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12th meeting

held on

Wednesday, 10 October 1979

at 10.30 a.m.

New York

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SUMMARY RECORD OF THE 12th MEETING

Chairman: Mr. AHSAN (Bangladesh)

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12 October 1979

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The meeting was called to order at 10.50 a.m.

GENERAL DEBATE (continued)

1. Mr. DON NANJIRA (Kenya) said that he would have preferred to see the Second Committee spend more time discussing the individual items before it instead of having a so-called general debate, which traditionally consumed a great deal of time and denied individual items the exhaustive discussion which each deserved.
2. The Committee was meeting at a time when the world was experiencing the most serious economic crisis since the Second World War. There was every indication that the situation would become worse and thus accelerate inflation, especially in the developed market-economy countries.
3. The conclusions, resolutions and decisions of the sixth and seventh special sessions of the General Assembly and the targets of the International Development Strategy for the Second United Nations Development Decade had not been sufficiently implemented. The imbalances and inadequacies of the international economic system and the lack of structural changes in it had led to the endemic world economic crisis which now posed a serious challenge to the international community. That crisis called for an urgent review of the state of international development co-operation, and the new International Development Strategy must aim at, and succeed in, bringing about structural changes in international economic relations. It should be designed to promote the development of the developing countries, be formulated within the framework of the new international economic order and be directed towards the achievement of the latter's objectives.
4. The Conference on International Economic Co-operation, which had ended on 3 June 1977, had been a failure mainly because of the attitudes of the industrialized countries. For the leading industrial Powers of the West, the basic economic problems which remained unresolved included the necessary revision of the monetary and trading systems, the roles of capital and investment flows, the state of development assistance and the monetary aspects of mutual defence arrangements. Taken together, those issues presented broad choices as to how the international economic system should be re-ordered. Those Powers must either accept joint responsibility for the direction of the international economic system or risk a drift towards world restrictionism. The choice should be in favour of increased interdependence and co-operation, and, to that end, an effort should be made to register major early progress in the following fields: reform of the international monetary system, a renewed attack by the advanced industrialized countries on remaining barriers to international trade, greater international co-operation concerning capital flows and investment, development assistance linked with international monetary reform, and better understanding of the monetary aspect of mutual defence arrangements.
5. For the socialist States of Eastern Europe, the Council for Mutual Economic Assistance (CMEA) system was laudable because it had served its subregion and members faithfully and successfully since its inception in 1949. However, CMEA practice should and must be seen and applied in the light of the new international

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(Mr. Don Hanjira, Kenya)

economic order. It should help to develop, strengthen and improve trade relations among countries having different economic and social systems. In short, it should effectively become a part of the North-South dialogue and thus contribute commensurably to the realization of the goals and objectives of the new international economic order. Increased trade with the Eastern European States would be beneficial to all countries, developed and developing alike. His delegation therefore called on the socialist countries to extend credits on concessionary terms to developing countries for the latter's purchase of their import requirements, most of which they obtained from the developed market-economy countries at increasingly higher, prohibitive prices.

6. Prospects for the developing countries of Africa, Asia and Latin America were strongly influenced by the slow-down in the pace of economic activity and in the rate of inflation expected in the developed market economies as well as by the failure of the developed countries to control their domestic imbalances and their reluctance to restructure existing economic relations to bring about justice, equity and equilibrium in the international economic system. However, the development of the developing countries was the primary responsibility of those countries themselves. That meant, among other things, that developing countries must intensify trade among themselves. They must strive to ensure that their technological dependence was completely eliminated by the year 2000 and that all their policies and programmes were directed towards that objective. They must intensify their endeavours to find ways and means by which they could best assist themselves in keeping with the spirit of technical and economic co-operation among developing countries.

7. The United Nations system should evolve new and special policies and measures to ensure harmonization and co-ordination of its various activities with due regard for the different development styles and priorities of individual Member States. Proliferation of organizations, meetings and reports should be avoided within the system. Decentralization of the decision-making process should be brought about by increasing the authority and autonomy of the regional commissions and providing them with greater resources so that they could function as true instruments of the system for regional development and international co-operation in the countries of the region in which they operated.

8. It was also essential for States to demonstrate a greater political will through increased co-operation in the solution of international economic problems. United Nations development aid programmes and projects had often been based on the theoretical assumption that the evolutionary process of countries was linear in nature and composed of stages and that it must follow the path taken by the industrialized nations. Such a concept of development tended to reinforce the introduction of foreign productive structures in developing countries, a factor which had the effect of inhibiting the creative capacity of those countries.

9. The existing international economic system had failed to provide adequate

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(Mr. Don Wanjira, Kenya)

and sustained support of the international development process and had thus increased tensions in international relations and created a serious threat to world peace and security. Prompt action must be taken at all levels and by all countries to ensure world peace and stability through a sound and equitable economic order.

10. Africa now accounted for one third of the total membership of the United Nations, and the problems of that continent could therefore no longer be ignored by the world community. No new international development strategy could be complete unless it addressed itself adequately to the serious problems of the African continent, a continent which must attain self-sufficiency in food and agricultural production and achieve a sound industrial base through the development of institutional infrastructure and intra-African and other international co-operation in the fields of energy, money and finance and all other areas of development.

11. His Government fully supported the Programme for the Transport and Communications Decade in Africa. The African Ministers of Transport, Communications, Information and Planning had met at Addis Ababa from 8 to 12 May 1979 and had adopted a comprehensive global strategy for the implementation of the Programme. His delegation hoped that donors would participate fully in the pledging conference which was to be convened in New York in order to mobilize additional resources for the implementation of the Plan of Action for the Decade.

12. His delegation also looked forward to an elaboration of the proposals regarding the current energy crisis presented to the General Assembly by the President of Mexico. His Government shared Mexico's concern over the critical world energy situation and for that reason had regarded it as necessary to convene an international conference on new and renewable sources of energy. It was therefore pleased to offer Nairobi as the venue for the United Nations Conference on New and Renewable Sources of Energy to be held in 1981.

13. It was disappointing that so little progress had been made in the establishment of the new international economic order. Most developed countries had approached the North-South dialogue with a negative attitude, and their lack of political will had been a major contributing factor in their frequent failure to honour commitments. For example, no substantive agreements had emerged from the negotiations in the field of commodities, to which Kenya attached great importance. The fifth session of UNCTAD had ended in failure. The Preparatory Committee for the New International Development Strategy had not so far achieved positive results. The Lima target of a 25-per-cent share for the developing countries in world production of manufactures by the year 2000 and the corresponding increase in their share in world trade in manufactures to 30 per cent were far from being realized. Furthermore, UNIDO had not yet been transformed into a specialized agency.

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(Mr. Don Nanjira, Kenya)

14. The developing countries were still denied full and effective participation in the decision-making process on monetary and other international economic issues. The transfer of technology to developing countries was still a major problem in the North-South dialogue, as were the protectionist policies of the developed countries and the restrictive business practices of their transnational corporations. The international community could not therefore afford to yield to discouragement. Preparations would continue for future international conferences, including the Third General Conference of UNCTAD, the 1980 special session of the United Nations General Assembly and the United Nations Conference on New and Renewable Sources of Energy. His Government therefore fully supported the recommendations made at the recent meeting of non-aligned countries in Havana which called for the launching of a round of global negotiations on international economic co-operation for development.

15. Mr. NAVARRETE (Mexico) said that the current session of the General Assembly was a particularly opportune time to take stock of the efforts that had been made during the decade that was coming to an end and to study the outlook for the new decade that would soon begin. The deterioration in international affairs in the 1970s had been twofold: in the international economy, there had been slow growth, accelerated inflation, unemployment, monetary disorder, the re-emergence of protectionism and a concentration of wealth and income; at the same time, international understanding and co-operation had progressively eroded and that erosion had manifested itself in increasingly disappointing efforts in international economic negotiations. In order to put an end to that twofold process of deterioration, there had to be structural changes in the international economy and basic modifications in the methods and content of economic negotiations among States.

16. The new International Development Strategy, which would be the guiding instrument in international economic co-operation during the 1980s, would have to be oriented towards programmes and measures that would have a decisive impact on the functioning of the world economy. The discussions held in the three sessions of the Preparatory Committee in 1979, while disappointing, had clearly demonstrated the need for radical change in the focus of the Strategy. The latter should be reoriented towards accelerated growth in the developing countries in order to make those countries the focal point of dynamic inputs from the world economy. If the developed part of the world was faced with the certainty of slow growth, the rest of the world could no longer be dependent on it as the motor for development. If the frontiers of human and natural resources were to be found in the developing countries, then the central impetus for growth should come from those countries. That shift towards the developing countries as the centre of gravity in the international economy would require massive transfers of financial and technological resources, the terms of which had to be defined as part of the new Strategy. It would require structural changes in the industrial sectors of the advanced countries and increased access to the markets of those countries for manufactures from developing countries as the result of accelerated reduction in protectionist barriers. It would also require special efforts, translated into concrete and effective measures in the field of trade, agricultural development and financial assistance, in favour of the relatively least developed countries. Thus, the new

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(Mr. Navarrete, Mexico)

International Development Strategy could be converted into a mighty instrument for reversing, in the 1980s, the growing deterioration in the functioning of the international economy.

17. In order to deal with the erosion of international understanding and co-operation which had taken place in the 1970s, there would have to be new, imaginative initiatives to give fresh impetus to international economic negotiations. In that connexion, the proposal by the Group of 77 to hold a new round of global negotiations on international economic co-operation for development could well mark the turning point in the recent disappointing trend. The special session of the General Assembly to be held in 1980 could truly be a new point of departure. In order to ensure the success of that session, certain clearly defined requirements should be set forth during its preparation. For example, each item should, within the framework of global negotiations, have its own specific nature and its own dimension. The relationship between the various negotiating items should be acknowledged and respected; that, however, did not imply subordination of one item to the others. The ramifications which one issue had for the others should be studied so that the links and dynamic connexions between all could be understood.

18. The Committee of the Whole of the Economic Commission for Latin America, meeting in New York at the end of September 1979, had adopted a resolution on aid for the reconstruction and the development of Nicaragua. His delegation enthusiastically supported that resolution, which expressed the will of the member countries of ECLA to contribute, in the financial, trade and technical assistance sectors, to the reconstruction and development of Nicaragua, with scrupulous respect for the national priorities and objectives defined by that country's victorious people, with whom Mexico reaffirmed its whole-hearted solidarity.

19. In the light of the matters dealt with at the recent meeting of the International Monetary Fund and the World Bank at Belgrade, his delegation wished to draw attention to the importance of the proposals unanimously adopted by the Group of 77 and submitted to IMF and the Bank. It was now for the advanced countries to take a position on that draft programme of action for international monetary reform.

20. His delegation firmly supported the position adopted by the Group of 77 at Geneva, during the summer session of the Economic and Social Council, that a close link must be maintained between the work of preparing a code of conduct for transnational corporations and the work on an international agreement on illicit payments, although the code of conduct must receive absolute priority.

21. It was important for the United Nations system to continue its work of analysing long-term economic and social trends in the various regions and throughout the world. Assurance should be given, however, that that work of analysis and forecasting would be closely linked with the discussions aimed at defining policies in the new International Development Strategy.

22. In the negotiations which delegations conducted on behalf of their countries,

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(r. Navarrete, Mexico)

they should bear in mind that, as the President of Mexico had stated at the 11th meeting of the General Assembly, they faced what appeared to be fundamental problems that were really questions of form and method, of a method for reconciling divergent interests and clarifying the political will of the international community, each of whose members must claim its rights and agree on and carry out its mission.

23. Mr. OROM (Israel) said that in describing Israel as a shame to civilization which had to be eliminated, the representative of the United Arab Emirates had explained the real root and substance of the conflict in the Middle East and had pointed to what he saw as its final solution. Israel took his statement very seriously, for the Jewish people had paid a very high price some 40 years earlier for not taking similar statements seriously.

24. On the threshold of the 1980s, there was an understandable sense of apprehension in view of the serious world economic disequilibrium, the energy crisis, the severe inflation and the slackening pace of development which had marked the 1970s. There was also an understandable sense of hope in view of the intense and purposeful debates and negotiations in recent years. The Common Fund was becoming a reality, economic co-operation among developing countries was gaining momentum and the International Monetary Fund and the World Bank had provided economic support for a number of countries. In the developing world, there was still hope that the 1980s would see significant progress in socio-economic development.

25. The task had, however, become more complex. Developing countries dependent on imported oil faced large trade deficits in 1979, which had diminished their capacity to fight poverty and under-development. The total balance-of-payments deficit of the non-petroleum-producing developing countries had increased by \$10 billion to \$42 billion in 1979. In contrast, the current-account surplus of the major petroleum-exporting countries would rise to an estimated \$43 billion in the calendar year 1979 and to more than \$50 billion in the year beginning July 1979.

26. Many developing countries, among them middle-income countries, had been hard hit by the energy crisis. They were unable to generate domestic savings on a scale sufficient to maintain adequate economic growth. Yet, despite their growing need, a number of them found themselves ineligible for many forms of development assistance. Unless appropriate measures were taken, it was most probable that their economic situation would deteriorate further, and many were in no position to cope with those problems without external assistance. In view of that situation, IMF should give serious consideration to establishing a special facility to help member countries to cope with balance-of-payments difficulties caused by the cost of energy.

27. It was becoming clear that the Middle Eastern oil-surplus countries had not provided the non-oil-producing developing countries with substantial development assistance or compensated them effectively for the rise in oil prices. The national savings of the oil-surplus countries were invested primarily in the industrialized countries. The real net flow of development funding from multilateral and bilateral

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(Mr. Oron, Israel)

official development assistance was far below the needs of the developing countries. It was essential to explore new avenues for the mobilization of financial resources for development projects.

28. The Israeli delegation to the fifth session of UNCTAD had suggested the creation of an international co-financing facility which would channel a steady and increased flow of private capital into development projects in the developing countries. Such a facility would require the World Bank and the regional development banks to prepare development loan proposals in excess of their own direct lending capacities, which could then be more attractive to the banking community. His delegation would now like to suggest that, for the purpose of a more effective integration of the lending activities of the World Bank and the private capital market, a specific co-financing mechanism should be put into operation within the Bank.

29. As one of the countries which had taken part in the first round of trade negotiations among developing countries within the General Agreement on Tariffs and Trade and had signed the resulting protocol, Israel believed that the time had come to negotiate a much broader scheme of preferences, extending the list of participants and product coverage. While the system proposed should be based on the principles of mutuality of advantage so as to yield benefits to all participants, the least developed countries should participate on a non-reciprocal basis.

30. With respect to export trade in agricultural products, his Delegation to the March session of the Committee of the Whole had presented some suggestions in order to encourage the appropriate bodies within the United Nations system to promote and sponsor technological and managerial co-operation among developing countries in supporting the agricultural sector. Increasing efforts should be made to obtain substantial results in agriculture, rural development and related fields. Israel could play a considerable role in that respect. Its agriculture was among the most advanced in the world, it was one of the most experienced countries in the use of solar energy, and it had made great strides in the desalination of sea water. Groups of experts came from third world countries to study, according to their own particular needs, the methods applied by Israel. In recent years, Israel's efforts had concentrated on projects involving specialized technology and its transfer, particularly in such fields as drip irrigation and other forms of water management, comprehensive rural planning and arid zone research. Israel's work in those and other areas had attracted and continued to attract requests for co-operation from many nations in Asia, Africa and Latin America. To the extent that its severely limited means allowed, Israel was determined to pursue its policy of continued development co-operation, convinced that doing so would serve the overriding interests of world peace in both the short and long term.

31. Mr. FRANZI (Italy) said that although the general negative trends in the international economic situation probably affected the industrialized countries most directly, the developing countries were, in the final analysis, likely to suffer even more because of the serious difficulties which aggravated their problems and widened the existing imbalances in international economic relations.

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(Mr. Franzini, Italy)

Those difficulties confirmed the high degree of interdependence of national economies, the interconnectedness of problems and the need to work jointly towards effective and long-lasting solutions. Measures of a temporary nature might be helpful in tackling a crisis of limited scope and duration but ultimately were not likely to accelerate the development of developing countries. It was time to envisage comprehensive solutions for structural adjustments in the context of a reorganization of the world economy and a differentiated distribution of productive activities. Italy therefore shared the commitment to construct a new international economic order which should guarantee the developing countries a greater participation in the benefits of economic growth and in the international economic decision-making process.

32. With respect to North-South relations, Italy was somewhat disappointed with the present state of affairs and the over-all results achieved so far. It had noted with satisfaction, however, the positive conclusion of the negotiations on the Common Fund and was confident that that new instrument of international economic co-operation, together with the complementary part of the Integrated Programme for Commodities, would provide an important framework for the stabilization of the international commodity markets, thus contributing to the improvement of the terms of trade of developing countries and alleviating the difficulties often faced by importing countries.

33. Although the fifth session of UNCTAD had concluded without spectacular results, valuable progress had been made with respect to the programme for the least developed countries, economic co-operation among developing countries and the problem of protectionism. Issues which were of enormous importance but were not yet ready for solution had emerged at that session; new concepts and ideas discussed there were on the General Assembly's agenda as priority items in the months to come.

34. The Conference on Science and Technology for Development had been an outstanding success. Italy especially welcomed the agreement on the institutional and financial aspects of the Programme of Action and was committed to contribute to the interim fund to be established and managed by UNDP for the implementation of the provisions of the Programme.

35. The Sixth Conference of Heads of State or Government of Non-Aligned Countries had proposed the launching of a new round of global negotiations on issues related to the establishment of a new international economic order. His Government was ready to study carefully the various implications of that proposal in a constructive and positive spirit and recognized that it would require a detailed and delicate process of preparation.

36. Italy had long advocated a thorough analysis of energy problems within the United Nations and was ready to discuss those problems in a global context together with other issues which had been on the agenda of the North-South dialogue for a longer time. There were, however, no special categories of problems for particular countries; all the issues or the sectors which had been proposed as subjects for discussion should be seen in a coherent, comprehensive context. With that in mind, his delegation was ready to participate in the preparation of a new round of negotiations so as to ensure effective procedures, the avoidance of overlapping with other negotiations, the utilization of existing forums to the maximum possible extent and the determination of appropriate time-frames. The preparation of the global dialogue definitely deserved priority attention.

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(Mr. Franzi, Italy)

37. The meagre results so far achieved in the preparation of a new International Development Strategy should be seen as a stimulus for more productive work during the forthcoming phases of the negotiations. It might be advisable to explore new methods of work which would make it possible to focus on the main, substantive issues and undertake speedy preparations in view of the envisaged special session of the General Assembly. One problem which would also have to be considered carefully was the relationship between the elaboration and the final scope and nature of the Strategy and the preparation of the new round of global negotiations.

38. His Government had decided to double the volume of Italy's official development assistance in 1980 and to increase it further in subsequent years. That decision was a proof of Italy's commitment to the cause of promoting development in the developing countries. The increase in the volume of official aid would be channelled mostly through multilateral and other international institutions. As soon as the relevant authorities had taken a final decision on the allocation of that new financial contribution, it would be announced in the appropriate forums.

39. His Government had allocated 300 billion Italian lire to its new Department for Development Co-operation for the implementation of technical co-operation projects during the period up to 1983. Recently, Italy had also taken the decision to cancel the debts of 10 of the least developed countries, totalling about \$US 23 million. Those initiatives were a clear indication of Italy's commitment to make further efforts in the direction of a substantive structural improvement in the situation of the developing countries.

40. The priorities to be established by his Government would be oriented towards action on the crucial problems of hunger and malnutrition. His Government believed that fundamental efforts must be made in that field, not only through the supply of emergency food aid or the establishment of food reserves but also, in particular, through technical and financial assistance to programmes oriented towards the improvement and increase of agricultural production in the developing countries, the goal being to ensure the essential conditions for a decent life for the great majority of the world's population. His Government was strongly committed to the integrated approach to the problem of development. Qualitative aspects of development should be considered on an equal footing with quantitative ones; the process of economic growth should be transformed into a process which truly benefited all people, especially the poorest strata of the population. That would imply greater participation in the development process by all people, ensuring them a full and equal share of its benefits, which was a goal to be pursued in particular through measures designed to create new productive capacities in the developing countries as well as through adequate policies of income distribution.

41. His delegation was convinced that the United Nations Conference on New and Renewable Sources of Energy would have to play an essential role in

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(Mr. Franzi, Italy)

fostering the widespread use of non-traditional energy sources, bearing especially in mind the needs of the non-oil-producing developing countries. In the light of his Government's particular interest in alternative energy sources and the concrete initiatives taken in that field, his delegation attached considerable importance to the effective and careful preparation of the Conference. It intended to continue to participate actively in the preparatory process so as to ensure that the preparatory body to be established would provide constructive policy guidelines for the Conference. His Government therefore looked forward to the visit to Rome of the Secretary-General of the Conference.

42. The experience of the thirty-third session of the General Assembly in the field of procedures and organization of work had not been satisfactory. It was the Second Committee's task to work in a constructive and productive manner which would allow for a thorough analysis of the problems and a speedy decision-making process.

43. Mr. LOQUET (Belgium) cited the decline in the average growth rate of the industrialized countries' GNP, the large amount of unused industrial capacity in those countries, inflation and the increased cost of petroleum products as causes for concern regarding the world economic situation. The lack of economic growth in the industrialized countries and the rising cost of energy inevitably affected the economies of the non-petroleum-producing developing countries. Those countries had nevertheless been able to achieve an economic growth rate of approximately 5 per cent over the past three years. The growing cost of petroleum had forced them to spend \$US 27 billion on energy imports in 1979 in contrast to the \$US 18 billion that they had spent in 1978. Their current-account balance would undoubtedly suffer as a result, and the countries whose GNP was less than \$US 300 per person would be the hardest hit. The international community's efforts should focus on those countries, especially since they represented almost 40 per cent of the world's population.

44. It was encouraging to see that some newly industrialized developing countries had been able to increase the volume of their exports of manufactured products and to maintain their economic growth at a high level. Those countries, a great many of which were in Asia, had been able to obtain credits on the international money markets. Their success could also be attributed to their effective struggle against inflation.

45. His delegation agreed with the argument that development could not be merely a by-product of world economic growth. On the other hand, in a world of growing interdependence in international trade, financial and monetary matters, commodities, agriculture, energy and the transfer of resources and technology, all participants in the world economic system would benefit from a steady growth in the world economy. The temporary and relative nature of the benefits and burdens that were to be distributed among countries should be kept in mind in order to facilitate a realistic approach to the analysis of problems and the search for solutions. Differentiation on the basis of a

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(Mr. Locuet, Belgium)

country's economic capacity, without regard to its economic and social system, was already a regular practice in the world economy. All countries were responsible for development and the elimination of poverty in the world, but that responsibility increased with the growth of a country's wealth and economic abilities. For that reason, his delegation hailed the efforts undertaken by the petroleum-producing countries for the benefit of the most disadvantaged developing countries. It also supported increased economic and technical co-operation among the developing countries themselves, which could take the form of tariff preferences and guaranteed commercial markets at the regional level and the provision of financial and technical assistance at the interregional level by countries which were in a position to provide such assistance.

46. An increase in the flow of official development assistance was the major requirement of countries that relied almost exclusively on long-term sources of financing. Unfortunately, however, no progress was being made in that field. The World Bank and regional multilateral financial institutions were currently attempting to convert private short- and medium-term credits into long-term official loans. The time had come, however, to consider a more effective mobilization of private capital markets through greater official activity in that sphere, which would facilitate the channelling of private funds to long-term investments in developing countries.

47. Means of stimulating private investment through agreements between industrialized and developing countries should also be examined. Private corporations could contribute far more than they did at present to the development of the third world. Forms of co-financing such as contributions by the World Bank and the regional development banks supplemented by private funds could also be considered.

48. The energy problem had had one of the strongest influences on the world economy and had dictated the pace of development in many countries. His delegation had appreciated the analysis of the energy situation made by President López Portillo of Mexico in the plenary General Assembly. The proposal to establish a working group to elaborate a world energy plan would receive careful consideration by his Government.

49. The results of the North-South dialogue were often said to be disappointing. It was necessary to recall, however, that the difficult process of implementing the principles contained in the resolutions of the sixth and seventh special sessions of the General Assembly was currently under way. In particular, much progress had been made with regard to the Integrated Programme for Commodities, including the Common Fund, debt relief, wider access to capital markets, expansion of the financing facilities of the International Monetary Fund, the Conference on Science and Technology for Development, economic and technical co-operation among developing countries, the transformation of UNIDO into a specialized agency, agricultural and food co-operation, including the establishment of IFAD and the restructuring of the economic and social sectors. In other fields, however, agreement had been more difficult to reach. That

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(Mr. Joquet, Belgium)

difficulty might be the result of poor negotiating techniques. The proliferation of negotiating bodies should be halted, a more pragmatic and functional approach than had been used in the past should be applied, and the level of the North-South dialogue, which was sometimes sterile and ideological in nature, should be raised. Only then would real progress be possible towards the establishment of a more just and more humane international economic system from which large-scale poverty would have been banished.

50. Mr. GADEL HAK (Egypt) said that since the early 1970s international economic relations had been passing through a delicate period. It was clear that there was a need for structural changes in the economic relations between developed and developing countries on the basis of equality, sovereignty and the just distribution of the fruits of international trade and technological progress. The present delicate situation had been aggravated by the fact that so far no tangible progress had been made in the dialogue between developed and developing countries aimed at achieving a more just economic order. The marginal progress that had been made was in limited spheres and did not reflect the gravity of the problems facing developing countries, especially the least developed and most seriously affected ones. Despite statements by the developed countries that they had achieved an increased understanding of the problems of the developing countries, the dialogue had intensified the developing countries' feelings of frustration. They had observed the reluctance of the developed countries to take effective measures to solve their problems and the failure of the fifth session of UNCTAD as well as the minimal results of the United Nations Conference on Science and Technology for Development and of the work of the Committee of the Whole in connexion with the new international economic order had underscored their disillusionment. A great many developing countries regarded the developed countries' position in the current negotiations within United Nations bodies as being merely tactical and aimed at impeding the adoption of effective measures to benefit the developing countries. The approach taken by the developed countries was to confine the discussion to an analysis of problems rather than to search for methods of eliminating them. To the developing countries that approach signified a lack of political will and an unwillingness to carry out the radical changes that were required in order to establish the new international economic order. Consequently, many of the problems of the developing countries had not been solved. For example, at the end of the Second Development Decade the transfer of resources was below the level that was required by the developing countries. According to figures published by the World Bank and OECD, official development assistance amounted to less than half the target figure of 0.6 per cent of GNP set by the International Development Strategy. He nevertheless wished to welcome the efforts of some developed countries which had attained or surpassed the target.

51. Furthermore, the balance-of-trade deficit of the non-petroleum-producing developing countries had increased. In 1978, it had reached \$US 35 billion as opposed to the 1977 level of \$US 21 billion. In order to be effective, development assistance must include the transfer of resources to developing

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(Mr. Gadel Hak, Egypt)

countries on a wider scale so as to revitalize economic investment and activity between developed and developing countries. An increase in the official development assistance provided by developed countries was required, and additional resources should be made available to multilateral financial organizations, especially the World Bank and the regional development banks, so that they could play a greater role in assisting developing countries.

52. One of the most important problems discussed in international economic forums was the debts of the developing countries. According to World Bank statistics, the public external debts of 96 developing countries had reached a total of \$253 billion. His country's position on the problem of debts was in line with that of the other developing countries, namely, that it was important for the developed countries to take prompt urgent measures to relieve the debt burden of the most seriously affected, least developed and land-locked developing countries. That could be accomplished by at least rescheduling the developing countries' debts in accordance with the conditions laid down by the International Development Association of the World Bank or by consolidating them, by establishing financing facilities through, for example, the World Bank for refinancing the short-term trade debts accumulated by the developing countries in recent years, and by setting up a permanent international organization with the authority to call upon the parties concerned to reorganize the debts of the debtor countries in accordance with internationally accepted principles and procedures. The measures taken by some developed countries to cancel or alleviate the debts of developing countries were examples of what could be done.

53. His delegation supported all efforts aimed at putting an end to the arms race as a step towards the achievement of general and complete disarmament. The resources released as a result could then be used to expand technical and scientific assistance, thus narrowing the gap between the developed and developing countries and helping to establish the new international economic order.

54. His delegation shared the view of other developing countries that progress towards the establishment of the new international economic order depended on the extent to which the developing countries preserved their unity. Those countries therefore attached great importance to programmes of economic co-operation among themselves and his country had always operated within that framework. Foremost among its accomplishments in that regard had been a tripartite agreement on co-operation signed in December 1967 with Yugoslavia and India and a programme of Afro-Arab co-operation. His country had also signed an agreement calling for economic integration with the Sudan. Economic co-operation among developing countries was aimed at increasing their production and thus enabling them to expand their trade relations and economic co-operation with industrial countries. The fact that the developing countries operated on the principle of collective and individual self-reliance should not, however, be used by the industrialized countries as a pretext for shirking their responsibility to implement the new International Development Strategy and the resolutions on the new international economic order.

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(Mr. Cadel Hak, Egypt)

55. The current International Development Strategy had failed to reach its targets for growth rates. For that reason, his country attached great importance to the Strategy for the next Development Decade, which should incorporate all the positive elements on which the new international economic order would be based and should provide for commitments that were clear, well-defined and capable of being implemented on a short-term basis.
56. Several studies conducted by the World Bank and the International Monetary Fund indicated that, in order to accelerate the process of economic revitalization in the industrialized countries, more financial inflows and investment in the developing countries were required. Some OECD studies also indicated that, if they were to realize their target rates of economic growth, the industrialized Western countries would have to accelerate their economic co-operation with the developing countries.
57. Progress in the establishment of the new international economic order depended in large measure on the political commitment of the developed countries. His delegation believed in the viability of the North-South dialogue but wished to stress that the developed countries must take effective measures to solve the serious problems facing the developing countries. In future international negotiations, countries should adopt a realistic approach and avoid the use of slogans so that progress could be made in the interests of all concerned, and particularly of the developing countries.
58. Mr. BARREIRO (Uruguay) said that the countries most affected by the world economic crisis were the petroleum-importing developing countries. What they sought was the establishment of a new international economic order which would redress the inherent imbalances in current international relations and create a world economy beneficial to all countries. Although there should be an integrated approach to the problems of development, those problems affected countries or groups of countries in different ways: the integrated approach should not be allowed to lead to disregard for the problems of particular countries.
59. The new International Development Strategy should reflect awareness of an interdependent world in which it would be increasingly impossible to accept islands of prosperity in the midst of poverty. Apart from the ethical or moral imperatives, economic realities dictated a co-operative approach. It was a fact, for instance, that more jobs were created than lost in the developed countries through trade in manufactured goods with the developing countries. The new Strategy should focus on greater international productivity and seek rational utilization of all material and human resources.
60. It was imperative for the international community to deal with the energy issue, which affected all countries. Sixty per cent of Uruguay's energy was imported. In order to sustain and accelerate their development process, the developing countries had to be assured of adequate access to essential resources. The non-oil-producing developing countries recognized the need for fair prices for a product which came primarily from developing countries. Whereas, however, the selling price of Uruguay's main export, beef,

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(Mr. Barreiro, Uruguay)

had decreased by 20 per cent in six years, there had been more than a fivefold increase during the same period in the price of the petroleum it imported. That fact prompted several considerations: (a) the really serious development had not been the increase in the price of petroleum but the fact that export earnings had decreased in relation to that price; (b) in the case of beef, given the population explosion, it could not be argued that potential demand had decreased; (c) the drop in prices despite the increase in potential demand was another indication of the disorderly state of international economic relations; (d) except for a few raw materials, the prices of commodities had constantly decreased in relation to the prices of manufactures. If that trend was not reversed, it would be difficult to increase food production in what was already a food-deficit world.

61. At regional forums, Uruguay had suggested the establishment of a mechanism to guarantee minimum supplies to developing countries which lacked the products they needed in order to attain their development goals. It had suggested means of enabling countries to determine their energy capabilities, rationalize consumption and avoid wasting energy. It had also suggested the development of alternative energy sources, which would call for considerable research and development resources. The proposal made by the President of Mexico for a world energy plan should be carefully examined in close relation to the proposal by the Group of 77 for the launching of a round of global negotiations covering the energy question as well as other major issues. The Ministers for Foreign Affairs of the Group of 77 had also given valuable support to the concept of co-operation in the supply of export commodities.

62. Although Uruguay attached great importance to the forthcoming United Nations Conference on New and Renewable Sources of Energy, it wondered whether it was realistic not to consider the question of the peaceful uses of nuclear energy.

63. In the present difficult international situation, Uruguay had gone ahead with its plans to make its economy more modern, efficient and dynamic. The Government had recently promulgated a decree liberalizing the domestic and foreign marketing of all precious metals, including gold. Compensatory arrangements between countries with balance-of-payments deficits and trade-surplus countries should be worked out in an effort to mobilize new sources of financing for the development process.

64. Uruguay offered a secure investment climate, guaranteeing total repatriation of invested capital, and did not discriminate between national and foreign companies. It felt that transnational corporations could play a positive role in creating employment, transferring technology and training technical staff, but they had to abide by national legislation.

65. With respect to access to capital markets, all restrictions on the issuance by developing countries of securities or bonds in the capital markets of the developed countries should be lifted. The discriminatory and protectionist practices of the commodity markets should not be extended to the capital markets. Protectionist measures were detrimental to the long-term interests of those applying them and negated the claim by the developed countries to be committed to the principle of free trade.

The meeting rose at 1.15 p.m.