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President: Mr. SOMAVIA (Chile)

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The meeting was called to order at 10.15 a.m.

MARKET ACCESS: DEVELOPMENTS SINCE THE URUGUAY ROUND, IMPLICATIONS, OPPORTUNITIES AND CHALLENGES, IN PARTICULAR FOR THE DEVELOPING COUNTRIES AND THE LEAST DEVELOPED AMONG THEM, IN THE CONTEXT OF GLOBALIZATION AND LIBERALIZATION (continued) (E/1998/50 (Sect. 2), E/1998/55)

Mr. NGUYEN DY NIEN (Viet Nam) said that it was increasingly evident that market liberalization and globalization could offer opportunities to countries that were well prepared and participated in the process in a manner suited to their level of development, but that without such preparation countries risked instability and unpredictable losses. Even developed countries were having to restructure their economies in the face of increased pressure generated by worldwide competition.

For the developing countries, challenges were more daunting. First, unemployment and marginalization of the poor were increasing, along with the bankruptcy of many nascent industries and small- and medium-sized enterprises; second the comparative advantages of developing countries were not being fully exploited, as natural resources were being exhausted and human resources needed to be trained; third, international speculation threatened the stability of newly emerging economies; and fourth, the developing countries faced difficulties in balancing the development of industries bringing short-term economic benefits with that of industries capable of sustaining long-term growth, and they lacked financing for environmental and human resource development programmes.

In order to meet those challenges, developing countries needed to work out appropriate measures and improve their management skills so as to fully tap endogenous strength, maximize international cooperation for economic growth, and at the same time address social and environmental issues. To that end, they needed greater macroeconomic stability, a more equitable international trading system, and financial and technical assistance from the world community. The Uruguay Round had not properly addressed the question of manufacturing and agricultural protection by developed countries and had failed to resolve many issues of importance to the developing countries.

To assist the developing countries, the international community should adopt measures to improve the production capacity of the developing countries and assist them in infrastructure and human resources development and the transfer of technology; incorporate the agreed preferences for the developing and least developed countries (LDCs) into the regulatory framework of the multilateral trading system, including the World Trade Organization (WTO); create favourable conditions for developing countries to join WTO, helping WTO to become a genuine global organization that would work to increase world economic growth; and put in place effective mechanisms and measures to cope with any potential shocks occurring in the global economy and international trade, taking into account the interests of the developing countries and their specific conditions and features.

Those efforts called for the active participation of all players; by working closely together, they could identify appropriate measures and mobilize resources to tackle the problems in a more sustainable and effective manner. The United Nations had played an important part in the globalization process and in helping nations to cope with the adverse impact of that process by focusing international attention on the problems and mobilizing resources.

In recent years, Viet Nam had gradually integrated itself into the regional and global economy. In 1995 it had joined the Association of South-East Asian Nations and, in November 1998, it would become a full member of the Asia-Pacific Economic Cooperation Forum. It was preparing to join WTO, and had concluded a number of bilateral trade agreements. Viet Nam hoped that it would be able to enjoy the support and favourable terms suitable to its development level and the conditions of a low-income developing country so that at a later stage it would be able to participate fully in international trade institutions.

Mr. ZARIF (Observer for the Islamic Republic of Iran) said that the challenges and opportunities created by the twin processes of globalization and liberalization underlined the imperative need for a fair international trading system. The current system left much to be desired. Nevertheless, the Uruguay Round had brought some success in a number of areas, including the conditions of market access. Those positive results, however, needed to be secured and further strengthened, a process that required, first and foremost, the faithful implementation of the commitments undertaken in the Uruguay Round.

The barriers to market access for the goods and services of the developing countries must be identified, and ways and means must be found to remove them, while at the same time building a durable international trading system. Although developing countries had significantly contributed to improved security of market access, tariff and non-tariff barriers still affected many of their export products. Moreover, developing countries were not able to participate in some trade and financial organizations and institutions because of politically motivated manipulations by some countries.

The difficulties faced by developing countries in meeting international product standards led to reduced export opportunities, and his delegation supported the relevant proposal by the Secretary-General in that regard. Concrete remedial action must be taken by preference-giving countries to improve their preferential schemes so as to increase trade opportunities for the exports of developing countries. Another problem was that many developing countries did not have access to the WTO dispute settlement mechanism. Regional trade agreements and tariff concessions were an effective means of improving market access for developing countries.

Unimpeded access of the developing countries to membership of WTO and transparency in accession procedures were of critical importance to the credibility of WTO; it was equally imperative to ensure the universality of WTO. At the same time, unilateral coercive economic measures and the enactment of domestic laws with extraterritorial effects constituted a major barrier, seriously impeding free trade and the access of all countries to markets and hampering the economic development and expansion of trade relations at all levels.

His delegation was deeply concerned about gradual erosion of the capabilities of the United Nations in the economic field, particularly in the area of macroeconomic policy-making. The Council should continue to play its coordinating role; in close collaboration with the United Nations Conference on Trade and Development (UNCTAD) and WTO, it could make a valuable contribution to the further advancement of the multilateral trading system and thereby to world economic progress.

Mr. MARTIN (Observer for the Holy See) said that there was growing acceptance that promoting investment and facilitating the widest participation in the world market were essential elements for achieving sustainable development. Yet many developing economies remained in a position of great vulnerability and were more affected by economic crises. To foster genuine social development and poverty reduction, the poorest countries needed sustainable forms of market access and participation in the global economy. Currently, such access was highly volatile, because developed countries were not complying fully with their obligations under multilateral accords and because the LDCs themselves lacked technical ability.

The anxiety created by the process of globalization in both North and South created additional problems and could lead to new forms of indirect protectionism on the part of the wealthier countries and frustration and a rejection of modern economic values by the poorer countries. The integration of the least developed countries into the world economy would require a greater sense of solidarity and a clearer focus on people. The driving force of any economy was its people; market access, to be sustainable, must bring security to people and reduce their extreme vulnerability to economic crises.

That task must be performed in an economic context in which the respective roles of Government and the business community were evolving. Since States had to operate within growing financial constraints, the business community stood to gain most from the opportunities offered by globalization. The private sector must therefore identify and assume certain social responsibilities, including a commitment to sustainable investment and respect for human rights, rather than the simple search for short-term comparative advantage or quick economic gain.

Alongside trade liberalization, the least developed countries would continue to require concerted support from the international community. A new consensus on official development assistance was essential. Investment in the essential human and social infrastructures required for participation in the global economy must be a priority dimension of that consensus. At the same time, international governmental cooperation would be needed to ensure that access to the world market was truly equitable; it was in the interests of all nations to ensure the technical assistance that was needed to foster the widest possible participation in the system on the basis of a genuinely equitable partnership.

Ms. SOLARES (Observer for Bolivia) said that although there had been progress in liberalizing markets, that did not necessarily help promote equitable growth and development among all the countries involved, since the impact of liberalization for developed countries differed from that for developing countries. Innumerable obstacles persisted for the developing countries; tariff and non-tariff barriers were blocking their just aspiration to participate in a framework of open competition. At the same time, major conglomerates were forming new monopolies and oligopolies in the international markets and, although many State monopolies had been abolished, private monopolies had taken their place. Some countries were maintaining protectionism even within policies of opening up markets. It was therefore essential to undertake a new negotiating process which would fully reflect the aspirations of all countries.

Her Government supported the consolidation of the multilateral trading system within the framework of WTO, so as to reduce asymmetries in the development levels of member countries. It was undertaking major reforms in its economy and applying a policy of broad liberalization in accordance with its commitments in WTO. However, those efforts entailed great political, economic and social costs which were not matched by the levels of Bolivia's participation in international trade. Bolivia had to dismantle an informal sector, overcome institutional weaknesses and shortages of skilled personnel, adapt its legislation and, in some cases, adopt new instruments. It also had to overcome major structural limitations and build an economic and social infrastructure.

In view of that situation, which was applicable to many developing countries, urgent and effective action must be taken to achieve greater equity in the participation of those countries in international trade so as to ensure that trade liberalization was genuinely linked with the promotion of sustainable development and poverty eradication. Technical and financial cooperation must be enhanced. Bolivia therefore welcomed the Plan of Action for the Least Developed Countries and believed that similar steps should be taken for developing countries with small economies like Bolivia. In that context, it stressed the importance of regional processes in the consolidation of greater trade liberalization and the promotion of development, as a complement to efforts to consolidate trade liberalization at the international level. Bolivia was participating actively in the integration schemes in the Latin American region and believed that they would generate greater opportunities for growth and development. International institutions should carry out concerted action, and the Council should guide those efforts with a clear political vision.

Mr. PRIEDKALNS (Latvia) said that for the countries of Central and Eastern Europe, the transition from centrally planned to free market economies had proved to be more complex and prolonged than initially anticipated. In Latvia, trade structures which had served the political interests of the former Soviet Union were being replaced, and Latvia was seeking to integrate its economy into the world economy. Membership of WTO was an urgent goal. Latvia's significant progress towards macroeconomic stabilization had been made possible by structural reforms and active investment policies.

Favourable conditions of market access for exports from countries with economies in transition were required if those countries were to join the donor community of economically developed nations at an early date. The United Nations Development Programme (UNDP) had assisted with the development of a social and political framework for economic reforms, in particular with a view to attracting foreign investment, and confirmation of continued UNDP support was of vital importance. Important benefits in market access for Latvia's exports were being achieved through regional trading agreements and tariff concessions in the Baltic States region.

Latvia had achieved the prerequisite conditions for sustainable growth of the national economy. It aspired to move sooner rather than later from its transitional economic status to membership of the world economic community in the sense of being a donor as well as a recipient of support, sharing not only in the privileges but also in the responsibilities of membership.

Mr. See-young LEE (Republic of Korea) said that the experiences of a few developing countries had shown that trade liberalization and the promotion of an open, rule-based multilateral trading system were essential to their economic development. Trade had played an important role in the growth of East Asian countries and had helped to reduce poverty and enhance the living standards of their populations. But, although the Uruguay Round had helped to liberalize world markets, developing countries still faced significant obstacles, including tariff peaks and tariff escalation, national and international standards that exceeded their levels of technological sophistication, and contingency measures such as countervailing and anti-dumping duties. Therefore, countries must continue to open their markets to the exports of developing countries and to implement their commitments under WTO agreements.

Korea’s experience over the past few decades had given it confidence in an open, rule-based trading system but had demonstrated that market access and the adoption of outward-looking trade policies must be accompanied by competitive export capacity in order to maximize the potential benefits of free trade. The international community should endeavour to improve not only the market access, but also the export capacity, of developing countries.

Mr. RI Kwang Nam (Democratic People’s Republic of Korea), speaking on a point of order, said that his delegation objected to the use of the term "Korea" by the representative of the Republic of Korea.

The PRESIDENT said that the point of order had been duly noted.

Mr. See-young LEE (Republic of Korea) said that, as the Secretary-General had pointed out in his opening statement, the rule-based trading system was being made to bear the cost of inadequacies in the financial system. The Asian financial crisis had deterred private capital flows to developing countries, and the international community should take action to enhance market access for countries affected by the crisis and provide meaningful assistance to the LDCs in the areas of export supply capacity, increased competitiveness and enhanced market access. In that regard, the Republic of Korea welcomed the action taken by WTO and other agencies to implement the Plan of Action for the Least Developed Countries and the Integrated Framework for Trade-related Technical Assistance. His Government had pledged to grant preferential duty-free access to various items of export interest to the LDCs, and he urged other Governments to implement their own commitments at the earliest possible date.

The report of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa (A/52/871-S/1998/318) stressed the importance of diversification and increased market access for long-term sustainable growth in Africa. That continent’s share in world trade continued to decline, and the momentum of trade expansion as an engine of growth seemed to have been lost for most of its countries. The international community should help African States to participate effectively in the international trade system by providing increased technical assistance and improved market access. In that regard, the Korean Government, in cooperation with the United Nations Office of the Special Coordinator for Africa and the

Least Developed countries, would host a forum on Asia-Africa cooperation to foster interregional trade and development in Seoul during the current year.

Mr. HASMY (Malaysia) said that his delegation associated itself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China. The report on the theme of the high-level segment (E/1998/55) was an encouraging sign of the increasing coordination between the United Nations and WTO. The Council's special high-level meeting with the Bretton Woods institutions in April 1998 had promoted a useful exchange of views between Government representatives and the financial and development cooperation communities, and he hoped that that process would be sustained and enhanced in the future.

The theme of the high-level segment provided a timely opportunity to review the achievements and shortcomings of the open, rule-based international trading system and the challenges faced by developing countries in implementing commitments made at the Uruguay Round. His Government recognized the essential role of WTO in promoting trade liberalization and economic growth and the importance of a transparent, fair and equitable multilateral trading system. In order for developing countries and, in particular, the least developed among them, to benefit from that system, it was necessary to implement the commitments made during the Uruguay Round with respect to potential export products of the developing countries.

Unilateral measures with extraterritorial effects were incompatible with the multilateral trading system and his Government urged its trading partners to reject trade measures implemented for purposes of protectionism or harassment, including countervailing and anti-dumping duties and technical and environmental standards. Trade conditionalities employed to non-trading ends, including those relating to labour standards and the environment, could undermine the proper functioning of the multilateral trading system.

The WTO agreements should be implemented and developing countries members of WTO should be provided with increased technical assistance in meeting the challenges arising from Uruguay Round commitments and integration into the multilateral trading system. In that regard, he welcomed WTO cooperation with the World Bank, UNDP, the International Trade Centre (ITC), the International Monetary Fund (IMF) and UNCTAD. The negotiations and reviews to be carried out within the framework of the WTO agreements should not place further obligations on developing countries, but should reflect the principle of progressive liberalization and should acknowledge, in both spirit and practice, the special and deferential treatment provisions accorded to those countries.

While Malaysia supported trade liberalization, it also recognized that that process, if unfettered, could produce competition that would lead to the disruption and dislocation of domestic industries. In many cases, the industries of developing countries were not yet able to take full advantage of trade and investment opportunities, and the pursuit of national development objectives must be reconciled with globalization and liberalization.

During the past year, it had become clear that the Asian financial crisis was not merely a regional but also a global problem with serious political and social ramifications worldwide. The crisis had underscored the importance of sound macroeconomic policies and the need to strengthen domestic and international financial systems in order to ensure appropriate responses to changes in capital flows. The speed of recovery of the affected Asian economies would depend on how effectively the crisis was managed and on the policies adopted by the developed countries and the international financial institutions in order to restore confidence and maintain sustainable growth while bearing in mind the political, economic and social conditions of individual countries. Short-term capital flows, including currency trading, must be regulated, and it was therefore important to accelerate the review of the world financial system and to develop a mechanism for orderly resolution of financial crises. The Council had a responsibility to promote coherence and cooperation in that regard.

Ms. DURRANT (Jamaica) said that her delegation associated itself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China. Market access was crucial for the economic development of all States, particularly the smallest and least developed among them. However, it was necessary to attract investment to productive sectors, modernize production, fund research and development and take advantage of opportunities for market access. A lack of technical and legal expertise and inadequate institutional and physical infrastructures had posed a fundamental problem for many developing countries in that regard.

Unfortunately, some of the Uruguay Round agreements could be interpreted as allowing protectionist measures, particularly in the agricultural and industrial sectors of industrialized countries. The application of unilateral and bilateral measures outside the scope of the WTO agreements had also affected the levels of market access in goods and services and the possible benefits of liberalization for developing countries, and post-Uruguay Round tariffs on their exports had undercut some potential benefits for them. Her Government welcomed the Plan of Action for the Least Developed Countries. The current goal must be to eliminate all tariff barriers for the LDCs and improve market access for their exports. There was also a need to quantify the impact of market-access commitments made by developed countries.

Small developing countries found themselves in a situation midway between the emerging and the least developed economies and must strengthen their export and institutional capacities if they were to become effective participants in the new, highly competitive global environment. They required adequate transitional support in order to attract investment, expand production, improve product quality, meet standards and grasp the opportunities offered by the WTO agreements.

As a small, open trading nation, Jamaica relied as much on trade in goods as on tradeable services, as much on intellectual capital as on foreign direct investment. Its trade policy was built on centuries of traditional relationships and took into account comparative advantages and competitiveness. Like other members of the Caribbean community, Jamaica valued regional trading arrangements as much as the rights and obligations established by WTO agreements. It also attached importance to the Lomé Convention. At the same time, it was often faced with anti-competitive actions at the expense of smaller emerging industries and must rely on a multilateral rules-based system to regulate market competition.

Interdependence required strengthened international cooperation, including full implementation of commitments made during the Uruguay Round. Developing countries should be provided with increased technical assistance in order to fulfil their commitments in that regard, and special measures should be adopted to assist them in increasing their competitiveness in light of reduced preferential tariff margins. Particular attention should be paid to the contribution of the services sector to development and to the role of trade in services, and bolder action should be taken to significantly alleviate the debt burden of developing countries, promote capital flows to them, improve their access to private financial markets and remove inequalities in access to information technology.

The objectives established 50 years earlier for the General Agreement on Tariffs and Trade (GATT) had been predicated on universal achievement of a sustainable level of growth. Similarly, the objectives of WTO were based on the principle that there was a continued need for positive efforts to ensure that developing countries, especially the least developed among them, shared in the growth of international trade in a manner commensurate with their economic development. The establishment of a cooperative process which reflected differing levels of development and growth would enable all countries to reap the benefits of the multilateral trading system in the new millennium.

Mr. LEGWAILA (Botswana) said that the international community must intervene to prevent protectionism from impeding developing countries' access to world markets. It was true that the Uruguay Round had resulted in a more open, rule-based and predictable multilateral trading system that benefited both developing and developed nations to varying degrees, but tariff escalations and growing non-tariff barriers remained a major obstacle to the exports of developing countries. For example, many developed economies remained relatively closed to agricultural imports, an area in which developing countries and, in particular, Africa, had a comparative advantage. Globalization could help to build more stable relationships between nations and regions, reduce uncertainty as to the rules of the game, thereby fostering investment and economic growth, and lead to harmonization of macroeconomic and monetary policies and to greater common efforts to stabilize economies and promote economic convergence.

His Government was aware of the opportunities and challenges presented by the opening of its economy to fair competition. The Southern African Development Community (SADC), of which it was a member, provided guidance in that regard and promoted fulfilment of the development goals of its individual members and of the region as a whole. However, even when market opportunities presented themselves, developing countries were unable to take advantage of them owing to their inability to achieve adequate production levels, poor telecommunications and transport infrastructures, lack of competitiveness and shortage of skilled and educated workers. Those countries were having to open their economies to competition at a time when most of them were undergoing structural adjustment or suffering from low productivity.

Global integration required sound macroeconomic policies, high productivity levels and efficient operations. He therefore urged his country's development partners to provide increased technical assistance. His Government would welcome proposals for the better use of such assistance, particularly those involving the private sector. There was also a need for new legislation and mechanisms to bring national legislation into line with the provisions of WTO agreements. In that regard, the coordinated efforts of UNCTAD and the Bretton Woods institutions had proved extremely useful.

Developing countries must implement a sound policy environment, prudent management practices and good governance and must be prepared to sacrifice some of their sovereignty to multilateral decision-making institutions such as WTO. At present, there was no level playing field in the international trading system. It was, therefore, essential that developing and least developed countries should benefit from flexibility in the establishment and implementation of WTO regulations and obligations concerning financial liberalization and the trade in services. His Government welcomed trade arrangements based on the Lomé Convention and the commitments undertaken by the European Union at the High-level Meeting on Least Developed Countries held in Geneva in 1997.

Mr. GALUŠKA (Czech Republic) said that his country was already pursuing an open-market policy; while its tariff barriers had been traditionally low, it paid special attention to trade relations with the LDCs by affording them duty-free treatment, pursuant to the Plan of Action for the Least Developed Countries. Opening up the Czech market had proved immediately beneficial for Czech consumers: the increased competition had resulted in lower prices, particularly for consumer durables. The Czech producer monopolies had not always viewed the new competition positively, but sooner or later they would find out that they must either compete or shut down.

Greater market openness meant greater integration into the world economy, and integration was one of the most important necessary conditions for the economic and social development of society as a whole. However, it was a case of easier said than done: the Czech Republic's transition from a centrally planned to a market economy had shown that adjustment, particularly where product quality was involved, was impossible without prior preparation. Indeed, international competitiveness meant not only producing the right quality of product at the right price, it required good production practices and proper export financing arrangements. Even domestic sales needed marketing behind them, and comparative advantages tended not to last and therefore could not guarantee long-term success. Thus, securing market access could not on its own guarantee that exports would take place or that they would be profitable.

Even given sound government policies, competitiveness had to be fostered before the benefits of liberalization could flow, and that required effective interaction between companies and trade and finance institutions. Institution-building, moreover, meant not just building institutions, it meant building institutions that did what they were supposed to. Also, to the generally recognized prerequisites for sound foreign trade - political and macroeconomic stability, coupled with transparent monetary and fiscal policies - should be added a need for development of human resources, a basic level of social equity and an equitable distribution of benefits.

If producers and suppliers were to respond properly to demand, they needed access to information on norms, standards and other requirements for the movement of goods. To improve their responsiveness, they must be able to switch from traditional to electronic means of servicing their transactions; and to profit from globalization, they needed to make full use of the new market opportunities.

The Czech Government had noted from the 1997 substantive session that Governments could not cope with the impact of globalization on their own or even in small groups. The response to globalization’s universal challenges therefore needed to be universal too, with active multilateralism, in bodies both within and outside the United Nations system, providing the tools. That the response to globalization needed to be universal did not mean that the multilateral trading system was itself truly universal: internationally agreed rules and procedures must first be extended to all countries, meaning that developing countries or countries in transition that were still not part of the multilateral trading system needed assistance from the international community to build up their trade capacity so as to prepare them to meet the challenges of globalization.

Proper preparedness meant meeting all the necessary conditions: opening domestic markets, even when coupled with adequate access to foreign markets, could not on its own make a country a true partner in international trade, especially if it opened up too soon. The lesson of the Czech Republic's transition had been that liberalization of trade had to be coupled with liberalization of services, because otherwise domestic competitiveness was adversely affected and there was a knock-on effect on competitiveness abroad that impaired the country's ability to take advantage of improved access to foreign markets.

Competitiveness was only one side of the coin in taking advantage of improved market access, the other being the degree of saturation of the target market. Access to a saturated market was not particularly helpful. Indeed, although international financial volatility was itself bad for trade, the Asian financial crisis was to some extent rooted in market saturation; however, the demand deficiencies in question could not be understood merely in the traditional terms of purchasing power but rather as economic confidence phenomena, which had a psychological component. Perhaps in future the Council and the international economic institutions would be able to develop a workable set of tools to offset the demand deficiencies consequent on lack of economic confidence.

Mr. WYZNER (Poland) said that, domestically, the Uruguay Round agreements and other documents had had a significant impact on Poland's economic transformation since 1989 by helping it work out legislative solutions for implementing economic reforms rapidly. The changes the Uruguay Round had worked in Poland's international economic relations had been equally far-reaching because the stable and transparent legal system which Poland had succeeded in establishing had helped considerably in forming trading relations with new partners post-1989. It had needed new partners because of the dissolution of the Council for Mutual Economic Assistance, from which trade with its former main partners in Central and Eastern Europe had not even partially recovered for several years, until the establishment of the Central European Free Trade Area.

Liberalization in international economic relations had helped Poland modernize its economy and generate new jobs, and its new legal system had encouraged inward investment. Growth had increased to 6 per cent annually, while unemployment had declined from the painfully high levels reached during the first phase of the transition. However, the inflows of capital and technology still fell short of Poland's expectations.

European integration was one of Poland's primary foreign policy goals. Therefore, it was fortunate that adjusting its legislation to WTO standards had also helped it achieve harmonization with European Union legislation.

Tariff rates were the fundamental and almost the only tool of Polish trade policy; they covered over 90 per cent of tariff items, making the Polish system transparent and easing access to its market. As part of its general development assistance strategy, it applied a general system of preferences (GSP), reviewed annually. All developing countries with gross per capita incomes below Poland's benefited from tariff rates of at most 80 per cent of most-favoured-nation rates, while the rate for the least developed countries was 0 per cent.

Globalization and liberalization had to be administered and assistance must be provided; they were not sufficient conditions for improving developing countries' economies. He therefore called for the United Nations system, the Bretton Woods institutions and particularly WTO to enhance their cooperation and coordination with States to make it easier for developing countries, particularly the least developed, to avail themselves of the advantages offered under the Uruguay Round. In the interests of partnership, Poland stood ready to share the experience it had accumulated during the transformation of its economic and social structures with countries that were not so far along that road.

Mr. MANGOAELA (Lesotho) associated himself with the earlier statements by the representative of Indonesia speaking on behalf of the Group of 77 and China and by the representative of Bangladesh speaking on behalf of the least developed countries. The LDCs and the countries in transition should not be left out of the globalization and liberalization process; rather, they must become fully integrated into the world economy through improved market access for their exports and general respect for multilateral trading agreements. However, a conducive international economic and financial environment and a positive climate for investment were vital not only for the continued growth of the world economy and job creation in general, but also for the growth and development of the developing countries. However, each country must also accept that it was itself ultimately responsible for setting economic policies that would lead to sustainable development.

Many developing countries had lived up to that responsibility, with sound macroeconomic policies, sustained adjustment programmes, measures to ensure peace and stability, and democracy and good governance; not only were those a necessary framework for investment, they were a vehicle for participation in international trade. Lesotho, which had just completed its first five years of democracy, hoped that now the fundamentals were sound and the investment climate was stable and secure, foreign direct investment would rise.

More and more countries in Africa were enjoying satisfactory economic growth as a result of positive macroeconomic and social reforms and beneficial changes in political institutions and systems. Fiscal deficits and inflation were down and growth of gross domestic product (GDP) had begun to exceed population growth, with consequent increases in per capita incomes. Exports were also up, reining in Africa's overall current account deficit to only 1.2 per cent of GDP. Africa was beginning to live up to its name as the final frontier for global investment.

Despite the relative improvements, however, environmental and population pressures coupled with low economic growth meant that per capita incomes were still less than $1 a day. Also, the debt burden had increased markedly, largely because of adverse terms of trade and commodity price shocks, the worse affected being those countries whose exports consisted mainly of a single commodity.

That trade had already become the engine of growth highlighted the importance of fully implementing the open, equitable, secure and transparent multilateral trading system fostered by the Uruguay Round, WTO and UNCTAD. To buttress an already credible multilateral trading system, all WTO member States needed to implement their Uruguay Round commitments in general, and the commitment to special treatment for developing countries in particular. Failure to implement Uruguay Round special treatment would cut the developing countries off from the benefits of the new multilateral trade regime and leave them as sources of global instability. The least developed countries naturally needed additional assistance to take advantage of the opportunities and protect them from the difficulties arising out of the Uruguay Round agreements.

Developed and developing countries needed to be partners if the dynamic, enabling and integrated international economic environment that would mean sound business for everyone was to come into existence. As necessary conditions for partnership, developed countries needed to open up their markets to developing countries and developing countries needed to build up their trading capacity, for which they would need help. The developed countries should take the necessary steps, not out of the goodness of their hearts but out of enlightened self-interest.

Mr. NOÉ PINO (Observer for Honduras) said that his Government saw ample evidence of the benefits of global free trade and had therefore made free trade the main item in its economic agenda for achieving strong and sustainable economic growth and development. It was opening up the country by reining in average import tariffs, down from 80 per cent 10 years earlier to below 25 per cent in recent years, and getting rid of the red tape and of the other constraints on trade with other countries. It was part of the Central American Free Trade Zone, which was being extended into the Caribbean starting with the Dominican Republic, with a further extension into Mexico currently under negotiation.

Offsetting those positive efforts were the barriers other countries were putting up against developing countries' exports: discriminatory quotas, unreasonably strict phytosanitary requirements and high tariffs were indicative of an asymmetry in the fulfilment of international commitments, and that despite the 20-year refrain of "trade not aid" in relations between the developed and the underdeveloped countries. Of course, aid had indeed declined substantially, but the barriers to trade persisted.

It had become clear in the course of the session that the underdeveloped countries could better capture the benefits of international trade if they adopted economic and social policies that included reforms and progress in education, health, justice, eliminating corruption and modernizing the State. Honduras was committed to those objectives, but to accomplish them it required strengthened international cooperation, especially relief from bilateral and multilateral foreign debt. There could be no doubt that suitable and easily monitored policies would ensure that debt relief went into funding for those objectives. He called on the developed countries to ensure that globalization and liberalization resulted in development by giving the developing countries access to markets and promoting an equitable distribution of the benefits of international trade amongst all nations.

Mr. POWLES (New Zealand) said that, although some progress had been made, market access for developing countries should be further improved and technical assistance must continue to be provided. Member States of WTO must implement existing commitments and negotiate further improvements, while the developed countries must take the lead in opening up their markets so that developing countries could have export-led growth.

New Zealand was concerned by the marginalization of the LDCs, as described at an earlier meeting by the representative of Bangladesh speaking on behalf of the Group of 77. Foreign debt was compounding the problem, and his Government therefore supported the Plan of Action for the Least Developed Countries.

Some of the countries affected by the Asian financial crisis were already beginning structural adjustment programmes. They also would need to be able to trade their way out of difficulty and so would need open markets, not just in Asia, but worldwide. The developed countries must therefore resolutely resist domestic pressure for protection as developing country exports expanded.

Regional trading arrangements had been an important part of the trade liberalization process. However, such arrangements must be open and outward-oriented, thus safeguarding the primacy of the multilateral system.

Since developing countries' concerns needed to be heeded and acted upon, his Government was therefore supporting moves towards ensuring a more coherent and integrated approach to those concerns within the relevant international organizations. It was also engaged regionally and bilaterally in capacity-building and providing technical assistance to help ensure that developing countries could derive maximum benefit from the opportunities opened up by globalization and trade liberalization.

Mr. KPOTSRA (Togo) said that the developing countries had viewed the remodelling of the world economy over recent years with a mixture of hope and concern, as the interdependent phenomena of globalization and liberalization had had an undeniable impact on the growth of international trade and also on world capital flows. While it was now generally acknowledged that they had definite advantages for economic development, they also entailed undeniable risks, particularly for the developing countries, which could not join in the process fully or benefit from it properly because their economies were weak and their level of technology low. Thus, while the figures for the world economy as a whole were very encouraging, the results were unfortunately very patchy.

Africa had shown signs of vigorous economic recovery and was undertaking far-reaching political and economic reforms, but its participation in international trade remained marginal. Developing countries throughout the world had pursued exhaustive trade liberalization policies and reforms in accordance with the Uruguay Round agreements. Many nevertheless had still to contend with outdated agricultural methods, non-diversified exports, nearly non-existent industrialization, feeble institutional frameworks, chronic budget deficits, excessive debt, decreasing public funds and low rates of foreign direct investment.

Although Togo had undertaken major structural-adjustment, deregulation and privatization programmes, as well as liberalization of its service sector and customs regime, it continued to labour under the burden of debt and the effects of poorly managed liberalization, including uneven economic and trade growth, price inflation, and lack of compensation for export preferences phased out under the Uruguay Round. The benefits of international trade liberalization for the countries of the South in general and African countries in particular in no way matched the sacrifices they were making as a result of the Uruguay Round negotiations.

Togo welcomed the new preferential market access measures already in place or under consideration. However, those measures should be amplified with the priority aim of eradicating poverty in the most disadvantaged countries. The Council, in particular, should work towards the adoption of measures designed to eliminate the risk of marginalization of the weakest economies, identify and exploit opportunities offered to the developing and least developed countries by the Uruguay Round agreements, and strengthen provisions and practices favouring transparency in international trade and integrating developing countries into the economic and trading systems.

Mr. CRIGHTON (Observer for Australia) said that Australia welcomed the report in document E/1998/55, which was a thoughtful consideration of the benefits accruing from trade liberalization and the issues which were still unresolved. Over the past decade countries which had opened up their economies had achieved double the annual average growth rate of other economies. Protectionism had been shown to result in higher prices for imported and domestic products, lower industrial competitiveness, and falling rates of employment even in protected industries. While many trade barriers had been removed under regional trade agreements, there was a need to ensure that such regionalism remained open.

Substantial advantages accrued to least developed countries through GSP programmes. While the report had noted the erosion of GSP preferences as most-favoured-nation tariffs were reduced, such erosion was not necessarily a bad thing, as all countries benefited from increased trade flows and incomes under liberalization.

Despite the accomplishments of liberalization, the report noted the continued existence of tariff peaks and escalation in areas of trade interest to developing countries. Another barrier, which should be added to those mentioned in the report, was specific or mixed rates of duty on imported products, which were being used to hide the real rate of protection afforded industries. His Government strongly urged that such tariffs should be reduced and that specific or mixed tariffs should be discarded wherever possible. The best way to consolidate the gains made to date in trade liberalization was through further comprehensive multilateral trade negotiations.

Ms. HAGEN (International Labour Organization (ILO)) said that access to global markets helped to ensure economic growth and the growth-related benefits which were of primary concern to her organization, including equity, social progress and the eradication of poverty. The recently adopted ILO Declaration on fundamental principles and rights at work specifically stated that a global strategy for economic and social development should be pursued for the sake of creating broad-based sustainable development. Access to global markets was important as a precondition for sustainable development, which was underpinned by employment and sustainable livelihoods.

ILO had been given a leading role within the United Nations system to promote full, productive and adequately remunerated employment. It was committed to working with its members to promote effective strategies for employment creation and was continuing to seek appropriate inter-agency cooperation and coordination in that area as well. The same need for inter-agency cooperation existed with regard to the advancement of core labour standards, for which ILO had also been assigned the lead role. ILO would help its members acquire the capacity to compete in the global marketplace and would work with other international organizations to ensure coherence in efforts to reach that objective.

The organization’s renewed focus on people-centred development and the problems of the unemployed and migrant workers would be expressed in new special action programmes and throughout its work with the rest of the United Nations system and the Bretton Woods institutions.

Mr. VIENRAVI (Observer for Thailand) said that economic interdependence was a crucial element of sustainable development, especially for the developing and least developed countries, and expressed his delegation's support for attempts to forge closer relations between the United Nations and other financial and trade development institutions to ensure cooperation and policy coherence.

With regard to the issue of market access under the Uruguay Round agreements, he said that in contrast to the relative freedom of access to financial markets, access to markets for goods remained restricted because of incomplete application of those agreements. Persistent tariff and non-tariff barriers affected products and sectors of interest to developing countries, particularly in the areas of agriculture and textiles. There was ample room for improvement if all members fully implemented the agreements, however, and his Government reaffirmed its commitment to trade liberalization despite the recent financial crisis from which it had not yet fully recovered. It also supported the continued efforts of UNCTAD and WTO in providing developing countries with better trade negotiation skills.

He urged members to comply with the Agreement on the Application of Sanitary and Phytosanitary Measures and to refrain from using non-tariff barriers of any kind, as disguised trade barriers. His Government supported a comprehensive framework of negotiation on agricultural trade and would like to see a sectoral focus in any future agricultural agreement. The principle of special and differential treatment for developing countries must also remain an integral part of future negotiations.

Immediate and positive measures were required to eliminate discriminatory treatment, in the form of repeated anti-dumping actions and administrative formalities, by the developed countries against textile and clothing imports from developing countries. Members should use anti-dumping measures sparingly and only in accordance with the language of the Uruguay Round agreements and should refrain from applying anti-circumvention measures until such measures had been agreed on by all members. Moreover, the efficiency of the dispute settlement mechanism provided for in the Uruguay Round agreements could be enhanced by increasing the number of legal experts available to assist developing countries, increasing the capability of the secretariat to cope with dispute cases, and better maintaining the confidentiality of the panel process and its documents.

Among future challenges faced by the Council with regard to the multilateral trading system, he cited the need for genuine integration of the developing and least developed countries into the system, creation of a truly level playing field for all members regardless of their size or economic strength, and improvement of the decision-making process. WTO must maintain and strengthen its primary role in trade liberalization, and regionalism must supplement and reinforce the liberalization process. Furthermore, WTO must generate coherence in international economic, trade and financial policy. Policy coordination between the United Nations, the Bretton Woods institutions and WTO was crucial. Lastly, trade, monetary and social-development policies had to be mutually supportive to minimize marginalization.

Mr. HANNESSON (Iceland) said that the benefits of the multilateral trading system should be extended as widely as possible and that the particular trade interests and development needs of the developing and least developed countries should be taken into account. He supported the inclusion of the question of eliminating trade barriers to African products in the agenda of the major industrial countries, with a view to the adoption of a common policy to be implemented on a bilateral basis and through WTO.

A solid foundation had been laid for the technology-driven trading system of the twenty-first century through the work of WTO, and it was of vital importance that as many countries as possible should participate in that organization's negotiations on services and agriculture mandated to begin in the year 2000. Also of importance was the planned comprehensive examination of trade issues relating to global electronic commerce, which took into account the economic, financial and development needs of the developing countries.

His Government was firmly committed to sustainable development and urged WTO and other international bodies to pursue a more ambitious agenda in the area of trade and the environment. Trade liberalization and environmental conservation policies must develop in harmony through multilateral cooperation.

With regard to the interaction between economics and resource management, he said that Iceland's experience demonstrated that the fishing industry should operate according to the principles of private enterprise and that its products should compete on the free market. In the light of the direct relationship between public subsidies and excess fishing capacity, he stressed the importance of completely eliminating government subsidies and other obstacles to free trade in marine products. No other action could bring about comparable progress toward achieving sustainable development in fisheries, and his Government would support the discussion of rules eliminating government fisheries subsidies in the next round of WTO negotiations.

The meeting rose at 1 p.m.