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SUMMARY RECORD OF THE 6th MEETING

Chairman: Mr. PAPANATOS (Greece)

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GENERAL DEBATE (continued)

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

GENERAL DEBATE (continued)

1. Mr. ORDONEZ (Philippines) noted that while very positive changes had recently taken place in the world, including, in particular, the end of the cold war, development problems affecting millions of human beings persisted in the South.
2. That was why the role of the United Nations in marshalling the development efforts of the international community needed to be enhanced. The General Assembly had adopted by consensus a declaration on the revitalization of economic growth and development of developing countries at the end of its eighteenth special session on that topic, and another document containing the international development strategy for the fourth United Nations Development Decade had just been adopted. A consensus without strong political will was not, however, enough, and all countries must work together to launch a new era in international developmental relations.
3. At the outset, consideration should be given to the interrelationship between external indebtedness and international trade and investment flows, on the one hand, and, on the other, the achievement, in all countries of durable and environmentally sound development and the enhancement of human resources.
4. In that new era it should be recognized that national policies could not, in and of themselves, ensure a country's prosperity if the international economic environment was unfavourable and hostile.
5. The participants in the eighteenth special session of the General Assembly had committed themselves to co-ordinating their macro-economic policies, taking full account of the interests and concerns of all countries, particularly the developing countries. An effort should therefore be made to increase multilateral surveillance with a view to correcting existing external and budgetary imbalances and promoting non-inflationary sustained growth and reducing real interest rates. The primary need was to solve the problem of the external indebtedness of developing countries once and for all, for debt servicing was depriving them of the resources they needed for their economic and social development.
6. The success of the Uruguay Round of negotiations was imperative for preventing further deterioration of trade relations. Protectionist barriers must be broken down and a system of open and credible multilateral trade built up. Obstacles to the transfer of technology should also be eliminated, especially in view of the importance for all countries of technology in the field of communications and transport.
7. The negative transfer of resources from developing to industrialized countries prevented the developing countries from allocating the resources needed for environmental protection. Debt-for-nature swap arrangements should therefore be increased. As for human resource development programmes, he said they should always take account of the transnationalization of labour flows. Only by meeting the needs to which he had referred could a new era in international developmental relations be launched.

8. Mr. KOSTOV (Bulgaria) noted that unprecedented changes were being seen at the close of the twentieth century, all of them reflecting a growing interdependence among States and a globalization of the problems they faced. The prosperity of mankind would therefore depend on people's ability to work together in solving those problems. The world economy had also changed significantly, and the integration of the Eastern European countries constituted a favourable development in that connection, which was unfortunately offset by the continuing sharp differentiation in the levels of development of different groups of countries.
9. The growing interdependence of States highlighted the importance of the universalization of approaches. The adoption by consensus of the Declaration on International Economic Co-operation at the end of the eighteenth special session of the General Assembly on that question was certainly a felicitous development. Another very important document was Economic and Social Council resolution 1989/85 on the role of the United Nations in the early identification, analysis and monitoring of world economic development.
10. The obstacle posed by the external debt of many developing countries to their own economic and social development and to the world economy in general had been repeatedly reviewed but had not yet been eliminated owing to the absence of a common perspective as to how the problem should be settled.
11. A common approach should also be followed with respect to other problems relating to economic development, including those concerning the establishment of an open multilateral trade system, the stabilization of the international financial system and, in another realm, the economic consequences of the Gulf crisis for certain States, in particular the Eastern European countries, including Bulgaria.
12. The elaboration within the framework of the United Nations of a global strategy for preserving the environment was one of the major objectives of the international community. The United Nations Conference on Environment and Development to be held in 1992 should play an important role in that respect. Bulgaria was taking an active part in the efforts being made in that connection.
13. As for the social aspects of development, he said the new international development strategy should help to improve the standards of living of the world's population.
14. The progress being made by the Eastern European countries towards parliamentary democracy and a market-oriented economy had set new dynamics in motion on the European continent. Bulgaria was fully involved in that process. Free and democratic elections had already been held, and stabilization measures and a concrete programme of economic and critical reforms, including provisions for the privatization of the means of production and distribution, were being implemented.
15. From the point of view of external economic relations, the transition of Bulgaria to a market-oriented economy called for the gradual integration of the country's economy into the world economy. That was why Bulgaria was interested in participating fully in the work of GATT and the international financial

(Mr. Kostov, Bulgaria)

institutions; it was, moreover, already a member of the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development. The agreement it had recently signed with EEC would create new opportunities for economic co-operation.

16. Bulgaria was in favour of strengthening the role of the United Nations in the streamlining of international economic co-operation and believed that the organization had the programmes and concepts necessary for meeting all the economic and social challenges which might arise in the last decade of the twentieth century.

17. Mr. TURIANSKY (Ukrainian Soviet Socialist Republic) said that at the dawn of the twenty-first century mankind had finally emerged from the cold war era, and ideological confrontation and the division into blocs were giving way to world co-operation, largely owing to events in Eastern Europe and, more particularly, in the Ukrainian SSR.

18. That new situation would enable progress to be made towards the settlement of world economic problems, which, unlike political problems, were still acute. Poverty and a trend towards stagnation and decline persisted, while there was still grave uncertainty regarding the international economic situation.

19. The stagnation, indeed decline, in the standards of living of third world countries was disquieting. Incapable, through lack of resources, of making up for their technological backwardness and of modernizing their economic structures, they had proved unable to close the gap separating them from the industrialized countries. Many external factors had helped to worsen their situation, in particular the instability of world prices of raw materials, the maintenance of protectionist barriers, fluctuations in exchange rates and the burden of external indebtedness.

20. The degradation of the environment and the exhaustion of natural resources also gave cause for concern and were hindering sustainable and environmentally sound socio-economic development.

21. In view of the globalization of socio-economic and environmental problems, it was essential to view the regulation of the international economic system from a new perspective. The Declaration adopted at the conclusion of the eighteenth special session of the General Assembly, devoted to international economic co-operation, offered a good starting point in that States set forth therein the principles of economic co-operation: the need for co-ordination of macro-economic policies reflecting the interests of all, each country being responsible for its economic policy; a reduction in military budgets; the integration of all States in the world economy and the opening up of their economic systems; and the strengthening of the role of the United Nations system in those developments.

22. One of the provisions of the Declaration especially advocated support for the efforts of the countries of Eastern Europe to implement radical economic reforms and to integrate themselves into the world economy. The Ukrainian SSR, which had

(Mr. Turiansky, Ukrainian SSR)

recently affirmed its sovereignty and autonomy in economic terms, was particularly concerned by that issue. Unfortunately the economic reforms recently introduced in a number of areas had still not come to full fruition.

23. What was involved was the transformation of the Republic's economy into a market economy, guaranteeing protection of all types of property, providing the conditions necessary for the establishment of enterprises and creating a new monetary and financial system, which, in turn, would govern how foreign investment could be made in the Republic. Thenceforth the Ukrainian SSR would have an opportunity to freely develop its external economic relations.

24. The transformation of the economy was complicated by the need to allocate major resources to measures to rectify the consequences of the accident at the Chernobyl nuclear power station. In that connection the Ukrainian SSR expressed its profound gratitude to all those States and international organizations which had helped it to attenuate the impact of the catastrophe. The world-wide scope of the tragedy had been recognized in resolution 1990/50, adopted by the Economic and Social Council by consensus at its second regular session of 1990. Adoption of that resolution also bore witness to the positive developments in international relations and the importance of environmental concerns in the new political thinking.

25. The contradictions and conflicts affecting international economic relations were complex issues which it was appropriate for the Second Committee to consider. The Ukrainian SSR, for its part, was willing to co-operate actively in the Committee's work, and trusted that all delegations would endeavour to resolve key economic problems in a spirit of compromise and respect for the legitimate interests of all.

26. Mr. LUNA (Peru) said that the end of the cold war should prompt the international community to take concerted action to solve the major world economic problems, particularly those of the developing countries.

27. For example, the phenomenon of the net transfer of resources from developing to developed countries continued to worsen as a result of debt servicing and the deterioration in the terms of trade. It was important to reverse the phenomenon as soon as possible, since the problem of external indebtedness, the major obstacle to economic recovery, sometimes threatened the political stability of the countries concerned.

28. Faced with that situation, the developing countries were compelled to apply rigorous adjustment policies to adapt to the dynamics of the international economic system and the technological revolution. The international community had a moral and political responsibility to assist those countries in their endeavours. In Latin America, economic and social decline was on occasion so pronounced that the problems of poverty, malnutrition, ill health and illiteracy, among others, actually paralysed government action. Immediate intervention by the international community was of the greatest necessity.

(Mr. Luna, Peru)

29. A further problem had recently come to the fore: the deterioration in the environment. Consumption and production patterns in the developed countries had been one of the major sources of pollution and were spreading to the developing countries. The international community must demonstrate its ability to establish a new development process which would reconcile environmental protection and economic growth. The mandate established with the convening of the United Nations Conference on Environment and Development, particularly with regard to the allocation of additional resources and transfers of environmentally sound technologies, must be respected.

30. The United Nations had come to be an originator of new international agreements. The Declaration adopted at the eighteenth special session of the General Assembly offered a reference framework for the establishment of the new international economic order. The commitments made in that respect should boost growth in the developing countries. Similarly, the recent adoption of the new international development strategy represented an important step in the transformation of the international economic system. Implementation of the provisions of those two instruments would demonstrate the political willingness of the developed countries to honour their commitments.

31. The philosophy of international economic co-operation must be redefined in the current situation. In particular, the real nature of underdevelopment must be assessed on a case-by-case basis and care taken to ensure that every country could decide its own future. Realistic indicators were needed for that. He recalled the danger inherent in all statistics and expressed the wish for a qualitative content to be added to quantitative data. For its part, Peru would undertake to participate actively in negotiations and endeavours undertaken by the Second Committee to meet the challenge of the decade ahead.

32. Mr. JIN Yongjian (China) said that in 1989 world economic growth had continued to slow down. The major developed countries had sustained their economic expansion, but at a noticeably slower rate. The developing countries had suffered from a highly unfavourable external environment. The per capita GDP of the developing countries as a whole was expected to grow by only 2.4 per cent in 1990, the lowest rate for six years. In 1989 alone, the net transfer of financial resources from the developing countries had totalled more than \$32 billion. Added to which there had been a deterioration in the terms of trade and a decline in earnings from primary commodities, which had further lowered standards of living and increased poverty among the peoples of the developing countries, and, in some cases, engendered social unrest and political instability.

33. The developing countries were more vulnerable than others to world economic developments and the current crisis in the Gulf had dealt them, directly and indirectly, severe blows. There was an urgent need for measures to compensate them for their losses.

34. The situation of the developing countries was caused mainly by an unfair and unreasonable international economic system. Developments in the world political situation offered the international community an opportunity gradually to bring

(Mr. Jin Yongjian, China)

about a new and just international economic system incorporating the following essential points: (a) priority should always be given to development issues with the aim of strengthening international economic co-operation, accelerating the economic development of the developing countries and promoting balanced, stable and sustained development of the world economy; (b) there should be reform of the international financial, monetary and trade systems with a view to seeking a durable, comprehensive and fair solution to the debt problem by eliminating protectionism, stabilizing commodity prices and increasing financial flows to developing countries; (c) the developing countries must be able to play a broad role in the development of the world economy and in the corresponding decision-making process. International co-ordination of economic policies should take into full consideration the interests of the developing countries; (d) regional and bilateral arrangements among developed countries should benefit rather than prejudice multilateral economic activities and the interests of other parties, and economic and technical co-operation among developing countries should be given full support; (e) the role of the United Nations in international economic co-operation and in decision-making on international economic problems should be strengthened; and, lastly, (f) the sovereign right of each country to decide its own economic and social systems, development models and economic policies must be respected.

35. Turning to some of the main issues before the Second Committee, he noted with regard to the debt problem that in 1989, some progress had been made towards debt reduction. The proposals recently made by a number of creditor countries were welcome. Much, however, remained to be done. It was the joint responsibility of debtor and creditor countries, commercial banks and the international financial institutions to search for a fair, lasting and comprehensive solution to debt problems. There was also the problem of commodities and trade. The international community must take steps to stabilize commodity prices and promote adjustment of the industrial structures of developing countries so as to enable them to diversify their exports and stabilize and increase their export earnings. The developed countries should honour their commitment to ending protectionism and should expand the generalized system of preferences. His delegation hoped that the Uruguay Round would be successful. With regard to the question of the environment it was essential that the relationship between environmental protection and economic growth was properly handled, and that economic development was sustainable and ecologically sound. It was therefore necessary to strengthen economic and technical co-operation in the field of environmental protection, to provide additional resources to the developing countries and to transfer to them, on preferential terms, technologies which were not hazardous to the environment. The developing countries must be able to participate in joint action to protect the environment. His country hoped that the 1992 Conference on Environment and Development would provide guiding principles for international co-operation in that field. Turning to the question of the least developed countries, the Second United Nations Conference on the Least Developed Countries had achieved positive results. His delegation hoped that the Programme of Action adopted at the Conference would be effectively implemented during the 1990s. In connection with the question of operational activities for development, it was essential that the principles of

(Mr. Jin Yongjian, China)

universality, neutrality, impartiality and non-reimbursable funding were adhered to. Funding should take into account the sovereignty and wishes of the recipient Governments, which should be allowed a certain flexibility in order to strengthen their capacity for self-reliance.

36. In conclusion, he welcomed the fact that the eighteenth special session of the General Assembly had reached a global consensus on the promotion of international economic co-operation, in particular on the reactivation of economic growth in developing countries. The new International Development Strategy had just been adopted. The two documents should mark a new starting point for international economic co-operation in the 1990s.

37. Mr. PANDAY (Nepal) said that in the 1980s the economies of the developing countries had been characterized by stagnation and decline, while the industrialized countries had continued to enjoy sustained growth. The protectionism practised by those countries had been an obstacle to the developing countries in improving their external trade. High interest rates, the volatility of exchange rates and the debt crisis resulting in a net transfer of resources from the developing countries remained one of the fundamental obstacles to their growth.

38. The dramatic fall in commodity prices, the deterioration in terms of trade, the decline in real prices for non-fuel exports, the debt crisis and the sharp rise in interest rates had forced developing countries to adopt stringent stabilization and adjustment measures which had reduced disposable income and investment. The 1980s had thus been a lost decade for the development of those countries.

39. The special session of the General Assembly devoted to international economic co-operation had provided a much needed forum for an exchange of views between developed and developing countries. The Declaration adopted by the General Assembly on that occasion reflected a new perception of the close relationship between international co-operation and national policy needs. It stressed the need for more detailed commitments in the face of the debt crisis and hyperinflation confronting the developing countries. It appealed to the major industrialized countries to correct their external and fiscal imbalances, to promote non-inflationary growth, to lower their interest rates, to stabilize exchange rates and to make their markets more accessible. In order to cope with the challenges of the 1990s, the developing countries must receive substantial concessional resources. His delegation hoped that the developed countries would implement their undertakings to devote 0.7 per cent of gross national product to official development assistance and 0.15 per cent to the least developed countries. In order to revitalize economic growth in the developing countries, the developed countries and international organizations must work together to help them build up their scientific and technological capabilities, provide them with additional resources and environmentally sound technologies and in create an open multilateral trading system.

40. It was a great pity that the various development strategies and plans of action launched by the international community and the United Nations in previous decades had not been implemented. As a result, the situation in the developing

(Mr. Panday, Nepal)

countries had grown steadily worse, poverty was on the increase, the gap between rich and poor nations was widening, and development efforts in developing countries had proved quite inadequate. Economic growth, which was the prerequisite for any improvement, required substantial resources. For the developing countries, development financing was the core issue. Debt-relief measures must therefore be taken so that they could revitalize their economies. It was estimated that, in order to restore a positive net transfer of resources, net official flows of capital and grants must be increased by at least 15 per cent per year in the first half of the 1990s.

41. The resources of the multilateral financing institutions had been falling behind the growth of the world economy, making them less effective in coping with the rising needs of developing countries. Those resources must be expanded to enable them to take care of development finance, structural adjustment and debt consolidation.

42. The International Development Strategy for the Fourth United Nations Development Decade would contribute greatly to correcting the imbalances in the world economy and to assisting the developing countries in their pursuit of economic growth. However, without the full support of the industrialized countries its goals would remain unattained.

43. The least developed countries had been the hardest hit by the adverse economic environment of the 1980s. Their growth rate had dwindled to 2.3 per cent, resulting in declines in per capita income. Because of the sharp drop in savings, investment had declined by an annual average of 2 per cent during the decade. The share of the least developed countries in world exports had shrunk to 0.3 per cent and donor contributions had amounted to only 0.09 per cent of GNP, as against the earlier agreed figure of 0.15 per cent. Land-locked least developed countries were in an even worse plight. Additional measures must therefore be taken to help them overcome the constraints they faced in various areas.

44. In that context, the Second United Nations Conference on the Least Developed Countries, held recently in Paris, provided a new perspective and a framework for steering the least developed countries towards economic development. Those countries, for their part, were committed to co-operating fully with the United Nations system and the international community in that difficult task.

45. The present relaxed international political climate offered a favourable opportunity for initiating bold, imaginative and practical measures to strengthen international economic co-operation for global development. In an increasingly interdependent world, it was the common responsibility of developed and developing countries alike to forge ahead, in an atmosphere of trust and mutual co-operation, with efforts to free humanity from the bondage of poverty, degradation and deprivation.

46. Mr. NGUYEN QUOC DZUNG (Viet Nam), looking back on the 1980s, observed that the scientific and technological revolution had made an important contribution to the unprecedented level of development of productive forces, offering opportunities but also creating challenges to the socio-economic development of all countries. The internationalization of the world economy had been proceeding daily, bringing about increasing interdependence among economies. Many problems now required international co-operation to solve them. A process of economic restructuring or reform had taken place in almost all countries. The economies of many developing countries had declined steadily and their living standards had deteriorated. For almost all developing countries, the 1980s had been "a lost decade for development".

47. The progressive establishment of economic and trading blocs in various parts of the world had posed serious challenges and difficulties for the economic development of developing countries. It was obvious that without effective measures by the international community, the gap between developing and developed countries would continue to widen rapidly, and the developing countries would be left far behind in backwardness and poverty. To avoid such a disaster, each country should define its development strategy in accordance with its own conditions and circumstances, in order to mobilize its potential while taking advantage of the international division of labour. A favourable international economic environment was indispensable. In terms of morality and of the history of international economic relations, responsibility in that area rested mainly with the developed market-economy countries. Those countries should reform existing world economic, trade and monetary relations, stabilize international monetary and financial markets, settle the external debt problem of the developing countries without discrimination, compensate for the developing countries' loss of export earnings as a result of inequitable exchange rates, transfer technology and immediately resume North-South negotiations.

48. The eighteenth special session of the General Assembly had adopted an important Declaration on International Economic Co-operation. Its effective implementation required not only the political will and commitment of developed as well as developing countries, but also comprehensive measures and mechanisms. In that regard, his delegation hoped that concrete and important decisions would be taken at the forty-fifth session of the General Assembly.

49. Over the past three years, Viet Nam had been engaged in a far-reaching and comprehensive process of economic, political and social renewal, while taking rational measures to preserve stability. It had diversified forms of ownership in order to build a mixed economic system incorporating the State sector, the collective sector, the private sector and the individual sector. The centralized, bureaucratic mechanism based on State subsidies had been abolished and a market mechanism had been applied in combination with planning at the macro-economic level. Priority had been given to investments in the production of food, consumer goods and goods for export. Reforms had been carried out in the price and exchange rate system and in the banking and financial sector. A profound process of renewal was also under way in the political area, so as to create a favourable political and social environment for economic renewal. The peoples' rights were respected. The State belonged to the people and was run by the people for the people.

(Mr. Nguyen Quoc Dzung, Viet Nam)

50. Initial results showed that a turning point had been reached. While in the past Viet Nam had had to import food grains, it was now able to export some rice. Since the promulgation of the Law on Foreign Investment, 180 investment projects amounting to 1.2 billion dollars had been authorized. The people now had confidence that the process of renewal was irreversible. They were fully aware, however, of the difficulties arising from the country's low level of development, serious economic imbalances, poor infrastructure and the continued embargo. Viet Nam was willing to develop relations with all countries, regardless of their socio-political system, on the basis of equality and mutual benefit. It also hoped to receive assistance from the international community.

51. Miss SEALY (Jamaica) said that the consensus reached at the eighteenth special session of the General Assembly was an important first step towards the economic co-operation that the international community must undertake in the process of implementing the agreed commitments and policies. Many developing countries, including Jamaica, were already endeavouring to implement policies to combat inflation, promote domestic savings, achieve favourable conditions for investment, modernize their economies and increase their competitiveness. The success of those policies would, however, depend on the support of the international community in such areas as enlarged market access and a durable and broad solution of the external debt problem. The adoption of the new international development strategy, formulated on the basis of the commitments made by the international community, was another important step forward in the process of international economic co-operation.

52. The transformation taking place in the United Nations, and its growing strength as a forum to fulfil the purposes for which it had been established, could only be applauded. Jamaica hoped that the current session would advance international economic and social co-operation and that such co-operation would be stimulated, rather than set back, by current events, in view of the need to overcome the negative effects of the Gulf crisis, particularly for oil-importing developing countries already staggering under the burden of debt and other problems. The industrialized nations, the international financial institutions and the oil-producing countries must implement without delay an emergency programme for those countries, which the United Nations should co-ordinate. The current crisis illustrated the vulnerability of many developing countries' economies already made fragile by the debt crisis to external shocks. The external debt problem continued to be a major constraint on economic growth and development, and no solution appeared feasible without a substantial reduction in the cost of debt servicing. The problem of indebtedness to the multilateral financial institutions must be addressed, for the burden of debt servicing could be alleviated through greater flexibility without adversely affecting the institutions' high standing.

53. It was becoming increasingly evident that the natural resources and environment necessary to sustainable development were being eroded and had suffered from pollution. The mistakes of countries which had already developed without regard for the environment must be avoided, as continued abuse of the environment threatened to undermine the potential for sustained growth and development for both

(Miss Sealy, Jamaica)

present and future generations. Economic development should be sensitive to environmental concerns. With other members of the Caribbean Community, Jamaica had made a strong commitment to achieving patterns of sustainable development that would permit improvements in living standards while maintaining protection of the ecology. Progress in that area would remain difficult if prevailing economic pressures were not addressed, however. It would be naive to believe that poor families could be prevented from utilizing available environmental resources to provide for their basic survival without offering them alternative sources of livelihood. Indebted developing countries simply did not have the resources to tackle environmental concerns adequately. They required assistance in the form of additional financial resources and safe technologies.

54. The development of human resources was an essential aspect of development because man must be at the centre of all development efforts. Unfortunately, the economic crisis of the 1980s had often been reflected in a decline that cancelled out some of the progress previously achieved. In the 1990s favourable external conditions would have to be established to support strategies in that area. Technical co-operation must also be restructured in order to take fuller advantage of the national potential of the developing countries.

55. The island developing countries had special problems of their own. A plan of action had recently been adopted to solve them with the help of the donor community and Jamaica hoped that the international community would contribute technical, financial and other kinds of assistance.

56. Mr. RAKOTONAIVO (Madagascar) noted with anxiety that the crisis affecting the world economy for more than a decade had not abated and that the problems of the third world remained intact or had even grown worse. The improvement in the world political climate had not been accompanied by an equally positive trend in the economic and social fields. The world had made virtually no progress in removing the growing gap between the poverty of the South and the opulence of the North. A new series of international relations had emerged, but economic recovery was becoming increasingly difficult and complicated. Profound changes were upsetting international structures through the universalization of economic problems, the multipolar development of the world economy and the economic and monetary integration and consolidation observed in a number of regions of the world.

57. Madagascar shared the fear that the relations of force which prevailed in current international economic relations would be perpetuated. It was unacceptable for the obligations arising from the gradual reduction of East-West rivalry to divert the countries of the North from their responsibilities towards developing the countries of the South, which had suffered the most adverse consequences of that confrontation. The rapidity with which substantial financial, economic and technical resources had been placed at the disposal of the countries of Central and Eastern Europe was indeed impressive, but that rapidity was in flagrant contradiction with the delays and lack of progress that characterized the North-South dialogue, unless it reflected a deliberate wish not to recognize the importance of interdependence where relations with the South were concerned. He

(Mr. Rakotonaiyo, Madagascar)

recalled in that connection the difficulties encountered in the negotiations on various international development strategies, the Common Fund for Commodities and the United Nations Programme of Action for African Economic Recovery and Development. In respect of the latter, despite the modesty of Africa's legitimate claims, the commitments entered into by the industrialized countries had remained very limited and had not been respected. Nevertheless, real possibilities for co-operation existed when the interests of the large countries that had the power to act were conducive to it.

58. The special ministerial session of the Economic and Social Council scheduled for 1991 would make it possible to bring to light all the implications of the development of East-West relations for the development of the third world and to define the means for achieving common goals. The consensus that had emerged at the conclusion of the eighteenth special session of the General Assembly should pave the way for collective and consistent action and for the implementation of sectoral measures ranging from the liberalisation of trade to an increase of development resources and from the protection of the environment to the transfer of technology. The recent meetings in Paris (on the least developed countries) and in Nairobi (on the 1992 Conference on Environment and Development) gave rise to some doubt about the rigorous compliance with commitments undertaken.

59. One could not fail to be concerned about the continued increase in the net transfers or resources from the developing countries to the rest of the world, the fact that public development assistance had not reached half the goal of 0.7 per cent of the gross national product of the developed countries, the decline in real terms of 2 per cent in aid provided by the member countries of the Development Assistance Committee of the OECD, the shrinkage of loans, the constant increase in the total long-term debt and the new 8 per cent reduction in the price of raw materials.

60. The developing countries, assuming their responsibilities, recognized the primary importance of domestic reforms and hence the need to redefine their development model in order to promote the conversion of production structures. The donor countries and international institutions should provide more direct support to those adjustment policies and encourage projects designed to promote enterprises and to make them viable. Those assumptions, however, did not mean accepting development concepts based solely on market forces, which, in the context of current changes, might be reflected in agreements involving market sharing and the voluntary limitation of trade, and primarily exports. The real problem was to reconcile efficiency and justice, productivity and humanity. The principle of adjustment "with a human face" was now universally accepted, but one must recognize the fact that it still had not been applied in a satisfactory manner.

61. The United Nations was the appropriate forum to co-ordinate restructuring efforts and to provide the necessary political impetus to international economic negotiations. For that purpose, serious thought should be given to revitalizing the Economic and Social Council. That could ensure the process of democratization in global economic management and the treatment of development problems in a spirit of justice and fairness.

62. Mr. ZAMORA-RODRIGUEZ (Cuba) said that the Second Committee was meeting in a political climate that was quite different from that of previous years and that the international chessboard had become the site of a very surprising redistribution of the balance of forces. The important changes that had taken place in Eastern Europe, the development of the political motivation of some, accompanied by the triumphalist euphoria of others, and the aggravation of tensions resulting from acts of aggression or invasion such as those suffered by Panama and Kuwait, had profoundly changed the structure of international relations. Still, one could see no positive development in the world economy. The problems of underdevelopment, far from decreasing, continued to grow worse. A wall between East and West had indeed been torn down, but the one that separated North and South was as high as ever. The alleged relaxation of tension that had taken place between the great Powers had not removed the difficulties that characterized the relationship between North and South.

63. The Committee seemed to go along with that triumphalism and had gradually modified its agenda and the very foundations of its political thinking, as if the concepts elaborated at length in the preceding years had lost their validity simply because of the absence of a wish to apply them, or even the presence of a wish to prevent their application. Hence the relegation to the background of such still important problems as inequality of trade, depletion of financing, monetary imbalances, instability of commodity prices, external debt, outflow of resources from the developing countries, manipulation by transnational corporations of transfers of technology, abuses and illegal measures of economic coercion taken by the great Powers against the developing countries, obstacles to the sale of the products of the developing countries, restrictive business practices, discriminatory dumping and technical assistance with political conditions attached. Hence there was no "relaxation of tension" in the area studied by the Committee, and still there existed, regrettably, a strong tendency to ignore those problems as if overlooking the existence of a phenomenon was the best way to escape its consequences.

64. Clearly, Cuba was not opposed to placing emphasis on essential forms of development concerning education, human resources, health, nutrition, housing, equality, justice, the right to work without discrimination, human dignity and the right of every country freely to choose the most appropriate economic and social system. Cuba's pioneering effort in resolving problems relating to children was well known.

65. However, Cuba was deeply concerned at the current tendency to impose upon sovereign States ready-made models whose success remained to be seen and that in any event were not truly respected by those with great industrial riches. Such prescriptions were often based on false hypotheses. For example, it was not certain that market economies afforded optimal flexibility for confronting changes in international economic relations in the third world; it had not been demonstrated that the potential of enterprises, in the context of the market economy, necessarily attracted private capital flows that did not generate debt; and it had not been proven that the free-exchange capitalistic economy was really the way to achieve well-being for humanity. That certainly was not the case for

(Mr. Zamora-Rodriguez, Cuba)

the underdeveloped world, far from it. It was wrong to assert that the external debt and the transfers of resources from Asia, Africa and Latin America to the industrialized countries did not exploit the underdeveloped countries and their workers. It was wrong to imagine that the free play of market forces would naturally resolve the economic and social problems of humanity. It was absurd to overcome the contradiction between efficiency and social justice by opting for efficiency. The Brady plan and the Baker plan would not reduce the external debt, which as everyone knew was no longer recoverable. It was wrong to believe that the international charity organized by the World Bank would really reduce extreme poverty. Lastly, it was wrong to assume that the privatization of nationalized enterprises would allow a situation in which the consumer was supposedly king. The proposed economic model exacerbated the lack of freedom for the majority of humanity, which lived in insecure circumstances. It also aggravated the problems associated with extreme poverty and meant a heightened presence of a terrorist army and police force that were waging war against the poorest inhabitants of the third world.

66. The Committee must consider as a matter of urgency the problem of transforming an unjust system of economic relations, because clearly there would be no development if the poor countries did not adopt viable home-grown and carefully adapted policies based on equality and the development of the human being. Those policies could not be fully successful if they were carried out in a hostile international economic climate. It was therefore imperative to implement the "new international economic order" that some were claiming to bury. The current international system had facilitated the enrichment of some at the price of impoverishment for others. Instead of an improvement, the world had borne witness to the tortuous Uruguay Round, where acquiescence had slowly spread in an international economic order in which the enormous comparative advantages of the developed countries had found growing acceptance and the peripheral status of the underdeveloped countries was perpetuated.

67. The report of the South Commission contained a detailed analysis of that situation. Understanding and implementing the ideas contained in the report would enable positive attitudes to be adopted and generous means to be found for distributing the riches accumulated throughout the world on the eve of the twenty-first century. The United Nations offered the means to work in that direction. The declaration adopted by the General Assembly at its eighteenth special session contained a set of commitments and policies which, although limited, would mean real progress if implemented, and it was to be hoped that the tasks defined in the declaration would in fact be realized.

68. Owing to its already considerable impact on the price of oil and its continued potential for further complications, the Gulf crisis had further aggravated the situation in the developing countries. Despite their gravity, those problems had not yet received a coherent and constructive response on the part of the developed countries, and they were putting to the test the fragile structures of the developing countries as well as the capacity of the United Nations to fulfil the task defined in article 1 of the Charter: "to achieve international co-operation

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in solving international problems of an economic, social, cultural, or humanitarian character". A group of countries had rightly asked to benefit from the provisions of article 50 of the Charter, and it was therefore necessary to set up flexible mechanisms to resolve not only the problem of the price of oil, but also the commercial, monetary, financial and, above all, humanitarian consequences of the crisis.

69. Mr. MOREIRA (Latin American Economic System (SELA)) said that at a recent meeting, the Latin American Council had considered a number of problems, in particular the external debt of the countries of the region. In that context, the Regional Conference on External Debt, held at Caracas in June 1990, had presented the "Latin American and Caribbean Proposal for a Solution to its External Debt Problem", which had been distributed as an official General Assembly document (A/45/334).

70. Another area in which important results had been achieved was that of regional dialogue and co-ordination within the framework of the Uruguay Round. In that connection, the countries of Latin America and the Caribbean had recently adopted a political declaration that they had submitted to the Committee on Trade Negotiations among Developing Countries and in which they had expressed their concern at the slow pace and imbalances of those talks and at the lack of transparency in certain areas. The talks constituted "a whole", and it was essential to avoid at all costs limited or partial results that would be insufficient and unacceptable for the countries of the region. With regard to services, a consultative meeting held in February 1990 had approved a text on the structure of the multilateral trade framework in that area. Officially presented by 11 countries of the region, the text was important in that it was virtually the first joint proposal submitted by the region to the Uruguay Round. As those talks were to be concluded at the end of 1990, the Latin American Council of SELA had recommended to its secretariat to convene a consultative meeting to conduct a comprehensive, detailed and updated evaluation of the ongoing talks and also a consultative meeting at ministerial level, which was to be held in December 1990 before the Brussels meeting in order to promote regional dialogue and co-ordination on those questions.

71. External economic relations were another area to which the Latin American Council of SELA had given particular attention. In that context, its secretariat had submitted a preliminary study on the Bush initiative concerning the Americas, which had constituted progress in that it showed that the United States intended to reconsider its relations with Latin America and the Caribbean and provided an appropriate framework for starting a dialogue on a new basis. The initiative, which responded to a strategic necessity of the United States, must be the subject of detailed negotiations that took into account the interests and objectives of the countries of the region. The Latin American Council had recommended to its secretariat to give closer consideration to the various elements of the proposal.

(Mr. Moreira)

72. With regard to relations with the European Economic Community, the Latin American Council had approved the institutional co-operation agreement concluded between its permanent secretariat and EEC; in that context, the Ministers participating in the work of the Council had stressed the need to initiate a new dialogue between the European Community and Latin America and the Caribbean, in order to study in depth a clearly defined strategy and take concerted action with regard to the regional positions. The secretariat would be given the task of assessing the effects of the 1992 single European market on Latin America and the Caribbean.

73. With regard to relations with Japan, a consultative meeting on the question was planned for the first half of 1991. It would examine, inter alia, the problems of trade, investment and recycling Japanese financial resources to the region.

74. Turning to regional co-operation, he stressed the high level of interaction between the region's co-operation and integration organizations. A project on the matter, currently being worked on by the secretariat, consisted of making available to Governments, organizations and other interested entities an up-to-date assessment of the state of regional co-operation. Moreover, positive results had been recorded with regard to technical co-operation among developing countries, a field in which the Latin American Economic System was substantially involved, particularly with regard to intellectual property.

75. In conjunction with ECLAC, UNIDO and the Inter-American Development Bank, the System was preparing a regional conference on industrialization policies. SELA had also worked on a co-operation agreement with the United Nations, the draft of which had been approved at the meeting of the Latin American Council, and which would probably be signed before the end of the forty-fifth session of the General Assembly.

76. Mr. O'BRIEN (New Zealand) reminded the Committee that the Uruguay Round negotiations were due to conclude shortly. The process would influence, for better or worse, every facet of the trade and development problems examined by the Committee. It was thus of the utmost importance that the international community should contribute to the success of those negotiations.

77. International trade was the engine of the global economy, and GATT constituted its key mechanism. But the time had come to change the rules of the organization, which were no longer adequate for the requirements of the 1990s. Key areas, such as trade in services and intellectual property rights, were not covered; others, such as agriculture and textiles, were not subject to the full range of GATT rules and disciplines; furthermore, recourse to protectionism and other forms of non-tariff barriers was on the increase.

78. At the current stage, the prospects for a successful outcome to the negotiations were not encouraging. All countries, but particularly the developing countries, would suffer if they failed. Protectionist measures and policies of subsidization, particularly by the United States, Japan and EEC, were impeding

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market access by producers who were in the best position to satisfy demand in many areas. The result for the developing countries was chronic indebtedness, low growth rates, expanding poverty, serious social problems and environmental degradation. While the global trading system alone was not solely responsible for the situation, its contribution was nevertheless undeniable.

79. In the last analysis, political will determined multilateral trade negotiations. The three major trade players - the United States, EEC and Japan - would have a decisive influence on the outcome of the Uruguay Round. They must play a role as leaders if GATT was to provide an adequate framework for world trade in the 1990s, and if agriculture and textiles were to be included in the system. An agreement on agriculture was indispensable to the success of the negotiations. However, some of the negotiating positions augured ill in that regard. As an example, he cited the case of EEC, which had submitted a proposal on export subsidization which provided no prospects of enhanced access for imports into the European market.

80. If the Uruguay Round failed, it was probable that the multilateral trading system would fragment and that a series of powerful, competing trading blocs would emerge. There would be no new world order unless the current trade negotiations redressed existing inequalities and facilitated commercial flows, the motor force for growth.

81. It had already been noted, in the context of other negotiations, that transfers of financial resources from indebted developing countries now exceeded those from the donor community to the developing world. But on account of the Gulf crisis, with its damaging repercussions for many countries, and of the needs existing in southern Africa, Cambodia, Eastern Europe and elsewhere, there was already a very heavy call upon the resources of the donor community.

82. If it was impossible for the developing countries to obtain additional resources, then they must be offered new trade opportunities, to enable them to increase their export income. It was also imperative to launch a programme to relieve, or in some cases write off, the debt of the most disadvantaged countries. However, in no case must that absolve the developing countries from the need to adopt structural reforms at the national level with a view to enhancing productivity, competition and the freer play of market forces.

83. New Zealand was both a member of OECD and a major agricultural exporter - two roles which it sometimes had difficulty in reconciling. OECD had not always succeeded in persuading its members to adopt liberal agricultural trade policies. Yet New Zealand had itself taken steps to remove non-tariff barriers from its industrial and agricultural sectors. That had been no easy task, but the Government was convinced that it was in the interests of the country to eliminate economic distortions.

84. Developing countries must be given equitable access to the largest markets. The principle they were being urged to apply at the national level - namely, the

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free play of market forces with direct competition between the most efficient producers - must likewise be accepted by those industrialized countries that were sheltering their producers behind the barriers of protectionism.

85. The preparatory process for the 1992 United Nations Conference on Environment and Development was currently under way. There could be no doubt that the link between those two concepts was complex, but the two fundamental problems faced by the world - the rapid degradation of the environment and the chronic underdevelopment of the majority of countries - must be tackled simultaneously, comprehensively and in a way that recognized their interconnections.

86. Developing countries had a right to expect that they would obtain the financial and technological means to advance their development so as to enable them to discard wasteful and polluting technologies. It was also necessary to eliminate the economic distortions which prevented them from exploiting the advantages available to them, such as low labour costs, in order to boost their growth.

87. All those factors underlined the absolute need for the Uruguay Round to succeed, in the interests of all countries.

The meeting rose at 1 p.m.