allow the Interim Committee to gain experience. The existing strong representation of the developing countries in the Committee, should, of course, be retained when the Council is established.

56. The Group of African Governors in the IMF and the World Bank should continue to support the Interim Committee's efforts to increase IMF resources by 70 to 100 per cent in order to meet the needs of deficit countries and guarantee that any quota increases thus made necessary and the resources so raised are put at the disposal of all members through effective participation in decision-making, and the calculation

of quotas adopted to the new economic and political realities reflecting the principles and concepts incorporated in the Declaration on the establishment of the New International Economic Order.

F. Transfer of Technology

56. The Group of African Experts noted that the Programme of Action on the establishment of a New International Economic Order provided for an effort to formulate an international code of conduct for the transfer of technology, access on improved terms to modern technology adapted to commodities in developing countries, increased assistance from developed to developing countries in research and development programmes and in the creation of indigenous technology, commercial practices governing transfer of technology adapted to the requirements of the developing countries and the promotion of international co-operation in the field of energy. The special needs of the least developed and land-locked countries were to be borne in mind in taking these measures.

57. There has been a great demand for technology in Africa, particularly in the following fields: surveys and development of natural resources, modern processes of production, transport, and infrastructural facilities. In line with these demands, much technology has been transferred to Africa in the post World War II period, but there are at least two reasons why receiving countries have not fully benefited from this transfer, why the cost of technology in the form of patents, property rights, and trade marks has been too high. First, the technology which has been transferred has not been well adapted to economic realities in African countries. Secondly, the market for technology is dominated by transnational corporations. Basically, it is not in the interest of the developed countries to transfer technology more cheaply; their dominant position in the old international economic order is maintained in part by their control over the most up-to-date technology.

58. In view of the frequent unsuitability of imported technology and the consequent need to adapt such technology to the economic realities in African countries, African countries should recommend the establishment of an African centre for the design, adaptation, and transfer of industrial and agricultural technology. This centre should be responsible for:

- (i) the collection and centralization of information on that technology which already exists;
- (ii) the establishment of subregional research and training institutes on the transfer of technology;
- (iii) the strengthening of already existing technology in African countries;
- (iv) the transfer of technology among African countries from those which have already attained a higher level of technology capability.

Already existing national centres for the transfer of technology should be open to students from other African countries. African countries should co-operate in order to increase their capacity to absorb and make meaningful use of science and technology, especially in areas such as the above where significant economies can be realized.

59. In view of the domination of the market for technology by transnational corporations, African countries should request technical assistance from the UN system and/or other developing countries, within the framework of co-operation among developing countries, in negotiating with these providers of technology. In the settlement of disputes between transnational corporations and host countries over the provision of technology, African countries should set up their own court of arbitration to represent their own interests. Presently constituted international courts tend to be dominated by and represent the interests of the developed countries.

60. The Programme of Action on the Establishment of a New International Economic Order called for the formulation of an international code of conduct for the transfer of technology so as to facilitate the transfer of technology on more reasonable terms. African countries should continue to support the subsequent activities of UNCTAD in conjunction with other international agencies to formulate and implement such a code based on the following principles:

- (1) that suppliers should treat all receivers of technology equally;
- (2) that problems with respect to factor intensity should be corrected by guaranteeing to receivers the suitability of the technology transferred, a continued supply of information on improvements in the technology concerned during the period of the agreement, and provision of assistance in developing local technological capacity;
- (3) that monopoly rights granted to a patent holder to restrict the export of goods to other markets where the patent holder has similar operations should be waived;
- (4) that adequate training should be provided with a view to taking over management at the end of the agreement period.

61. There is urgent need to formulate national and international policies to ameliorate the reverse transfer of technology, otherwise known as the "brain drain", since this outflow of qualified personnel seriously hampers the development of African countries. Developed countries should refrain from policies which encourage this outflow of personnel. African countries should pursue more effective manpower policies on both a national and a regional level to encourage such personnel to stay and work in Africa.

G. Transnational Corporations

62. While foreign private investment and vehicles instrumental in carrying it out such as transnational corporations are generally welcome in Africa as well as in the rest of the developing world, it is fully recognized that **many** aspects of their activities have run counter to the development strategies and objectives of developing countries.

63. The measures outlined by the African Countries in the context of the recommendations of the Group of 77 1/ and the Lima Declaration by Non-aligned Nations on Foreign Private Investment 2/ indicate the extent of the malpractices of the multinationals and also amply demonstrate the concern with which these problems are viewed.

64. A consolidated spectrum of the recommendations suggests a Code of Conduct for transnational corporations which should be formulated, adopted and implemented without delay to allow for overall surveillance of the operations of these corporations. The principles governing the Code should include:

- (i) compliance with, and respect for, the laws and regulations of the host country, and in case of dispute, be submitted to the exclusive jurisdiction of the law and courts of the country in which they operate;
- (ii) The host country has the right and privilege to rationalize the corporates' concerns if this should be considered the country's best alternative of exercising sovereignty over its natural and other resources;
- (iii) Allowance or encouragement of the participation of local capital in the corporates' ventures;
- (iv) Non-interference whatsoever in the domestic affairs-political or otherwise of the host countries and must not serve directly or indirectly the political objectives of other states or be the instrument of any kind of coercion, overt or covert, or practice discriminatory policies against any other independent African States.

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1/ Ecosoc document E/5693 or E/C.9/7/(Annex IX) of 25 June 1975.

2/ Report of the Committee of Experts of the Non-aligned Countries on Private Investment Lima, Peru. 8-11 July 1975.

- (v) Refraining from involving other States, in particular the corporates' States of origin in disputes that right arise between these corporations and the host States;
- (vi) Elimination of restructive and dishonest business practices such as have frequently been noted in the marketing and distribution of Africa's renewable resources and many other primary commodities. In this regard also, these corporations must refrain from monopolistic as well as monopsonistic practices, and from production trade and other malpractices and conspiracies with other transnationals in instances that might involve transfer pricing, under or over invoicing.
- (vii) Regulations ensuring that the transnationals conduct their operations in such a way as to benefit and make a net contribution to the resources of the host country including the promotion of re-investment of a large portion of the profits. In this connexion also they must conform their activities to those of the national development plans, programmes, or any other priorities of the host State;
- (viii) Guidelines for providing and making available to the host State all information concerning the transnationals' operations, in particular their accounts books, and financial relations with the host State as well as with their headquarters;
- (ix) Ensuring that the corporations contribute to the transfer of technology, managerial and other related facilities to host countries in particular in the fields of survey of underground resources, modern techniques of production, transport, infrastructure and research. Due consideration should however be given that where turn-key operations can be avoided, a policy of labour intensive production if it proves efficient should be pursued; and,
- (x) Ensuring that the transnationals should respect the social, cultural identity, values and norms of the host States.

65. Delegates welcomed the establishment of the United Nations Commission on Transnational Corporations and the Information Centre on Transnational Corporations both of which would facilitate the observance of the proposed Code.

H. Transport and Telecommunications

66. Africa lacks the basic infrastructure necessary for its development particularly transport and telecommunications infrastructure. The Group of African Experts noted that available data suggest an average growth rate of 5 per cent a year in the transport sector between 1970 and 1972, the major growth points being air and road transport. At the national level, countries are building a network of farm-to-market roads; and the African Highway Bureau is promoting road systems for each of the subregions by providing links between existing highways. Notwithstanding these developments, African countries recognize the fact that much has still to be done by them particularly in implementing decisions taken at different forums concerning the establishment of multinational African transport ventures. The African countries should intensify their efforts to implement the resolutions they have adopted and seek specific commitments to identified African projects in the field of Transport.

67. In the field of shipping, African countries should promote the development of multinational shipping lines. The International organizations should assist African countries in preparing basic studies and negotiating financing of this venture. The international financial institutions and the developed countries should assist African countries through the provision of soft loans and the liberalization of terms of credit for the acquisition of ships.

68. Due to the fact that 16 out of 25 least developed countries are in Africa, as well as 13 land-locked countries, the International Community should give special consideration for requests to develop ports and terminal facilities for African countries.

69. The Developed countries and International Organizations should take full cognizance of the desire of African countries to establish links between their railways and highways. In this respect they should make available to African countries technical and financial assistance to achieve this goal.

70. Training of cadres at the various level in the field of Transport and Telecommunications is one of the major bottlenecks in the Development of African countries' efforts in this field. The Developed countries and International Community should assist African countries in improving and expanding the existing training facilities as well as establish new institutions.

71. The International Community should also assist African countries technically and financially to achieve standardization of their transport and telecommunication equipment with a view to facilitate links between the national networks. In this respect African countries are also determined to establish their own spares and automotive parts capacity and expect the Developed countries and the UN system to assist them in this respect.

72. In the field of Telecommunications the African countries have already prepared their Pan African Telecommunication Network with the assistance of ITU. Many Sectors of this network have not been implemented due to the lack of technical and financial assistance from international organizations and the Developed countries. The African countries consider this an important aspect of their Development and consequently request the International Community's support and Assistance.

73. The creation of an African highway network has already achieved commendable progress through the efforts of the African countries and the Assistance of some donor countries. Many sectors of the trans-African highway lack the necessary financing. Among these the trans-Sahara highway and the Sahalian highway are of crucial importance for alleviating some of the difficulties faced by many countries which were recently affected by severe droughts and food shortages. The International Community should assist African countries in implementing the Trans-African highway. The UN system is particularly called upon to assist in the technical and feasibility studies as well as the financing of the highway.

Developed countries are requested to consider the trans-African highway as a whole and to assist in financing the implementation of all sectors on the basis of the priority established by the African countries.

74. The International Community should assist African countries in the establishment of Airport terminals and servicing facilities as well as the encouragement of a Pan African Air Freight transport organization. This is deemed necessary to the Development of Inter-African trade and to alleviating the difficulties of the land-locked Countries.

75. Due to the difficulties encountered by many African Countries in the establishment of their own national transport facilities, developed countries should give special consideration for requests from African countries in this respect, particularly in the field of Maritime transport through the liberalization of Credit Conditions and other long-term arrangements.

76. In the field of Insurance and Reinsurance, African countries call upon the developed countries and International Organizations to assist them in the provision of training of cadres at all levels and the organization of Insurance markets in African countries. The International Community is also called upon to assist African countries in the establishment of a Pan African Reinsurance Institution; such an Institution has already been undertaken by some African countries under the sponsorship of the ADB. The International Community is also requested to support the Activities of the International Insurance training institute with a view to allow it to service as many African countries as possible.

77. Within the Context of co-operation among developing countries, it has already been decided to assist least developed and land-locked countries in their development efforts particularly in the field of infrastructure. In this respect the African countries call upon the

developing countries who are able to do so to assist African countries in this effort. The Developing countries should implement on a priority basis, the two resolutions adopted by the Dakar Conference as well as other provisions adopted by them in relation to the Special needs of the least developed and land-locked countries particularly in the field of transport.

#### I Economic Co-operation

78. Co-operation among the developing countries is viewed against the long adopted commitment of African countries to strengthening their own co-operation as part of the more serious commitment to the principle that responsibility for their development rests largely on themselves.

79. The African countries stress that the urgent necessity to strive towards regional self-reliance through co-operation in all sectors, social and economic, but more specifically in the fields of finance, building infrastructure, industrialization, agriculture and agricultural research, trade and the transfer of technology.

80. The recommendations of the African countries are that:

- (i) Existing African groupings must be strengthened through fresh and concerted efforts at co-operation both at sub-regional, regional or even bilateral levels;
- (ii) Political weight must be put behind such worthy projects as the creation of an intra-African monetary, trade and payments union;
- (iii) Priority should be given to the creation of African Producers Associations akin to those of oil exporters and copper producers which would serve to enhance the development of their respective economies;
- (iv) The deliberations on African oil seeds must be revitalized so that action can be taken to strengthen and expand the basis of solidarity among the producer States;

- (v) Complementarity between Arab and African economies needs to be examined in an enhanced and sustained manner since it offers some positive opportunity for joint projects;
- (vi) Triangular co-operation between non-oil producing countries, oil producing developing countries, and the developed countries to establish significant projects with massive socio-economic impacts in the non-oil producing developing countries through a combination of petrol-dollars and the technology of the developed countries as a whole should be intensified. Support should be given to the efforts deployed by the developing countries participating in the Paris Preparatory Conference to secure the establishment of the co-operation between developed countries on one hand and the developing countries of the OPEC and the rest of the developing countries; and
- (vii) African countries should join in the efforts of the other developing countries in reactivating the awareness for the need for co-operation among developing countries and the need for assistance in this respect by the international community.

J. Least Developed, Landlocked and Island Countries

81. Special measures to assist the least developed among the developing countries have been advocated for a while in the Sessions of both the United Nations General Assembly and UNCTAD. However, there has been little tangible results in the form of appropriate institutions and resources established to meet these countries' special problems.

82. In spite of this, the African countries will continue to draw the attention of the international community to the plight of these countries, especially as 16 of the 25 countries in the United Nations membership designated as least developed are in Africa.

83. The African countries therefore call upon organizations and bodies of the United Nations System and the developed countries to intensify programmes for alleviating the critical problems of these countries. In specific terms, attention should be paid to overcoming the scarcity within these countries of indigenous technical and managerial skills, and a minimum of economic and social infrastructure

for the exploitation of the natural resources of these countries in their own interest.

84. Other measures should be directed at expanding their capacity to diversify production in industry and especially agriculture in order to bring about domestic self-sufficiency in Food supplies. Particular consideration should be given to the question of including in the general system of preferences products of export interest to these countries so that they may enhance their competitive position in world markets.

85. In concert with other developing countries, the least developed countries should promote sub-regional and regional co-operation and the developed countries should assist in this task through technical assistance and favourable financial and trade policies.

86. The substantial number of landlocked countries in Africa face special high cost transportation problems relating to their remote location from the sea. While physical accessibility to them has improved over the last ten years, cost of transporting their exports and imports have risen enormously as transport is a large consumer of both sophisticated equipment and fuel both of which have experienced astronomical price increases as a result of international inflation.

87. The African countries therefore propose that there should be close co-operation and establishment of legally binding agreements between landlocked countries and their coastal neighbours in matters of port charges and adoption of favourable tariffs on common transportation systems. To the extent possible, developed countries should give adequate assistance in the development of transport and communications serving these countries.

88. All the African countries should support the landlocked countries in requesting the urgent setting up of a Special Fund for assisting the landlocked countries.

89. The Island countries face economic problems arising from both their small size and remoteness from principal centres of economic activities. Shipping as a mode of transportation is of vital importance to their welfare, and it is in the hands of the giant-multinationals, the conference lines. The island countries are therefore, price takers so far as accepting shipping charges are concerned.

90. Strong support should therefore be given to this group of countries in improving their bargaining position vis-a-vis the Conference lines. Efforts aimed at setting up multinational shipping companies belonging to the developing countries should give adequate assistance in the form of finance and technical assistance for the realization of the venture.

K. Reform of The Structure of the United Nations System

91. Considering the urgent necessity to reform the structure of the United Nations system to meet the exigencies of development and international economic co-operation for which the document was produced, and that this question will be one of the main topics to be considered by the Seventh Special Session of the General Assembly, the Committee decided to refer it to the African Ministerial Meeting in Lima or New York. Towards that end, the Committee requests the two secretariats to submit to the African Ministerial Meeting in addition to the introductory notes, a list of proposals and recommendations which will assist African countries to reach a harmonised African position.

CM/Res.437 (XXV)

RESOLUTION ON THE NEW INTERNATIONAL ECONOMIC  
ORDER AND THE FORTHCOMING SPECIAL SESSION OF  
THE GENERAL ASSEMBLY

The Council of Ministers of the Organization of African Unity, meeting in its Twenty-Fifth Ordinary Session in Kampala, Uganda from 18 to 27 July, 1975,

Recalling the declarations and the programmes of action adopted by the fourth Conference of Heads of State or Government of Non-aligned countries, the sixth special session of the United Nations General Assembly and the Dakar Conference on Raw Materials, and the Charter of Economic Rights and Duties of States adopted at the Twenty-Ninth Session of the United Nations General Assembly,

Recalling the African Declaration on Co-operation, Development and Economic Independence,

Recalling further Resolution 256 (XII) of the Third Conference of Ministers of the ECA on an African plan for the Implementation of the Programme of Action on the Establishment of a New International Economic Order and the resolution adopted by the 3rd ECA Conference of Ministers in Nairobi,

Convinced that the responsibilities for their development rests on the African countries themselves,

Aware of the need for African countries to co-ordinate their efforts and to present a united front during the forthcoming Seventh Special Session of the United Nations General Assembly so as to secure to Africa its legitimate place in the New International Economic Order,

Equally aware of the necessity to maintain solidarity among all developing countries during the 7th Special Session of the United Nations General Assembly,

Having studied documents CM/667, CM/674 and CM/665 and the document prepared by the ECA as well as the statement of the Representative of UNIDO,

Recognizing that the question of raw material and development should be tackled in a global manner,

DECIDES:

1. to convene a meeting of experts to be serviced jointly by the OAU/ECA and ADB in collaboration with IDEP in which experts from each member country will participate in order to harmonize African view and formulate an African position on the issues before the 7th Special Session of the UN General Assembly. The meeting will take place from 13 to 16 August, 1975, in Addis Ababa;
2. that a Ministerial Meeting will follow the experts meeting from 22 and 23 August 1975 in Lima, Peru, to finalize the African position paper;
3. request the OAU/ECA and ADB to make available to the experts and the Ministers all necessary documents, with a view to enabling them to draw up a comprehensive document;
4. authorize the Administrative Secretary-General of the OAU to incur the necessary expenditure with regard to the convening of the meeting referred to in operative paragraph 1.