



SUMMARY RECORD OF THE 32nd MEETING

Chairman: Mr. BIRIDO (Sudan)

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ORGANIZATION OF WORK

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The meeting was called to order at 3.35 p.m.

AGENDA ITEM 87: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE: SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE: REPORTS OF THE SECRETARY-GENERAL (continued) (A/40/3, 173, 423, 430-433, 434 and Add.1, 435-441, 672, 770; A/C.2/40/3 and 7; E/1985/67 and 68)

1. Mr. BAKER (Director, Unit for Special Economic Assistance Programmes), speaking on behalf of the Under-Secretary-General for Special Political Questions and Co-ordinator, Special Economic Assistance Programmes, said that, pursuant to resolutions of the General Assembly and Economic and Social Council, special economic assistance programmes currently existed for 24 countries: 2 in Latin America, 3 in the Pacific and 19 in Africa. The documentation before the Committee included individual reports on six countries that had been visited by review missions. In focusing on those countries, he did not intend to detract attention from the urgent needs of other countries also covered by programmes. Committee members should therefore review all the documentation carefully with a view to responding to the needs of all the countries in question.
2. In July and October 1985, a multi-agency review mission had visited Haiti, whose difficult economic situation had been exacerbated by a marked deterioration in Haiti's terms of trade and a reduction in international demand for Haiti's most important export products as a result of the recent global recession. A hurricane in 1981 had caused a sharp drop in agricultural production, and an outbreak of swine fever in the same year had virtually eliminated an important source of food as well as a significant export. Bauxite exports had ceased in 1982 and there had been a sharp decline in tourism. While there had been rapid growth in the export industry subsector, the economy had entered a period of stagnation from which it had yet to emerge. Co-operation with IMF had been suspended, although negotiations between it and the Haitian Government were scheduled to resume shortly.
3. Paragraphs 28-66 of the Secretary-General's report on assistance to Haiti (A/40/432) discussed some of the more critical problems facing that country. International assistance had played a significant role in Haiti; nevertheless, the Government continued to emphasize the need for increased aid flows. Paragraph 89 of the report identified some of the problems associated with international assistance activities. The Government had indicated that highest priority should be given to the problems of deforestation, soil erosion and illiteracy. Some 28 specific projects, requiring \$156 million in external financing had been identified.
4. In response to Economic and Social Council resolution 1984/58, a United Nations mission had visited Kiribati and Tuvalu from 21 January to 6 February 1985 to assess their priority needs and prepare assistance programmes. The reports of that mission (E/1985/67 and E/1985/68) had been transmitted to the General Assembly at its current session by the Economic and Social Council. The situation of the two countries, which were composed of small, remote islands, was similar. The coral atolls' soil was insufficient for anything beyond subsistence farming, and neither country had any known mineral resources; however, both possessed extensive

(Mr. Baker)

ocean zones which might conceivably lend themselves to private commercial fishing, although all fishing to date had been carried out by outside companies. Tourism in both countries was negligible.

5. One of the most difficult challenges facing Kiribati was the provision of productive and remunerative employment for its rapidly growing population. In general, the country was highly dependent on external trade and financial and technical aid to support the population's existing low standard of living, provide a modest level of public services and manage an equally modest socio-economic development programme. The Government sought to reduce current expenditures to a level that could be sustained by domestic resources while proceeding with projects in key areas which might expand the country's economic base. The mission report contained brief descriptions of projects identified in consultation with the Government requiring urgent support in the amount of 13.5 million Australian dollars.

6. The report on Tuvalu drew attention to three major problem areas: recurrent costs, transport and communications, including the need for a domestic air service, and essential development projects which had been unable to obtain funding.

7. A review mission had visited Equatorial Guinea in May 1985. The rehabilitation and reconstruction programme undertaken by the Government since 1979 had made slow progress because of the country's weak infrastructure and the devastating effects on the economy of earlier policies. An acute shortage of trained personnel had hampered the transition from ad hoc crisis management to more deliberate economic planning. Despite the country's considerable potential, its recent economic performance had been disappointing. The 1982-1984 programme for the economic reactivation and development of Equatorial Guinea had called for external assistance in the amount of \$141.3 million. In general, donor response had been generous; however, external assistance had not been provided in accordance with the priorities set by the Government, and there had been a disturbing decline in the grant component of such assistance. At the end of 1984 the government had become a member of the Union douanière et économique de l'Afrique Centrale and the Banque des Etats de l'Afrique centrale with a view to strengthening its economic performance, and had begun to formulate a comprehensive development plan in anticipation of the UNDP-sponsored round-table meeting scheduled for early 1986.

8. In April 1985, a review mission had visited Guinea-Bissau, which continued to face severe shortages of trained manpower, food and foreign exchange. In recent years the country's difficulties had been aggravated by irregular rainfall and severe drought. However, the mission had found that the rigorous economic policy measures implemented by the Government in previous years were beginning to have positive effects. The success of the economic and financial stabilization programme, which was expected to continue beyond 1986, would depend to a large extent on the readiness of the donor community to provide funds for the programmes and projects presented at the round-table meetings sponsored by UNDP and a similar meeting sponsored by the World Bank. The international community had in fact responded positively to the measures taken by the Government of Guinea-Bissau;

(Mr. Baker)

however, the Government was seeking debt relief and additional external assistance, including food aid for 1985 and 1986, to meet its balance-of-payments deficit. It also required assistance to finance 22 development projects costing approximately \$81.5 million.

9. A review mission had also visited Liberia in April 1985. Since the establishment of a programme of special economic assistance for that country, the situation in Liberia had deteriorated to a critical point as a result of a combination of external and internal factors. The end product had been negative real economic growth, a decline in private consumption and overall savings, a growing problem of arrears, a weak balance-of-payments position with a large current-account deficit and an extremely tight liquidity situation, which constrained economic activity and the country's implementation capacity. The report of the mission (A/40/433) provided details of the serious economic and financial problems facing Liberia and a list of projects the Government sought to implement under its revised Public Investment Programme.

10. Generally speaking, while each country covered by a programme of special economic assistance presented a unique set of problems, all the countries shared a number of factors. Of the 24 countries benefitting from programmes, 15 had been classified as least developed, and the Committee for Development Planning had recommended the inclusion of Vanuatu in that category. Seven of the countries were island developing countries, five were land-locked and four were also among those most affected by the current drought-induced emergency in Africa. All the countries had fragile economies which had been subjected to the external shocks experienced by all developing countries in recent years; in addition, all faced special problems which had entitled them to special economic assistance. National economic policies had in some cases contributed to their precarious situation, but it appeared that the Governments concerned were fully aware of the need to review prior policies and make the necessary changes.

11. The servicing of external debt posed increasingly difficult problems for those countries: a disturbing trend was the increasing proportion of debt owed to international financial institutions, and thus not susceptible to rescheduling. He was impressed by the efforts the countries were making to carry out adjustment programmes and make the required sacrifices. At the same time, there were limits to what could be asked of them. The reports before the Committee indicated that there was a strong case for budgetary support to assist their Governments in programme implementation. However, such measures were essentially short-term in scope and did not address the problems of long-term development or the fundamental structural adjustments required for self-sustained growth. Many of the projects described in the reports were directed at relieving the more serious constraints to such development, and thus required additional resources in the form of grants or concessionary loans. The donor community should therefore give greater consideration to the local and recurrent costs of projects it financed and make a generous and prompt response to the priority needs that had been identified.

12. Mr. BAI Xingji (China) said that the countries receiving special economic assistance from the United Nations faced problems of reconstruction and development. In theory, such United Nations assistance was intended not only to help countries overcome immediate and pressing difficulties, but also to enable them to develop capabilities for generating sustained economic development on their own. During the 20 years that special economic assistance programmes had been in existence, the bulk of that assistance had been earmarked for reconstruction, rather than development, and in many cases had provided only temporary relief. Efforts to promote the long-term development of the countries concerned, most of which were least developed and/or newly independent countries, should therefore be increased.

13. His delegation welcomed the fact that many recipient countries had already given priority to using foreign assistance to solve fundamental development problems such as poor natural resources and the low level of technology and training, often compounded by geographic and climatic disadvantages, and hoped that the United Nations system and countries that were in a position to do so would increase their contributions, taking fully into account the recipient countries' own development efforts. China, which had experienced the problems currently afflicting many developing countries, and thus sympathized with the plight of the countries receiving special economic assistance, would therefore continue to assist those countries to the best of its modest ability.

14. Mr. WASIUDDIN (Bangladesh) said that, almost without exception, the factors aggravating the situation of the countries receiving special economic assistance were beyond their control, whence the need for effective long-term support by the international community. The various resolutions which had been adopted under the agenda item currently before the Committee should be followed up to a greater extent, and his delegation took note in that connection of the example set by the Office for Emergency Operations in Africa in ensuring a co-ordinated response by providing the international community with a framework for coherent action.

15. As the representative of a country with limited resources and low per capita income which also experienced frequent natural disasters, he was able to appreciate the situation of countries facing similar problems, and believed that the international community must tackle problems relating to natural disasters on a long-term basis. The Bay of Bengal had some of the most turbulent weather in the world. The many cyclonic storms which swept Bangladesh caused enormous damage to life and property and had seriously impeded the country's economic development. The cyclone and tidal surge which had struck the coast of Bangladesh in May 1985 had affected more than 1.3 million people in an area of 2,000 square miles. The same area of the country had been visited by a second cyclonic storm accompanied by high tides in October 1985, which had destroyed the harvest and property for the second time that year. His Government had been able to cope successfully with that situation with the generous help of friendly countries and regional and international agencies. The solidarity of neighbouring South Asian countries had been particularly appreciated. The United Nations Disaster Relief Co-ordinator had also visited Bangladesh to assess the situation first-hand.

(Mr. Wasiuddin, Bangladesh)

16. As a result of the renewed sense of urgency awakened by those recent calamities, his Government planned to enhance disaster preparedness and create an infrastructure to protect life and property in the event of natural disasters. A high-level permanent national co-ordination committee had been established to provide overall supervision and better handling of emergencies arising out of natural disasters. In addition, a well-defined cyclone preparedness programme had been initiated: the construction of new cyclone shelters and the afforestation of the coastal belt were scheduled, and the coastal embankment programme was being expanded. Such efforts were necessary if Bangladesh was to pursue a sustained programme of development. His delegation hoped that Member States, the United Nations system and other multilateral institutions would assist in that endeavour.

17. Mr. PAYTON (New Zealand), recalling that 19 of the countries receiving special economic assistance were in Africa, said that New Zealand had been pleased to assist African rehabilitation programmes to the extent possible. Three Pacific island developing countries, Kiribati, Tuvalu and Vanuatu, were also receiving such assistance. New Zealand welcomed the decision of the Committee for Development Planning to confer the status of least developed country on Vanuatu and urged sympathetic consideration of the renewed applications by Kiribati and Tuvalu to be given the same status. While an assessment of the economic indicators might write the islands off as merely uneconomic, the people of Kiribati and Tuvalu were determined to seek greater economic self-sufficiency in the face of a formidable array of physical and environmental difficulties.

18. The international community should consider the special nature of the islands, particularly their isolation and the attendant difficulties in communications, transport, health care, education, administration, and access to markets and supplies, and bear in mind their needs were modest and would therefore not siphon off resources from other priority areas and least developed countries. Kiribati and Tuvalu needed financial support from those countries able to provide it and strong political support from other countries that were themselves seeking assistance. New Zealand, while sharing the world's concern over Africa's plight, had a major commitment to the new developing States of the Pacific region, and appealed to others to provide the islands with the resources which that region alone could not provide.

19. Mr. KATAWALA (Mozambique) said that, even though the need to solve the developing countries' economic situation had become urgent, some developed countries resisted coming to their aid, and too little assistance was being provided to help them achieve the objectives of economic recovery, rehabilitation and development. Since 1976, the General Assembly had been adopting resolutions which appealed to States, international organizations and the international community in general to assist Mozambique in its struggle for economic recovery and development and to help it deal with the consequences of such natural disasters as floods and drought. Regrettably, the response to those appeals had fallen far short of the needs, and development assistance had in fact declined from 1982 to 1983.

(Mr. Katawala, Mozambique)

20. His delegation expressed thanks to those countries and organizations that had assisted his country, and urged them to maintain and increase their assistance. Countries and organizations which had not yet contributed were urged to do so. The draft resolution on assistance to Mozambique under consideration by the General Assembly at its current session made the same appeal to the international community as General Assembly resolution 39/199, and his Government was requesting that the most developed among the developed countries should be among its sponsors, in the hope that 1985 could be the last time that such a draft resolution would be required.

21. Mr. KPAKPO (Benin) said that his delegation supported all the proposals, especially the one made by the delegation of Yugoslavia on behalf of the Group of 77, for finding solutions to the problems facing Africa. Benin's problems were compounded by the damage caused by the unusually heavy rain and floods in 1985, which had destroyed agricultural production and infrastructure and endangered lives in towns and rural areas. His delegation was grateful for the assistance provided by international, intergovernmental and non-governmental organizations. However, his country's situation was still urgent, and despite the efforts and sacrifices of its people it remained a least developed country. He appealed to the international community to mobilize additional resources for the execution of projects under the special economic assistance programme, and called for genuine and realistic negotiations in an effort to end the serious world-wide economic crisis and bring about structural reforms which would usher in the new international economic order.

22. He hoped that the General Assembly at its current session would adopt practical measures to solve the problem of the debt burden of most countries, especially the poorest ones. Meanwhile, his delegation welcomed the decision announced by the Federal Republic of Germany and the Netherlands to write off the debts of the least developed countries, and hoped that other countries would follow their example.

23. Miss COURSON (France) said that every year countries presented a large number of resolutions asking the Secretary-General to assess their difficulties with the aim of proposing measures to assist them. That procedure presumed the regular sending of missions whose reports were submitted to the General Assembly. While her delegation sympathized with those countries' efforts to interest the international community in their specific problems, it noted that the situation had changed especially where Africa was concerned, in that many mechanisms had been established to provide emergency and long-term aid to that continent. She therefore queried the usefulness of expensive missions undertaken by the Secretariat, in duplication of the work done by UNDP and the World Bank.

24. That did not mean that the General Assembly should cease to take an interest in the situation of the countries concerned. However, the work of the Committee in that respect could usefully be rationalized. The General Assembly could receive information on development and reconstruction in those countries through reports prepared by the Secretariat, in co-operation with UNDP and the World Bank. That procedure would obviously not cover natural disasters such as the one suffered

(Miss Courson, France)

by Mexico, nor the dislocations caused by wars such as those in Lebanon and Chad, where the Secretariat's intervention to mobilize international aid was very important.

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

(c) TRADE AND DEVELOPMENT (continued)

25. Mr. FERRER (United States of America), speaking in exercise of the right of reply, said that his country could not agree with the basic premise in the statements of two delegations at the Committee's 30th meeting that the developed countries no longer observed the rules of the General Agreement on Tariffs and Trade (GATT) and were causing a collapse of the free trading system. The United States had fulfilled and was fulfilling its commitment to free and fair trade and was complying with the rules of GATT.

26. A distinction must be made between pressures by certain interest groups for protectionism and the actual act of adopting protectionist measures. As indicated in United States trading data, his Government had resisted proposals for import restrictions and was not imposing them on its imports. In the last few years, there had been a remarkable increase in both the volume of United States imports and its trade deficit. During that time, however, numerous restrictive measures had been enacted against United States exports by many other countries, including some developing countries.

27. It was a matter of concern that the delegations which had spoken had refused to recognize that actions by the developing countries could also damage the trading system. Some developing countries prohibited the import of any product which was or might be produced locally, thus harming the trading prospects not only of developed but also of other developing countries. While the United States fully accepted the idea of preferential treatment for developing countries, it did not consider that, as a result, they had a blanket authorization to restrict imports. Nor was his country, which purchased almost 60 per cent of all the industrialized goods exported by the developing countries, trying to exclude those countries from participation in the production of and trade in industrialized products.

28. The speakers at the 30th meeting had also objected to the inclusion of new subject areas, especially services, in future GATT negotiations, arguing that, since services had not been under the original GATT mandate, they should not be included now. However, since the founding of GATT services had become a significant portion of the international trading system; in order to survive, GATT should have the flexibility to adapt to that change.

29. Because of the need for an enlightened discussion of those issues, his delegation recommended that the Committee should consider organizing an informal session to discuss them further.

30. Mr. BAHADIAN (Brazil), speaking in exercise of the right of reply, said that his delegation, which had spoken on that subject at the 30th meeting, welcomed the possibility of further discussions on trade and finance within the Committee but considered that they should be held in as formal a setting as possible. As stated by the United States representative, GATT was not an appropriate forum for a discussion of services. The United States representative had failed to mention, however, that the United States and other countries were trying to link the start of GATT negotiations on products with the inclusion of services.

31. Mr. PRASAD (India), speaking in exercise of the right of reply, said that his delegation would be happy to participate in any detailed discussions, whether formal or informal, on the issues of trade, development, money and finance. His delegation was willing to provide more information on the data contained in his statement at its 30th meeting and on liberalization efforts under way in his country.

32. Although the ostensible reason for holding a new trade round was to discuss ways of resisting protectionist pressures, there was a growing tendency to introduce new themes, among them services. Several international organizations were already considering the composite category of services, which raised such questions relating to the domestic legislation and regulations of States as the right of presence and establishment. The new trade round should therefore concentrate on areas within its competence.

33. Mr. FERRER (United States of America) pointed out that he had not said that GATT was not an appropriate forum for the discussion of services but that the original mandate of GATT had not included that subject. Because of the importance of the service sector, GATT might adapt its mandate to accommodate it.

34. Mr. KATAWALA (Brazil) said that he had understood that the original mandate of GATT did not cover services; since there was no other mandate, services were not within its competence.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)
(A/C.2/40/L.14, L.15 and L.17)

35. Mr. VILCHEZ (Nicaragua) said that if his delegation had been present at the 30th meeting, it would have voted in favour of draft resolutions A/C.2/40/L.14, L.15 and L.17.

ORGANIZATION OF WORK

36. The CHAIRMAN announced that the list of speakers on agenda item 87 would close at 6 p.m. that day.

The meeting rose at 5.15 p.m.