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SECOND COMMITTEE
7th meeting
held on
Tuesday, 6 October 1981
at 3 p.m.
New York

SUMMARY RECORD OF THE 7th MEETING

Chairman: Mr. VERCELES (Philippines)

later : Mr ter HORST (Venezuela)

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The meeting was called to order at 3.15 p.m.

TRIBUTE TO THE MEMORY OF H.E. MR. ANWAR EL SADAT

1. The CHAIRMAN said that the death of President Anwar El Sadat had been an incalculable loss not only for Egypt but also for the world in general. He requested the representative of Egypt to convey the Committee's condolences to the family of the late President and to the people and Government of Egypt.
2. On the proposal of the Chairman, the members of the Committee observed a minute of silence in tribute to the memory of H.E. Mr. Anwar El Sadat, President of the Arab Republic of Egypt.
3. Mr. MUELLER (German Democratic Republic), Mr. FAFOWORA (Nigeria) and Mr. SALLU (Sierra Leone) expressed their sorrow at the death of the President of Egypt.
4. Mr. GADEL HAK (Egypt) spoke of the distinguished contribution which the late President had made to the cause of peace, justice and development and thanked the Committee for its expression of sympathy.

ELECTION OF THE RAPPORTEUR

5. The CHAIRMAN announced that, since there were no nominations, the Committee would postpone the election of its Rapporteur.

AGENDA ITEM 72: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE (A/36/183, 261, 262, 263, 264, 265, 266, 268 and 269):

(b) SPECIAL ECONOMIC ASSISTANCE PROGRAMMES: REPORTS OF THE SECRETARY-GENERAL

6. Mr. FARAH (Under-Secretary-General for Special Political Questions and Co-ordinator, Special Economic Assistance Programmes) said that the Secretary-General had arranged for all the resolutions adopted by the General Assembly at its thirty-fourth and thirty-fifth sessions with respect to special economic assistance programmes, together with information on the urgent requirements of the countries concerned, to be transmitted to Member States, international financial organizations, and the relevant regional and intergovernmental bodies, and, where appropriate, to non-governmental and voluntary organizations. In pursuance of those resolutions, the Secretary-General would submit reports at the current session on 21 countries facing special difficulties, 8 of which were small island developing countries and 7 land-locked countries.
7. The economic situation of the small island developing countries was characterized by the following factors: small population; no possibility of developing economies of scale; a restricted resource base; dependence on a small number of export crops; the need to import a wide range of products, including energy; the need for a physical infrastructure which, although made up of the smallest units available, was too large to be fully utilized; a shortage of high-level manpower; fluctuations

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(Mr. Farah (Under-Secretary-General for Special Political Questions and Co-ordinator, Special Economic Assistance Programmes))

in the level of economic activities of a magnitude, relatively speaking, which larger countries would regard as unmanageable; and the vulnerability of the economy as a whole, because of its size, to the effects of any natural disaster. All those factors explained why simple monetary comparisons with other economies were not particularly useful, and overstated, for example, the real value of international assistance and real income levels, and why most comparisons of cost effectiveness were invalid.

8. Reviewing the existing situation in various countries, he referred first to Cape Verde and said that, in accordance with resolution 35/104, a mission had visited the country in March 1981 and had submitted a report (A/36/265). In the past two years, lack of rain had caused extensive crop failures and a food deficit of 61,000 tons, which would have to be met through imports in 1981. Furthermore, the Government's recurrent budget for 1981 would show a deficit, as would the trade balance; accordingly, private transfers and foreign aid, mainly in the form of grants, would be required. The investment budget would also have to be financed through international assistance, including the proceeds from sales of food aid. The country was facing a structural food deficit and, consequently, the Government was seeking long-term arrangements to deal with the food problem. So far, however, there had been no positive response from the international community. It was hoped that assistance towards meeting that structural deficit could be guaranteed, since there was little prospect of significantly increasing food production Cape Verde for some years.

9. A mission had also visited the Comoros, in pursuance of resolution 35/97, and its report was to be found in document A/36/268. During the past year, the international economic situation had compounded the already formidable difficulties which confronted the Comoros despite the efforts of the Government and the substantial aid received. A main preoccupation of the Government was the balance of payments; the current account deficit had been around \$1 million in 1979 and \$7,250,000 in 1980, and the forecast for 1981 indicated a further deterioration. In addition, in spite of a Government austerity programme, public expenditure had increased significantly between 1980 and 1981, and the proportion of expenditure covered by foreign aid was expected to reach 54 per cent during 1981. As accumulation of the foreign debt and the prospect of increased debt servicing were also matters for concern, additional assistance was required to complete the special programme of assistance for the Comoros.

10. The mission which had visited Sao Tome and Principe in pursuance of resolution 35/93 had also prepared a report (A/36/262). The report stated that continued drought and other difficulties had further increased the dependence on food imports, which were expected to reach 36 per cent of total imports in 1981. The most serious setback to the country's attempt to develop had been the low price of cocoa, which constituted 90 per cent of the value of the country's exports. Accordingly, export earnings had declined from \$26 million in 1979 to \$16 million in 1980. All that, together with the rising prices of imports, including petroleum, had prevented the country from financing its development programme.

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11. Tonga was a classic case of the remote small island developing economy with all that that implied, and in its case the high cost of transport was greater concern in view of its dispersed geographical structure. Over the years, the country had faced a severe balance-of-trade deficit, which had been covered by international assistance and remittances from nationals abroad. Maintenance of the investment rate could be achieved only by increased inflows of foreign capital to compensate for the steady deterioration in terms of trade. The economy was primarily agricultural, but agriculture had not been able to absorb the increases of the labour force, and there was a high unemployment rate. It was estimated that over the next two decades employment opportunities outside the agricultural sector would have to increase by 6 percent annually in order to absorb the new entrants into the labour market. Those factors had caused many Tongans to emigrate, with a resulting loss of necessary skills. Given the situation and the meagre increase in real per capita gross national product, there was a clear need for additional international assistance, and the Government was anxious to broaden its sources of assistance in order to reduce its heavy dependence on a few bilateral programmes. In particular, long-term assistance in the area of transportation improvement was urgently required. With a view to organizing and implementing an assistance programme, as requested in resolution 34/132, the Secretary-General had been in touch with the Government of Tonga to arrange for a technical mission to visit that country in the very near future.

12. As to the situation in Dominica, which was the subject of resolution 35/102, he said that a mission had visited the country in September 1981 to consult the Government. The report of the mission would be circulated in the near future. In the first half of the 1970s, the Dominican economy had experienced declining output, infrastructure had been neglected and private investment had fallen. There had been a modest recovery in output from 1975 until the end of 1978, but between August 1979 and August 1980 Dominica had been struck by three hurricanes. They had caused severe damage and had had a serious impact on agriculture, with the banana crop failing completely. In addition, heavy rainfall in April 1981 had caused further damage to roads, crops and houses. All that had occurred at a time when the Government was facing serious balance-of-payments and budget deficits. With assistance from the International Monetary Fund, the Government had undertaken a financial stabilization programme consisting of revenue measure, expenditure controls, and a phased programme to eliminate outstanding arrears. Although the fiscal outlook for 1981/82 had improved, the prospects for agriculture were not good and Dominica needed international assistance to rehabilitate and reconstruct the national road system, to organize a road maintenance and repair system, and to rehabilitate the agricultural sector and diversify agricultural production. Funding was also required for housing, education, health and water supply, and among the most urgent needs was financial support for the parastatal sector. International assistance, both bilateral and multilateral, must be provided chiefly in the form of grants or soft loans.

13. At its last session, the General Assembly had adopted resolution 35/101 on Saint Lucia and, early in September 1981, a mission had visited the country to consult with the Government; the report of the mission would be circulated shortly. During the past 20 years, Saint Lucia had succeeded in diversifying its economy by developing tourism and attracting manufacturing firms geared to

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export markets. Nevertheless, beginning in 1979, the growth rate had slowed and the stagnation of the past three years had given rise to problems of unemployment and a current account deficit which was now estimated at 40 percent of the gross domestic product. In addition, in August 1980, the country had been devastated by a hurricane which had caused direct damage estimated at \$52 million had completely destroyed the banana crop and many of the trees; the hurricane rains had caused enormous damage to the road system. Although the international community had responded with significant amounts of emergency assistance, a large part of the repairs and rehabilitation had been carried out by the Government and by parastate organizations at the expense of ongoing development projects and programmes. As a result of the extraordinary expenses which it had had to incur, the Government was now in a very difficult financial situation and assistance was urgently needed to rehabilitate and develop agriculture, to repair the road system, to rebuild and upgrade schools and hospitals to build and improve housing, particularly for low-income groups, and to complete work on the airports and docks.

14. At the request of the Government, a mission had visited Saint Vincent and the Grenadines in September 1981 to determine the Country's short-and-long-term development needs; the report of the mission would be circulating during the current session. The impressive economic growth which the country had experienced between 1975 and 1978, based on increased agricultural output, the tourist industry and the development of the small manufacturing sector, had been interrupted suddenly, in 1979, by a volcanic eruption followed, in August 1979, by heavy winds and rains associated with a hurricane. There had been another hurricane in 1980. Damage to the economy had been extensive and the banana and other fruit crops had been lost. Port facilities, public buildings, roads and utilities had also suffered damage. Although the international community had provided relief, the assistance had not been sufficient to meet immediate needs and the Government had had to divert nearly \$2 million from other programmes to help with rehabilitation. Later, massive flooding had damaged bridges, roads, watermains and port facilities. In order to recover from that series of natural disasters, notwithstanding the assistance already provided by the international community, the Government of Saint Vincent and the Grenadines would require additional assistance for a wide-ranging programme of rehabilitation and development. Nearly \$5 million would be needed for the transport sector and a similar amount to repair and extend water and sewage systems and to redevelop health facilities. Another \$7 million would be required to repair, upgrade and extend the feeder road system, to begin the development of the fisheries and to strengthen the agricultural extension services.

15. Pursuant to resolution 34/118, the Secretary-General had arranged for a mission to visit Grenada in September 1981 to consult with the Government on its most urgent requirements. Since 1978, there had been little or no growth in Grenada's domestic product. Because of the natural disasters which had struck the country, the output of bananas, cocoa and nutmeg had fallen sharply and, in 1980 and 1981 prices of Grenada's major exports had weakened and there

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had been a sharp decline in the volume of exports. In 1980, there had been a deterioration in the terms of trade: import prices had increased by over 16 percent while the index of export prices had fallen by some 9 percent. Preliminary figures for 1980 showed a trade deficit of nearly \$40 million. During the period 1975 to 1979, the Government's arrears had risen to over \$4 million. However, as a result of a major programme of financial reforms and strict control of expenditure, the regular budget had been brought into balance in 1980-1981 and in 1981-1982, and the arrears had been paid or regularized. Nevertheless, Grenada still required assistance to complete the new international airport, to repair roads damaged by various natural disasters, to rehabilitate the banana industry, to launch a housing programme, to reform the secondary school system, and to meet health-related needs.

16. Turning to Lesotho, Botswana, Mozambique, Zambia and Zimbabwe, he pointed out that those countries, together with Angola, Malawi, Swaziland and the United Republic of Tanzania, had joined together to form the Southern Africa Development Co-ordination Conference (SADCC) and that many of the reconstruction and rehabilitation projects identified in previous reports were now being included in the SADCC programme. Following the Lusaka summit conference of those nine countries, priority had been given to the improvement of transport and communication systems in the region and, in November 1980, a donor conference had been convened at Maputo to mobilize international assistance. Nearly one third of the high-priority projects identified at Maputo had received international support and were being implemented, while another one third of the projects were being considered for international assistance. Significant progress had been made on programmes to improve the ports in Mozambique and the rail and road connections between member countries of SADCC and significant funds had been provided to improve telecommunications within the region. Progress had also been made on animal health schemes and on a food security programme and an examination of the energy balance in the region had been initiated. There were still, however, a number of high-priority projects for which funding had not been arranged and it was hoped that those Governments which had not yet made commitments to SADCC programmes would do so soon.

17. Pursuant to resolution 35/96, the Secretary-General had arranged for a mission to visit Lesotho in March 1981; the report of the mission had been issued as document A/36/266. As was indicated in that report, the generous response of the international community had made it possible to complete a number of recommended projects and to reach an advanced stage of implementation on others; however, a number of projects remained in need of total or partial funding. The Secretary-General hoped that the international community would continue to provide the assistance needed to enable the Government of Lesotho to carry out the recommended programme since that would accelerate Lesotho's development and make it less vulnerable to external economic pressures.

18. As members of the Committee would recall, Botswana, Mozambique and Zambia had been the three front-line States most affected by the application of mandatory sanctions against the illegal regime in Southern Rhodesia and by the

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latter's cross-border raids, which had particularly affected Zambia and Mozambique. The independence of Zimbabwe now provided an opportunity for normal development in the region and for those three countries to recover from the disruption, the effects of which had lasted for nearly 15 years.

19. Pursuant to resolution 35/98 a mission had visited Botswana in March 1981 and its report had been issued as document A/36/264. The report noted that 13 of the 16 projects recommended in the special assistance programme for Botswana had been implemented and that progress had been made on the three remaining projects. Additional funding was required to complete three projects which the Government considered to be strategically important for the future development of the country. Progress had been made on projects to strengthen transport and communication links between Botswana and Zimbabwe; however, much remained to be done for the economic rehabilitation of the border areas which had been severely affected by the recent war, and additional international assistance was required for that purpose. In that connection, he drew attention to those projects which were not of a regional nature and which still required external assistance.

20. Mozambique's economic difficulties which were the subject of resolution 35/99 had resulted from the application of sanctions against the illegal regime in Southern Rhodesia and from the damage inflicted in Mozambique by the forces of that regime. Those factors, combined with an uninterrupted series of natural disasters, had caused severe economic disruptions and had obstructed all efforts at normal development. Fortunately, there had been no such tragedies during 1981 and that fact, together with the independence of Zimbabwe, had enabled Mozambique to make significant progress. Agricultural production had increased in 1980 and the prospects for 1981 were encouraging. Output in other important sectors had also increased between 1979 and 1980 and was projected to increase further in 1981 and export figures in 1980 were up 40 percent from 1979. The Government estimated that it had been able to implement 78.5 percent of its State investment programme for 1980.

21. But despite that improvement the country continued to face serious economic problems, of which the most pressing was the shortage of foreign exchange. Mozambique also continued to require food aid. Taking into account known food pledges and commercial purchases, the uncovered food deficit for the period May 1981 to May 1982 amounted to 95,500 tons of wheat, 51,740 tons of maize and 67,800 tons of rice. Given the shortage of foreign exchange, it was to be hoped that the international community would provide additional food assistance. Furthermore, the transit traffic sector had not experienced the increase in traffic expected after Zimbabwe's independence. In the first quarter of 1981 there had been a reduction in the volume of traffic compared to the same period in 1980 and 1979. That emphasized not only the need for further assistance to help Mozambique improve its railways and ports, but also the need for additional international assistance to Zimbabwe, Zambia and other countries in the region to help them overcome the transport and communications bottlenecks which were preventing an increased flow of traffic through Mozambique and the re-establishment of normal traffic throughout the region.

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22. With respect to Zambia, he observed that in accordance with General Assembly resolution 35/94, a mission had visited that country in June 1981. Its report would soon be issued. As a result of the stabilization programme carried out by Zambia in 1978 and 1979, there had been an improvement in the Government's deficit and balance-of-payments position, and inflation and external payments arrears had been reduced. Nevertheless, the programme had proved costly in terms of development. Over the past five years, the gross domestic product had declined on the average by more than 1 percent each year. There had been no growth in manufacturing employment, production from mines had stagnated and the level of construction activity had fallen markedly, as had imports.

23. The level of external assistance had been low during 1980, and between April 1980 and May 1981 Zambia's economy had begun to show signs of slipping back towards the situation prevailing in early 1978, with an accentuation of the balance-of-payments deficit and the Government deficit and further arrears on external payments. Even so, the foundations for economic recovery established during the stabilization programme appeared sound, and in 1980 an agreement had been negotiated with the International Monetary Fund on the provision of resources to restore economic growth. A three-year investment plan aimed at modernizing the existing economic structure had been drawn up also. It was expected that 70 percent of that investment would be financed through grants and soft loans, since the Zambian economy was not in a position to service inflows of funds on commercial terms.

24. In accordance with resolution 35/100 a Mission had visited Zimbabwe from 11 to 18 June 1981, and would soon issue its report. The results of the mission indicated that significant progress had taken place during the year. In March 1981 the Government had organized the Zimbabwe Conference on Reconstruction and Development, at which its assistance needs for the period 1981-1984 had been presented to the international community. The Government had estimated those needs at \$1.9 billion, and at the Conference some \$1.4 billion had been pledged, of which \$335 million had been in grants, \$971 million in soft loans and \$66 million in commercial loans. The Conference could thus be considered to have been successful in mobilizing aid for Zimbabwe, although an additional \$490 million was needed to carry out the reconstruction and rural development programme, and another \$470 million would have to be found to cover the foreign exchange requirements of the programme for the infrastructure and the modern sector. In view of that fact, the Secretary-General trusted that countries which had not yet done so would pledge assistance to meet Zimbabwe's needs.

25. In response to General Assembly resolution 35/88 a mission had visited Benin in May 1981. Its report was contained in document A/36/269. Benin's economic problems, which arose from the weak and under-developed state of its physical and social infrastructure, its lack of financial and material resources and its high degree of dependence on a few export crops, had been exacerbated by drought and a marked deterioration in its terms of trade. The programme recommended for Benin was aimed at strengthening the country's physical and

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social infrastructure and its modest but growing industrial sector. The additional international assistance required was needed for urgent infrastructure and development projects, costing some \$64 million, while a larger amount was required for medium-and long-term development. In the humanitarian sphere, some \$3 million was needed for health programmes, and the Government was requesting food assistance to the value of \$17.8 million.

26. The report of the mission which the Secretary-General had sent to the Central African Republic pursuant to General Assembly resolution 35/87 had been issued in document A/36/183. That land-locked country was among those most seriously affected by the current world economic crisis and was in a state of acute financial distress. The Government was unable to embark on a programme of reconstruction and development because it lacked the funds to provide the population with adequate health, education and other essential services, and it required financial assistance to keep its basic administrative services running. There was an acute shortage of medicines, and of schools and teaching materials, while many rural communities were unable to market their products owing to the poor state of the road system. There had been an increasing current account deficit on the balance of payments and the recent drought would mean that the 1981 output of coffee and cotton would be smaller than the year before. Although the United Nations specialized agencies and organizations were providing as much economic, humanitarian and other assistance as they could and although there was also some bilateral assistance, the needs of the Central Africa Republic greatly exceeded the assistance received to date.

27. In response to General Assembly resolution 35/92, the Secretary-General had sent a mission to Chad to assess the humanitarian assistance required as a matter of urgency. In addition, the Secretary-General would send another mission to Chad in October to hold talks with the Government on development and reconstruction needs. The mission that had already visited Chad had drafted a report, contained in document A/36/261, which described the damage suffered at N'Djadema, where many buildings had been destroyed and the supply of electricity and water was irregular and inadequate. There were no telecommunications within the country or with the outside world, while health and administrative services had ceased to function. Although priority had been given to humanitarian assistance, relief operations would thus be hampered unless assistance were soon forthcoming to improve transport and communications. Chad's immediate needs had been brought to the attention of Member States and relevant governmental and non-governmental organizations, and the Secretary-General had appealed for prompt and generous assistance in accordance with the mission's recommendations. As requested in resolution 35/92, arrangements had been made for the United Nations Development Programme's Resident Representative in Chad (when appointed) to be designated as the special representative of the Secretary-General for the co-ordination of emergency relief operations.

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28. Djibouti, with which General Assembly resolution 35/106 was concerned, had been faced with grave economic problems since independence due to the lack of natural resources, its negligible volume of exports, and the need to import almost all essentials including food. Those problems had been exacerbated by a sharp decline in the country's foreign exchange earnings from the operation of its port, and by an influx of refugees from neighbouring areas which had been estimated at 15 percent of the total population. The severe drought experienced by Djibouti over the past three years had had disastrous consequences for a third of the rural population, particularly the nomadic groups, which had lost most of their livestock.

29. Djibouti had received assistance from the United Nations High Commissioner for Refugees and other United Nations organizations, as well as through bilateral and voluntary contributions, to help the Government in providing emergency relief to refugees and the victims of natural disasters. A mission had visited Djibouti from 13 to 19 September and, while recognizing the massive difficulties which existed, had noted significant signs of progress over the past year. Priority was being given to social and economic development projects to guarantee all sectors the enjoyment of their social, economic and political rights, but the Government needed the support of the international community. Pledges in grants and loans totalled more than \$100 million. Of the programme for special economic assistance, 30 projects (not including technical assistance projects) had been funded and had either been completed or were about to be completed. An additional 20 projects still required funding.

30. Equatorial Guinea, which had emerged from the previous regime with its economic and administrative structure almost entirely destroyed, was nevertheless favoured in many ways, but it would take some time for the Government to restore confidence and re-establish the essential administrative infrastructure necessary for economic growth. In the meantime massive assistance was needed. The mission sent by the Secretary General to Equatorial Guinea from 21 to 26 September had found that the situation gave cause for concern, with the large balance-of-payments deficit and a very serious decline in production of cocoa and coffee, to a point at which the coffee production had fallen from 8,000 tons in 1967 to 150 tons in 1980.

31. The Government was taking steps to improve the essential data base and to formulate a cohesive set of priorities. A list of development priorities had been published which covered all sectors and the Government intended to submit it to the donors conference planned for March 1982. It was intended to conduct a population census in late 1982. Of the 57 projects identified in the earlier report of the Secretary General (A/35/447 and add. 1), 5 had been funded or withdrawn, 9 were partially funded and no funding had been provided for 17 others. A further 26 projects had been modified and would be included among those submitted at the donors' conference.

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32. In pursuance of resolution 35/95, the Secretary General had in April 1981 sent a mission to Guinea-Bissau and its report was contained in Document A/36/263. The drought had continued in 1980 and 1981 and caused a food grain deficit of 89,000 tons which would have to be met by imports. Moreover, despite the steps taken by the Government, the gap between public revenue and expenditure was continuing to grow and there was a recurring structural deficit that had to be covered by borrowing from the National Bank. In 1980 exports had amounted to only \$11 million, while imports had totalled \$60 million. The foreign debt had risen and arrears had continued to accumulate. The Government had found it practically impossible to continue rehabilitation and development projects and the investment budget was almost totally funded by external assistance. In order to meet its essential rehabilitation and development requirements, the Government had formulated an inter-sector support programme totalling \$40-45 million annually for the following four years. The economic problems of Guinea-Bissau could be overcome only through additional foreign assistance, food aid being particularly important.

33. Turning to the situation in Nicaragua, the subject of resolution 35/84, he said that prior to the change of government in 1979, Nicaragua had suffered material damage totalling \$500 million and had had an external debt of \$1.6 billion. The new Government, faced with no reserves of foreign exchange, no state resources and the need to provide food assistance for half the population, had launched a programme of economic rehabilitation with the assistance of the international community. A report was being prepared on assistance agreements entered into and assistance being provided to Nicaragua in 1981 and would be issued in the near future. In summary, it could be said that bilateral credits and loans had increased from \$185 million in 1980 to \$316 million in 1981. However, grants had amounted to only \$42 million, half the figure of the previous year. For the period 1979-1983 the organizations of the United Nations system had approved assistance of over \$62 million. The international community had responded generously to Nicaragua's needs; nevertheless, assistance was still insufficient and grants and soft loans continued to be needed urgently.

34. With regard to Uganda, the Secretary-General was taking the necessary steps to send a mission which would draw up the reconstruction programme envisaged in resolution 35/103. Uganda's economic situation remained critical. In spite of the fact that its needs had been brought to the attention of the international community repeatedly, the assistance received had been inadequate and, in fact, some pledges had not yet been honoured. In early 1981 the Government of Uganda had undertaken major economic reforms with a view to national reconstruction; they included increasing the prices of coffee, tea and cotton and allowing the national currency to float. It had also concluded an agreement with the International Monetary Fund which would help it to overcome the foreign exchange crises and had made arrangements with the World Bank to secure a reconstruction loan. The severe droughts of the previous two years had required a special programme of humanitarian assistance to be established, but it had been already terminated owing to improved conditions,

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and a food aid department had been created. A mission had recently visited Uganda to draw up a programme to deal with medium- and long-term problems caused by the persistent drought in the north of the country and its report would be available towards the end of October.

35. In accordance with the relevant resolutions, information had been obtained from agencies of the United Nations system on measures adopted by them to assist 16 of the countries covered by assistance programmes; that information had been incorporated into a report of the Secretary-General which was being prepared for distribution during the current session. Although the United Nations and the specialized agencies had provided assistance to those countries, their requirements exceeded the volume of aid supplied. Bilateral assistance would accordingly have to increase and wherever possible multinational assistance would have to be granted. Since those countries were unable to pay commercial rates of interest, assistance to them would have to be in the form of grants or soft loans.

36. Likewise in response to resolutions adopted by the General Assembly at the thirty-fourth and thirty-fifth session, the Committee for Development Planning had reviewed the situation of Djibouti, Guinea-Bissau, Equatorial Guinea, Sao Tome and Principe and Tonga with a view to their possible inclusion in the list of least developed countries. Only Guinea-Bissau had been recommended for inclusion. The Governments of the countries excluded had expressed their concern; they considered that economic conditions in their countries warranted more favourable treatment and maintained that the criteria applied in determining the status of least developed country did not take into account the exceptional circumstances prevailing in their countries. They believed that, even though the desperate situation of their countries was recognized, their exclusion from the list of least developed countries denied them access to badly-needed bilateral and multilateral assistance.

37. Both the General Assembly and the Economic and Social Council had recognized the special difficulties of all those countries and in all cases the Secretary-General had appealed to the international community to provide the needed assistance. He reiterated that appeal and stressed that those countries were facing special difficulties not of their own making and accordingly deserved generous and special assistance.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)
(A/36/3/Add.2, Add.3, Add.6, Add.28 and Add.30, A/36/138, 148, 187, 236, 239, 305 and Add. 1-2, 342, 421, and 513; E/1981/54)

38. Mr. MUELLER (German Democratic Republic) said that the work of the Economic and Social Council could not be evaluated without an analysis of the principal problems of world economic development. Essentially, the Council should be helping to improve the level of living of peoples and to solve international economic and social problems, and its efficacy depended on how it performed

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(Mr. Mueller, German Democratic Republic)

those functions. Another essential was that the Council should create the necessary conditions for the establishment of relations of peace and friendship. The achievement of that objective was being impeded by the arms race and, to an even greater degree, by the production of new weapons such as the neutron bomb. In the communique of the plenary meeting of Ministers of Foreign Affairs and Heads of Delegations of the non-aligned countries, held during the thirty-sixth session of the Assembly, the unfavourable influence of the arms race, particularly on developing countries, had been stressed. The Socialist countries, in turn, had already drawn attention to a number of ways of solving the problems besetting the world economy in, for example, their joint declaration of September 1980 (A/S-11/AC.1/4) on their contribution to the achievement of the objectives of the International Development Strategy for the Third United Nations Development Decade.

39. Economic and political negotiations were being hampered by those who were endeavouring to replace peaceful co-operation by economic blackmail and wanted to maintain their existing domination. Those circles were likewise trying to establish what they termed a relationship of interdependence between low-income countries and the so-called developed countries. It had recently become quite clear what was meant by that form of interdependence: one party was to supply raw materials and the other capital investment. That meant that, while one party was dependent on the other, the latter improved the profits of transnational corporations and their countries of origin.

40. His delegation considered that emphasis should be placed on an important aspect of the Council's work, namely, its activities to transnational corporations. The German Democratic Republic, whose representative was Vice-Chairman of the Commission on Transnational Corporations, believed that the adverse effects of those corporations in the developing countries must be curbed. It shared the concern on that subject expressed in the declaration of Ministers and Heads of Delegation of the Non-Aligned Countries dated 3 September 1981. A code of conduct should be drawn up for transnational corporations and for the control of their activities.

41. The Council, as the main organ responsible for economic and social affairs, had an important role to play in the establishment of a new international economic order. However, it would not be able to discharge such functions if the to convert it into a body responsible merely for examining minor matters of organization were pursued. His delegation had noted with satisfaction the adoption of resolution 1981/84 on the revitalization of the Council at the second session in 1981 and believed that the effective intensification of its activities called first and foremost for political will. With political will, the organization of the Council could be improved on the basis of resolution 1622 (LI) and resolution 1981/84.

42. Moreover, the Council would increase its authority if it dealt more exhaustively with issues such as support for the oppressed peoples of southern Africa, implementation of the Declaration on the Granting of Independence to

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(Mr. Mueller, German Democratic Republic)

Colonial Countries and Peoples, the Transport and Communications Decade in Africa, implementation of the Charter of Economic Rights and Duties of States and the role of the public sector in promoting the economic advancement of the developing countries. At the second regular session in 1981, his delegation had wholeheartedly supported the resolutions adopted on those issues.

43. Among the problems dealt with in the report of the Council, he drew particular attention to assistance to the Palestinian people. The German Democratic Republic, which was represented on the Committee on the Exercise of the Inalienable Rights of the Palestinian People, felt that it had a duty to defend the just cause of the oppressed people of Palestine and to work for a political solution in the Middle East. The role of the Palestine Liberation Organization as leader of the Palestinian people and their struggle could not continue to be ignored. The German Democratic Republic welcomed the fact that a number of organizations in the United Nations system had adopted measures for the support of the Palestinian people. It was assisting the Palestinian people and would continue to do so in the future.

44. Mr. ter Horst (Venezuela) took the Chair.

45. Mr. FAFAWORA (Nigeria) said that he entirely agreed with the organization of work planned for the Committee; the Chairmen of the different groups would be able to speak on behalf of the countries represented on them and that would simplify discussions.

46. The year before, the General Assembly had adopted resolution 35/108, in which various measures were set forth for implementing the Transport and Communications Decade in Africa, in two phases. His delegation wished to remind members that the Assembly had allocated \$250,000 to enable the Economic Commission for Africa to organize consultative technical meetings to mobilize funds to carry out a number of projects in the field of communications and transport. In view of the obvious value of those meetings, his delegation was concerned because the funds made available for that purpose had proved insufficient and because the proposed programme of meetings seemed to have been altered. He expressed the hope that, in accordance with the recommendations of the Economic and Social Council and the General Assembly, the Economic Commission for Africa would be provided with the resources needed for continuing the consultative technical meetings and for carrying out its task, which included preparations for the second phase of the Decade. However, the results of the Decade would also depend on continued support from donor countries and financing institutions.

47. The idea of a World Communications Year went back to General Assembly resolution 32/160 of 19 December 1977, in which it had been decided to select a year in the Transport and Communications Decade in Africa for that purpose. Now that the year 1983 had been fixed as the date for World Communications Year, his delegation considered that a firm decision should be taken on the subject. The International Telecommunication Union (ITU) might be appointed as the lead organization for the International Year and requested to inform the Committee of the financial situation and the administrative arrangements to date.

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(Mr. Fafawora, Nigeria)

48. Mr. MARDOVIC (Byelorussian Soviet Socialist Republic) said that the documents before the Committee supported the conclusion that the capitalist world economy, which underwent periodical crises, was once again in difficulties. That was apparent from certain basic symptoms such as falling production, rising inflation, increased unemployment and deteriorating standards of living for workers and other sectors of the population. At the second regular session of the Council in 1981 it had been pointed out during the consideration of the World Economic Survey 1980-1981 (E/1981/42 - ST/ESA/118) that the main causes of the crises were increased military expenditure, trade protection, higher interest rates, credit restrictions, uncontrolled growth of currency in circulation and the monopolist practices of price-fixing.

49. The deterioration in the world economy had had adverse effects in the developing countries, particularly those which were linked in one way or another with the capitalist system, which had had to bear the brunt of the economic crisis of the capitalist countries. Statistics quoted at the current General Assembly session showed that in the period 1970-1978 the United States of America had invested \$8,700 million in the third world and made a profit of more than \$39,000 million - \$4.5 on every dollar invested. The socialist countries could not be part of a system which divided the world into a rich north and a poor south, with the concealed purpose of exonerating those responsible for the current economic situation and the continued plunder of the developing countries by foreign capitalism and transnational corporations.

50. The Council must intensify its efforts and must work to remove the obstacles to the establishment of a new international economic order. A number of important efforts to that end might be made in the immediate future within the framework of the United Nations, for instance: intensification of research by the relevant United Nations bodies, such as the United Nations Institute for Training and Research (UNITAR) and the United Nations University, with special attention to issues related to the implementation of the Charter of Economic Rights and Duties of States and the Declaration and Programme of Action on the Establishment of a New International Economic Order; a comprehensive review of the financial resources of the developing countries; adoption of effective measures to reduce the brain-drain from developing countries to developed countries; active implementation of United Nations decisions concerning preservation of the environment, in particular resolution 35/8 on the historical responsibility of States for the preservation of nature for present and future generations; a study on practical measures for eradicating economic colonialism from the developing countries and preventing the adverse effects of foreign capital and transnational corporations on the economy of those countries.

51. It should also be remembered that economic and social questions could not be considered as a separate issue from political problems; yet that separation was evident in some of the Secretariat studies. In his opinion, the structural and organizational changes in the United Nations and the Secretariat units, which resulted in piecemeal examination of important economic and social problems,

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(Mr. Mardovic, Byelorussian Soviet Socialist Republic)

were manoeuvres aimed at ensuring that those questions would be considered in isolation, separately from such world problems as international peace and security and the halting of the arms race. For that reason, proposals to create new units and other measures of that kind were unsound and unrealistic, since the effectiveness of the United Nations economic and social activities designed to bring about changes in international economic relations and the establishment of the new economic order would not be enhanced by setting up new units, but by making the best use of the Secretariat's existing possibilities. The same could be said regarding the proposal to enlarge the membership of the Economic and Social Council.

52. He recalled the joint declaration of a group of socialist delegations which had participated in the Council's second session of 1981 and, in particular, the paragraphs drawing attention to the inadequacy of the work of the Secretariat, which had not ensured that certain documents were issued on time. It seemed the reason was that the Secretariat gave too much attention to other tasks not among its principal functions.

53. His delegation believed that the World Economic Survey, 1980-81 did not make a sufficiently objective analysis of the economic development trends of the socialist States. Nevertheless, the Survey revealed that, during the period under review, the growth of the USSR's economy had been twice that of the economics of Western countries. The socialist countries had generally been able to protect their economies against the negative processes predominating in the Western economy. During the past five years (1976-1980), industrial output in the Byelorussian SSR had increased by a factor of over 1.4. According to the law concerning the State economic and social development plan for 1981, national income would increase by 3.9% and industrial output by 4.1%. The period 1981-1985, during which industrial output was to be increased by 26 to 29%, was a new stage in the development of the Byelorussian SSR. During that period, average gross agricultural output would grow annually by 10 to 12%, and real per capita income by 15 to 17%. As in previous years, the Byelorussian people would continue to add to the nation's wealth, in keeping with the social nature of the socialist State, the essence of the country's economic and social development and the people's desire to create lasting peace in the world and to strengthen detente, mutual understanding and co-operation among peoples.

54. Mr. DOMOKOS (Hungary) said that the current difficult stage in international relations was reflected in international organizations by a tendency towards slowness in the consideration of problems and obstacles to finding a common denominator for the solution of essential problems. That tendency had been clearly demonstrated at the Economic and Social Council's second regular session. Little progress could be seen in the application of the principles expressed in the Charter of Economic Rights and Duties of States or of the resolutions relating to the establishment of a new international economic order.

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(Mr. Domokos, Hungary)

55. The cause of that situation should be attributed not to the structure or composition of the Economic and Social Council but to the obstinate resistance of some developed capitalist countries, their selfish indifference towards the problems of other countries and their divisive policies, which had so far prevented the application of the progressive resolutions calling for immediate changes. At the Council's most recent session, much time had been devoted to organizational matters of secondary importance. Although United Nations bodies, including the Council, should revitalize their work, improve their organization and increase their efficiency, previous Council resolutions on the matter served as an adequate basis for achieving those objectives and, despite the fact that they had been adopted over ten years ago, would prove effective if applied fully.

56. With respect to assistance to the Palestinian people, he noted with satisfaction some points in the Secretary-General's report (A/36/305) but, in his view, the report contained few figures illustrating the impact that assistance was having on the living conditions of the Palestinian people. Nevertheless, even in its current form, the report mentioned facts which demonstrated, *inter alia*, that a great many victims of Israeli aggression still lived in refugee camps under inadequate conditions, that 80% of the Palestinians living in such camps were children and women, that Israeli attacks on the camps continued to cause many deaths and massive displacement and destroyed the services and infrastructure established primarily through foreign assistance, and that the Israeli authorities in the occupied territories went so far as to deny access to officials of specialized agencies attempting to execute projects designed to promote economic growth in the areas inhabited by the Palestinians.

57. The above led to the conclusion that international assistance could not achieve its objectives unless a lasting solution was found to the Middle Eastern problem on the basis of the principles which representatives of Hungary, and of the overwhelming majority of States Members of the United Nations, had often proposed.

58. Referring to the report on the World Tourism Conference (A/36/236), he said that Hungary had recognized the many possibilities afforded by tourism and, in elaborating its policy on the matter, kept in mind the progressive principles formulated in the Manila Declaration. The implementation of the Hungarian Government's tourism plans had enabled a great many foreigners to visit the country. In conformity with the Manila Declaration, the Hungarian Government also supported the idea that world tourism should develop in a climate of peace and security which could be achieved through the joint effort of all States in promoting the reduction of international tension and in developing international co-operation

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(Mr. Sallu, Sierra Leone)

59. Mr. VERCELES (Philippines) resumed the Chair.

AGENDA ITEM 71: TRAINING AND RESEARCH (A/36/3/Add.5 and Add.33, A/36/14, 31 and 69) (Continued)

60. Mr. SALLU (Sierra Leone) said that the backwardness of the developing countries in relation to the developed countries in the field of the accumulation of knowledge was primarily responsible for the gap between those two groups of countries. He therefore supported the efforts made by the United Nations Institute for Training and Research, and wholeheartedly supported the request, in line with General Assembly resolution 35/53B, for an amount of \$646,060, which was considered necessary to meet UNITAR's deficit for 1981. Consequently, Sierra Leone would respond to the call made in that resolution for voluntary contributions, and sincerely urged other nations, particularly the donor countries, to increase their contributions.

61. His delegation praised UNITAR for the studies it carried out under the "Project on the Future" and, in particular, for the inclusion of "Strategies for the future of Africa" and other studies of interest to Africa. He also welcomed UNITAR's contribution to the preparations for the Conference on New and Renewable Sources of Energy. In the field of information, he considered UNITAR's publications on economic co-operation among developing countries, the new international economic order, energy and other matters to be of great interest.

62. His delegation also supported the work of the United Nations University. It believed that the five themes approved by the Council of the University at its seventeenth session clearly reflected the Council's awareness of the problems currently afflicting most of humanity and would support the University's original programmes on world hunger, natural resources and human and social development. One could assume that the new modus operandi described by the Rector in his statement before the Committee would enable him to achieve the University's objectives.

63. In a world where armed conflict and breaches of the peace abounded, all possible efforts should be made to promote the cause of international peace and security. For that reason, his delegation had always unconditionally supported the proposal to establish a University for Peace in line with the initiative of the President of the Republic of Costa Rica. In that connection, he noted with satisfaction that an executive council which would hasten the establishment of that University would soon be formed. In his view, the survival of mankind would largely depend on whether the nations of the world realized that preparations for peace were the only alternative to preparations for war.

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(Mr. Sallu, Sierra Leone)

64. Finally, he noted that in order for UNITAR and the United Nations University, and, in its time, the University for Peace, to serve the great majority of mankind, they must continue their work seriously but practically, for that was the only way that they would be useful during a period in which numerous economic and social problems threatened mankind's very survival.

ORGANIZATION OF WORK

65. The CHAIRMAN said that, in compliance with the wishes of some delegations, agenda item 69 would be among those considered during the rest of the week. The list of speakers on item 71 would be closed at noon on Wednesday, 7 October.

The meeting rose at 6 p.m.