

UNITED NATIONS
General Assembly

FORTY-FIFTH SESSION

Official Records

SECOND COMMITTEE
15th meeting
held on
Wednesday, 17 October 1990
at 3 p.m.
New York

SUMMARY RECORD OF THE 15th MEETING

Chairman:

Mr. PAPADATOS

(Greece)

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Distr. GENERAL

A/C.2/45/SR.15

23 October 1990

ORIGINAL: ENGLISH

90-56354 2739S (E)

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

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued) (A/45/3, A/45/74, A/45/185-E/1990/48, A/45/256-E/1990/58, A/45/257-E/1990/61, A/45/277-E/1990/77 and Add.1, A/45/278 and Corr.1, A/45/292-E/1990/82, A/45/303, A/45/327, A/45/329, A/45/336-S/21385, A/45/338-E/1990/103, A/45/342-E/1990/102, A/45/381-E/1990/118, A/45/584, A/45/598; A/C.2/45/3; A/C.2/45/L.2 and L.3; E/1990/91, 94 and 96)

1. Mr. KOIKE (Japan) said that the Economic and Social Council's second regular session of 1990 had taken place in a positive atmosphere owing to the relaxation in East-West relations and the integration of Eastern and Central Europe into the world economy. His delegation had been gratified by the new, constructive spirit displayed by delegations from developed and developing countries alike, which had led to a consensus on many important issues.

2. His delegation had welcomed in particular the initiative by the President of the Council to hold an informal exchange of views on the impact of recent development in East-West relations on the world economy and on the growth and development of developing countries in particular. The discussion had been thought-provoking, and he urged that similar discussions should be encouraged and should involve not only delegations but the heads of United Nations agencies and others as well.

3. The informal discussion of urgent issues was one of the most concrete steps the Council had taken to revitalize its work. He hoped that that modality, together with the initiation of multi-year programmes with major policy themes, would help the Council to respond in a more timely, flexible and effective manner to changing needs and challenges in the economic and social fields. However, while all revitalization measures should be vigorously implemented and kept under constant review, deliberations on the relative roles of the General Assembly and the Council required a cautious approach and careful consideration. Strengthening the Council's role should be considered in the context of streamlining and enhancing efficiency within the Second Committee. The Council needed not only an organizational restructuring but a strengthening of its function, which was mandated by the Charter.

4. Recent deliberations in the Council on the role of entrepreneurship in economic development had shed light on a crucial means of fostering the endogenous capabilities of developing countries. It was to be hoped that further discussion of that topic in the Second Committee would build on the work done by the Council so that a consensus resolution could be adopted during the current session.

5. With regard to the report of the Commission on Transnational Corporations on its reconvened special session (E/1990/91), his delegation hoped that the code of conduct on transnational corporations would reflect the current view of many developing countries that transnational corporations constituted the engine for their development.

6. Mr. SILALAH (Indonesia) expressed support for the statement made by the representative of Bolivia on behalf of the Group of 77 and noted that the political and economic changes sweeping the world had paved the way for a new framework for international relations. Thus, the Council's second regular session of 1990 had taken place in an atmosphere of opportunity and challenge. The conclusion to be drawn from current developments was that the world economy continued to undergo globalization, and the General Assembly must respond effectively to that situation.

7. However, the pace and scope of change had been such that the consequences of recent events had yet to be fully analysed. Deep uncertainties continued to cloud the developing countries' prospects for development. The enormous rehabilitation efforts taking place in Eastern Europe could jeopardize, if not derail, new initiatives and commitments for international development co-operation, as major financial, trade and investment flows from the North might now be redirected away from the developing countries. He therefore welcomed the decision taken by the Council to convene a special high-level meeting at Geneva in July 1991 to discuss the impact of the recent evolution of East-West relations on the world economy. However, the success of such a meeting was contingent upon adequate preparations and he trusted that the Secretary-General's report called for in paragraph 2 of Council resolution 1990/68 would also contribute towards that success.

8. The formation of powerful economic groupings among developed countries could become a major stimulus to the global economy, provided that it remained outward-looking and did not create additional barriers to development.

9. The changes taking place in the world economic situation gave a new impetus to the revitalization of the Council's work. Some progress had been made in the implementation of Council resolutions and decisions aimed at enhancing the Council's role, and his delegation welcomed the decision by the Committee for Development Planning to establish closer links with the Council. Despite its mandate and broad spectrum of functions, the Council still failed to have a major impact on world economic and social policies. Obviously, then, a revitalized Council would have a crucial role to play in promoting the process initiated by the eighteenth special session of the General Assembly and the new international development strategy. If the Council was to contribute successfully towards the new emerging global order, it should hold meetings at the ministerial level to address specific issues, thereby enhancing its authority and strengthening its effectiveness.

10. While his statement had been confined to only a few issues, it should not be construed as reflecting a lack of interest on the part of his delegation in the other topics included under the agenda item.

11. Mr. MENDEZ (Philippines), after endorsing the statement made by the representative of Bolivia on behalf of the Group of 77, said that while the changing nature of East-West relations and the internal changes in the Soviet Union were cause for optimism, the developing countries did not fully share that optimism, as the gap between North and South persisted. Furthermore, recent changes had taken place primarily in the political sphere; their socio-economic

(Mr. Mendez, Philippines)

impact had yet to be felt. His delegation therefore joined those who had expressed concern that increasing financial assistance to the countries of Eastern Europe should not come at the expense of the developing world.

12. Among the dangers currently facing the international community was the further marginalization of the developing countries in international decision-making. For that reason, his delegation hoped to see the Council revitalized: it ought to serve as a forum in which the international community, at the highest level, could reach agreement on measures to minimize conflict in the economic and social fields. The scheduled ministerial meeting of the Council to examine the effects of recent developments in East-West relations was a welcome initiative and in keeping with other efforts to revitalize the Council. The executive heads of the relevant United Nations bodies and organs should also be present during the Council's deliberations.

13. His delegation recognized the relevance of national entrepreneurship to economic development and consequently welcomed the report of the Secretary-General on national entrepreneurs in economic development (A/45/292-E/1990/82). He agreed that the national policy environment affected entrepreneurship in developing countries, but noted that the international economic environment also played a significant role. The conversion of domestic savings into investments could stimulate the entrepreneurial spirit, yet in many developing countries, poverty precluded the formation of savings, a situation which was linked as much to the external environment as to national policies.

14. His delegation welcomed the achievements of the International Drinking Water Supply and Sanitation Decade and supported the efforts made by the Council and its subsidiary organs in the area of acquired immunodeficiency syndrome (AIDS) prevention and control. He supported the proposal to undertake a comprehensive country approach to assessing the socio-economic impact of that disease, as such an assessment would enable policy makers to anticipate potential damage to their development efforts.

15. Mr. SERSALE di CERISANO (Argentina) said that, like many countries created by the conquest of uninhabited lands and having large immigrant populations, Argentina had been marked by a strong spirit of entrepreneurship from its earliest days, a fact which had led to the establishment of the Argentine business community, which had played an important role in the country's economic development. However, private-sector involvement had fluctuated, depending on internal and external factors at any given time. Internally, Argentina had experienced constitutional changes of government only twice in the past 60 years, which had naturally resulted in a discontinuity in economic policy. The effect of external factors had been most visible during the past 15 years, when the international financial market operations had grown increasingly transnational in nature. Such operations offered a higher return than did productive activities, which nevertheless constituted the basis for the creation of wealth. The effect of all those factors on the formation of national private sectors, particularly those relating to the international

(Mr. Sersale di Cerisano, Argentina)

environment, should have been discussed in greater detail in the documentation before the Committee.

16. His country was undertaking structural reform which was consistent with the thrust of document A/C.2/45/L.2, which the Economic and Social Council had submitted to the Committee for consideration. The reform was based on a broad programme of privatization which welcomed foreign capital, with investment guided by market forces and an open economy. A reform of the taxation system which stimulated free enterprise was also being implemented. Those efforts were being thwarted, as was the development of an entrepreneurial capacity in Eastern European countries, by countries which claimed to be guided by the concepts of market economy and economic openness, but which were actually protecting inefficient sectors of their own production structures. That prevented the developing countries from expanding their own production because they lacked access to the markets of the protectionist countries of their goods were driven out of third markets by subsidized exports from those countries.

17. His delegation endorsed the concept of entrepreneurship as a means of attracting non-debt-creating flows of capital. "Non-debt-creating" meant entrepreneurial activities that could generate sufficient revenues to cover the import of production inputs, an important factor for countries which needed foreign currency to meet their external debt-servicing obligations. It also meant activities that could attract external investment flows and that led to private sector development and a horizontal integration of production processes that would foster the development of small- and medium-size businesses in particular. In all cases, the profitability of investments in goods or services must exceed the profitability of the financial market if the Keynesian formula of "savings equals investment" was to go full circle through the economy. It was there that countries capable of influencing monetary and financial policies had an important role to play, and his delegation endorsed the proposal made in that regard in paragraph 22 of the Declaration of the eighteenth special session of the General Assembly.

18. He drew attention to an important entrepreneurial training programme of the Centre on Transnational Corporations which sought to provide technical co-operation for the establishment and growth of small- and medium-sized enterprises. To date, the programme had trained private entrepreneurs and had led to a number of specific joint ventures between entrepreneurs within a single region. Accordingly, his delegation believed that the Committee should decide to support such activities of the Centre during the current session.

19. The restructuring of the economic and social sectors of the United Nations system was a priority issue that should be given thorough consideration so that those branches of the system could play their assigned role. Specific action should be taken with regard to policy and operational activities, and a link should be forged between the two sectors. While much emphasis had been placed on the system's efficiency, equal emphasis should be given to its effectiveness, with a view to implementing Articles 55 to 60 of the Charter. The relationship that

(Mr. Sersale di Cerisano, Argentina)

should exist between the decision-making of policy bodies and that of bodies which executed operational activities should also be borne in mind.

20. Finally, his delegation had participated actively in the negotiations on a code of conduct on transnational corporations. More thorough consideration should be given to the draft code of conduct, set out in document E/1990/94, and to the list of outstanding issues in the negotiations thereon (E/1990/96). Final decisions should not be taken in haste on a matter of such importance to the developing countries, and the views of all countries should be solicited.

21. Mr. MARKS (United States of America) singled out provision of necessary water and sanitation services by the end of the century, the goals and concepts of the International Decade for Natural Disaster Reduction, and General Assembly deliberation on the AIDS pandemic as important programmes deserving widespread support. His delegation supported the role of the World Health Organization as the central co-ordinating agency in the international effort to control AIDS. President Bush was intending to dispatch a delegation to Africa, to see whether the United States could contribute more to the fight against AIDS in that continent. His delegation would speak later on the question of international co-operation to address and ameliorate the consequences of the accident at the Chernobyl nuclear plant, once the report of the Secretary-General became available.

22. The United States supported efficiency in the management of those programmes, and believed that, wherever possible, operations should be funded through existing resources of the United Nations system, or from extrabudgetary sources. His country attached importance to the restructuring of the economic and social sectors of the United Nations system and had been a prime mover behind efforts to reform the Council and to seek greater efficiency in the United Nations system on a unitary basis. Council resolution E/1990/69 had been more of a compromise than his delegation would have wished. Nevertheless, there had been a continued commitment to revitalization and reform, and a specific call to the Secretary-General for leadership. His delegation would continue to support progress towards streamlining the United Nations system in the economic sphere, eliminating duplication of activities and supporting decisions taken by the governing bodies of the technical and specialized agencies. It looked forward to the presentation of the Secretary-General's long-awaited study on the issue, and hoped that the report would include specific steps to be taken in such areas as structural and operational matters, organization of the Secretariat, consolidation of subsidiary bodies, and rationalization and reduction of documents and publications.

23. Turning to economic matters, he said that the United States agreed on the need for accelerated industrial development in Africa in the context of the continent's overall economic recovery. It endorsed the preparation of programmes set forth in previous resolutions on the United Nations Transport and Communications Decade in Africa. At its eighteenth special session, the General Assembly had passed a consensus resolution revealing an impressive convergence of views about free markets, private initiatives and political pluralism, which had been acknowledged and reaffirmed at the most recent session of the Council. The consensus implicit

(Mr. Marks, United States)

in the draft international development strategy confirmed that, for the next decade, all countries were ultimately responsible for their own development, and would continue to emphasize national economic restructuring and policy reform, free market policies, and necessary growth-oriented export policies. The new consensus had come at a time when economic issues were attaining an international prominence hitherto reserved for national security and political and military considerations. Countries now recognized that national security was increasingly becoming a function of economic well-being, which in turn would be dependent on a country's competitive position in a highly integrated world economy. The time was ripe for a formal discussion of the role of the private sector in development.

24. The draft resolution on entrepreneurship, authored by his delegation and co-sponsored by Poland and Canada, had led to lively and thought-provoking debate in the Council. In view of time constraints, the draft resolution had been forwarded to the General Assembly for continuing consultations and formal action. Its thesis was actually quite simple: in parallel with the movement towards political pluralism and freedom world wide, many countries were looking for the first time to the market economy and free enterprise - in other words, towards economic pluralism. That was a most welcome development.

25. The co-sponsors were sincerely convinced that a free enterprise sector with the entrepreneurial spirit as its motor was a necessary - though not the sole - condition for sustainable economic growth. The vibrant economic life of the private sector could not exist in a vacuum, but must be part of the wider political and social life of each country. His delegation hoped that the draft resolution would continue to stimulate discussion, both within and outside the United Nations system.

26. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) said that the work of the Council in 1990 had been marked by a growing desire for mutual understanding and partnership and for consensus approaches to the removal of existing differences on many current issues of international economic co-operation. Council resolution 1990/52 on the role of the United Nations in the early identification, analysis and forecasting of world economic developments dealt with one of those important issues. His delegation supported the Council's request that the Secretary-General "designate the Task Force on Long-term Development Objectives of the Administrative Committee on Co-ordination as the focal point for the mutual exchange among agencies of assessments of prospective developments in the economic and social fields". The resolution correctly underscored the need to utilize to the fullest extent possible the capacities of the United Nations University and other United Nations research institutes engaged in the study of emerging economic and social developments".

27. The adoption by consensus of Council resolution 1990/50 on international co-operation to address and mitigate the consequences of the accident at the Chernobyl nuclear power plant was a first, practical step towards including the specialized agencies and organs of the United Nations system in the efforts to reduce the effects of the accident. The Byelorussian SSR hoped that the

(Mr. Pashkevich, Byelorussian SSR)

Secretary-General's comprehensive report on that issue would contain useful recommendations on practical measures for broadening long-term international co-operation to minimize the consequences of the Chernobyl disaster.

28. At its second regular session of 1990, the Council had given due attention to the work of the United Nations Centre on Transnational Corporations. The Byelorussian SSR had begun to integrate its economy into the world economy and was interested in mutually advantageous co-operation with transnational corporations. Unfortunately, the Commission on Transnational Corporations at its reconvened special session had not been able to complete its work on the draft code of conduct on transnational corporations.

29. His delegation attached great importance to Council resolution 1990/68 on the special high-level meeting of the Economic and Social Council in 1991 to discuss the impact of the recent evolution of East-West relations on the growth of the world economy and believed that the discussion would result in a major consensus political document expressing the international community's political support for the changes taking place in the Soviet Union and Eastern Europe. A business-like discussion of East-West relations in the new political and economic climate would enhance the Council's prestige and demonstrate the usefulness of meeting at the ministerial level to consider important economic and social issues.

30. The resolutions which the Council had adopted on a wide range of other social and economic issues were in keeping with the practical implementation of the Declaration adopted by the General Assembly at its eighteenth special session.

31. While the Byelorussian SSR commended the work of the Council in 1990, it shared the general opinion that further measures must be taken to revitalize that important body. His delegation supported the Council's decision to invite the President of the Council to undertake informal consultations on all relevant issues pertaining to the review of the implementation of the measures agreed upon for the revitalization of the Council.

32. Mr. ALVAREZ SOBERANIS (Mexico) said that his delegation had played a leading role in drafting the code of conduct on transnational corporations, and was committed to the task of producing a series of rules reflecting the principles and guidelines that had been agreed on. In the years since the task of drafting the code had begun, the climate of international confrontation had given way to a new era of co-operation. Those new circumstances made a code of conduct on transnational corporations more necessary than ever. Direct foreign investment played an increasingly prominent role; but there were as yet no precise international rules corresponding to the rules established by GATT, IMF and the World Bank on trade and financial matters. A code of conduct would fill a significant gap in that area, by creating stability and fostering confidence among investors. The code would also be directed at Governments and private investors, respecting a balance between the rights and obligations of the three key actors in national economies. The code, which was not intended to replace individual countries' domestic legislation, would supplement, rather than replace, other international agreements. Implementation of its provisions, which would take the form of guidelines, would be voluntary.

(Mr. Alvarez Soberanis, Mexico)

33. At the end of its summer session, the Council had requested the General Assembly to take a decision on the future of the draft code. Such a decision was long overdue. Any further delay would be an act of injustice to those who had worked for so long to come up with a text that, while not perfect, harmed no party's interests and contributed to protecting the interests of all concerned. His delegation would thus be formally proposing, through a draft resolution, that the Assembly should now approve the latest version of the code, and should commend it to the attention of all States. He hoped that the draft resolution would be supported by all those convinced of the need for a code of conduct on transnational corporations.

34. Mr. BARAC (Romania) said that recent figures on the AIDS pandemic released by the WHO revealed an extremely serious situation, particularly with regard to the numbers of children affected and the situation could be expected to deteriorate further in the 1990s. Enhanced efforts were called for at national and international levels, to combat further spread of the disease.

35. Under the Ceausescu régime, no cases of AIDS had been reported to WHO by Romania, although many children had already been infected. Official indifference to the problem had gone hand in hand with a policy of encouraging a high birth rate, at the expense of children's health and welfare.

36. Since the revolution of December 1989, policy had changed. The new authorities were reporting AIDS cases to WHO. In co-operation with other Governments and international agencies and organizations, many measures had been implemented, and much was being done to develop surveillance centres, HIV blood-testing capacities, and educational activities, despite the many difficulties facing the country. His delegation was grateful for the help it was receiving in dealing with AIDS cases among the unwanted children of Romania.

37. Turning to the report of the Secretary-General on national entrepreneurs in economic development (A/45/292), he said that the new Romanian authorities realized that only political pluralism, full respect for human rights and a market economy could together provide the opportunities Romania's citizens needed in order to develop their full human and creative potential. The new Government was convinced of the importance of private enterprise to Romania's growth and development, and was aware that higher domestic savings and inflows of foreign capital depended on free enterprise, a key component of which was entrepreneurship. To that end, it had enacted legislation establishing the legal and regulatory frameworks needed to promote national entrepreneurship, set up private enterprises, private State enterprises and attract foreign investment. Agencies had been established to promote private enterprises, and measures had been taken to create institutions that had not existed under the previous régime, such as commercial banks, stock exchanges and insurance companies. Economic, financial, credit and fiscal measures had been taken or were planned, aimed at providing incentives to entrepreneurship. More than 30,000 private enterprises had now been set up.

(Mr. Barac, Romania)

38. In the light of the importance of national entrepreneurship in promoting economic development and creating employment and technology advancement, his delegation was ready to support the adoption of the draft resolution contained in document A/C.2/45/L.2, or any similar draft on the topic.

39. Mr. Chin-min LEE (World Health Organization) said that, despite the efforts and political commitment of countries participating in the International Drinking Water Supply and Sanitation Decade, which was due to end on 31 December 1990, the rapid population expansion of recent years meant that the number of people without access to safe water supply and sanitation remained unchanged. Unless those people were reached, there could be no prospect of attaining the goal of Health for All by the Year 2000.

40. In the light of the recognition contained in the Secretary-General's report (A/45/327) that the recommendations of the Mar del Plata Action Plan continued to be valid, and of the strategy for the 1990s set forth in section III.B of the report, there was clear evidence of widespread concern that Decade-related efforts should continue. The Global Consultation on Safe Water and Sanitation for the 1990s held in New Delhi from 10 to 14 October 1990, had adopted the slogan "Some for All Rather than More for Some" as the rallying cry for the 1990s. It had also identified four guiding principles for countries taking up the challenge of the 1990s: (a) protection of the environment and safeguarding of health through the integrated management of water resources and liquid and solid wastes; (b) institutional reforms promoting an integrated approach and including changes in procedure, attitudes and behaviour, and the full participation of women at all levels in sector institutions; (c) community management of services, backed by measures to strengthen local institutions in implementing and sustaining water and sanitation programmes; and (d) sound financial practices, achieved through better management of existing assets, and widespread use of appropriate technologies.

41. Within the United Nations system, support for a continuation of Decade activities remained high. The Inter-agency Steering Committee for Co-operative Action for the International Drinking Water Supply and Sanitation Decade, reviewing the accomplishments of the Decade and addressing the prospects for the future, had recently identified the need for continued efforts to strengthen co-operation within the agencies of the United Nations system, and had overwhelmingly endorsed the proposals concerning the strategy for the 1990s.

42. Awareness of the value of external co-operation had widened during the course of the Decade, with the establishment of the Framework for Global Co-operation and its Collaborative Council, which brought together bilateral and multilateral support communities and representatives of developing countries in a forum intended to promote effective water and sanitation development at the country level.

43. In response to the water and sanitation needs identified for the 1990s, WHO had developed a proposed water and sanitation strategy, to be integrated into a Global Strategy for the Environment. Its three main thrusts would be expansion of sustainable community water supply facilities, promotion of health-related

(Mr. Chin-min Lee, WHO)

linkages, and development of improved environmental technologies. WHO also planned to continue its role as secretariat of both the Inter-agency Steering Committee and the Collaborative Council. The strategy elements defined in the report of the Secretary-General corresponded with those identified by the New Delhi Global Consultation, the Steering Committee, the Intersecretariat Group for Water Resources, the agencies of the United Nations system, and the individual bilateral support agencies. A broad basis thus now existed for strengthening support to national programmes through the collaborative mechanisms developed during the Decade. Only through such an integrated approach could water and sanitation play their proper role in the achievement of Health for All by the Year 2000.

44. Ms. REID (United Nations Development Programme) said that the development implications of the HIV epidemic were anticipated to be without precedent, especially in countries where a high proportion of the adult population was infected. Households affected by HIV-related illness or death had already begun to feel the consequences: loss of income, leading to a lowered standard of living, loss of home, loss of access to health and education services, poverty. The plight of survivors was also becoming visible. Only after a significant percentage of the population had fallen ill and died would many come to understand the potential toll of the epidemic on a nation's workforce, the economic viability of enterprises, the productive sectors of the economy and the socio-economic well-being of families and communities, particularly of women and girls. Human survival and human development were being threatened by the epidemic. The responsibility of the development assistance community was to assist Governments to respond to the epidemic in a timely and effective fashion. A significant increase in assistance committed to minimizing the spread of HIV infection and its social, personal and economic implications was required.

45. The WHO/UNDP Alliance to combat AIDS sought to ensure a co-ordinated and complementary response by combining the strength of WHO as international leader in health policy, programming and research and that of UNDP as a leader in social and economic development. The development imperatives included reduction of the transmission of the virus, lessening of the personal and social ramifications of HIV infection, and assistance to Governments in forecasting and planning for the future social and economic impact. WHO brought to national Governments great expertise in health and research sectors, complemented by UNDP expertise in addressing issues arising from the developmental impact of HIV morbidity and mortality, the development of multisectoral prevention programmes, and action-oriented social and economic research.

46. UNDP areas of responsibility within the Alliance included assistance to Governments in co-ordination of donor activities, mobilization of external resources, the development of a multi-sectoral response to the epidemic, in the design and delivery of programmes to minimize further transmission, to provide care, support and treatment for HIV-affected individuals, families and communities and to minimize social and economic consequences, and assistance to Governments in HIV-related national capacity building, institutional strengthening and human resource development.

(Ms. Reid, UNDP)

47. In the initial phase, the WHO Global HIV/AIDS Strategy constituted a working framework for Governments, donors and non-governmental organizations. UNDP had provided direct support to the Global Programme on AIDS (GPA) and had also established a \$2 million bridging facility which allowed WHO/GPA to disburse reimbursable funds to bridge delays between pledges of donor support and receipt of funds. Funding had been provided to support regional initiatives for the formulation of national short- and medium-term plans, education and training activities and to strengthen national planning capacity regarding the epidemic. At the country level, many UNDP offices had worked closely with WHO in assisting Governments to co-ordinate donor activities and in resource mobilization. The United Nations Capital Development Fund had a pilot project to minimize iatrogenic and occupational transmission and was exploring assistance to Governments in addressing the needs of survivors.

48. The next step was to increase awareness of the development implications of the epidemic and to strengthen the ability of Governments to respond. UNDP was currently developing such a programme strategy, as well as drawing up HIV-related personnel policies and procedures for its staff. UNDP was maintaining close co-ordination with WHO to ensure that their roles in the next phase were both clearly defined and complementary.

49. Increased understanding of the long-term implications of the epidemic for development assistance was needed. To that end, UNDP had asked a range of individuals, particularly from countries with more seriously affected populations, to reflect upon the possible future impact on their communities and societies. There was also a need to determine more clearly how UNDP expertise could best assist national Governments and to strengthen its capacity to respond. Preparation of a handbook to assist field staff in understanding the development implications of the epidemic was planned. The Governments of the Netherlands and Norway had already committed financial support to the interregional capacity-strengthening initiative for operational support at country level on the social and economic impact of the epidemic, and further contributions were being sought.

50. The mandate to promote and support the role of community-based organizations arose from two factors. First, especially with respect to sexual and drug-use transmission, responsibility for prevention lay with the individual. Second, the major part of care and support, even treatment and prevention, would need to be family, home or community-based, since the extent of morbidity and mortality of the epidemic could not be met by institutionally-based services. UNDP was already providing support to a number of community-based initiatives, and the United Nations Volunteers had initiated a programme to strengthen community-based activities.

51. The particular ways in which the epidemic affected women deserved attention, yet the best approach remained unclear. Though women had been involved in the establishment of many community-based programmes, few such programmes addressed their specific needs.

(Ms. Reid, UNDP)

52. UNDP recognized the critical importance of staff education and counselling programmes and of a clear and comprehensive personnel policy. It was working closely with the Inter-Agency Advisory Group on AIDS in the development of appropriate policies and procedures.

53. No event or phenomenon in living memory quite paralleled the AIDS epidemic. Without some knowledge of its probable impact, programmes would remain primarily directed at those known to be affected. As HIV-related morbidity and mortality continued to increase, a balance must be struck between prevention, care and support of the ill and mitigation of the consequences of AIDS deaths, directly on surviving family members and indirectly on the economy. Forward planning to minimize potential economic, psychological and social disruptions must be initiated immediately.

54. Mr. BAHADIAN (Brazil), commenting on some of the issues addressed in the report of the Economic and Social Council (A/45/3), said that the draft resolution on the promotion of entrepreneurship reproduced in Council decision 1990/265 was an attempt to underline the crucial role that could be played by entrepreneurship in economic growth and development. The text could, however, be improved by adding a reference to "national" or "indigenous" entrepreneurs. The current discussion was not about foreign direct investment, important though that was, but about the need for creating conditions, in each separate country, to liberate and give full economic expression to the creativity and resourcefulness of individuals. Moreover, it would be preferable not to include extraneous matters, such as the promotion of non-debt-creating flows of capital, which served only to blur the issue. Another important element was the establishment and execution of economic and technical co-operation programmes. His delegation concurred with the conclusion contained in the report of the Secretary-General (A/45/292) that the international policy environment had a significant impact on the development of indigenous entrepreneurship. It would be useful if the Secretariat could elaborate further on the links between entrepreneurship and the international economic environment.

55. The Brazilian Government had offered its full support to WHO in the prevention and control of AIDS, and his delegation looked forward to further discussion of how best to contribute to those efforts. Brazil had co-sponsored Council resolution 1990/50 regarding the accident at the Chernobyl nuclear power plant. That accident had taught a painful lesson not only to the countries most directly affected, but to the international community as a whole.

56. He noted that the negotiating process on the code of conduct for transnational corporations had not yet been concluded. At the special session of the Commission on Transnational Corporations, not only had agreement remained elusive on some outstanding points, but new issues had been raised. He suggested that negotiators be provided with an exhaustive list of the outstanding issues and the different alternatives proposed so as to ensure greater transparency in negotiations.

57. Mr. MALONE (Canada) said that the resolution on entrepreneurship had resulted in fruitful discussion on one of the key elements of growth and development. The private sector was increasingly acknowledged as a dynamic force for improving productivity and for generating new employment opportunities, particularly for the poor. That could be achieved through micro- and small-scale private enterprise development in the agricultural, manufacturing, service and other economic sectors. Governments could facilitate the process by creating conditions of confidence for small entrepreneurs and by providing institutional support to micro- and small-scale farmers and business persons, in the form of management and technical advice, credit facilities and legal protection, including protection of property. Governments must recognize the principles of accountability and transparency, and ensure that the poor and other vulnerable social groups were fully involved in decision-making.

58. Canada supported the Global Programme on AIDS (GPA) of WHO, and welcomed the co-operation in that area between UNDP and WHO. Canada would like the General Assembly to address the adverse impact of AIDS on the health and socio-economic well-being of women, children and families. It also strongly supported the concluding statement of the Global Consultation on Safe Water and Sanitation for the 1990s.

59. Some improvements had been made to the functioning of the Economic and Social Council but on balance, the Council remained a lackluster organ of a procedural nature. His delegation would support efforts to shorten significantly the length of the summer meetings. The problem was as much attitudinal as structural. Greater self-discipline in the form of shorter and more focused debate and less unnecessary documentation was called for.

60. Mr. ALAMRI (United Arab Emirates), addressing the issue of sovereignty over natural resources in Palestinian and Arab territories, said that great suffering had resulted from the Israeli occupation. The people of those territories were the victims of arbitrary measures and were deprived of their economic and social rights. They had been barred from the fruits of the economic and scientific progress of the past 40 years, and could not embark on true development without sovereignty over their resources. A concerted effort was required on the part of the international community to assist the Palestinian Arab people to relieve their suffering and resist arbitrary and repressive Israeli measures.

61. The international community was duty bound to end the Israeli occupation of the Golan Heights, which had been annexed in violation of international law and United Nations resolutions.

62. Mr. HOLTHE (Norway), speaking on behalf of the Nordic countries, said that considerable changes had taken place in the world since the Commission on Transnational Corporations had begun its work on a draft code of conduct on transnational corporations. The flows of foreign direct investment to developing countries had concentrated on a handful of countries with relatively successful and dynamic economies, while flows to the heavily indebted and poorer countries had diminished. Moreover, with the advent of joint ventures and "non-equity" forms of

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investment, the wholly owned subsidiary was no longer the most common manifestation of a transnational corporation. In general, the relationship between transnational corporations and their host Governments seemed to be more pragmatic and harmonious than they had been in the past.

63. The general perception of transnational corporations had undergone a radical change. Countries which had formerly been very skeptical of transnational corporations currently saw them as a promising means to help modernize, restructure and internationalize their economies. The discussions on transnational corporations within the United Nations, which had once been a battleground between both East and West and North and South, had become much more pragmatic and business-like. The main emphasis was now on the positive contributions which transnational corporations and foreign direct investment could bring to economic and social development.

64. Those changes did not obviate the need for a code of conduct on transnational corporations. A universal code would establish minimum standards for good behaviour which would be generally applicable, even in countries where the capacity for establishing adequate national frameworks was limited. Regrettably, little progress had been made on the draft code of conduct since the last special session of the Commission on Transnational Corporations in 1985. The lack of progress could not be attributed to the Chairman of the special session, who had taken several commendable initiatives, the last of which had been a proposal forwarded to the Council at its second regular session of 1990 for a complete text of the draft code, containing previously concluded provisions as well as compromise proposals on outstanding issues. While the Nordic countries found those proposals reasonable, they believed that any solutions to the outstanding issues would not be very far from the last composite text from the Chairman.

65. The text of the draft code in its entirety did not fully convey the overall positive view that had now emerged regarding the very useful contributions which transnational corporations could make to economic and technological development. That could be counterbalanced to some extent by prefacing the final decision adopting the code with some introductory observations specifying the potential benefits which could be derived from foreign investment.

66. Some of the individual paragraphs of the draft code did not take full account of the new and refined concerns and concepts which had been developed over the past few years. For example, the chapter on environmental protection did not fully reflect the actual stage of thinking and international co-operation. However, the Nordic countries were not proposing that all previously agreed provisions should be reviewed and renegotiated, since the text of the draft code contained a review procedure which could be used to bring the code up to date even after its adoption.

67. The Nordic countries doubted that the draft code could be adopted at the current session. While the point had been made that it might be preferable to await the outcome of the Uruguay Round of multilateral trade negotiations before resuming consideration of the draft code, the Nordic countries believed that an

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agreement on the code would not adversely affect the negotiations; and, in fact, might even be beneficial to them by helping to resolve investment-related issues. If the Assembly was not able to take a final decision on the draft code at its current session, arrangements should be made to resume consideration of the draft code early in 1991.

68. Mr. KRAVETZ (El Salvador) said that private initiative played a fundamental role in growth and development and that Governments should provide the incentives needed to promote entrepreneurship and free competition. In order to carry out that task and given the current positive trend towards the reduction of the public sector in many countries Governments had the obligation to create a competent and efficient public sector. The public sector was not inherently incompetent; it simply required the necessary resources to enable it to carry out its responsibilities.

69. In chapter III of his report on national entrepreneurs in economic development (A/45/292-E/1990/82), the Secretary-General referred to the importance of programmes for promoting entrepreneurship. In El Salvador, the Fundación Empresarial para el Desarrollo Educativo (FEPADE), a private, non-political and non-profit organization, was carrying out a number of training activities in order to promote the educational, professional and technical development of the Salvadorian people. Since the beginning of its activities in 1987 until June 1990, FEPADE had trained 8,610 workers and technicians in 79 specialities. Another private, non-political and non-profit organization, the Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES), encouraged entrepreneurship through a programme which promoted small-scale and micro-enterprises. The programme consisted of three kinds of services: administrative training, financial assistance and consulting services.

70. In chapter IV of his report, the Secretary-General noted that the introduction of structural adjustment programmes in various developing countries had displaced a large number of civil servants and public employees, and that government civil service and public enterprises should be regarded as a major source of potential entrepreneurs, and that the same could apply to military personnel. El Salvador's structural adjustment programme made it necessary to develop programmes to instil an entrepreneurial spirit into displaced government employees in order to enable them to become successful small-scale businessmen. When the armed confrontation in El Salvador ended, it would be necessary to expand entrepreneurial training programmes in order to facilitate the return of military personnel to civilian life.

71. In the same chapter, the Secretary-General noted that entrepreneurship or business development was often seen as a political solution which could help in dealing with problems of refugees. El Salvador was preparing development projects which would facilitate medium- and long-term solutions to the problems of displaced persons and returnees. El Salvador was currently carrying out projects which gave such persons easier access to credit, and which sought to improve the available economic and social infrastructure.

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72. In chapter V, the Secretary-General stated that entrepreneurship could not be expected to flourish within an environment where government policies and legal and cultural factors inhibited the development of successful enterprises. Faced with an expanding informal sector, the Government of El Salvador was seeking ways to reform its institutional system in order to provide more and better opportunities for economic growth through both formal and informal private enterprise. To that end, its Ministry of Planning was seeking to develop a technical co-operation programme with the Peruvian Instituto Libertad y Democracia.

73. In chapter VII of his report, the Secretary-General noted that subcontracting was one of the ways in which multinational corporations were co-operating with national enterprises, and that that type of relationship could promote exports and was in many cases a form of technical assistance. In El Salvador, the results of that relationship had been extremely positive. In the San Bartolo Free Zone, an industrial park for enterprises which exported 100 per cent of their production outside of Central America, 12 manufacturing enterprises had been established, of which six were national or co-investment enterprises. Moreover, several of the foreign enterprises in El Salvador were managed entirely by Salvadorian professionals. The San Bartolo Free Zone provided more than 3,600 jobs and its average level of exports amounted to some \$6.7 million a month.

The meeting rose at 5.45 p.m.