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SECOND COMMITTEE
Tenth meeting
held on
Tuesday, 15 October 1985
at 3 p.m.
New York

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SUMMARY RECORD OF THE 10th MEETING

Chairman: Mr. BRODODININGRAT (Indonesia)

CONTENTS

GENERAL DEBATE (continued)

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The meeting was called to order at 3.20 p.m.

GENERAL DEBATE (continued)

1. Mr. OUEDRAOGO (Burkina Faso) said that the establishment of the new international economic order, proclaimed by consensus by the international community on the initiative of the developing countries, was a categorical imperative of international relations in the modern world and was essential for initiating a more just and humane order based on the fundamental right of peoples to life and development. Accordingly, he rejected any insinuation that the developing countries had given up that objective.
2. Although the main purpose of the United Nations continued to be the maintenance of international peace and security, it was important not to forget the related key responsibility with which the Charter had entrusted it of promoting international co-operation and economic and social development, for which purpose the specialized agencies comprising the United Nations development system, had been established. Furthermore, the United Nations had served as a framework for the preparation of instruments that were crucial to the North-South dialogue. Unfortunately, the necessary political will for putting those instruments into practice had been lacking. That explained the persistence and worsening of the problems plaguing the world economy, the widening abyss between the industrialized countries and the developing world and, in particular, the absurd impoverishment of the poorest among them, which was assuming catastrophic proportions on the African continent.
3. His delegation hoped that the discussions in the General Assembly on the critical situation in Africa would provide new impetus to international solidarity so that, in addition to emergency measures, a plan could soon be launched for the economic rehabilitation of the continent. In that connection, his delegation urged all Member States to support the proposal by the African Heads of State and Government to the effect that a special session of the General Assembly should be convened to conduct a global review of the problems confronting Africa.
4. Among the problems generated by the current crisis, the decrease in real terms of external financing was a cause for deep concern in the developing countries. Indeed, official funds being transferred to the developing countries by the industrialized countries represented a scant 0.33 per cent of their overall gross national product (GNP), compared with the target of 0.7 per cent. Foreign debt servicing further aggravated the liquidity crisis of the countries of the South. Given the social and political features of the problem, an agreed solution must be found soon.
5. Referring specifically to the least developed countries, which included his own, he pointed out that, despite the fact that four years had elapsed since the adoption of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, its positive effects with respect to special treatment had yet to be felt, whereas, paradoxically, the combined GNP of those countries appeared to

(Mr. Ouedraogo, Burkina Faso)

have declined substantially. That situation could not be blamed on the United Nations; rather, it reflected a lack of political will on the part of the rich countries, as was also demonstrated by the difficulties which the least developed countries encountered in their efforts to launch global negotiations within the context of a new international economic order.

6. Notwithstanding the lack of positive results in those areas, his delegation reiterated its confidence in the United Nations as an indispensable instrument for the promotion of multilateral co-operation and development, underscored the efforts made at various levels to improve the critical situation in Africa and expressed the hope that the additional resources needed could be found to reach the set targets.

7. His delegation was convinced that a genuine North-South dialogue was possible. However, a new focus was required for the negotiations - in particular, the renunciation by one group of countries of its desire to dominate, so that all interested parties might effectively participate in discussing the problems and seeking solutions.

8. Mr. ALONSO (Uruguay) expressed his country's firm determination to help settle all international problems through negotiation and dialogue. That was clear proof of its desire to maintain the traditional principles of its foreign policy which were set forth in the Charter. It was in that context that current economic and financial problems should be approached, problems which originated in an outdated international economic order that encouraged injustice, accentuated inequalities and benefited only a few.

9. Latin America was foundering in a rising tide of external indebtedness, for which all were responsible. The problem reflected drastic changes in the terms on which loans had originally been contracted (particularly with regard to liquidity and interest rates), in the level of participation of multilateral credit institutions in the debt structure and in the prospects for economic growth. It had been compounded by a policy of economic aggression in the form of protectionism, tariff barriers, closed markets and a deterioration in the terms of trade. The changes, which had originated in the developed countries, had created disproportionate levels of debt, while the policy of aggression substantially had greatly reduced the payment capacity of debtor countries which had become passive spectators of their own ruin.

10. Latin America had assumed its responsibilities, although at the expense of the standard of living of its peoples and development opportunities. The developed world, on the contrary, had been unable to assume its own responsibilities. Accordingly, the new international economic order continued to be a mere recitation of good intentions. In order to emerge from that stagnation, it was necessary to eliminate protectionism in the industrialized countries and readjust the economic sectors of countries which had adopted protectionist measures, to enable international economic and financial machinery to meet the current combined demands of development and foreign-debt servicing, and to give the agricultural products of the developing countries greater access to the markets of the developed countries. To do otherwise would be disastrous.

(Mr. Alonso, Uruguay)

11. It was not a matter of asking for privileges or gratuitous concessions, but of creating awareness of the fact that the untenable situation of the developing world would sooner or later have direct and serious repercussions on the developed world. The current economic and financial situation was no longer primarily technical; it had become a political issue. The General Assembly should and could play a key role as the political focus for international economic co-operation. To that end, general guidelines and criteria must be laid down and binding instructions given for its subsidiary bodies.

12. The adoption of realistic measures by the developed countries did not, of course, mean that the developing world should not make full use of the resources and means at its disposal to protect its economy, including, in particular, the strengthening of economic integration and co-operation among the developing countries which should not be limited to certain zones or continents. In the specific case of the countries of Latin America, the integration process was necessary not only for reasons of economic and commercial expediency, but also in view of their common past and the common character of their problems. Enhanced economic integration should be accompanied above all by a rationalization of foreign trade. It would be incongruous for the Latin American countries, while putting up with restrictive and discriminatory measures adopted in other areas, to purchase from outside the continent goods that were produced in Latin America.

13. Lastly, at a time when thousands of people in Africa and Latin America were dying from starvation and thousands of children were suffering irreversible damage from malnutrition, the world was witnessing an unbridled arms race which could lead only to ruin and genocide. Nevertheless, his Government was optimistic and absolutely confident that it was possible to solve those grave problems through dialogue and negotiation.

14. Mr. LAZAREVIC (Yugoslavia) said that in the 40 years since the United Nations was founded many positive initiatives inspired by the vision that had guided the establishment of the Organization had been carried out successfully. Nevertheless, although in that time many national problems had assumed global proportions and interdependence had become a fact of life, there had been a general erosion of multilateralism. Tensions and conflicts were reflections of a political myopia aimed at maintaining and projecting into the future inequality, monopolies and privileges acquired in the past. Collective efforts were therefore indispensable to ensure that the objectives of peace, security and development were translated into meaningful and action-oriented decisions and recommendations. International economic relations were vitally important for stable development and the creation of the conditions needed for peace and security.

15. It was evident from the general debate that some major developed countries had shifted their position on currency management, international trade and other issues. What was certain was that the grave problems involved could not be solved by partial stop-gap measures and without the participation of the developing countries which were the most seriously affected. All countries must participate, within the United Nations system, in seeking, formulating and implementing appropriate solutions. The United Nations system was, without a doubt, the only world mechanism that could best reflect the interests of all.

(Mr. Lazarevic, Yugoslavia)

16. Turning to the international economic crisis, he said that optimistic forecasts that economic recovery in some of the most developed countries would spread to the developing countries had not been fulfilled. Furthermore, the rate of economic growth had slowed down in the industrialized countries as well, and their prospects of further growth were uncertain. In addition, protectionism was increasing, commodity prices were at a record low level and the rate of growth of international trade had declined from 9 per cent in 1984 to 4.5 per cent in 1985. In Africa, the economic situation remained critical and per capita income continued to decline. Those and other factors had a devastating impact on the developing countries.

17. Such was the context of the problem of the developing countries' external indebtedness. In general, there was a consensus that the debt problem was not only economic and financial but also a political problem that threatened the social fabric and stability of the debtor countries. It was worrying, therefore, that many speakers from developed countries had claimed that progress had been made in that area, which was hard to reconcile with their own statements that the problem was a time bomb in the world economy which, although it had not yet destroyed the banking system in the industrialized countries, had exploded in certain debtor countries. So-called "crisis management" had neither solved nor alleviated the problem. It had perhaps helped lenders, but the sufferings of the debtor countries had been exacerbated.

18. It was absurd, therefore, to talk of "adjustment measures" in the face of the drop in commodity prices and consequently in export receipts, the marked rise in interest rates, and the foreign-exchange losses resulting from the combined effects of the recession and high interest rates.

19. Given prevailing conditions, the "adjustment measures" imposed on the developing countries not only foreclosed the development prospects of the developing countries but transmitted serious deflationary impulses to the developed countries. Thus, between 1981 and 1984, the OECD countries had lost between two and three million jobs through the decline in their exports to the developing countries.

20. At the last few sessions, the General Assembly had been unable to deal with such vitally important economic questions as money, finance, debt and development, because of the resistance of some developed countries. That lack of action had contributed considerably to the exacerbation of current problems, particularly in developing countries. It was vital to renew the dialogue, though bearing in mind that it could be useful only if it led to practical solutions for overcoming existing problems. Yugoslavia considered that the informal consultations which it was proposed to hold at the end of the Committee's general debate, and the discussions held recently by the Economic and Social Council and the non-aligned countries, should serve as a point of departure for adopting concrete measures. It also supported the convening of an international conference on money and finance for development and hoped that the developed countries would respond positively to the initiatives of the Group of 77 and would help to make the current session a turning point in international economic co-operation.

21. Mr. NGOUBEYOU (Cameroon) said that the world economic crisis compelled all countries, rich and poor, to co-operate with each other and with the international organizations. Nevertheless, 11 years after adoption of the resolution on the establishment of a new international economic order and the Charter of Economic Rights and Duties of States, very little had been done to achieve the objectives set forth in those instruments, as was shown by the impasse in global negotiations and the delay in putting into effect the agreement setting up the Common Fund for Commodities.

22. For developing countries such as Cameroon, whose principal source of funds was agriculture, the deterioration in the terms of trade was of primary importance, and the solving of agricultural problems its main preoccupation, since agriculture was its principal weapon against underdevelopment, hunger, malnutrition and disease. Consequently, Cameroon supported at the international and regional levels all the efforts of the agencies of the United Nations system to improve agricultural production and output both quantitatively and qualitatively. Attention should also be drawn to the work of the specialized agencies of the United Nations, and in particular, the International Atomic Energy Agency, in view of the importance that advanced technology had acquired in a number of fields.

23. Turning to nuclear energy specifically, he said that Cameroon, faithful to its position of principle in favour of exploiting all resources for the well-being of mankind, had supported the proposal to promote the right of all States, except racist South Africa, to conduct research into and the production and use of nuclear energy for peaceful purposes for the benefit of the developing countries.

24. Cameroon also supported all international mechanisms for stepping up the output and increasing the income of rural populations, thus introducing a little more justice and humanity into the North-South dialogue; the possibility of extending those mechanisms to include all States should be investigated.

25. The outlook for the international economy was gloomy. The current crisis was no passing or cyclical phenomenon; its origin was the inequities and imbalances that had been accumulating since the Second World War. To overcome those problems, national or regional egoism must give way to solidarity and an awareness of the general interdependence, a new effort must be made to promote multilateralism, a spirit of sharing, negotiation and compromise must prevail and protectionism must be eliminated.

26. Because of the vast needs and the complexity of the problems, the critical situation in Africa called for a policy of regional co-ordination under the general leadership of the Economic Commission for Africa (ECA), which should serve as a framework for consultations and negotiations aimed at carrying out multinational projects and promoting the related investment.

27. The international community had responded with admirable solidarity to the desperate situation in Africa, but emergency assistance was only a stopgap measure. It was essential for the affected countries, in conjunction with the competent international organizations, to draw up an effective policy for training human resources and a programme for the transfer of technology in such areas as irrigation, reforestation, agronomy and food production technologies with a view to achieving food self-sufficiency.

(Mr. Ngoubeyou, Cameroon)

28. In its desire to participate actively in the struggle against factors impeding Africa's development and to contribute to making the regional and subregional bodies of the United Nations more effective, his Government had offered to host the twenty-first session of ECA and the 12th meeting of its Conference of Ministers and trusted that the General Assembly would endorse the unanimous decision of the Economic and Social Council to hold both meetings in his country. His country also joined with the Assembly of Heads of State and Government of the Organization of African Unity to request the convening of a special session of the General Assembly to consider the situation on the continent.

29. Commenting on international trade, he said that economic growth had been losing its impetus since early 1985 and there was a danger of another recession in the short term. Not only had the economic recovery experienced in the United States since 1983 not spread, but the developing countries, especially those most in debt, had not been able to increase their exports to finance their debt and the investments required to reactivate their economies.

30. In addition, 65 per cent of the exports of manufactured goods from the developing countries were hampered by non-tariff barriers which impeded their access to the markets of the developed countries and were inconsistent with the mechanisms provided for in the General Agreement on Tariffs and Trade (GATT). Recently, following the meeting of the five major industrialized Powers held in Washington in September, some slight progress had been noted in that area but the future remained uncertain.

31. His delegation was therefore convinced that it was necessary to resume negotiations in the context of the United Nations Conference on Trade and Development (UNCTAD) or GATT. If those negotiations were to be successful, the participants must demonstrate the necessary moderation and political will to arrive at a consensus. In that connection, it seemed premature, for example, to ask the developing countries to agree to the inclusion of services and high technology products in the GATT system of preferences given their embryonic capacity in those areas.

32. With regard to the issue of the external debt, he noted that debt servicing absorbed between 20 and 35 per cent of the export revenues of the developing countries and, as a result of higher interest rates, long-term debt servicing had increased by 10 billion dollars.

33. In order to adjust the impact of external factors, the developing countries had been obliged to reduce their imports drastically and to sacrifice their economic growth at very high social costs. Consequently, in 1983, one of every two developing countries suffered from the effects of the economic downturn, compared with one out of every nine in 1976.

34. Given those fateful circumstances, the arms race constituted an affront to reason, common sense and human intelligence. The amounts invested each year in the manufacture of weapons and other related activities alone would be sufficient to

(Mr. Ngoubeyou, Cameroon)

repay the entire debt impeding the development of the majority of developing countries and more than exceeded the investments made in all the developing countries together. For purposes of comparison, it should be noted that the sum of 5 million dollars was allotted each year by the General Assembly to the United Nations Industrial Development Organization (UNIDO) whereas ECA and the Multinational Programming and Operational Centres had a budget of \$700,000 a year for the execution of their multinational projects.

35. The same could be said for development assistance, in particular that provided to the least developed countries, which, with few exceptions, fell far short of the goal of 0.15 per cent of GNP set by the United Nations Conference on the Least Developed Countries. In comparison, the arms race absorbed approximately 6 per cent of the GNP of industrialized countries and in some cases represented between 30 and 35 per cent of their annual budgets. Calculations also showed that in the five-year period 1985-1990 official development assistance from the European Economic Community (EEC) would total 6.7 billion dollars, which represented barely one hundredth of the amounts which EEC disbursed each year for the arms race.

36. Finally, given the current international economic situation, it was essential for the industrialized countries and the international community to redouble their efforts to work out solutions that would allow growth in the industrialized countries to stimulate recovery in all other countries and, in particular, the least developed.

37. Mr. FELIX (Dominican Republic) said that, during the General Assembly debate, the developing countries, in particular those of Latin America, had spoken in unison to denounce the adverse effects in their countries of the explosive external debt situation, the repayment of that debt and the policy of structural adjustment imposed on them by creditor institutions.

38. His country had been present in all the regional forums which analysed Latin America's financial and economic crisis and, in particular, the problem of the massive external debt and its repayment, as well as its social consequences. Latin America was in fact spending more than 35 per cent of its annual export earnings to make interest payments on its external debt, which was becoming increasingly difficult to bear because there were few opportunities to increase exports significantly. A region could not develop if it was exporting capital when it was most needed.

39. As a result, developing countries had asked the developed countries and the international organizations for easier terms for the payment of their debt, greater flexibility in repayment arrangements and a multilateral approach to the current crisis which would enable Latin America to deal with the effects of the international crisis in the region with priority given to financing, trade, integration, interest rates and protectionist policies applied by the industrialized countries.

(Mr. Felix, Dominican Republic)

40. The World Bank's 1985 report on development noted that in 1984 some Latin American countries had begun to recover from the most severe economic recession in the last 50 years. However, the encouraging signs of economic recovery observed in some countries were extremely fragile. The world economy could not claim a sustained and effective recovery unless economic growth was stimulated by promoting industrial development and establishing systematic international assistance programmes in the context of co-operation for development.

41. The seriousness of the situation and the interdependence of world problems called for immediate and effective concerted action based on understanding, frank dialogue and co-operation, with a view to eliminating uncertainty and the risks that were steadily pushing the world to the brink of an economic holocaust. The spirit and political good will shown by some developed countries during the Assembly's general debate were therefore gratifying.

42. Commenting on the relevant report of the Director-General for Development and International Economic Co-operation he pointed out that it was increasingly necessary for the operational activities of the United Nations development system to be adapted to the level of development of the recipient countries in their areas of interest.

43. The United Nations had been trying to find solutions to the problems of the developing countries for over 20 years. Contrary to the prognosis made by the development philosophy based on the principle of balanced development, there had been a drastic reduction in the developing world's share in the world economy, and the per capita income of the least developed countries had gone down. His country therefore assigned a high priority to technical co-operation among developing countries, as was evident in the treaties and agreements it had signed with various countries in the region.

44. Finally, it was incumbent on the Committee to continue its negotiations with the parties in order to establish the long-awaited North-South dialogue making it possible to initiate global negotiations and establish a new international economic order.

45. Mr. EDAFE (Madagascar) noted that the world economic situation was badly out of kilter, the developing countries had remained on the fringe of the recovery process and their real per capita income had declined. Although international trade had stimulated growth in some countries of the North, the countries of the South were still feeling the calamitous consequences of the world economic recession.

46. Given those conditions, it was essential to restructure the world economy, reform the institutional framework of international economic relations and re-establish a favourable world economic climate. His delegation thought that lasting solutions to the present structural imbalance could be found only through a dialogue which took into consideration the universality and interdependence of the problems, as well as the provisions of General Assembly resolution 38/200.

(Mr. Edafe, Madagascar)

47. He praised the solidarity displayed by the international community with respect to the critical economic situation of Africa, but he noted that the emergency measures adopted were not sufficient, since they were designed to meet only the immediate needs. The African countries must be helped to achieve individual and collective self-sufficiency.

48. With that objective in mind, the African Heads of State and Government had proposed, inter alia, a United Nations conference on the economic situation of Africa and a conference on Africa's debt, as well as the establishment of a special fund for Africa. It must be remembered, however, that the success of the economic and social development efforts of the African countries was closely linked to the sustained growth of financial flows and the stabilization of export earnings.

49. The problems of the external debt and development financing were another big challenge. By complying with the pre-established rules, the developing countries had been compelled to adopt measures of structural adjustment which usually upset their internal balance. Despite the rapid increase in exports, the ratio of interest payments to export earnings was not expected to change in the next several years, while the measures adopted had already produced a decline in investments in the developing countries of 20 per cent. All those factors, added to the sustained decline in real income, the stagnation of official development assistance and the decrease in commercial bank loans, was undermining the third world's development efforts.

50. There must be a systematic reform of the international monetary and financial system in order to overcome the imbalance and shortcomings of the present process with its negative transfer of resources to the developing countries. It was also essential to begin preparations for an international conference on monetary and financial resources for development, as proposed by the non-aligned countries. In present circumstances it was impossible to try to maintain the status quo or to accept the difficulties with resignation. What was required was considered and fruitful collective action.

51. Mr. MADRIZ (Nicaragua) said that the developing countries were the main sufferers in a very difficult international climate fraught with injustices and violations of the fundamental principles of international law. His delegation had therefore listened with interest to the positive statements made in the general debate by some of the countries which had thus far consistently rejected dialogue as a means of solving the serious structural problems affecting the international economy and especially the economies of the developing countries.

52. His delegation felt that the present international situation called for a serious and responsible dialogue to strengthen the United Nations system and multilateralism as vehicles for the attainment of permanent and comprehensive solutions to the problems of the international economy. It was also necessary to give new impetus to the global negotiations and begin as soon as possible to prepare for a conference on monetary and financial questions with universal participation.

(Mr. Madriz, Nicaragua)

53. He reviewed the main aspects of the present economic crisis and drew attention to the very rapid deterioration in the terms of trade, the increase in protectionism, high interest rates, inflation, the cutback on financing and, in particular, the very serious problem of the external debts of the developing countries. Referring specifically to that last problem, he said that in his country's opinion it should be approached more realistically, with consideration given to its political dimension and the adverse effects of debt service on the economies and, consequently, the development plans of the developing countries.

54. In view of the existing unjust international economic order, which was reflected in particular in the serious crisis in Africa, it was unacceptable for resources which might be used for development projects to be invested in the arms race.

55. In that context his delegation reasserted the absolute validity of the Charter of Economic Rights and Duties of States and expressed its concern at the attitude of defiance and confrontation taken by a group of developed countries at the recent meeting of the Ad Hoc Committee on the implementation of that Charter. At the same time it categorically rejected the use of coercive economic measures by the developed countries against the developing countries as well as any attempt to erode the self-determination and independence of peoples, and it reaffirmed the fundamental principles of international relations embodied in chapter I of the Charter of Economic Rights and Duties of States.

56. Turning to the situation in his own country, he recalled that six years had passed since the triumph of the revolution, and five years since the United States began its campaign of military and economic aggression with the intention of overthrowing the Government, destroying the country's economy in the process. It must be emphasized in that connection that in 1984 production losses had been even greater than in the previous year.

57. The strategic goal of undermining the Nicaraguan economy was quite apparent from the position taken by the United States in multilateral financial bodies, where it had systematically opposed approval of the loans requested by Nicaragua and had even exerted strong pressure to make other countries follow suit. The denial of those resources, which would have amounted to \$200 million between 1980 and 1984, had a direct effect on production, the people's standard of living and the country's development.

58. To all those factors must be added the direct cost of the country's defence, which in 1984 had absorbed approximately one third of the national budget, siphoning off resources from health, education and productive investments. There was also the material and economic damage caused by the aggression, which had amounted to \$379.7 million between 1980 and 1984.

59. It was difficult to make an accurate calculation, but it was estimated that if the United States aggression had not taken place, Nicaragua's gross domestic product (GDP) would have increased at an annual rate of 6 per cent between 1980 and 1985 as against 1.8 per cent, according to World Bank data. That calculation did

(Mr. Madriz, Nicaragua)

not take into account the beneficial effect which the deferred investments would have had, for the loans blocked by the United States in international financial bodies were intended for the financing of infrastructure-development projects essential to the stable development of Nicaragua and very difficult to finance in any other way. Of course, exports had also been seriously affected by the state of war.

60. Accordingly, his delegation thought that the United States Government had a moral and legal duty to compensate Nicaragua, at least for the material damage caused by its aggression, since the loss of life and the suffering of a whole people could not be measured in terms of money.

61. Mr. LIGAIRI (Fiji) said that it was urgent for the international economic system to be reoriented so that it could respond more effectively to the needs of the most seriously disadvantaged countries. To that end the United Nations must reconcile the divergent economic interests of developed and developing nations. It must be pointed out in that connection that the meagre results achieved by the Organization were not due to lack of efforts.

62. The urgent needs of the developing countries called for the restructuring of international economic relations on a more just and equitable basis. That required concerted international action, for the interdependence of the world economy was such that no one country or group of countries could act alone. His delegation agreed that global negotiations on world economic matters were the only means of solving major current issues in a co-ordinated and coherent way.

63. In the present world economic climate with its high interest rates, protectionism and tied loans, small island countries like Fiji, which were affected by external economic factors beyond their control and had a small export base, were going through a period of great economic difficulty.

64. Because of their small size, isolation and scarce resources, the capacity of small island countries to achieve their development objectives or to pursue their national interests in a wider international context was severely limited. To that had to be added the fact that Fiji, like many other developing countries, depended on the export of a few commodities, the most important of which was sugar.

65. Consequently, the establishment of fair prices for commodities and the reduction of the instability of commodity markets had always been very important objectives for island countries. The best form of aid which industrialized countries could offer to the third world, and especially to developing island countries, to assist them in overcoming their problems of low incomes, high unemployment rates and balance-of-payments deficits was assured markets for their exports.

66. There was also a need to correct the traditional trade imbalance of developing island countries and promote regional economic co-operation. Although some efforts had been made in that sphere, much more remained to be done. Fiji, for its part, would continue to promote economic and technical co-operation among developing

(Mr. Ligairi, Fiji)

countries, especially within the South Pacific region, since it considered such co-operation and collective self-reliance to be essential for their future well-being.

67. In a period when global arrangements for trade liberalization had not made progress, the Government of Fiji found at least two limited arrangements of particular interest: the first was the Lomé Convention between the African, Caribbean and Pacific States and the European Economic Community, while the second was the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) between the small island countries in the South Pacific and Australia and New Zealand. Although limited in nature, both those arrangements, which guaranteed access for the commodities of developing countries concerned to the markets of the industrialized countries in question, had provided considerable economic benefits to the developing countries and were examples of the forms North-South economic co-operation should take.

68. In addition to their economic vulnerability, some island developing countries, including Fiji, were exposed to natural disasters such as cyclones, floods and earthquakes which further aggravated their already precarious position. There was therefore an urgent need to increase multilateral assistance to such countries.

69. In the past decade, the lessening of international co-operation, the widening range of conflict and disturbed world economic conditions had aggravated the disadvantaged condition of small States. Although those problems affected all States, the ones likely to suffer most were the smallest and weakest countries whose special vulnerabilities normally went unnoticed and unrelieved for the longest time. The international community therefore had a special obligation to assist small States by providing an external environment which was conducive to their self-reliance and stable development.

70. Mr. KAPLLANI (Albania) said that the world economic situation was characterized by great difficulties and tensions and by disproportionate development of different branches of the economy in various countries and internationally, as well as by the increase of superfluous expenditures, especially in the field of armaments, the growth of domestic and foreign debts and the intensification of manoeuvres and manipulations by the imperialist Powers, especially the two super-Powers, in order to gain maximum profits at the expense of other peoples.

71. The efforts made over the last 10 years to achieve relatively balanced economic development had met with failure, and the economic disparity between industrialized and developing countries had increased. Those problems had notably affected the well-being of the labouring masses and had raised social tensions.

72. In that grave economic and financial situation, the imperialist Powers, the United States of America and the Soviet Union in particular, had intensified their efforts to shift the burden of those difficulties onto other peoples and countries. Thus, protectionist measures had been imposed with particularly

(Mr. Kapllani, Albania)

negative effects for those countries which followed an independent economic policy and for the developing countries, whose per capita income was 37 times lower than in the developed countries and who were subject to the will of monopolies and transnational corporations.

73. The policies recommended and the measures taken by the United States had not only failed to halt the negative trend, but in fact constituted open economic aggression. In order to eliminate its balance-of-payments deficit, the United States of America had attracted an unprecedented flood of capital from other countries through high interest rates. That had harmed the developing countries who, faced with the imperialist Powers' new strategy for subjugating and plundering other countries and peoples, had seen investments in their economies dwindle and their debts increase by giant strides.

74. The debt problem could not be solved in the existing conditions of inequitable relations between developed and developing countries. In spite of the fact that the developing countries had repeatedly demanded the establishment of fairer international economic relations, the industrialized Powers had totally disregarded that demand and had stepped up their exploitation of those countries, making them more economically dependent.

75. The true victims of that situation were the masses of the people, who were the ones affected by rising prices and unemployment. Meanwhile, the imperialist super-Powers were continuing their arms race unabated. Having militarized the economy and accumulated vast arsenals, with the consequent sidetracking of enormous human and material resources from the field of production, they were now trying to militarize outer space, inciting local conflicts and wars and interfering openly in the internal affairs of other countries.

76. Although it was a small country which had inherited great backwardness, Albania currently had a stable economy and was continuing to make progress in all fields by relying on its own forces. Its experience showed that political independence could only be guaranteed by independent national economic development. In fact, Albania was the only country in the world which received neither "aid" nor credits and had no foreign debts.

77. Thanks to the rational and economical use of its material, financial and human resources, Albania had succeeded in improving the working people's material and cultural welfare at a very rapid rate. It had also given priority to developing the power industry as a necessary base for the development of the other branches of the economy, and had encouraged industrialization and the intensive development of agriculture without neglecting the training of its human resources.

78. The great transformations accomplished in socialist Albania by the people's power had been achieved through the hard work of its people, and bore witness to the vitality of the socialist order and to the wisdom of the policy of totally mobilizing the creative energies of the masses. Through its eighth Five-Year Plan, Albania would continue to implement the policy which had ensured its freedom and independence as well as the welfare of all its people.

(Mr. Kapllani, Albania)

79. The principle of self-reliance in no way precluded international collaboration. Albania was therefore in favour of commercial, cultural and scientific exchanges, provided that they were based on equality and mutual benefit, and was actively engaged in them.

80. Mr. AL ZAID (Kuwait), referring to the achievements of the United Nations in international economic co-operation, said there could be no doubt that the United Nations and its specialized agencies had contributed to improving the international economic situation in general. In view of the current situation, however, it was obvious that much still remained to be done.

81. To that end, despite the exacerbation of world economic problems and the deterioration in genuine multilateralism, the international community should not relax its efforts; rather, it should promote collective responsibility and the adoption of specific measures to satisfy development needs, reactivate the North-South dialogue and strengthen the principles of international economic co-operation.

82. His delegation reiterated its conviction that international co-operation should be based on respect for the right of every country to choose its own socio-economic and political system and exercise full sovereignty over its natural resources. On the basis of those premises, Kuwait and other Gulf States had in 1981 established the Gulf Co-operation Council aimed at strengthening economic, trade and industrial co-operation among the States of the region.

83. However, Kuwait recognized that regional co-operation was no substitute for world-wide economic co-operation. For that reason, it was currently seeking to conclude co-operation agreements with the European Economic Community, and the members of the Council were continuing to extend economic assistance to developing countries in Africa, Asia and Latin America through various channels set up for the purpose. To that must be added Kuwait's contribution to the international organizations concerned with North-South economic problems.

84. In view of the chaotic international economic situation, marked by discouraging prospects for food production, inflation, a deteriorating exchange rate situation, recession and the rising tide of protectionism, the members of the Council, aware that the solution of world economic problems represented one of the major challenges the international community would have to face during the remainder of the century, had earmarked between 5.7 and 7.73 per cent of GNP for economic assistance to developing countries.

85. Although Kuwait's income from oil exports had declined, the Government had decided to comply with its obligations and to continue to support developing nations in their efforts to overcome their very serious economic and social problems. Kuwait likewise appealed to the international community to take steps to slow the deterioration of the economic situation, accelerate the economic development of the developing countries and strengthen the foundations of the overall international economic order.

(Mr. Al Zaid, Kuwait)

86. Kuwait also considered that economic co-operation among developing countries was indispensable for the achievement of their economic and social goals, including economic self-sufficiency. It had therefore participated actively in the work of the Group of 77, the success of which would in its view depend on the consolidation of the principle of consensus in the adoption of decisions and on the Group functioning as an open forum in which the developing countries could express their views without restriction and with a sense of responsibility. Kuwait's participation in the Group of 77 was based on respect for and full implementation of all the resolutions adopted by the Group.

87. On the issue of creating new banking or financial institutions, Kuwait considered that such a development would place an additional burden on developing countries whose economic and human resources were limited, and that use must be made of existing institutions which had achieved positive results in terms of international co-operation, particularly in the field of technology.

88. Experience had shown that development was a long and slow process. In order to accelerate it, a spontaneous and innovative response was needed from the members of the international community, accompanied by increased savings and investment for the purpose of increasing capital and breaking the poverty cycle.

89. The international economic and political situation was difficult and complex. Notwithstanding the progress which had been achieved, there remained many causes of concern. The international community should therefore pause to reflect on and adjust its overall goals, without losing sight of the fact that the most appropriate means of solving problems was multilateral co-operation.

90. Mr. ABDULLATIF (Oman) said that, because of their social and political repercussions, the items under consideration by the Second Committee were the most important on the agenda of the General Assembly: economic deterioration provoked a corresponding political deterioration which in turn led to instability, and it was therefore not possible to consider economic questions in isolation from their political and security aspects.

91. That principle applied at the international as well as at the national and regional levels. The gap between the developed and developing countries in trade, industry, technology and agriculture had negative repercussions on the political relations between nations and that in turn created a feeling of injustice and dissatisfaction which could lead to the adoption of unilateral decisions with disastrous consequences.

92. It was not, therefore, logical that the developing countries should have to apply economic policies which had been shown by experience to ignore their internal situation and to threaten their political and social stability.

93. The economic crisis had assumed such proportions that, unless far-reaching reforms were introduced, its consequences would reach beyond the developing countries into the developed countries.

(Mr. Abdullatif, Oman)

94. During the general debate, the Chairman of the Group of 77 had expressed the Group's willingness to enter into a sincere and a fair dialogue with the other groups of countries based on recognition of their interdependence. Emergency situations should indeed be solved not at the expense of long-term international co-operation, but on the basis of a just international economic order founded on clear guidelines. In the current critical situation, it was important to avoid despair; much could be achieved through the implementation of the guidelines established in the various world conferences sponsored by the United Nations over the past 15 years.

95. Mr. ARITA (Honduras) said that the developing countries, particularly the Latin American countries, found themselves in a situation characterized by the stagnation and contraction of economic activity, deteriorating social conditions and external dependence. The nature and scope of the crisis were marked by external factors resulting from the dependence of the developing countries on the developed countries.

96. The restrictive policies applied by the developing countries in order to encourage economic activity had brought in their train declining production, increasing unemployment, business pessimism, reduced investment and renewed inflation. For a variety of different reasons, the intensity of the crisis had varied from one country to another. In any event there existed a threat to the future of the comparative advantages currently held in some areas by developing countries, particularly the least developed.

97. According to the Economic and Social Commission for Latin America and the Caribbean (ECLAC), the most optimistic forecasts of economic growth indicated that the Latin American region would by 1990 have reached the level of per capita income anticipated for 1980, always provided that the average annual global growth rate was about 4 per cent between 1984 and 1990. Such a growth rate would be below the rates for the three previous decades. The result would be a decade of regression in economic and social development.

98. Furthermore, in order to reach that modest goal, the volume of Latin American exports would have to increase by more than 3 per cent annually and the terms of trade to improve; otherwise, as had happened in 1983, increased volume would be achieved at the expense of falling unit prices. In addition, consideration should be given to a roll-over of the short-term debt, and steps should be taken to ensure that the level of Latin American exports was compatible with the external financing it was felt could be obtained, bearing in mind the development of payment capacity. Honduras believed firmly that debt repayment should not be at the expense of social sacrifice by the people but should be a function of the developing countries' economic growth.

99. It was clear that the modest growth rate of 4 per cent would accentuate the problem of unemployment and underemployment, that there would be a transfer of real resources through an excess of exports over imports, that import expansion possibilities would continue to be limited; that countries would be obliged to

(Mr. Arita, Honduras)

renegotiate due dates of their debts on a continuing basis, since, according to ECLAC figures debt service between 1984 and 1990 would remain close to 100 per cent of exports, and the external debt would continue to increase until it reached \$451 billion in 1990. Given such figures, the benefits of economic development would not be apparent, and it would not be possible to satisfy the social welfare needs of the population, with the result that social tensions would rise.

100. It was therefore essential to seek a new solution, as current external trade and financial conditions made it very difficult to service the debt in accordance with the agreements which had been signed and the requirements of the banks. Moreover, new development programmes must be designed and the international monetary system reformed in order to increase the participation of the developing countries in the making of decisions which affected them directly.

101. His delegation welcomed the statements made by a number of the delegations of industrialized countries referring to the need to seek lasting solutions for current economic problems. In view of the constructive spirit of such statements, it was to be hoped that, during the fortieth session, positive results could be reached on the basis of mutual understanding.

102. Mr. BAGBENI ADEITO NZENGEYA (Zaire) said that it was undoubtedly in the economic field that the United Nations had achieved the most success. The concerns of Member States in their struggle for economic liberation had caused the United Nations to adopt numerous measures designed to promote economic and social development; that had led to a new approach to international economic relations based on fairness and international co-operation.

103. By approving the United Nations Development Decades, the international community had recognized that it had a responsibility to adopt measures to eliminate the inequalities between the developed and the developing countries as well as for trade relations between the countries that produced raw materials and those that consumed them. As yet the evaluation of the results of the International Development Strategy for the Third United Nations Development Decade had provided no tangible proof that the Strategy had contributed to real progress towards breaking the cycle of poverty, hunger, ignorance and disease which most peoples of the world had to face. Accordingly, at their meeting in Luanda, in September 1985, the Ministers of the non-aligned countries, had expressed deep regret at the lack of progress made by the Committee on the Review and Appraisal of the Implementation of the International Development Strategy, owing to the inflexible attitude of certain developed countries.

104. The Declaration and the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States had been the product of the desire of the developing countries to participate actively in international economic relations and to have an increased share in international trade. Unfortunately, the measures adopted by the General Assembly had not been duly applied in either case.

(Mr. Bagbeni Adeito Nzengeya, Zaire)

105. Nor had any greater progress been achieved in the round of global negotiations on the serious problems in the areas of raw materials, energy, trade, development, money and finance. Accordingly, the developing countries, particularly those in Africa, had again asked the General Assembly to convene a special session to consider economic problems, particularly those of the African continent, in the hope that that would make it possible to agree upon adequate solutions in that area.

106. Referring to the problem of indebtedness, in general, he said that the developing countries, particularly the countries in Africa south of the Sahara, were becoming increasingly indebted while the terms of trade continued to deteriorate as a result of the decline in their export earnings and in the resources available through the United Nations system and also because of the natural disasters which had struck them.

107. Although debt repayment was an obligation under international law it was essential that it be compatible with the development needs of the borrowing countries. In 1984, in accordance with the agreement it had entered into with IMF, Zaire had repaid \$328,000 million; that represented 25 per cent of its export earnings.

108. Finally, he said that in order to co-ordinate the economic activities of the United Nations system with a view to improved channelling of information, resources and assistance to the developing countries, the work of the Economic and Social Council and UNCTAD should be programmed taking into account its relation to the work of the Second Committee. The activities of the specialized agencies of the United Nations system should also be co-ordinated so as to ensure that they complemented one another.

109. Mr. ADEYEMI (Nigeria) said that, unfortunately, the world economic situation remained uncertain and adverse for most countries, particularly the developing countries. Because of their basic vulnerability, those countries had yet to feel the benefits of the much heralded recovery; that clearly demonstrated the failure of the "trickle down" theory.

110. For many years the debtor developing countries had been calling for the adoption of joint international measures to deal with the debt crisis but their appeals had gone unheeded and instead harsh adjustment programmes had been forced upon them. Under those circumstances how could a country like Nigeria spend almost 45 per cent of its export earnings on debt servicing and still be expected to achieve economic growth and to meet the needs of its large population?

111. It was clear that the strategy of adjustment without growth was very dangerous. Accordingly, the international community should evolve concrete approaches that did not jeopardize the economic growth and therefore the political stability of the debtor countries. It was time to recognize that the world was interdependent and to lay solid bases for effective development and international economic co-operation. In order to achieve that all countries must demonstrate the necessary political will and flexibility.

(Mr. Adeyemi, Nigeria)

112. Referring specifically to the critical situation of the countries in Africa south of the Sahara, he said that there was an urgent need for concerted measures to deal with the long-term structural problems of economic development in Africa, particularly in the areas which had been accorded priority in the Lagos Plan of Action and in the programme of action adopted by the Organization of African Unity (OAU) in July 1985. He also called for the convening of a special session of the General Assembly to discuss in detail the critical economic situation in Africa and to establish a framework for international action in that area.

113. Finally, he asked the Committee to stick strictly to the biennial programme of work that had been established as part of the efforts to rationalize the economic work of the United Nations.

114. Mr. SCOTT (United States of America), speaking in exercise of the right of reply, said that the charges leveled by the representative of Nicaragua against the United States were not new. That did not make them any truer. They were simply an attempt by the Sandinist Government to divert attention from the real reasons for the economic sanctions imposed by the United States in May 1985 and from the régime's mismanagement of the Nicaraguan economy.

115. Nicaragua's policies and actions in Central America threatened the security interests of the United States in that region. The provisions of the General Agreement on Tariffs and Trade and of the Friendship, Commerce and Navigation Treaty between Nicaragua and the United States and customary international law all permitted the imposition of economic sanctions under those circumstances.

116. By making those charges the Sandinist régime was trying to conceal the failure of its Marxist policy which had strangled private enterprise, discouraged production and prompted many Nicaraguan businessmen and professionals to go into exile. Those problems antedated the sanctions imposed by the United States and were the real cause for the deterioration of the economy.

117. In less than six years, the Sandinist régime had tripled Nicaragua's external debt and had squandered the assistance it had received from bilateral and multilateral sources, including the United States itself. That was clearly demonstrated by the fact that although the Nicaraguan Government had received nearly five times as much assistance in 1984 as the Somoza régime had in 1978 the per capita GDP had dropped from \$1,300 in 1978 to \$956 in 1984.

118. Mr. MADRIZ (Nicaragua), speaking in exercise of the right of reply, said that the claim made by the representative of the United States that Nicaragua was a threat to the security of his country was ludicrous; moreover, the United States Government had unilaterally violated the Friendship, Commerce and Navigation Treaty between the two countries by failing to give one year's notice of its intention to rescind the Treaty. With regard to the present economic difficulties of the Sandinist Government, he recalled that when they came to power the Sandinists had found the banks with empty vaults and had had to deal with the tremendous task of raising the country from the ruins of war.

(Mr. Madriz, Nicaragua)

119. Nicaragua had filed a suit against the United States in the International Court of Justice but the United States had refused to accept the Court's competence and had pursued its policy of aggression by financing and organizing the activities of the counter-revolutionary forces; that had left 12,000 dead and several thousand wounded. The Government of Nicaragua demanded compensation from the United States Government for the tremendous material damage Nicaragua had suffered; after having been devastated by underdevelopment and the Somoza régime, Nicaragua had just embarked on the process of reconstruction when the United States had begun its aggression. Finally, he pointed out that the Sandinists were not anti-United States but anti-intervention and that they would not desist from the struggle for their cause.

The meeting rose at 7 p.m.