



SUMMARY RECORD OF THE 37th MEETING

Chairman: Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic)

CONTENTS

AGENDA ITEM 82: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)

- (a) TRADE AND DEVELOPMENT (continued)
- (b) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES: REPORT OF THE SECRETARY-GENERAL (continued)
- (c) ECONOMIC AND TECHICAL CO-OPERATION AMONG DEVELOPING COUNTRIES (continued)
- (e) ENVIRONMENT (continued)

AGENDA ITEM 86: SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE: REPORTS OF THE SECRETARY-GENERAL (continued)

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

\*This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2/50/2, United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate fascicle for each Committee.

DISTR. GENERAL,  
A/C.2/42/SR.37  
18 November 1987

ORIGINAL: ENGLISH

The meeting was called to order at 4.30 p.m.

AGENDA ITEM 82: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)  
(A.42/3, 178, 313, 344, 352, 354, 357, 359, 381, 386, 407, 410, 411, 417, 474, 477,  
549, 603, 604 and Corr.1, 625, 677, 681, 715; A/C.2/42/5)

- (a) TRADE AND DEVELOPMENT (continued) (A/42/3, A/42/15 (Vols. I and II), A/42/317,  
537, 555, 583, 660, 678; TD/351; A.C.2/42/L.5, L.6, L.7)
- (b) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR  
THE LEAST DEVELOPED COUNTRIES: REPORT OF THE SECRETARY-GENERAL (continued)  
(A/42/576; TD/351)
- (d) ECONOMIC AND TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES (continued)  
(A/42/3, A/42/39 and Corr.1, A/42/452)

1. Mr. ANDRADE-DIAZ-DURAN (Guatemala), speaking on behalf of the Group of 77, said that the deterioration in the world economic system was having an alarming effect on the process of economic and social development in the developing countries, particularly the least developed, land-locked and island countries. Accordingly, at the eleventh ministerial meeting, the Ministers for Foreign Affairs of the Group of 77 had expressed profound concern with regard to the unilateral policies of the major market-economy countries, which had avoided their responsibilities arguing that market forces alone would solve the serious problems affecting the developing countries and that those countries could achieve sustained development by means of decisive domestic policies, no account being taken of the adverse external economic environment.

2. The Group of 77 stressed the need for constructive negotiations between the developed and the developing countries to find ways of improving the latter's economic conditions. That was the only way to strengthen the world economy. The appropriate forum for such negotiations was UNCTAD and, the developing countries were firmly committed to the type of constructive dialogue that had been established at the seventh session. He also appealed to the developed countries to make suitable adjustments to their macro-economic policies.

3. The Final Act indicated the need to join forces to find solutions within a multilateral context and, acknowledging the growing economic interdependence of countries and sectors, underlined the need for proper assessment of the responsibilities and opportunities that implied. In that respect, the results of the seventh session appeared modest as far as the developing countries were concerned.

4. Recent developments on the international financial markets had made it imperative for IMF and the World Bank to find a way of contributing, in the short term, to the institution of a new more equitable, just and democratic financial and monetary system in order to facilitate the development efforts of the developing countries. In that connection, the Group of 77 called for an international

(Mr. Andrade-Diaz-Duran, Guatemala)

conference to be convened to discuss monetary and financial resources for development, and urged the Secretary-General to initiate high-level consultations to that end.

5. The Ministers for Foreign Affairs of the Group of 77 had agreed that the International Development Strategy and its mid-term review process remained highly significant for the achievement of the new international economic order and the effective implementation of the Charter of Economic Rights and Duties of States. The developed countries must demonstrate the necessary political will and make a serious commitment to implement the political measures provided for the Strategy.

6. In preparing a new international development strategy for the fourth decade, the United Nations should seek to explain the failure to achieve most of the objectives of the Third Decade. In consultation with the appropriate bodies, the Secretary-General should prepare the ground for the foundation of a new strategy, which would contribute to the establishment of the new international economic order and respond to the priorities and needs of the developing countries.

7. In view of the fact that the least developed countries had been particularly hard hit by the international economic situation, the Group of 77 urged that the Substantial New Programme of Action and the recommendations of the mid-term review should be implemented in full as soon as possible. The Secretary-General's report on the implementation of the Substantial New Programme had indicated that, in spite of their development efforts, the socio-economic conditions of the least developed countries were continuing to deteriorate and that many of them would find it difficult to regain previous per capita production levels. Of particular significance was the fall in commodity prices, since commodities accounted for most of their exports. Terms of trade had deteriorated to the extent that the cost of their imports was more than twice as much as the value of their exports and their total external debt was equivalent to more than 50 per cent of their combined GDP. The situation could only get worse unless urgent measures, including partial or total debt forgiveness, were taken.

8. The Group of 77 repeated its appeal to the international community, particularly, the developed countries, and to the subregional, regional and international multilateral financial institutions to increase the transfer of resources to the least developed countries, on terms conducive to their immediate and long-term development. Donor countries which had not already done so should seek to achieve the target of 0.15 per cent of GNP. The Group of 77 endorsed the proposal to convene a high-level conference on the least developed countries to assess the progress made during the current decade.

9. He appealed to donor countries and to the multilateral financial and development institutions to provide the necessary technical and financial resources for the land-locked and island developing countries to permit investment in infrastructure and the adoption of measures to solve their transport and communications problems.

(Mr. Andrade-Diaz-Duran, Guatemala)

10. The Group of 77 reaffirmed its commitment to the strengthening of economic co-operation between developing countries as a means of achieving collective self-sufficiency. It also supported technical co-operation between the developing countries, and called for the implementation of the Buenos Aires Plan of Action. Although that Plan had been adopted at a time when conditions were more favourable, it had still been possible, even recently, to achieve some positive results, such as the inter-country programming exercises, which had created new opportunities for technical co-operation. Further efforts were required, however, to reinforce that co-operation, and adequate resources must be allocated to the special programme designed to promote such activities.

11. Mr. SOMVORACHIT (Lao People's Democratic Republic) said that the international trading system was being seriously compromised by the protectionist measures adopted by certain developed countries and other restrictions placed on the developing countries' trade. The developed countries' linkage of trade with other issues, which was motivated by their desire for domination, constituted a form of neo-colonialism which his delegation strongly denounced. Such policies and practices not only harmed the world economy but failed to serve the real needs of development.

12. Naturally, the international economic environment had an even more disastrous effect on the economies of the least developed countries, as the report contained in document A/42/537 made clear. Consequently, the Western developed countries must respond to the proposals made time and again by the Group of 77, most recently in the Declaration issued by their Ministers for Foreign Affairs at their eleventh annual meeting at United Nations Headquarters in October 1987.

13. There was no question that the Substantial New Programme of Action for the 1980s for the Least Developed Countries continued to constitute an indispensable legal and political basis for the least developed countries' co-operation with their development partners. However, its implementation left much to be desired. While some donor countries had made commendable efforts to accord 0.15 per cent of their GNP to the least developed countries, others must do more to help end those countries' anachronistic state of underdevelopment as soon as possible. His delegation welcomed the action taken at the seventh session of UNCTAD in respect of the least developed countries, particularly, the decision to convene a high-level conference in 1990 to assess the implementation of the Substantial New Programme of Action and welcomed the generous offer of the French Government to host that conference.

14. His own Government was deeply committed to strengthening economic and technical co-operation among developing countries, the Caracas Programme of Action and the Buenos Aires Plan of Action. His delegation welcomed the Pyongyang Declaration and Plan of Action on South-South co-operation adopted in June 1987 by the non-aligned countries, but stressed that South-South co-operation must not be considered as a replacement for efforts by the international community and the United Nations to solve the problem of underdevelopment.

15. Mr. MOHIUDDIN (Bangladesh) said that deflationary forces could well become the greatest obstacle to growth and development in the world economy. In view of the interdependence of national economies, the situation called for a multilateral response, and the seventh session of UNCTAD had proved that such a response was possible and that views on questions of development, growth and international trade could be addressed and harmonized in a positive and constructive manner. While the outcome of that session had been limited and not wholly satisfactory in some respects, the Conference had provided a much needed boost to multilateral negotiations based on mutual benefit, common interests, equity and non-discrimination. Governments must now give effect to the policies and measures upon which agreement had been reached. The Final Act would be meaningless without implementation.

16. The number of least developed countries had increased by a quarter since the adoption of the Substantial New Programme of Action in 1981. Their per capita gross domestic product had declined to the extent that it represented only 2 per cent of the corresponding figure for the developed market economies. Whilst there had been some recent improvement in economic performance, GDP growth rates had failed to keep pace with population increases. Most of those countries had been unable to meet the target of a 9 per cent overall annual growth rate in manufacturing output in the first half of the decade, and a low domestic savings rate had continued to act as a severe constraint upon their overall economic growth. Development had been further impeded by increasingly unfavourable external factors, in particular, the downward trend in commodity prices. With the decline in the dollar, import prices had increased and the terms of trade in the goods they produced had deteriorated.

17. The least developed countries had, however, embarked on far-reaching policy reforms. Among other things, they were promoting the private sector, giving higher priority to agricultural development, favouring exports and seeking to attract foreign direct investment. While some progress had been made, the necessary momentum could not be reached without international support measures. Regrettably, ODA receipts had stagnated during the current decade, and non-concessional financial flows had fallen steadily. The efforts made by some donor countries to reach aid targets were to be welcomed, however, and that trend seemed likely to continue.

18. The problems of the least developed countries had figured prominently at the seventh session of UNCTAD. He expressed satisfaction with the considerable interest and political will demonstrated on that occasion by all groups of countries, and hoped that the General Assembly would take a decision about the proposed high-level conference to appraise and review implementation of the Substantial New Programme of Action: all Member States should participate constructively in that conference and in its preparation.

19. Mr. DINU (Romania) said that the international community's concern at the current world trade situation, which had strongly affected multilateral economic co-operation, was justified. The seventh session of UNCTAD had offered an opportunity to discuss the related problems in depth, and, while its results had

(Mr. Dinu, Romania)

been relatively modest the session had proved that the international economic dialogue could be resumed. Now the general consensus reached at that session must be translated into specific actions to liberalize international trade and increase the flow of assistance to the developing countries. The President of Romania believed that the General Assembly should appeal to all States to renounce protectionist and discriminatory measures in their commercial exchanges and to abide by the provisions of the General Agreement on Tariffs and Trade in granting most-favoured-nation treatment.

20. It was to be hoped that the Uruguay Round of multilateral trade negotiations would lead to new tariff reductions and a general liberalization of trade. His delegation attached great importance to negotiations on the preparation of a global system of trade preferences among developing countries, and was ready to work to ensure their success.

21. It was unfortunate that the meeting of governmental experts on the reverse transfer of technology called for in General Assembly resolution 40/191 had not been convened by the Secretary-General of UNCTAD; his delegation hoped that the group would be able to meet in early 1988. He welcomed the report of the Inter-Agency Group on Reverse Transfer of Technology (A/42/317), and commended the fact that measures to co-ordinate the activities of agencies relating to the reverse transfer of technology had already been taken and hoped that the Group would continue its useful work.

22. Mr. AL-ERJANY (Yemen) said that the international economic situation was characterized by disequilibrium. To narrow the widening gap between the developing and developed countries, a new international economic order based on justice and equality was required. Building new international economic and monetary structures, however, required political will to address that imbalance and to restructure economic relations taking into account the interests of all parties. Increasing interest rates, volatile exchange rates, protectionism and obstacles to the transfer of technology to developing countries all contributed to aggravating the global economic crisis. Least developed countries were particularly affected; they were faced with continuous deficits in their balance of payments, mounting indebtedness year after year and decreasing rates of economic and social growth.

23. Developing countries should not be confined to exporting primary commodities and importing manufactured products. Moreover, given the interdependence of economic issues, it was not in the long-term interests of the industrialized States to allow those countries to remain incapable of meeting their external financial obligations and providing their people with basic essentials.

24. The Secretary-General's report on the Implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries illustrated the hardships of the least developed countries. Their decreasing success in attaining their development objectives was due, basically, to the deterioration of the international economic situation: their foreign debt, which at \$41.7 billion

(Mr. Al-Eryany, Yemen)

constituted over 50 per cent of their GDP, was inconsistent with the goals of that programme, which called for assistance to the least developed countries essentially in grant form.

25. Yemen's food planning policy aimed at achieving self-sufficiency. In keeping with that policy, a number of legal measures had been adopted to promote the development of local products, particularly in the agricultural sector, with a view to achieving the highest possible rate of food production. The Food and Agriculture Organization was playing a valuable role in supporting that goal. The Government hoped to obtain increased assistance in the financing of short- and long-term agricultural projects and the supply of agricultural equipment and machinery and training. His Government had also adopted a number of legal measures designed to encourage investment in the industry and trade sectors. His Government would welcome assistance from the Economic and Social Commission for Western Asia (ESCWA) in the preparation of its third five-year plan, particularly since Yemen was among the least developed countries in the region.

26. The main objective of the Substantial New Programme of Action was to transform and strengthen the economies of the least developed countries, enabling them to provide at least internationally accepted minimum standards of nutrition, health, education and housing. However, because natural disasters compounded those countries' economic and social hardships, an effective international response to their needs had become more urgent not only in order to assist them but also in order to set the international economic situation on a new course. His delegation called upon the Secretary-General of the United Nations, the Secretary-General of UNCTAD and the Director-General for Development and International Economic Co-operation to implement, monitor and follow up the Programme.

27. Mr. OH (Observer for the Republic of Korea) said that the most important task of the Uruguay Round was to halt the further deterioration of world trade by encouraging countries to adhere to their commitments concerning standstill and roll-back in the area of protectionism. The outcome of the Uruguay Round should be fair and should reflect the concerns of developing countries, so as to ensure a viable and durable trading order for the expansion of world trade and the promotion of exports from developing countries.

28. Although the Republic of Korea was a developing country burdened by external debt, it would continue its policy of further opening its market, reducing tariff and non-tariff barriers and liberalizing foreign investments. Since 1970, it had maintained an open-door trade policy towards all countries and had granted most-favoured-nation treatment to the socialist countries.

29. A worrisome aspect of international trade was the misalignment of the world major currencies. Since fiscal imbalance among industrialized countries disrupted the orderly growth of world trade, those countries should further strengthen their co-operation in co-ordinating macro-economic policy and should endeavour to keep interest rates low and stabilize exchange rates.

(Mr. Oh, Observer, Republic of Korea)

30. His delegation commended the Final Act of the seventh session of UNCTAD, and welcomed the plan to carry out a global review and appraisal of the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries at a high level in 1990. Financial flows to the least developed countries should be significantly increased, primarily in the form of generous grants and loans on highly concessional terms.

31. The Republic of Korea greatly valued economic and technical co-operation among developing countries, and had actively supported United Nations operational activities for development. At the bilateral level, it trained nationals of developing countries in various fields and sent its experts and technicians abroad to provide technical assistance. His Government had established the Economic Development Co-operation Fund in order to promote economic co-operation with other developing countries through the granting of concessional loans.

32. Mr. DERISBOURG (Observer, Commission of the European Communities) said that the States members of the European Community believed that international trade was one of the driving forces behind development, which was why they had worked at Punta del Este to speed up the new round of trade negotiations in the framework of GATT. The seventh session of UNCTAD had confirmed the importance of those negotiations and had endorsed measures to facilitate the developing countries' participation in them. Of the two areas covered by the Uruguay Round, two - tropical products and agriculture - were of particular interest to the Second Committee.

33. The European Community had carried out a thorough review of its tropical products policy with a view to holding substantive negotiations in that area. That review had been complicated by the fact that the Community, too, was a producer and processor of certain tropical products and because many least developed countries had close ties to Community members which guaranteed them an outlet for their own tropical products. In accordance with the Lomé Convention, the Community planned to eliminate or reduce significantly the duties or tariffs on a wide range of products in all States - raw, semi-finished and finished. The Community was also considering a gradual elimination of almost all quantitative restrictions on tropical products and of taxes on consumption in respect of coffee, cocoa and tea. All countries, however, must help to liberalize trade by undertaking comparable measures. The Community also expected a measure of reciprocity on the part of developing countries enjoying a position of dominance on international markets, which was the case with certain tropical products, in order to facilitate the export of those products. The according of priority to negotiations on tropical products was in the interests of developing countries.

34. In the area of agriculture, the Community was ready to participate in co-ordinated efforts to stabilize certain commodity markets. Obviously, negotiations relating to agricultural trade could not be conducted apart from negotiations on other aspects of trade. Nevertheless, the Community proposed that producer countries should initially take emergency measures to improve the situation of the markets most seriously affected, such as cereals, sugar and dairy



(Mr. Derisbourg)

products. Stop-gap measures might be applied for one year and subsequently renewed if the participants in the negotiations so agreed. Domestic measures must also be taken by individual countries to reduce government support in sectors registering large surpluses. The negotiating countries should then work together to reduce government support, overhaul their protective systems and devise new regulations in the areas of plant and animal health.

35. Respect for the commitments undertaken at Punta del Este was necessary if current trade negotiations were to enjoy credibility. While the Community had refrained from taking measures that went against its own commitments to standstill and roll-back, some of its trading partners, unfortunately, had not always done so, forcing the Community to bring those cases before the competent negotiating bodies of GATT. For many countries, including most developing countries, the area of services was one that would expand in the future. The European Community expected that the outcome of multilateral negotiations on services would lead to balanced results.

36. The new round of trade negotiations deserved the unflagging support of all States that had participated in the seventh session of UNCTAD. The General Assembly should support co-operative efforts to liberalize international trade. For its part, the European Community, cognizant of its responsibilities, would continue to take all necessary steps to ensure that the new round of negotiations was successful.

37. Mr. MCBARNETTE (Trinidad and Tobago) said that the seventh session of UNCTAD had underscored the link between the activities of UNCTAD and the Uruguay Round of multilateral trade negotiations, and had reaffirmed the need to remove the impediments and distortions which bedevilled the international trading system. His delegation was pleased that the Secretary-General of UNCTAD would provide, on request, technical assistance to developing countries in order to facilitate their effective participation in those negotiations.

38. Resources for development was another key area which had been considered at the session. All developing countries required resources for productive investment to supplement their domestic resources. There had already been some important developments in that area, but much remained to be done.

39. The Final Act defined the responsibilities of the major market-economy countries, the developed countries, the socialist countries of Eastern Europe and the developing countries in the implementation of national and international policy measures to improve the environment for sustainable growth and development. The developing countries should undertake structural adjustment and select the appropriate national policy which would help them achieve their development objectives. However, the long and painful process of structural adjustment and policy reform was not an end in itself but a means to an end, and the developing world's efforts must be bolstered by a supportive international environment. The States which had the greatest influence on the world economic system should adopt

(Mr. McBarnette, Trinidad and Tobago)

domestic and international economic policies which fostered coherence within that system.

40. UNCTAD should continue its work in those areas which had not been included in the agenda of its seventh session. Trinidad and Tobago remained optimistic that Governments, guided by common interest, would translate the injunctions of the Final Act of the seventh session into concrete actions.

41. Mr. BRAISH (Afghanistan) said that the adverse external environment had been disastrous for the least developed countries. Between 1981 and 1986, their number had increased from 31 to 40 and their economies had grown more precarious. His delegation urged all donor countries and the relevant financial and technical assistance institutions to take immediate and concrete steps to implement the Substantial New Programme of Action for the 1980s for the Least Developed Countries with a view to promoting a self-sustaining process of socio-economic development in the least developed countries.

42. Afghanistan, a least developed and land-locked country, had not benefited from the targets set by the Substantial New Programme of Action. In 1980, more than 25 development projects had been suspended as a result of the unilateral cessation of co-operation by a number of countries and certain international monetary institutions. It appeared that donor countries were endeavouring to use the Substantial New Programme of Action to impose retrogressive policies on the least developed countries. The donor countries should stop the practice of using development assistance as a means of exerting political pressure. Instead, they should make real efforts to help the least developed countries achieve their economic development objectives.

43. Mr. CAHILL (United States of America), speaking in exercise of the right of reply, said that the charges which the delegation of Panama had made against his country at the previous meeting were false and unfounded. The United States of America supported the efforts of the Panamanian people to resolve their country's political difficulties and renew its commitment to democracy. Since July 1986, his country had frozen its economic and military assistance to the Panamanian Government in order to demonstrate its concern about the human rights situation in Panama and the continuing impasse between the Panamanian Government and its opposition.

44. Mr. SAMANIEGO (Panama), speaking in exercise of the right of reply, said that his delegation had not been surprised by the statement of the representative of the United States of America. Panama was familiar with colonialism and the various forms of economic coercion because it had had to live with the presence of a foreign Power in the middle of its territory for more than 80 years. Moreover, that Power wished to maintain its presence in Panama beyond the year 2000. The new generation of Panamanian patriots would never accept the "big stick" policy which had been imposed on their country. Respect for the sovereignty of States was a pre-condition for peace, and Panama required nothing more - but nothing less - than that.

(e) ENVIRONMENT (continued)

45. The CHAIRMAN announced that Austria had become a sponsor of draft resolution A/C.2/42/L.44.

AGENDA ITEM 86: SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE: REPORTS OF THE SECRETARY-GENERAL (continued)

46. The CHAIRMAN announced that Austria had become a sponsor of draft resolution A/C.2/42/L.25.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

47. The CHAIRMAN announced that Bangladesh, Czechoslovakia, El Salvador, Liberia, Panama, Sao Tome and Principe, Somalia, Uruguay, Uganda, Zambia and Zimbabwe had become sponsors of draft resolution A/C.2/42/L.32.

The meeting rose at 6 10 p.m.