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SECOND COMMITTEE  
5th meeting  
held on  
Wednesday, 12 October 1983  
at 3 p.m.  
New York

SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. DIETZE (German Democratic Republic)

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1983/10/12

SECRET

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The meeting was called to order at 3.20 p.m.

ELECTION OF OFFICERS

1. The CHAIRMAN said that consultations regarding the election of officers were still under way. If there were no objections, he would take it that the Committee agreed to defer the item.

2. It was so decided.

GENERAL DEBATE (continued)

3. Mr. NGO PIN (Democratic Kampuchea) said that the developing countries continued to face two types of problems. On the one hand, there were the problems caused by structural imbalances in international economic relations: discriminatory barriers which stifled young industries, falling commodity prices, declining export earnings and a foreign debt burden that was assuming astronomical proportions. The resulting deterioration in the balance of payments was thwarting the developing countries' efforts towards economic development and social progress.

4. On the other hand, there were the problems caused by wars of aggression and expansion. The Union of Soviet Socialist Republics, which claimed to be the natural ally of the third-world countries, was blatantly taking advantage of the current system of international economic relations. From the political standpoint, it was exploiting the crisis by using its demagogic propaganda to destabilize countries that were in difficulty and by meddling in their internal affairs.

5. The developed countries of the West should act more responsibly. The developing countries, for their part, were continuing to act with moderation, as reflected in the Buenos Aires Plan of Action, the negotiations held in Belgrade during the sixth session of the United Nations Conference on Trade and Development and the Declaration recently adopted by the Ministers for Foreign Affairs of the Group of 77.

6. It was hard for countries devastated by wars of aggression, such as Kampuchea and Afghanistan, to think about development. For almost five years, Kampuchea had been the victim of a war of genocide and extermination aimed at depleting the country of its inhabitants and bringing about the annexation of its territory. The Vietnamese troops were carrying out a scorched earth policy, systematically installing Vietnamese settlers on fertile land, systematically destroying the country's economic infrastructure, massacring the population with conventional weapons and prohibited chemical weapons, and, above all, starving the people to death. The situation posed a threat to all the countries of the region and was forcing them to allocate a growing proportion of their scarce resources to defence, at the expense of development. The Vietnamese people themselves were suffering the consequences of that expansionist policy; hundreds of thousands of persons were throwing themselves into the sea in order to escape from the disaster, and tens of thousands were dying in the attempt.

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(Mr. Ngo Pin, Democratic Kampuchea)

7. His delegation hoped that the General Assembly would do its utmost to ensure that an atmosphere of peace which, as was stated in paragraphs 12 and 13 of the International Development Strategy, was indispensable for development, was created through full respect for the independence, sovereignty and territorial integrity of every country, in particular Kampuchea, and through the withdrawal of all foreign troops, in accordance with the relevant General Assembly resolutions. Democratic Kampuchea would continue to support the implementation of the International Development Strategy and the establishment of the new international economic order.

8. Mr. LICHILANA (Zambia) expressed his delegation's support for the statement made by the Chairman of the Group of 77. One important question was the relationship between the prices of commodities and semi-manufactured goods exported by the developing countries and the prices of goods which they imported from the developed countries. While his delegation was totally in favour of a free and competitive market structure, it believed that when imbalances occurred in such a structure, it was the duty and obligation of the trading partners to redress the imbalances.

9. Minerals, mainly copper, were Zambia's main export and main foreign exchange earner. Twelve years earlier, the cost of mining and refining copper had been two thirds of the selling price on the London metal exchange. Currently, production costs were almost equal to the selling price. The rise in production costs had been caused not by increases in the wages of mineworkers, but by the higher cost of mining equipment, which was imported from the developed countries. In 1967, Zambia and other copper-exporting developing countries had established an intergovernmental council with a view to stabilizing copper prices on the world market. The council had failed to achieve that objective because the developed countries were able to manipulate commodity prices at will. His delegation urged the international community to expedite the negotiations within the framework of the Integrated Programme for Commodities and to elaborate an international copper agreement.

10. Zambia had noted with concern that resources available for multilateral assistance had been dwindling. Most of the developed countries had opted for bilateral assistance, which at times tended to benefit the donor more than the recipient because, in most cases, it was tied to the recruitment of experts and the acquisition of equipment from the donor country. Very often, projects embarked upon through bilateral assistance had not been sustained after the assistance had been phased out. His delegation therefore urged the developed countries to increase their contributions for multilateral assistance.

11. Zambia was committed to the ideals of South-South co-operation and supported the programmes and projects of the preferential trade area for eastern and southern Africa and of the Southern Africa Development Co-ordination Conference. It was also co-operating, to the best of its ability, in the programmes under the Lagos Plan of Action, the Caracas Programme of Action and the Action Programme for Economic Co-operation of the Non-Aligned Countries. However, like all the other developing countries, it believed that South-South co-operation would not suffice

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(Mr. Lichilana, Zambia)

to bring about the desired social and economic changes in the world, since the economies of the North and South were so integrated. Concerted action at the international level was therefore called for. Such action would be possible only through the launching of the global negotiations and the convening of an international conference on money and finance, as proposed by the Group of 77.

The meeting was suspended at 3.45 p.m. and resumed at 3.50 p.m.

12. Mr. MI (China) said that the prolonged world economic crisis, which was causing the international community grave concern, had left deep scars on the world economy and on the economies of the developing countries in particular. Despite signs of recovery in certain developed countries, there remained, in the developing countries, certain major symptoms of the current crisis, such as unemployment, huge budget deficits and high interest rates. Moreover, certain international problems such as drastic exchange rate fluctuations, the upsurge in protectionism and the debt crisis had either persisted or deteriorated. It was therefore not surprising to find people lacking confidence in the strength and durability of the recovery.

13. The Ministers for Foreign Affairs of the Group of 77 had stated that the development process in the developing countries had been severely disrupted and had virtually come to a halt in many of those countries. They had noted the harsh adjustment process imposed on the developing countries and the heavy toll which the inadequate and inequitable international trade, monetary and financial system had inflicted on their economies. They had noted that international trade had entered a period of stagnation and retrogression, asphyxiated by commodity price volatility, growing protectionist barriers and the burden of foreign debt, thus making it impossible for the developing countries to sustain their required levels of economic activity and forcing them to curtail drastically the size of their development programmes.

14. In view of the close interrelationship in today's world among the economies of countries, growth could not be maintained in the North while poverty and other severe constraints persisted in the South.

15. Unrealistic estimates concerning economic prospects must not be used as an excuse for refusing to co-operate with the international community in revitalizing the world economy and promoting development.

16. The characteristics of the current economic crisis pointed to the existence of fundamental deficiencies in the structure of the economies of the major industrialized countries and the world economy. In that sense, it could be said that the current crisis was not merely cyclical, but structural. In the 1970s, the appearance of the phenomenon of stagflation, the collapse of the dollar-gold parity system and the upsurge of protectionism, as well as higher fuel prices, had rocked the international monetary, financial and trade system established at the end of the Second World War to its very foundation. In the mean time, the South had become an important component of the world economy. The evolution of the current crisis had demonstrated that, without a simultaneous adjustment in domestic and

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(Mr. Mi, China)

international economic structures and a recovery of the North accompanied by the development of the South, there would be no fundamental improvement in the world economy. Given their economic position, the developed countries had a major responsibility.

17. The outdated idea that the South was an appendage of the North and that its development was a by-product of the North's recovery must be discarded. Earlier, the South had been the hardest hit by economic crises originating in the North, and the plight of the South had hardly improved at the point where recovery had started in the North. However, times had changed. Development must be indivisible, and certain countries should not grow richer at the price of the impoverishment of the others.

18. Over the past three years the North-South dialogue had been deadlocked, and the outcome of the recent GATT, UNCTAD and IMF/IBRD meetings had been unsatisfactory. The dialogue must be pursued, not as an end in itself but, rather, for the purpose of restructuring international economic relations and improving North-South relations. Action must be taken at the current session of the General Assembly to reactivate that dialogue and give it substance.

19. His delegation noted with great pleasure the three-pronged approach proposed by the Group of 77, concerning the launching of an immediate action programme, the convening of an international conference on monetary and financial issues and the initiation of global negotiations. It wished to register its firm support for those flexible proposals and urged the developed countries to respond to them.

20. Specifically, the developed countries must emerge from their silence of recent years on the question of global negotiations and return to the negotiating table with a flexible and constructive attitude. As a basis for reaching agreement, it would be possible to adopt the two-phased approach proposed by the Group of 77, whereby the easy issues would be considered first and the difficult ones subsequently.

21. It was essential to carry out a reform of the international monetary and financial system so that it would better serve development needs. His delegation supported the timely proposal put forward by the Group of 77 that an international conference on monetary and financial issues should be held and believed that preparations for the conference should be started. It also welcomed the proposals put forward in that connection by the President of France and the Prime Minister of New Zealand, which could be complementary. Furthermore, it agreed that the conference should form part of the global negotiations.

22. It was indispensable to adopt immediate measures to alleviate the pressing problems that the developing countries were facing. In his view, a programme of immediate measures should be set up at the current session, in the context of the International Development Strategy for the Third United Nations Development Decade. Such a programme could include, inter alia, measures to stabilize the prices of raw materials and primary products, to ameliorate the developing

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(Mr. Mi, China)

countries' terms of trade, to expand and improve the IMF compensatory financing facility and, at the same time, to convene an international conference to negotiate and establish a new compensatory financing facility; as well as actions to prevent the adoption of further protectionist measures and to dismantle those adopted over the past three years, to formulate a well-defined plan to abolish protectionism, and to expand the coverage of the general system of preferences.

23. Such a programme of immediate measures should also: include measures to increase the resources of international financial and development institutions; seek an immediate agreement ensuring that the seventh replenishment of resources of the International Development Association (IDA) would be at a higher level in real terms than the sixth; contribute to the achievement of a consensus on special drawing rights (SDRs) in the course of the fourth basic period; guarantee the resource levels of UNDP and other multilateral financing institutions; and lead to final agreement on the system for funding science and technology for development. Irrespective of their socio-economic system, all the developed countries, should: attain the target of 0.7 per cent of their GNP for development assistance and 0.15 per cent for assistance to the least developed countries; seek a just and reasonable solution to international debt problems; increase food aid and agricultural assistance, particularly to Africa; and increase financing for energy exploitation.

24. The three-year deadlock in the North-South dialogue prompted reflection on the old Chinese saying to the effect that good things were difficult to achieve. The goal that had been set called for profound changes entailing protracted periods of time and considerable effort. It called for North-South dialogue, as well as South-South co-operation to enhance the developing countries' collective economic strength and bargaining power. However, there was an inexorable historical trend in international economic relations towards the triumph of the struggle for economic development and the establishment of a new international economic order.

25. Mr. VERCELES (Philippines) said that, despite differences of opinion among speakers, on the whole a certain number of conclusions converged.

26. Firstly, while some industrialized countries appeared to be on the road to recovery, others, notably the developing countries, remained in the grip of the worst economic recession in half a century, with steadily decreasing per capita incomes. In the least developed countries, whose situation was grim, standards of living were continuing to fall.

27. Secondly, the future of the world economy did not inspire confidence. The recovery of the industrialized countries had not resulted in any expansion in their trade or imports. The developing countries' exports had been harmed as a result of the low prices of their commodities and the importing countries' protectionist measures, while the high prices of the developing countries' essential imports continued to drain their foreign exchange resources, thus reducing their capacity to import materials required for their development programmes. International commercial banks and financial institutions had cut back their capital flows to the

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(Mr. Verceles, Philippines)

developing countries, thus making what credits were available more expensive and adding to the developing countries' debt-repayment difficulties.

28. Thirdly, the developing countries were the main victims of the global recession, for which they bore minimum responsibility, and were in the worst position to protect themselves from its adverse consequences.

29. Fourthly, there was a disturbing congruence between world economic difficulties and the retreat from multilateral solutions to economic problems. The more affluent countries tended increasingly to take unilateral action, with little regard for the interests and views of other countries. There had also been a progressive decline in technical assistance. Voluntary contributions in support of United Nations operational activities in technical co-operation had declined to the point where UNDP had had to reduce its programme delivery to a mere 55 per cent of the indicative planning figures of recipient countries.

30. Lastly, there was tacit agreement that the international community was not without the means and the capability to resolve its economic difficulties. But that required a better appreciation of long-term interests, as opposed to selfish short-term ends, and a great deal of mutual interaction and interdependence.

31. The problems outlined were not new. The international community undoubtedly recognized the imperative need to improve the world economic situation, but, despite the efforts made to date, it had been unable to agree how to tackle the problem.

32. The convening of global negotiations to elaborate a new international economic order was necessary and urgent. On a number of occasions, the Minister for Foreign Affairs of the Philippines had suggested that the negotiations should be held at the level of Heads of State or Government meeting in special session of the General Assembly open to all interested Member States. The joint meeting of developed and developing countries would have a limited agenda and the deliberations would be conducted in accordance with the rules of procedure of the General Assembly, with a view to reaching specific decisions, agreements or understandings for the guidance of the bodies of the United Nations system.

33. The main topics of the negotiations would be commodity trade, money and finance, and energy, in view of their enormous importance to the economies of all countries. Given the interrelationship of the three topics, they should be discussed on an integrated basis. His delegation hoped that its proposal would be seriously considered at the current session and believed that the launching of global negotiations should be delayed no longer.

34. It was of the greatest urgency to contain the deterioration of the economic situation, whose painful effects were experienced by millions of persons, particularly in developing countries. The Philippines was one of the worst victims of the economic recession, as was stated in the annual report of the World Bank for 1983. Its real rate of growth, as measured by the gross domestic product, had

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slowed to 2.5 per cent in 1982, about a third of the rate achieved in the period 1978-1979. The terms of trade had worsened by about 25 per cent during the period 1979-1982. One of the main causes was the poor market situation for the country's principal export products (copper, coconut products, sugar and forest products). As a result, the balance-of-payments deficit had widened to \$3.4 billion. The recession had a direct impact on incomes and employment. It also affected resource mobilization, making it more difficult for the country to carry out its development programmes. Despite the difficulties, the Philippines had embarked on a programme of structural changes.

35. His delegation endorsed the positions of the Group of 77, as outlined by the representative of Mexico. It also drew attention to the declaration of the Ministers for Foreign Affairs of the Group of 77, which reflected the agreed positions of the developing countries on economic and financial issues.

36. His delegation welcomed the decision adopted at the sixth session of the United Nations Conference on Trade and Development that the Common Fund for Commodities should commence operations at the beginning of 1984, and it urged countries which had not signed and ratified the agreement on the Common Fund to do so promptly. It also stressed the necessity of reaching agreement without delay on the outstanding issues relating to the United Nations Financing System for Science and Technology for Development, in order to allow the Financing System to begin its operations in the immediate future. The negotiations on a code of conduct for transnational corporations, which had been initiated more than six years earlier, had come to a standstill, owing principally to the intransigent positions of some developed countries; those countries should reconsider their positions, so that work on that important subject could be expedited.

37. The International Development Strategy would be reviewed by the Committee on Review and Appraisal in 1984. So far, the record on the implementation of the Strategy had been disappointing, and it was to be hoped that 1984 would see a better performance.

38. His delegation reiterated its support for the operational activities of the United Nations development system. The decreasing contributions to those activities had caused no small amount of disruption in the development plans of developing countries. A new commitment, including the provision of increasing resources at predictable and assured levels, was required.

39. The international community should encourage and support the efforts of developing countries to accelerate economic co-operation among themselves. Unfortunately, those efforts sometimes met with the hostility of industrialized countries. The international community could nevertheless assist in setting up viable and effective programmes in order to further such co-operation.

40. The crucial challenge facing the world community in the 1980s was to pursue the path of global recovery and to promote genuine development that would not only combat the paralysing effects of the economic recession but also deal with the

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problem of endemic poverty in the developing countries. Otherwise, the vicious cycle would go on, with no relief in sight for the world's impoverished millions. That point had been made in the Istanbul Statement, which stressed that Governments must keep people at the centre of all their concerns and that, in the last analysis, all adjustment processes, all policy options and all institutional alternatives must be judged by the same yardstick: the impact they had on human welfare. His delegation trusted that the spirit of the Istanbul Statement would help to humanize and illuminate the deliberations of the General Assembly.

The meeting rose at 4.40 p.m.