

UN/SA COLLECTION

SUMMARY RECORD OF THE 4th MEETING

Chairman: Mr. MURGESCU (Romania)

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AGENDA ITEM 56: UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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

ORGANIZATION OF WORK (continued) (A/C.2/34/1; A/C.2/34/L.1)

1. Mr. DAVENPORT (Ireland), speaking on behalf of the States members of the European Economic Community, said that those States could accept the suggestions set forth in the note by the Chairman (A/C.2/34/L.1).
2. Mr. HAIDAR (India), speaking on behalf of the Group of 77, noted that, in accordance with those suggestions, delegations could either address themselves to individual items or make general remarks. He also noted that some essential documents had not yet been issued, which would lead to a delay in the consideration and conclusion of the items concerned. Subject to the availability of documents, the Group of 77 would like item 64 to be taken up at a later date, perhaps during the first week of November.
3. The CHAIRMAN said that, if there was no objection, he would take it that the Committee approved the work programme on the basis of the time-table proposed in document A/C.2/34/L.1, annex I with the amendment proposed by the representative of India regarding item 64.
4. It was so decided.
5. The CHAIRMAN recalled that the Committee had decided to close the list of speakers in the general debate on 26 September at 6 p.m. However, since the Committee had not been able to meet on that date, he suggested that the list should instead be closed at 6 p.m. on 1 October.
6. It was so decided.
7. The CHAIRMAN said that, in order to assist delegations and enable the Committee to adhere to the agreed time-table, he would take it, if there was no objection, that the Committee wished to invite the heads of all organizations, organs and programmes to introduce their reports during the general debate, even if the items in question were not integrated in the general debate.
8. It was so decided.
9. The CHAIRMAN said that, since the Committee had a very heavy agenda and limited time, he counted on the co-operation of all in adhering to the time-table that had just been approved, beginning meetings on time and complying with the decisions taken by the General Assembly concerning explanations of vote, rights of reply and documentation.
10. Following consultations with the other officers, he wished to inform the Committee that Mr. Xifra (Spain), Vice-Chairman, would be responsible for co-ordinating informal consultations under items 12, 59, 60, 62, 63, 64, 71, 124 and 125, while Mr. Ahsan (Bangladesh), Vice-Chairman, would co-ordinate informal consultations under items 55 (excluding subitem (a)), 56, 57, 58, 61, 65, 66, 67, 68, 69 and 70.

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11. Mr. CORDOVEZ (Assistant Secretary-General for Secretariat Services for Economic and Social Matters) said that, of the 91 documents which the Second Committee was to receive, 62 had already been issued. Of the remaining 29, 13 had not yet been submitted for reproduction. The figures suggested that saturation point had been reached. The Committee might wish to consider making a commitment to reduce by one third the number of documents it required from the Secretariat. As indicated in document A/C.2/34/L.1, paragraph 8, it was suggested that the Committee should reduce the requests for submission of documents to the Economic and Social Council, or to the Assembly through the Council, to a minimum. A number of documents requested for submission to the Assembly should instead have been requested for submission to the governing bodies of the United Nations organs concerned, which could report to the Assembly on their consideration of the documents in question.

12. Within a few days, the Secretariat would be submitting a document listing the meetings in the economic, social and related fields already scheduled and the documents being prepared for submission to the Economic and Social Council. That document should facilitate consideration of the organizational aspects of some of the proposals to be submitted at the current session.

13. It might at times be useful to consider examining certain items over a two-year or three-year period. One document identified as being late (the report concerning the special session of the General Assembly in 1980) could not have been prepared until several important meetings and extensive consultations had been held. The Secretariat had had very little time after the conclusion of those consultations to prepare the document.

14. He hoped that all the relevant factors would be taken into account in future requests for documentation. When such requests were made, the Secretariat would welcome the opportunity to explain any difficulties involved.

15. Mr. MISHRA (India) said that his delegation appreciated the clarifications provided by the Assistant Secretary-General, and the comments he was about to make should not be interpreted as casting aspersions on the Secretariat. In the absence of the relevant documentation, it was difficult for delegations to give items the consideration they deserved and make a contribution to the debate that would truly reflect their ability and competence. The Committee had set a deadline for the conclusion of its work, which it hoped to be able to meet with the co-operation of the Secretariat. It was because of their anxiety to comply with the wishes of the General Assembly in that regard that delegations were concerned at the unavailability of some documents.

16. Mr. BAUCHARD (France) said that the Committee should follow the example of the Economic and Social Council in trying to reduce the volume of documentation. His delegation shared the concern expressed by the representative of India and would have liked to be able to begin studying a number of very important documents that had not yet appeared. Documents should be issued simultaneously in all the working languages, and the Committee should not begin consideration of any document if one or more language versions of it were not available.

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17. Mr. CORDOVEZ (Assistant Secretary-General for Secretariat Services for Economic and Social Matters) said that the 62 documents already issued had appeared in all the working languages. He added that, although the documentation capacity of the Secretariat had been somewhat strengthened over the years, the number of documents it could produce had actually decreased.

18. Mr. BOUBAKAR (Upper Volta) said that, far from seeking to criticize the Secretariat, delegations were anxious to help it in its work. Small delegations like his faced a special problem when documents were not available in their language. A determined effort should be made to have documents available in all the working languages.

19. Mr. KAABACHI (Tunisia) endorsed the remarks made by the representatives of France and the Upper Volta.

#### GENERAL DEBATE

20. Mr. DADZIE (Director-General for Development and International Economic Co-operation)\* said that in 1980 the General Assembly, convening once again in special session, would seek to give new impetus to the establishment of the new international economic order, including the adoption of a new International Development Strategy for the 1980s and beyond. The current session therefore provided a natural occasion to take stock of the impact of recent developments, in preparation for the work of the special session.

21. The characteristic feature of the Declaration and the Programme of Action on the Establishment of a New International Economic Order, elements of which had been further elaborated in the Charter of Economic Rights and Duties of States, had been the call for structural change. Those documents were based on the premise that systematic changes must be made in the world economy to take the developing countries out of their condition of dependence on the developed countries, a dependence which was not only a result but an important contributory cause of their under-development. Such changes were aimed at ensuring that the international economic system operated in a manner that was far more equitable, as well as efficient, and far more supportive of the development efforts of the developing countries than was at present the case. Central to the attainment of those objectives was the promotion of collective self-reliance by the developing countries for the purpose of exploiting the complementarities of their economies, achieving fuller mobilization of their resources and strengthening their capacity both to evolve common policies and to take joint action to effect improvements in their relationships with the developed countries.

22. The expansion of the international economy in the last century and a half had brought about a revolution in world production, consumption and trading patterns. While it had been far-reaching, that expansion had been marked by its

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\* The full text of this statement will be issued as document A/C.2/34/4.

unevenness both as between and as within countries. The widening of the international market had bypassed large parts of the world, which as a result had remained embedded in their traditional structures, with little or no surplus for investment or export. It was no accident that most, if not all, of the least developed countries of today had failed to be integrated into the international economy. On the other hand, the deepening of the international economy, spurred on as it had been by the internal dynamics of the metropolitan centres, had led to structurally unsound, uneven and at best partial development within most of the developing countries. Those trends had led to an international division of labour that had placed the developing countries in a subordinate position within the present system.

23. If the history of the developing countries in the post-war period showed anything, it was surely that political independence was far from being a sufficient condition for the easing of economic subordination, and that developing countries acting individually could make only limited progress in restructuring their external economic relationships. Political independence and economic subordination might be able to coexist for a time, but they could not do so peacefully or for very long. Tension between the two was unavoidable. The conflict could be resolved, and eventually must be resolved, only by establishing genuine independence. It was for that reason that there was a need for structural change so designed as to remove the remnants both of the colonial system with its distortions and of traditional or pre-colonial systems with their inherent stagnation.

24. While the international economy was not what it had been 30 years before, the basic dynamics of the system had remained much the same, even if they had undergone changes of form and appearance. Developing countries, despite their efforts to secure indigenous sources of growth and to diversify their production, had followed a pace and pattern of growth largely determined by external factors. They remained highly vulnerable to cyclical fluctuations in the developed countries and were heavily reliant on development assistance and other capital flows. Dependence in such spheres as the development and transfer of technology and shipping remained high and the international monetary and financial system, essentially under the control of the North, had shown itself to be inadequately responsive to the requirements of the developing countries.

25. The resolution of those problems required far-reaching changes. Simple recourse to monetary and fiscal restrictions, to cut-backs in consumption levels, to protectionist measures or to reductions in aid flows might provide temporary respite for individual countries but were bound to accentuate the underlying disequilibria in the system as a whole. Fortunately, the recognition was emerging in the developed world that measures to expand effective demand and production capacities in the developing countries could make a vital contribution to the solution of current economic problems. Similarly, in the case of the socialist countries of Eastern Europe, it was widely accepted that a restructuring process providing for the full development of their substantial potential for trade and other exchanges would yield benefits for all groups of countries. There was thus a clear basis of mutual interest in promoting changes in existing relationships and mechanisms which would make the international system work both

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(Mr. Dadzie)

more equitably and efficiently, and which would provide better support for the development process and at the same time promote the orderly growth of the world economy.

26. Industry in particular was one sector where there was an awareness of the desirability of far-reaching modifications in the pattern of specialization, involving the expansion of industrial export capacity in the developing countries and complementary structural changes in the productive sectors of the developed market-economy countries. That awareness, however, was in practice being negated by contrary policies of protectionism that served only to reinforce the existing inappropriate pattern. There was therefore a need for active and anticipatory adjustment policies designed to secure the redeployment of industry on a world scale and the establishment of new productive capacities and lines of specialization in the third world. Furthermore, accelerated redeployment of industry and import expansion by developed countries would promote their own recovery by stimulating increased lending to developing countries. As developing countries were enabled to increase their exports, they would be able to expand their borrowing without incurring excessive debt, step up their rates of investment and enlarge their imports from developed countries, thereby reducing unemployment in the latter countries.

27. In the short term, the process of promoting the expansion of North-South trade could be accelerated by generating a much larger volume of financial transfers to developing countries under official auspices, including in particular official development assistance and balance-of-payments support. The willingness of developing countries to extend their external indebtedness in order to maintain import growth had served as an important prop to the exports of the developed countries in the past few years, and had accordingly served to moderate recessionary forces in the latter. Indeed, it could be argued in that regard that even the non-oil-producing developing countries presented more reliable and dynamic export markets than the industrialized countries; had developing countries followed the example of the industrialized countries after 1973 by cutting back both their growth and their imports to adjust to the oil price increases, the recession in the industrialized world would have been far more serious.

28. It would be unrealistic to expect developing countries to continue to accumulate debt at the same rate as in the recent past. What was now required was explicit recognition of the potential for counter-cyclical and expansionary lending, and determination to take the steps necessary to exploit that potential. The prevailing state of excess liquidity in financial markets, the feasibility of tapping them without imposing unnecessary strains on developed country budgets and on developing country debt burdens, and the certainty that inaction in that area would exacerbate recession, all argued for undertaking what the consensus resolution adopted at the fifth session of UNCTAD had described as the massive transfer of resources. That would form an important part of the necessary transition to a new pattern of world economic growth to the benefit of both the recovery of developed countries and the development of developing countries. No less important within the same time-frame was the need to implement UNCTAD's Integrated Programme for Commodities, including its central element, the Common Fund.

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29. The process of restructuring the international economy could not avoid the problem of effecting an orderly transition to more tenable patterns of energy use. New and renewable sources of energy and new sources of oil were indispensable for the sustained and sustainable development of the world economy. The need of the developing countries for assured and increasing energy supplies for their accelerated development was particularly acute, as was their need for protection against shifts in their balance of payments brought about by the rising costs of essential imports. The industrialized countries too had a strong interest in the adequacy and the assuredness of supplies. For the oil-exporting countries, there was a no less natural concern to maintain the real value of their purchasing power in the context of inflation, fluctuating exchange rates and relative price changes, and to be assured of international support for their own development efforts. Under those circumstances, there seemed no alternative to stringent energy conservation measures, particularly in the major energy-consuming countries, including the adoption of technologies that were less wasteful of energy, combined with the rapid development and utilization of new and renewable sources of energy.

30. The food sector and the problem of rural development in general would also require strong, forward looking policies on the part of both developed and developing countries. New initiatives were called for to bring stability in the world market for food grains and to give full and prompt effect to the recommendations of the World Conference on Agrarian Reform and Rural Development.

31. The areas he had mentioned, although perhaps the most topical, by no means covered all the essential components of the process of restructuring of the international economy, a process that must encompass all the main points of economic interaction between North and South. One further dimension that deserved emphasis was that of closer economic and technical co-operation among developing countries. The prevalence of "vertical" links between developing and developed countries and the paucity of "horizontal" interrelationships was a product of history and of the uneven development that had marked the evolution of the existing international economic order, and increased collective self-reliance must therefore be seen as both a goal of the new international economic order and an instrument for its attainment.

32. All countries, regardless of their economic and social systems, had the responsibility of co-operating towards the establishment of the new international economic order, and strengthened co-operation between developing countries and the socialist countries of Eastern Europe was in fact an important ingredient of the new order.

33. The difficulties encountered in the North-South dialogue lay less with the mechanisms and modalities of the dialogue than with the political commitment of Governments to the principles of the new international economic order. An important test of that commitment lay in the preparation of the new International Development Strategy, which must necessarily address the entire spectrum of issues in the North-South dialogue. The review and adaptation mechanism of the Strategy, once established, would oversee its implementation and make modifications and

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(Mr. Dadzie)

additions in the light of changing circumstances. Since development was indivisible, the new Strategy must also include policy measures in developing countries for the full mobilization of domestic resources and for social development.

34. There remained the question of the setting in which the energy issue, which all would now accept as appropriate for inclusion in the North-South dialogue, was to be handled. It seemed clear that, since the new Strategy would have to establish guidelines and time-tables for negotiations on energy as well as other issues, it would inevitably establish linkages between them. The negotiations themselves would need to take into account the close relationship between energy and international monetary and financial issues. Likewise, any future discussions on energy and related issues - and such discussions must soon be initiated - must take that and other linkages into account.

35. Mr. MISHRA (India) said that, as pointed out in the important declaration recently adopted by the Ministers for Foreign Affairs of the Group of 77, the developing countries had to bear the brunt of the lingering and deepening crisis in the world economy. Instead of showing signs of improvement, the negative trends of the last few years were becoming more and more accentuated. Those trends, which were extremely damaging to the developing countries, could largely be attributed to unfavourable external circumstances. The developing countries remained determined to combat those circumstances and to establish international economic relations on a just and equitable basis. It was becoming increasingly evident that the current crisis was not cyclical but sprang from deep-rooted structural causes. Adequate solutions could not be found without fundamental structural changes in the international economic system. The existing economic order was obviously inefficient in meeting the needs of the developed countries themselves, and failed to support the development process in developing countries.

36. Greatly enhanced transfers of resources were required in order to promote the rapid economic and social development of the developing countries. In fact, however, official development assistance had fallen far short of internationally agreed targets because of the failure of most developed countries to meet their obligations. In spite of the recent acceptance in principle of a Common Fund to aid commodity price stabilization, the general outlook for export earnings of developing countries remained poor. The protectionist trend in developed countries had strengthened and there was no indication of any reversal of it. Attempts to reach a more rational and equitable international division of labour had failed because of the resistance of developed countries. Inflation continued to grow and was being exported from the developed countries to the developing countries. The debts of the developing countries had assumed astronomical proportions; by one estimate, the deficits on current account of those countries might exceed \$50 billion by the end of 1979. The impact of actions taken by some developed countries to cancel or adjust debts was limited because of the magnitude of the debt, and prospects for growth in the developing countries had accordingly diminished; indeed, it might not be possible to sustain the modest results of the past few years. Special measures were urgently needed for the least developed countries and for the land-locked, island developing and most seriously affected countries.



(Mr. Mishra, India)

37. As the end of the 1970s approached, it must be recognized that developing countries remained far from achieving goals and targets for which they had had every reason to expect strong international support. Their efforts to vitalize their economic and social growth had largely been thwarted by a hostile external environment. Developed countries had consistently failed to control their internal imbalances, with the result that the imbalance in world trade and in the international monetary and financial system had become more marked than ever. The major burden of adjustment had been placed on developing countries, some of which had suffered negative growth over the decade. For that reason, the gap between the rich and the poor was greater than ever.

38. In order to solve those intractable problems, the international community had resolved to establish the new international economic order based on equity and justice. The new order required wide-ranging reform of the institutional framework of international economic relations so as to give developing countries their due share in global decision-making. The developing countries sought to achieve that goal through negotiations within the United Nations system; they regarded the role of the General Assembly in that process as supreme and it was therefore particularly important that the current session should demonstrate forward movement. However, experience had shown the Group of 77 that there was active resistance in some quarters to the basic elements of the new international economic order. In their declaration, the Ministers for Foreign Affairs of the Group had expressed disappointment and frustration at the lack of any worth-while progress. The matter would have to be examined in depth during the consideration in the plenary Assembly of the report of the Committee of the Whole. The Group of 77 felt that the negotiations on international economic co-operation should be action-oriented and allow for an integrated approach to major issues in the areas of raw materials, trade, energy and development.

39. Turning to document A/C.2/34/L.1, he said that the Group of 77 was dismayed at the lack of documentation for some items under discussion in the present phase of the Committee's work, particularly the reports of the Secretary-General on progress in implementing the General Assembly resolution on restructuring and on the preparations for the special session of the General Assembly in 1980.

40. The draft resolution on transnational corporations transmitted by the Economic and Social Council under item 12 was of great significance to the Group of 77, which was convinced that agreement on regulation of the activities of transnational corporations was vital for assuring the interests of both the developed and the developing countries and hoped that the question would be given proper consideration.

41. The Group of 77 strongly supported the general strategy for the implementation of the programme for the United Nations Transport and Communications Decade in Africa. It trusted that there would be no major obstacles to the adoption by the General Assembly of the resolution on that subject and that generous financial contributions would be forthcoming at the Pledging Conference.

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(Mr. Mishra, India)

42. Economic and Social Council decision 1979/57 on the restructuring of the economic and social sectors of the United Nations system showed that the Council had been unable to implement the recommendations addressed to it by the General Assembly in its resolution 32/197. The Group of 77 greatly regretted that such should be the case. It had taken the lead in attempting to make the United Nations system more responsive to the changing international economic situation, and some progress had been made as a result of those efforts. It was necessary, however, that every part of the United Nations system should respond to the demand of the developing countries for greater sensitivity to their needs. The Group of 77 particularly regretted that its interest in revitalizing the Economic and Social Council by making it a fully representative forum had not borne fruit. Unless the Council became fully representative, it could not fulfil the role assigned to it in the Charter. The Committee would have to consider carefully how it should respond to the Council's decision.

43. The convening of the special session of the General Assembly in 1980 was the result of one of the most significant initiatives of the Group of 77 for promoting the development of the developing countries and enhancing international economic co-operation with a view to the early establishment of the new international economic order. The Group would make preparations for the special session at several levels, including the interregional level of developing countries, but the General Assembly itself must provide the essential momentum.

44. He expressed the concern of the Group of 77 at the fact that the final documentation on the report of the Preparatory Committee for the New International Development Strategy was not yet available. The Preparatory Committee had met three times since the conclusion of the thirty-third session of the General Assembly, but the results had been very meagre. It was evident to the Group of 77 that the poor results reflected unwillingness on the part of its partners in the negotiations to accept commitments for the 1980s. Despite its grave apprehensions, the Group was determined to continue to negotiate in good faith. It would insist on three sessions of adequate duration in 1980 for the finalization of the Strategy.

45. In view of the lack of documentation on item 69, the Group of 77 reserved the right to revert to that extremely important item at an appropriate time and would request the Chairman to grant it the facilities for doing so.

46. With regard to item 126, he said that the long-drawn-out armed struggle and the cynical looting by the previous leadership had created extremely urgent problems for the Nicaraguan people. They deserved international support, and the Group of 77 fully expected that the General Assembly would take measures to ensure that such support was available. The Group would also urge the provision by the international community of assistance and support to the Dominican Republic and Dominica in the wake of the recent hurricanes.

47. On behalf of the Group of 77, he proposed that the text of the statement made by the Director-General for Development and International Economic Co-operation should be circulated as a Committee document.

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48. Mr. SEVAN (Deputy Secretary of the Committee) said that the financial implications of that proposal would be approximately \$5,400.

49. The proposal was adopted.

AGENDA ITEM 56: UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (A/C.2/34/2)

50. Mr. SEVAN (Deputy Secretary of the Committee) said that, under the terms of the draft resolution contained in document A/C.2/34/2, the General Assembly would decide in effect that the Trade and Development Board should normally meet twice in any particular year instead of once as provided in Assembly resolution 1995 (XIX), as amended by resolution 2904 (XXVII). Under current arrangements, the Board was normally convened for one regular annual session of three weeks in autumn with one special session of one week in the spring. Should the General Assembly adopt the draft resolution, it was proposed that the Board should hold annually two regular sessions of a two-week duration. On that basis, the over-all duration of the sessions of the Board would remain unchanged and no additional conference servicing costs would result from the proposed change.

51. The draft resolution was adopted.

52. The CHAIRMAN said that, as recommended by the General Assembly, the Rapporteur would report the Committee's decision to the General Assembly as a matter of priority.

The meeting rose at 5.05 p.m.