



SUMMARY RECORD OF THE 27th MEETING

Chairman: Mr. BROTDININGRAT (Indonesia)

CONTENTS

ANNIVERSARY OF THE RUSSIAN REVOLUTION

AGENDA ITEM 84: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)

(c) TRADE AND DEVELOPMENT (continued)

(e) ECONOMIC AND TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES (continued)

(j) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES (continued)

(m) IMMEDIATE MEASURES IN FAVOUR OF THE DEVELOPING COUNTRIES (continued)

(n) NEW AND RENEWABLE SOURCES OF ENERGY (continued)

(o) DEVELOPMENT OF THE ENERGY RESOURCES OF DEVELOPING COUNTRIES (continued)

\*This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned within one week of the date of publication to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

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

The meeting was called to order at 10.35 a.m.

ANNIVERSARY OF THE RUSSIAN REVOLUTION

1. Mr. KOLEV (Bulgaria) congratulated the delegation of the Soviet Union on the occasion of the anniversary of the October Socialist Revolution.

AGENDA ITEM 84: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued) (A/40/3, 173, 184, 185, 202, 203, 220, 235, 276, 303, 305, 321, 327, 330, 340, 342, 347, 366, 374, 384, 401, 407, 458, 459, 476, 477, 489, 495, 525, 534, 544, 545, 582, 640, 672, 708, 762; A/C.2/40/2 and 5; A/C.2/40/L.7)

- (c) TRADE AND DEVELOPMENT (continued) (A/40/15, vols. I and II, 596, 717, 798, 815; A/C.2/40/L.8 and L.9)
- (e) ECONOMIC AND TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES (continued) (A/40/39, 579 and Corr.1, 581, 656 and Add.1)
- (j) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES (continued) (A/40/826 and 827)
- (m) IMMEDIATE MEASURES IN FAVOUR OF THE DEVELOPING COUNTRIES (continued) (A/40/597 and Corr.1)
- (n) NEW AND RENEWABLE SOURCES OF ENERGY (continued) (A/40/548)
- (o) DEVELOPMENT OF THE ENERGY RESOURCES OF DEVELOPING COUNTRIES (continued) (A/40/511 and Corr.1, 637)

2. Mr. KOLEV (Bulgaria) stressed the importance of the work of UNCTAD in the restructuring of international economic relations on a just and democratic basis. The report of the Trade and Development Board (A/40/15, vols. I and II) showed that the various negative aspects of the current world economy also had an adverse effect on the activities of UNCTAD. That was particularly true for the problem of protectionism, on which the efforts of UNCTAD had so far had results that were far from satisfactory.

3. The report of the Secretary-General concerning the economic measures taken by developed countries for coercive purposes (A/40/596) demonstrated the inadmissibility of such practices, which led to restrictions and instability in international trade. His delegation considered that UNCTAD should continue to pay special attention to that problem and that those measures were an anachronism in the current system of international economic relations and should be eliminated.

4. His country was endeavouring to promote broad economic co-operation and develop trade relations on an equitable basis with all countries, in accordance with the principles of UNCTAD. It had been among the first to put into practice the system of preferences elaborated within the framework of UNCTAD and to give

(Mr. Kolev, Bulgaria)

preferential treatment to imports from developing countries, removing all tariffs on imports from the least developed countries. Its trade with developing countries had increased considerably.

5. Decision 321 (XXXI) of the Trade and Development Board contained useful provisions for promoting trade relations among countries having different economic and social systems and for stimulating the activities of UNCTAD in that area, within the existing budgetary resources.

6. UNCTAD could also make a constructive contribution to the economic aspects of disarmament and should actively participate in the organization and preparation of the International Conference on the Relationship between Disarmament and Development.

7. The crises which affected the market economies had highlighted the relations between trade, the funding of development and the international monetary system. UNCTAD should intensify its efforts to bring about an equitable and just international division of labour and to overcome the deep structural difficulties of the developing countries. Special efforts should be devoted to researching and analysing the outflow of financial resources from developing countries, the brain drain, ways of strengthening the international trade system and the restructuring of the monetary and financial system.

8. His country supported United Nations efforts to alleviate the economic situation of the least developed countries. The most effective utilization of the potential of the State for accelerating the industrialization of those countries should be ensured, the public sector of their economies should be strengthened, the effectiveness of their planning organs should be increased, and an efficient agricultural policy should be promoted. More attention should be paid to the negative effects of the external debt, the outflow of financial resources, protectionism and the disruption of the financial and monetary system.

9. The work of United Nations organs in the area of economic and technical co-operation among developing countries should be part of the efforts undertaken for the restructuring of international economic relations on a just and democratic basis in order to speed up the economic decolonization of developing countries and strengthen their economic independence in the context of the implementation of the provisions of the Charter of Economic Rights and Duties of States and the Declaration and Programme of Action on the Establishment of a New International Economic Order.

10. With regard to the development of new and renewable sources of energy, Bulgaria supported the provisions of the Nairobi Programme of Action. The effectiveness of its implementation would depend on the concerted efforts of all the United Nations agencies and institutions directed towards the more effective use of existing structures.

11. Mr. HELLSTRÖM (Minister of Foreign Trade of Sweden), speaking on behalf of Denmark, Finland, Iceland, Norway and Sweden, said that the passage in the Declaration of the meeting of Ministers for Foreign Affairs of the Group of 77 in which the relation between monetary and financial problems, debt, transfer of resources, trade and development and the urgent need to address the special problems of the least developed countries had been stressed could be taken as the point of departure for the establishment of an atmosphere conducive to accelerated growth, the expansion of trade and a better balance between countries and groups of countries.
12. The debt problem illustrated the complexity of the relations and the interdependence of the problems. The Nordic countries shared the deep concern expressed by many other countries in that regard. Although it had so far been possible to avoid the collapse of the financial system by internal adjustments in the debtor countries coupled with debt rescheduling and thanks to an international situation of economic growth, the crisis was far from being resolved and still represented a grave threat to the world economy. It was currently recognized that structural adjustment should facilitate economic growth and that long-term measures were required. The debtor countries should allocate their resources efficiently, but that process should be supported by a flow of resources from the developed countries, and multilateral bodies should have enough resources to provide vital assistance. The co-ordination of economic policy on the solution of the debt crisis would be a measure of the possibilities for co-operation between North and South. It was therefore regrettable that the North-South dialogue so far had provided only moderate results.
13. The debt problem was closely tied to the commodity issue. Efforts to increase export incomes sometimes led to oversupply in the commodity markets, and the lowering of commodity prices, which continued despite the revival in the world economy, helped to exacerbate the debt problem in many developing countries. In many cases, a small percentage difference in the prices of the major commodities represented a considerable percentage of the debt service.
14. Changes in commodity prices depended upon many factors. A stable development of the world economy required action in various spheres, because it was a universally acknowledged fact that spontaneous market forces alone could not solve all problems. The difficulties currently facing the International Tin Agreement should not diminish confidence in the international commodity agreements in general; the Nordic countries believed that efforts must be intensified to conclude new international commodity agreements and renegotiate the existing ones. More processing, marketing and distribution of commodities by the developing countries would help to increase their export earnings. Those countries which had not yet signed or ratified the Agreement Establishing the Common Fund for Commodities should do so without delay.
15. Although no dramatic changes had taken place, the overall picture in international economic co-operation was less dark than a few months earlier, and there were signs of a greater willingness on the part of all countries to take a multilateral approach to monetary, trade and financial questions. Leading

(Mr. Hellström)

industrialized countries had agreed on certain steps, such as corrections in the overvalued United States dollar, which demonstrated a willingness to take joint action that had for a long time been absent.

16. The consensus in favour of preparing a new round of multilateral trade negotiations was most timely in view of the proliferation of protectionist tendencies, which were one of the most serious problems in international trade and had repercussions also on the debt situation. The free trading system had benefited all countries, but the political and economic environment of the last few years had caused a gradual erosion of respect for the rules of international trade. It was urgently necessary to reverse that negative trend. Advocates of protectionist solutions were pressing their demands, and experience had taught that once a barrier had been erected, it was very hard to remove. Should an uncontrollable momentum develop for bilateral and protectionist solutions, small industrialized developing countries would stand to lose the most and developing countries would feel the impact of the debt burden even more. Governments had so far been able to resist protectionist pressures, but what was needed was a new initiative underpinning the multilateral trade system. GATT was the best forum for carrying out such an initiative.

17. Recent experience provided ample evidence of the links between trade policy and economic and financial policies. In some major countries, macroeconomic policies had been pursued without attention to their consequences in the field of trade. An inappropriate mix of fiscal and monetary policies had produced an uneven pattern of growth and unsustainable external payment imbalances, together with a configuration of exchange rates out of line with the fundamental economic conditions, thus producing strong protectionist pressures. Ever since the system of fixed parities had been abandoned 15 years earlier, exchange rates had been excessively unstable, disturbing trade and investment and retarding growth. In order to make exchange rates more stable, it would be useful if there were increased co-operation to ensure the compatibility of the economic policies of different countries and a greater readiness on the part of larger countries to engage in multilateral consultations and to intervene in a co-ordinated way in the event of excessive fluctuations. Recently, there had been some progress in that direction.

18. The Nordic countries welcomed the fact that at the recent International Monetary Fund and World Bank meeting, the United States and other countries had recognized that those institutions would have to play a greater role in supporting economic adjustment and growth.

19. The World Bank and the International Monetary Fund must continue to have their own spheres of competence but that did not exclude stronger co-operation between them and more effective co-ordination of their activities. The two institutions should reach a common view on the problems and policies of the countries concerned, while paying adequate attention to the long-term needs of the member countries suffering from structural adjustment problems. The World Bank must also help to solve the debt problems, thus restoring confidence in debtor countries and

(Mr. Hellström)

favouring the resumption of voluntary lending by banks. For all those reasons, it was necessary to reach an early agreement on a general capital increase in the Bank.

20. The studies done within the World Bank and IMF indicated a need for increased concessional flows to the poorest countries. The studies concluded both that the aid given to those countries had been productive and helpful to growth and development and that the multilateral institutions had been very effective instruments in channelling those resources. The Nordic countries endorsed those conclusions and urged all Governments to make efforts to implement them.

21. The Nordic countries supported a substantial increase in the resources of the International Development Association under its eighth replenishment.

22. The work of the Trade and Development Board in the areas of finance, money and trade could profoundly affect the world economic system, and progress in the multilateral negotiations would improve the economic climate and the conditions for co-operation. If all Governments pursued a balanced short-term economic policy, those negotiations could be the basis for the sustained and stable growth of the world economy.

23. Mr. GRECU (Romania) said that the report of the Secretary-General (A/40/708) clearly brought out the seriousness of the crisis affecting international economic co-operation. Even so, the report did not analyse the causes of that situation as thoroughly as it should have. Nor did it contain concrete proposals for measures that could give a new impetus to co-operation for development. For example, it said nothing about taking steps to restructure the international monetary system. His delegation, convinced that the world economic crisis could not be overcome without the introduction of far-reaching structural changes in international monetary, financial and commercial relations, regretted that omission. It recalled that there were no indications that the economic crisis was coming to an end; on the contrary, it was increasingly affecting economic exchanges and the international financial and monetary system and was seriously disrupting trade relations. Protectionist barriers had proliferated and the external debt burden of the developing countries had become unbearable. Those and other factors helped to perpetuate and widen the gap that separated the rich countries from the poor countries.

24. During the last few years there had been insistence on the need to introduce urgent adjustment measures as an indispensable prerequisite if the developing countries were to achieve general and sustained growth, a need that those countries had never questioned. However, the current situation of general crisis in world economic growth made it very difficult, if not impossible, to adopt such adjustment measures. His delegation was therefore convinced that the crisis could be overcome only by revitalizing the development process throughout the world and, in particular, by creating conditions that would allow the developing countries to play once again a dynamic role in the growth of international trade.

(Mr. Grecu, Romania)

25. He welcomed the growing acceptance of the view that the external debt crisis of the developing countries could not be overcome through austerity policies alone and that those countries must turn to economic growth and greater participation in world trade. Furthermore, as the Secretary-General's report showed, the problem of external debt required a global solution and must be dealt with on the basis of a dialogue in which the creditor and debtor countries, as well as the banks and the international financial institutions participated. The purpose of the dialogue must be, inter alia, to cancel the debt of the least developed countries and substantially reduce the debt of the other developing countries; to reschedule the remainder of the debt over a longer term; to establish reasonable interest rates; to set a debt service ceiling not higher than 10 per cent or 15 per cent of annual export receipts, and finally, to restructure the international monetary and financial system along new and democratic lines. His delegation shared the view that the most appropriate framework for promoting that dialogue would be an international conference on monetary and financial resources for development under the auspices of the United Nations and suggested that the General Assembly should start preparations for convening it at the current session.

26. The economic crisis could also not be overcome unless international trade was transformed into an instrument capable of promoting economic growth. To be specific, it would require removing all the obstacles which hindered it, starting with discriminatory practices and protectionism. The developing countries should therefore implement the relevant programme of action adopted by GATT in 1982. They should also make substantial improvements in the generalized system of preferences and refrain from making the granting of those preferences dependent upon the internal policy of the various developing countries.

27. The establishment of a general system of trade preferences between the developing countries would also contribute decisively to promoting international trade and international economic development. His delegation therefore fully shared the view of Mr. McIntyre, the officer-in-charge of UNCTAD, that the system deserved the support of the entire international community, which should consider it as a major programme.

28. The widening of the economic gap between the developed and the developing countries highlighted the need to intensify international co-operation with a view to mitigating the adverse consequences of the reverse transfer of technology. In that connection his delegation had followed with interest the work of the Third Meeting of Governmental Experts on the Reverse Transfer of Technology and of the Inter-Agency Group on the Reverse Transfer of Technology. His delegation agreed that it was necessary to create conditions so that all the States concerned could participate in the formulation of an integrated programme of international action to end the reverse transfer of technology and trusted that the activities being conducted in that area would be pursued. To that end, he proposed that another meeting of governmental experts should be convened as soon as possible.

29. Mr. ASSEFA (Ethiopia) recalled that all the efforts made in the last 30 years by the developing countries to promote the restructuring of the unbalanced and inequitable prevailing international economic order had been fruitless. The alarming condition of the world economy had thus continued to deteriorate, thereby exacerbating the socio-economic problems of the the least developed countries, including Ethiopia, whose unremitting efforts to improve the living conditions of their people had been unavailing.

30. Unfortunately, as the global mid-term review of the implementation of the Substantial New Programme of Action had shown, the Programme had not met expectations and the socio-economic situation of the least developed countries had even deteriorated since the Programme was adopted. For example, in the period 1982-1983 the gross domestic product (GDP) of the least developed countries had increased by only 2 per cent as against a 2.6 per cent population growth, with a resulting decline in per capita GDP. In Africa per capita food production had been declining at an average annual rate of 0.7 per cent since 1970. African countries which had once been self-sufficient in food were now net importers of food. That was all the more alarming in that the collapse of commodity prices prevented the African countries from earning adequate foreign exchange. That was compounded by the stagnant flow of official development assistance and the increase of the external debt. The outstanding debt burden of the African countries had passed the \$170 billion mark during the current year, which was more than 180 per cent of the value of goods and services exported by the continent for the same period.

31. His delegation appreciated the assistance it had received so far from the developed countries but was convinced that it would be impossible to achieve the objectives of the Substantial New Programme of Action unless those countries gave a substantially increased amount of financial assistance to the least developed countries. He therefore appealed to the developed countries to increase their assistance in the amount required by the least developed countries.

32. It had been said that the recent economic recovery in the industrialized world was a sign that the world economic crisis was being overcome. Nevertheless, the situation in the developing countries was far from satisfactory. Economic stagnation persisted and there were even cases of negative growth. In other words, recovery had not affected factors such as international trade, which were responsible for that situation. Despite the fact that in 1984 the exports of the developing countries had increased by approximately 10 per cent, they were more than 15 per cent lower than the level they had reached in 1980. The effects of recovery in the commodities sector had been minimum or nil. That was particularly significant because commodities exports accounted for more than 50 per cent of the foreign exchange receipts of most developing countries, including Ethiopia. He therefore hoped that the new round of trade negotiations in GATT would take due account of the needs of the developing countries.

33. Turning to the question of technical co-operation among developing countries, he said his delegation fully appreciated the catalytic and supportive role played by UNDP in that area. Nevertheless, he believed that it would be impossible to



(Mr. Assefa, Ethiopia)

achieve the goals of self-help and self-reliance unless co-operation among developing countries took place in the proper international economic environment. That co-operation also required the support of the developed world, particularly since that it was called upon to contribute not only to the development of the countries of the South, but also to the establishment of a more pluralistic world economy which would benefit the international community as a whole.

34. Turning to the question of energy, he urged the international community to attach the greatest importance to providing the developing countries with new and renewable sources of energy. He recalled in that respect that the abrupt change in the international energy market was one of the factors which had contributed most to halting the development process which had begun in the third world in the decade of the 1960s. Beyond the immediate prospects for development, however, what was at stake was the preservation of the resource base of the developing countries. For example, there was no doubt that there was an extremely close relationship between energy shortages and the large-scale destruction of the forest resources of the African continent. Only 50 years earlier, 40 per cent of Ethiopia was covered by forests whereas today forests covered barely 3 per cent. Thus desertification had consumed millions of hectares of farmland.

35. Those and similar problems explained the tragic situation of the African countries. The international community had a duty to face them before it was too late. His delegation therefore repeated its appeal for the implementation of the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy.

36. Mr. SOMVORACHIT (Lao People's Democratic Republic) said that he endorsed the statements made by the Vice-President of the World Bank, the UNCTAD representative and the representative of Yugoslavia, who had spoken on behalf of the Group of 77.

37. The mid-term global review of the Substantial New Programme of Action for the 1980s for the Least Developed Countries had shown that the goals set in 1981 at the Paris Conference were far from having been achieved and that implementation of the programme had been extremely slow. The overall situation of the least developed countries was becoming increasingly critical and was exacerbated by indebtedness and the persisting world economic crisis. Very few developed countries had fulfilled their commitment to allocate at least 0.15 per cent of their gross national product (GNP) to official development assistance; only the Nordic countries and a number of Western countries had reached or exceeded that figure.

38. In the first half of the decade, the least developed countries had done everything within their power to attain the goals set in the Substantial New Programme of Action, despite difficulties arising from the economic crisis, lower prices for raw materials and exports, natural disasters and a hostile political climate. Now it was being recommended that in the second half of the decade the least developed countries should redouble their efforts with a view to raising their GDP. However, that would be possible only with greater international support. In that connection, his delegation welcomed the fact that at the Geneva

(Mr. Somvorachit, Lao People's  
Democratic Republic)

meeting a number of countries had decided to raise their contributions for official development assistance and that other countries had even written off the debts of the least developed countries.

39. Furthermore, it was regrettable that a number of Western countries had reached a point where they were voicing serious misgivings about the very purpose of the new programme, and were thus openly opposing the international community and the United Nations, whose ultimate goal was the definitive elimination of poverty and underdevelopment in the world. His delegation hoped that the General Assembly would adopt appropriate measures with a view to helping needy countries and ensuring that the goals set were achieved by the end of the current decade.

40. Mr. HELO (Colombia) said that a favourable economic climate was essential in order to change the negative pattern that had been a feature of the world economy in recent years and had had a great impact on standards of living and employment levels in the developing countries.

41. The development of a country depended on the measures adopted in order to make economic adjustments. When a Government adopted a sovereign decision to carry out a programme of economic austerity the results achieved were better than when it was obliged, as a result of outside conditions, to adopt such a programme, generally in order to fulfil financial obligations undertaken because of the external debt.

42. Colombia was endeavouring to bring about effective technical and economic co-operation. In order to cope with the crisis it was necessary to take advantage of technological progress, to exchange human and technological experience, to contribute to the exploitation of natural resources and to promote promising sectors in an economic and social framework that was conducive to economic expansion in the developing countries. Moreover, international trade must be liberalized and there must be less protectionism. He hoped that at the next session of UNCTAD viable proposals relating to the enhancement of trade in the products of the developing countries would be put forward.

43. The United Nations showed its true effectiveness in implementing specific programmes and attaining socio-economic goals that were in keeping with the plans of Governments. One example was the large-scale campaign for the immunization of children that had been conducted with great success in Colombia, with effective co-operation from the UNICEF office and UNDP. Effective assistance had also been given to the African countries affected by desertification, drought and hunger.

44. Equitable solutions to financial, monetary, trade and debt problems must be sought. Note should be taken of the statements made in that connection, and the General Assembly could make constructive suggestions with a view to improving the socio-economic climate in the developing countries. At the current time, creative ideas and a spirit of co-operation were called for. The negative transfer of resources, the decapitalization of essential economic sectors, the contraction in trade in basic products and low prices for raw materials were a threat to the

(Mr. Helo, Colombia)

economic and socio-political stability of the developing countries. Latin America, which was making satisfactory progress towards stable political systems, needed a favourable international climate that would enable it to expand foreign trade, to implement policies designed to promote growth in potentially prosperous sectors and to promote the well-being of the population.

45. Mr. REED (United States of America) said that the most effective way for a country to achieve economic progress and independence was through free, fair and open trade, not through economic assistance, since the latter could not mobilize the resources required in order to attain a higher plane of continuing economic development. Without exception, free trade promoted employment, the most productive use of national resources, innovation and a higher standard of living. In 1984 the United States had imported products from developing countries in a value of over \$100 billion, an amount that was more than three times greater than that of the total assistance provided by all countries and international organizations. In fact, in 1984 the United States trade deficit resulting from its trade relations with developing countries had exceeded the level of total global development assistance in that same year.

46. The United States prided itself on its foreign-trade policies, which were based on free, open markets. In the 1930s there had been tariffs on 50 per cent of the goods imported into the United States and currently there were tariffs on only 5 per cent. Moreover, in the past two years the volume of imports from non-oil-producing developing countries had risen by 40 per cent per annum and the volume of imported manufactured goods from the developing world had almost doubled; the latter now represented two thirds of the total volume of manufactured goods sold by the developing countries to the industrialized countries.

47. Currently, growing protectionist pressures were jeopardizing the progress made in the field of international trade since the founding of the United Nations. Many countries had adopted measures that constituted a barrier to free trade and interfered with the market mechanisms that were the essence of the system of comparative advantage. The Second Committee must resist that trend and adopt measures to revitalize the process of trade liberalization. His country recognized the need to eliminate protectionism but did not accept the proposition that the United States or the industrialized countries should have sole responsibility for doing so. That must be a shared responsibility.

48. Despite the unprecedented United States trade deficit of \$150 billion, President Reagan had resisted protectionist measures and the Generalized System of Preferences had been renewed. However, that trade liberalization had been hampered by barriers to United States exports. The European countries had placed restrictions on imports and were providing export subsidies that hindered both their own growth and the growth of other countries. The Japanese market was only partly open to competitive foreign products. If that situation continued and the disequilibrium in trade practices became the norm, political pressures for the adoption of protectionist measures in the United States could become too great.

(Mr. Reed, United States)

49. Even if not to the same extent as in the developed countries, the developing countries must also dismantle their protectionist barriers. As a result of the enabling clause of the General Agreement on Tariffs and Trade (GATT), which granted developing countries the right to preferential treatment, most developing countries considered themselves virtually exempt from the obligation to comply with GATT rules. However, it was unfair that those countries should seek simply to enjoy the benefits of the trading system, without accepting their responsibilities. Protectionism hurt everybody, not only exporting countries but also the populations of the countries that practised protectionism, since they had to pay high prices for goods and services.

50. Countries with open markets generally achieved higher rates of growth than countries with protectionist development strategies. The most effective way to liberalize trade was to proceed immediately to hold a new round of GATT multilateral trade negotiations. The United States had taken the lead in calling for a new round and hoped that the discussions would cover a wide variety of issues and include the broadest possible level of participation. The main United States objective during that process would be to reduce protectionist pressures and halt the erosion of GATT discipline, and also to initiate discussions on other areas not covered under GATT, such as greater discipline in agricultural trade, the extension of international rules to include trade in services, better protection of intellectual property, and freer trade in high-technology products and associated services. Obviously, other countries would have other priorities, and his delegation encouraged them to pursue the issues that interested them in the discussions leading towards a new round of negotiations.

51. The Committee could not allow its discussions to be dominated by pro forma statements about an abstract commitment to free trade and a reduction in protectionism. The United States commitment to those objectives was real, and it was willing to bear its responsibilities in the process, hoping that all countries would join it in moving forward towards a fair, open and free trading system.

52. Mr. MWANZIA (Kenya) said that his delegation shared the views expressed in the Committee by the Chairman of the Group of 77, particularly on issues related to new and renewable sources of energy, the Substantial New Programme of Action, the Common Fund for Commodities and economic and technical co-operation among developing countries. Although the world economy continued to be in disarray and prospects for the rest of the decade remained gloomy, there had been broad agreement in identifying and analysing problems. In a world economy characterized by unemployment and instability, domestic economic policies were insufficient to generate growth or avoid stagnation, unless they incorporated a dynamic adjustment mechanism adaptable to changes in the international environment. Moreover, natural resources, technology and proximity to markets were no longer advantages that guaranteed access of goods to markets because they had to contend with the barrier of protectionism. It was clear that the developing countries had under-estimated the social and economic consequences of their dependence on the policies of a few industrialized countries. Although the economic recovery of the United States, starting at the end of 1982, had provided a considerable boost to exports and

(Mr. Mwanzia, Kenya)

incomes in a number of countries, the marginal benefits for commodity-exporting countries remained minimal. In Western Europe, however, although inflation was under control and there were current-account surpluses, the high rate of unemployment was rising, and that had led to a drastic curtailment of imports from the developing countries and had had a severe impact on GATT.

53. The reduced exports from the developing countries and the deteriorating terms of trade had contributed to aggravating the debt problem, especially in smaller and weaker countries, such as those in sub-Saharan Africa, whose debt, though small in absolute terms, had a proportionately higher debt-servicing ratio than for larger and wealthier developing countries. The overvaluation of the dollar had similarly affected growth in the developing countries, because they had to service debts in dollars at variable interest rates, while their revenues from commodity exports had depreciated in real value.

54. His delegation agreed with others on the need for greater co-ordination of macro-economic policies in the major industrialized countries, and for greater international recognition of the active interrelationship between trade, monetary and financing policies and systems. It was also indispensable to liberalize trade and strengthen and adhere to the rules of GATT. Prospects for recovery and development in the developing countries during the remainder of the 1980s and through the next decade would depend considerably on the resumption of voluntary private lending, the stabilization of interest rates and, most important of all, dramatic increases in the flow of private foreign investment into developing countries. Despite the dismal economic situation, the developing countries had been trying to promote economic and technical co-operation among themselves, and both the developing countries and the rest of the international community had made substantial efforts to formulate and implement several programmes in ECDC/TCDC, in accordance with paragraph 1 of General Assembly resolution 39/216. The role of UNDP had been particularly significant in financing those activities.

55. With regard to trade expansion and promotion among developing countries, Kenya fully supported the various programmes introduced by UNCTAD, especially for the establishment of a global system of trade preferences which would form the basis for eliminating the discriminatory trade practices affecting the developing countries, and also UNCTAD's preliminary studies for establishing regional and subregional trade information systems. In the area of monetary and financial co-operation among developing countries, Kenya welcomed the efforts of UNCTAD and the regional commissions to promote export credit and establish export credit guarantee schemes. In sub-Saharan Africa in general and in eastern and southern Africa in particular, the development of trade in non-traditional products had been suffering for many years from the absence of such programmes. Kenya was pleased with the activities of ECA under the Lagos Plan of Action and the Lagos Final Act, especially its encouraging achievements in establishing regional and subregional institutions to promote co-operation in trade, finance, industry, natural and human resources development, transport, and communications and population studies. ECA had made a commendable contribution to the establishment of a preferential trade area for eastern and southern Africa. The success or failure of that and other

(Mr. Mwanzia, Kenya)

subregional arrangements in Africa would ultimately determine the prospects for the realization by the year 2000 of an African economic community, as envisaged in the Lagos Final Act.

56. So far as industrial development co-operation among developing countries was concerned, Kenya applauded the studies and programmes initiated by UNIDO and emphasized that UNIDO was financing many of those activities, which included, in particular, ongoing programmes relevant to the Industrial Development Decade for Africa.

57. Much remained to be done to stimulate and strengthen ECDC and TCDC. While the primary responsibility for that task lay with the developing countries themselves, the industrialized countries must increase their support for the achievement of those goals. In Africa, the efforts must continue to promote the establishment of the proposed African monetary fund and the creation of a formal framework to encourage and improve trade relations and to increase financial flows between Arab and African countries. Kenya remained committed to all positive measures that would foster economic and technical co-operation among developing countries.

58. Mr. LUDUNGE (Zaire) said that the issues of international economic development and co-operation were closely linked with the world economic situation currently marked by slow recovery and a considerable lag in the developing economies. The principal causes of the crisis were the restrictive monetary policies of the developed countries, the serious indebtedness of the developing countries and the negative or even reverse flow of capital between industrialized and developing countries. Those problems affected trade and development which were also impeded by protectionist practices.

59. In such circumstances the trade problem could not be completely solved unless commodity markets were restored in accordance with the rules of international trade. It would also be necessary to stimulate the growth of the world economy and to reorganize the international monetary and financial system with a view to channelling more resources to the developing countries so that they could end the debt crisis. It was also necessary to facilitate the access of those countries to technology and to increase regional co-operation on energy.

60. The efforts made under resolution 96 (IV), adopted by UNCTAD at its fourth session, in connection with the Common Fund for Commodities and other related arrangements, were at a standstill owing to the lack of political will on the part of a few countries which controlled a substantial share of world trade; the trade and development of the commodity-producing countries were thus impeded.

61. The African continent, embracing one third of the States Members of the United Nations as well as the majority of the least developed and almost all the land-locked countries, was faced with an unprecedented economic crisis marked by deteriorating terms of trade following the plunge in the export earnings of the developing countries, particularly the sub-Saharan African countries, where the debt problem had come on top of drought and desertification, hunger, epidemics and the burden of refugee flows.

(Mr. Ludunge, Zaire)

62. Africa's contribution to international trade depended on whether it was able to accelerate development. Nevertheless, according to the most optimistic forecasts, the growth in GDP of the developing countries in the period up to the year 2000 would not exceed 4 per cent and would be zero, or even negative, in the least advanced countries and in the sub-Saharan African countries. Accordingly it was essential that the international community, which had already helped effectively to alleviate more immediate African problems, should take action to find medium-term and long-term solutions. A special session of the General Assembly and an international conference on the debt problem of the African countries could provide appropriate forums for agreeing on joint action.
63. His delegation supported the organization of a new round of negotiations under GATT in order to combat current protectionist trends and encourage the liberalization of international trade. In those negotiations account should be taken of the interests of the developing countries producing agricultural and mineral raw materials and tropical products, while the possibility that broader economic agreements between North and South could be reached should not be excluded.
64. Concrete measures in favour of the land-locked developing countries must be adopted because their geographical situation substantially limited their contribution to international trade. In addition, the trans-African highway and related projects in the context of the Transport and Communications Decade in Africa were closely linked with the issue of trade among the countries of the region and would facilitate their access to international markets. Zaire, with the proportionately smallest seaboard in the world, had vast agricultural and mining regions that were completely isolated, as was the case in land-locked countries. It was for that reason that, during its fifth session, held in 1979, UNCTAD had adopted resolution 110 (V) in connection with the special problems of Zaire in the matter of transport, transit and access to foreign markets. Thanks to that resolution, which the General Assembly had endorsed on a number of occasions, the first multilateral round-table on those problems had been organized in June 1983. The General Assembly, in resolution 38/143, had decided on the organization in 1985 of a second round-table to review the progress achieved in that direction. His delegation would submit a draft resolution on the subject and, on behalf of his Government, thanked those countries and international organizations which had participated in the first round-table. Zaire also associated itself with resolution 319 (XXXI), adopted by the Trade and Development Board during its thirty-first session, and urged multilateral donors to provide maximum assistance in the transport sector to the African countries.
65. In conclusion, he stressed the importance of co-operation on energy between developing and industrialized countries and described Zaire's goals in the development of its particularly abundant energy resources. Fruitful regional co-operation on energy was developing among Burundi, Rwanda and Zaire within the Economic Community of the Great Lakes Countries. Those efforts, added to those of the Economic Community of Central African States, would make it possible to develop new energy resources in the near future in addition to the hydro-electric power of the River Ruzizi, methane gas originating in Lake Kivu, peat and possibly, at a

(Mr. Ludunge, Zaire)

later date, oil. Multilateral assistance in that field must be intensified in order to generate the investments needed to keep up with energy consumption, particularly by the agricultural industry.

66. Mr. LAHIOUEL (Algeria) said that his delegation supported the statement made by the representative of Yugoslavia on behalf of the Group of 77 on the different aspects of development and international co-operation. In addition, he reaffirmed the importance of the role and mandate of UNCTAD, although he was concerned by the delay in implementing the decisions adopted at its sixth session. Given the growing importance of UNCTAD's work in promoting co-operation, the lack of results, reflecting once more the weakening of multilateral co-operation, dimmed still further the prospects for development. It was regrettable that the Common Fund had not yet entered into operation for want of the necessary support, because it would guarantee more stable export earnings for developing countries and alleviate the serious situation of the commodities market.

67. Given the particularly difficult situation of the least-developed countries, fresh impetus must be given to the Substantial New Programme of Action for the 1980s. The mid-term review of the implementation of that Programme had made it clear that the support of the international community had fallen short of the expectations of the least developed countries and of the goals agreed on at the international level.

68. ECDC and TCDC reflected the will of the developing countries to achieve collective self-reliance. In that connection, the Caracas Programme of Action and the Buenos Aires Plan of Action provided the appropriate framework for implementing South-South co-operation which was an integral component for furthering the new international economic order.

69. In addition, new and renewable sources of energy could play a key role in the economies of the developing countries, whose access to appropriate technology for developing their potential would further the goal of balanced economic development. The developing countries accordingly assigned high priority to the effective implementation of the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy.

The meeting rose at 12.40 p.m.