



SUMMARY RECORD OF THE 25th MEETING

Chairman: Mr. BIRIDO (Sudan)

CONTENTS

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

- (c) TRADE AND DEVELOPMENT (continued)
- (e) ECONOMIC AND TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES (continued)
- (j) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES (continued)
- (m) IMMEDIATE MEASURES IN FAVOUR OF THE DEVELOPING COUNTRIES (continued)
- (r) NEW AND RENEWABLE SOURCES OF ENERGY (continued)
- (o) DEVELOPMENT OF THE ENERGY RESOURCES OF DEVELOPING COUNTRIES (continued)

STATEMENT BY THE PRESIDENT OF THE TRADE AND DEVELOPMENT BOARD

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

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

The meeting was called to order at 10.30 a.m.

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

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

1. Mr. DOLJINTSEREN (Mongolia) said that the United Nations Conference on Trade and Development (UNCTAD) was called upon to make a fundamental contribution to the promotion of economic co-operation among States and to the restructuring of international economic relations on an equitable and democratic basis, in accordance with the principles of equality, non-discrimination, respect for the sovereignty of States and non-interference in their internal affairs.

2. Strict compliance with those principles had become more important in the face of trade embargoes, boycotts and other means of coercion adopted by the imperialist countries, in particular the United States, against the socialist countries and the developing countries, in open violation of 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 and of the Charter of the United Nations and norms of international law.

3. Recently, that type of measures had been adopted against Nicaragua, which had aroused vigorous protest from the great majority of States, including Mongolia. In the face of that situation, UNCTAD, among other organs, should adopt measures designed to counteract any form of economic coercion.

4. Mongolia considered that the report of the Secretary-General on economic measures taken by developed countries for coercive purposes (A/40/596) was a concrete contribution to the consideration of those problems, but he felt also that future reports should include, in addition to the observations of Governments, the measures adopted by the United Nations system with a view to preventing the application of such coercive practices.

/...

(Mr. Doljintseren, Mongolia)

5. Among the important functions discharged by UNCTAD should be mentioned also the promotion of normal and mutually advantageous economic relations between States having different socio-economic systems - relations which were deteriorating daily because of the policy of the imperialist countries - and also the provision of assistance to developing countries to help them to overcome their economic backwardness, which was exacerbated by the increase in interest rates and in the value of the dollar, as well as by the drastic drop in commodity prices.

6. Referring to the report of the Trade and Development Board (A/40/15, vols. I and II), he noted that the Board had adopted various useful resolutions and decisions on trade relations between countries having different economic and social systems and on the particular needs and problems of land-locked developing countries. It was, however, regrettable, that it had not been possible to eliminate the obstacles to the adoption of a resolution on the question of protectionism and other initiatives of the developing countries in the sphere of commercial and economic exchange.

7. As the Chairman of the Group of 77 had pointed out, the North-South dialogue was still at a deadlock, and it was clear that the capitalist countries were determined to maintain the inequality prevailing in international economic relations.

8. Mongolia supported the efforts being made by the developing countries to promote technical co-operation among themselves, since, under current conditions, such co-operation could play a major role in the democratization of economic relations and promote their socio-economic progress. It therefore considered that it was of vital importance to ensure the implementation of the Buenos Aires Plan of Action on technical co-operation among developing countries, adopted in 1978.

9. In that connection, his delegation commended the work done by the High-level Committee on the Review of Technical Co-operation among Developing Countries at its fourth session and agreed with the Committee that such co-operation should be financed, to the extent possible, from additional voluntary resources and should not prevent the developing countries from co-operating with other States outside that group.

10. With regard to new and renewable sources of energy, state control of such sources and of the exploitation of energy resources was essential if the developing countries were to exercise full sovereignty over that sector of their economy. Accordingly, Mongolia condemned the activities of transnational corporations in that field, which constituted interference in the economies of the developing countries.

11. In conclusion, Mongolia recognized the importance of the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries and the need to hold without delay global negotiations on various problems relating to international economic co-operation in the area of development.

STATEMENT BY THE PRESIDENT OF THE TRADE AND DEVELOPMENT BOARD

12. Mr. HUSLID (President of the Trade and Development Board), introducing the report of the Board (A/40/15, vols. I and II), said that his statement to the Committee would consist basically of a personal evaluation of the Board's thirty-first session, with special reference to the summary and conclusions contained in volume II, annex II, of that document.

13. After stressing the catalyzing role of UNCTAD, which was a particularly appropriate instrument for considering the relationship between national macro-economic policies, international financial and trade policies and development, he observed that the debates at the thirty-first session had taken place against a fundamentally gloomy world economic background, in spite of certain positive trends.

14. The situation was particularly difficult for the developing countries. In some of them, particularly the countries of sub-Saharan Africa, that situation had been aggravated by natural disasters. It had seriously compromised the growth and development of their economies and, in many cases, had seriously affected the whole political and social system.

15. In view of the growing interdependence between the countries of North and South, the difficulties of the developing countries had also adversely affected the developed countries and the world economy as a whole. When it was realized that the decrease in exports to developing countries over the past three years meant the loss of between 2 and 3 million jobs for the countries members of OECD, it was clear that the debt problem had endangered the stability of the international financial system and the openness of the trading system.

16. It could hardly be expected that, in the Board's debates, there should have been full identity of views among the different groups of countries with regard to the evaluation of the system and the way to remedy the existing problems.

17. Thus, while the developing countries stressed the negative aspects of the international economic situation, the developed market-economy countries had focused their attention on the positive events which had taken place, and the socialist countries had stressed the negative consequences of the armed race for the world economy and the importance of non-discrimination in international economic relations.

18. Nevertheless, in spite of the differences of approach, there were some points on which there was a convergence of views. Thus, the majority of countries agreed that the current economic problems and, in particular, those relating to finance, trade and development were interdependent and urgently called for radical solutions that were mutually beneficial for both developed and developing countries.

19. It was also generally accepted that acceleration of the development of the developing countries was an important and shared international objective, and that all parties must consistently contribute to that goal, in accordance with their respective capacities and responsibilities.

(Mr. Huslid)

20. One of the major objectives must be to secure a broad, continued and strengthened growth process without reviving inflation. The main condition for reaching that goal was basically broad co-ordinated action including certain co-ordinated shifts in military and fiscal policies on the part of the major industrialized countries.
21. Growth and development were also indispensable for solving the debt problem which could not be solved by austerity measures and static debt rescheduling alone. Servicing the debt had led to a considerable transfer of net resources from a number of developing to industrialized countries, a situation which would not be tenable very much longer.
22. Adjustment programmes must be based on the availability of adequate net inflows of funds. That principle was particularly true for the poorest debtor countries which were heavily dependent on the export of commodities for their foreign-exchange earnings, while the markets for those commodities had continued to be very weak.
23. It was noteworthy that the approach of the Trade and Development Board and UNCTAD to debt problems had been making headway. During recent meetings of the World Bank and IMF it had been recognized that growth and development in the debtor countries must be maintained in order to solve the problem over the long term, that the debt problem was a shared responsibility, and that Governments of the major industrial countries must act to ensure large flows of new lending from private and public sources.
24. It must be stressed, however, that that "gospel of growth" did not imply adherence to a "trickle-down" theory, nor to the view that growth would solve all problems. Growth was a basic and necessary prerequisite, but not enough by itself. There was also a need for mechanisms to ensure that growth was broadly based and complemented by true development, both nationally and internationally.
25. The developed countries were primarily responsible for fostering a favourable environment for economic development, by means of sustained progress towards ODA targets, increased official and private capital flows, the reduction of interest rates and improved exchange-rate alignment, and by opening up their markets further to exports from the developing countries and helping to strengthen commodity markets.
26. Developing countries should respond by adopting internal measures to complement international action, measures which, of course, would ultimately be decisive.
27. Finally, with regard to the negative consequences for economic development of expenditure on armaments, he stressed the importance of the forthcoming conference on disarmament and development, to be held in Paris, adding that all countries had a special interest in development which was a prerequisite for lasting peace.



28. Mr. SCHULLER (Luxembourg), speaking on behalf of the States members of the European Economic Community (EEC), said that progress had been made in analysing the objectives to be reached in order to overcome the current economic crisis, namely consolidating economic recovery in the industrialized countries and accelerating the reactivation of development in developing countries. To reach them, however, it was necessary to reduce unemployment, improve control over budget deficits and inflation, stabilize the monetary system, increase external flows of funds and implement a more liberal trade policy directed towards expanding international trade.

29. As for the situation in EEC, it was expected that economic growth would be maintained in 1986, GDP would increase by 2.5 per cent, and the inflation rate would be 5.2 per cent. Unemployment, unfortunately, continued to be high. EEC exports and imports had increased, but the trade-balance deficit had continued to grow since 1980. Thus, in 1984, imports from developing countries had greatly exceeded exports to those countries.

30. From 1976 to 1984, imports of agricultural products and foodstuffs from developing countries had doubled (the current figure was 50 per cent of total imports) and EEC absorbed 45 per cent of the developing countries' exports. EEC imported \$20 billion worth of manufactured products per year from the developing countries.

31. It could be said that, overall, economic recovery in the industrialized countries had begun to have a favourable impact on the developing countries, but reactivation was a slow process and required the co-ordinated efforts of the international community in order to promote development that would benefit both the developing and the developed countries.

32. For international trade to expand protectionism must be halted and restrictions stopped and lifted. The 1982 work programme of GATT should be implemented in that regard, with the additions agreed upon by the Contracting Parties in 1984, especially where developing countries were concerned.

33. EEC supported the holding of a new round of multilateral trade negotiations and, to be successful, the negotiations would have to bring advantages to all Contracting Parties, reduce protectionism and stimulate international trade, with due regard to the interests and concerns of all participants.

34. In that connection it should be noted that EEC was negotiating adoption of the decision to implement fully, as from 1 January 1986 instead of from 1 January 1987, the concessions which it had granted in the Tokyo Round. The average level of EEC tariffs for industrial products would thus be approximately 4.6 per cent, corroborating its policy of stimulating industrial and agricultural exports from developing countries, and in particular from the least developed countries.

35. He drew attention to the useful recommendations formulated by UNCTAD concerning commodities, adding that EEC regretted that the Common Fund for Commodities had not yet started functioning.

(Mr. Schuller, Luxembourg)

36. EEC was resolved to contribute fully to reaching the goals of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. The European policy of co-operation for development had for many years been particularly concerned with the needs of the least developed countries. Moreover, despite the difficult current economic situation, almost all member States had honoured their pledge to increase their assistance so as to reach the target of 0.15 per cent of their GNP.
37. During the period under review, EEC had itself increased, in real terms, the total assistance which it provided for development, including the sum of \$6,700 million which, in accordance with the 1984 Third Lomé Convention, it would make available, over the period 1985-1990, to 66 States in Africa, the Caribbean and the Pacific, of which 27 were least developed countries.
38. EEC also underlined, among the guidelines of the policy to be applied in relation to least developed countries, the need to assign priority to agricultural development in the least developed countries; the need to co-ordinate assistance to those countries more efficiently; and the importance of mobilizing resources, especially human resources, and commodity exports for that group of countries.
39. EEC also reiterated its view of the importance of the Common Fund for Commodities and recalled that, at its meeting in October 1985, its Council of Ministers had decided to establish a new system of compensation for export earnings from commodities exported by the least developed countries which were not parties to the Lomé Convention.
40. EEC stressed the importance of co-operation among developing countries as the main complement to North-South co-operation and for strengthening indigenous capacity, more effective complementarity among developing countries, and the diversification of production structures and export markets.
41. Responsibility for ECDC/TCDC lay mainly with those countries, but bodies of the United Nations system could act as a spur by helping them to choose pragmatic, realistic and economically viable alternatives.
42. To that end, those bodies, including the regional commissions, must go on including ECDC/TCDC in their respective work programmes and budgets, and co-operate in harmonizing their respective activities in that field.
43. On the subject of new and renewable sources of energy, EEC had always firmly supported international co-operation in the energy sector, in particular, the Nairobi Programme of Action, and had taken an active part in various meetings on energy.
44. A large part of the work of prospecting for and producing oil in the developing world had been carried out by national enterprises, often in association with international oil companies, commercial banks and multilateral organizations, and that some developing countries had taken steps to attract capital from the competitive sector.

(Mr. Schuller, Luxembourg)

45. Among the most important initiatives for funding the exploration production of petroleum resources were the credit programme of IDA and the action taken by IFC to raise more private investment capital by turning to independent oil companies.

46. Mr. WALTER (Czechoslovakia) emphasized his country's full support for UNCTAD's irreplaceable role in promoting international economic co-operation among all groups of countries and the important requirement that all States should observe the basic rules of conduct in that field. The fact that those rules were not observed in practice confirmed the need for a fundamental restructuring of international economic relations and the establishment of a new international economic order.

47. With regard to the critical situation facing the world market economy, and after mentioning the interrelationship between peace, or more specifically disarmament, and economic development possibilities, he said that UNCTAD could provide the United Nations Secretariat with information for inclusion in the report on the implementation by the United Nations system of General Assembly resolutions 38/188 J and 39/151 E, concerning the contribution by organizations of the United Nations system to the cause of disarmament.

48. There was a direct connection between the need to improve the unhealthy climate prevailing in international economic relations and the possibilities of advancing international economic co-operation. For that reason, his country had more than once condemned the misuse of international economic relations to exert political pressure and had emphasized the need to promote international economic security and confidence in international economic relations.

49. Thus, Czechoslovakia had welcomed UNCTAD resolution 152 (VI) on the rejection of coercive economic measures and subsequent General Assembly resolutions to the same effect. The report of the Secretary-General on the subject (A/40/596) was a document worthy of the Committee's attention.

50. Czechoslovakia advocated a constructive discussion within UNCTAD of trade relations among countries with different economic and social systems, with a view to promoting the development of equal and mutually beneficial international economic co-operation. Implementation of decision 321 (XXXI), adopted by the Trade and Development Board at its thirty-first session, would facilitate further work in that area.

51. The lifting of discriminatory measures, elimination of boycotts and sanctions, normalization of credit relations and strengthening of mutual confidence could have a substantial influence on the development of economic relations between East and West, as well as on co-operation with developing countries.

52. To that end, Czechoslovakia supported the holding of a new round of multilateral trade negotiations in the framework of GATT, whose principles some of the Contracting Parties had regrettably been violating for a number of years on such pretexts as the "disruption of markets" or even the "safeguarding of national security". That attitude only led to mistrust, protectionism and autarky.



(Mr. Walter, Czechoslovakia)

53. His delegation also attached great importance to the transfer of technology and therefore regretted that the United Nations Conference on an International Code of Conduct on the Transfer of Technology had not yet adopted the Code.

54. Furthermore, Czechoslovakia believed that the United Nations, and UNCTAD in particular, should deal with the serious problem of the reverse transfer of technology or "brain drain" which had serious repercussions for developing countries, and should take the necessary steps to solve it.

55. Co-operation among developing countries could not only contribute decisively to strengthening their economies but could also help them achieve a greater degree of economic independence and ultimately promote the democratization of international economic relations.

56. However, economic co-operation among developing countries must not be misused by transnational corporations or lead to regional or subregional autarky, which would hamper the integration of developing countries in the international division of labour.

57. His delegation shared the developing countries' concern at the insufficient implementation of the Substantial New Programme of Action, adopted in 1981, and believed that its effective implementation would contribute considerably to solving the difficulties which they were facing. Being fully aware of the seriousness of the problems of the developing countries, Czechoslovakia had provided and would continue to provide them with economic assistance so far as it could.

58. However, immediate assistance would not suffice to solve the problems of the developing countries: it was also necessary to identify the real causes of the existing situation and to enable those countries to overcome their backwardness, break neo-colonial ties and build balanced, stable and independent national economies. The adoption of measures aimed at restructuring international economic relations and establishing a new international economic order would be an important step in that direction.

59. Mr. ALONSO (Uruguay) said that it was impossible to agree on solutions to the problems of trade and development or of international economic co-operation without prior agreement on the diagnosis of current reality.

60. There were those who thought that the guidelines governing international trade only needed some finishing touches. His delegation, on the contrary, was convinced that the guidelines inexorably had the effect of magnifying the differences between rich and poor countries and that was all the more unacceptable as the differences were the result of the implementation of unjust and misguided policies designed to benefit the rich and strong and to harm the poor and weak.

61. The developing countries were caught between the jaws of pincers that were threatening to force them irrevocably into poverty and subjection. On the one hand, the weight of external debt was making any alternative growth and development

(Mr. Alonso, Uruguay)

policy impossible. In fact, the developing countries' capacity to save could not be applied to investment because usurious interest payments, which ultimately went to finance the arms race, were absorbing every surplus.

62. On the other hand, efforts to increase the output and export of goods were being wrecked by an aggressive trading policy that in recent years had become in practice an economic war, declared by the developed against the developing countries, in which subsidies, tariff barriers, financial restrictions and even the use of health and plant-health regulations were being intensified so as to restrict international trade covertly, to the detriment of efficient producers.

63. In addition, the terms of trade were deteriorating. The developing countries had to buy dear and sell cheap. Thus, in the current year, Latin America would suffer a loss of the order of \$10 billion as a result of the fall in commodity prices.

64. In the particular case of Uruguay, so far in 1985 the prices of its exportable primary commodities had fallen by some 10 per cent. In addition, its industrial exports based on agriculture and stock-raising were encountering protectionist barriers of all kinds, and its meat sales were facing the ruinous competition of highly subsidized EEC exports.

65. Nevertheless, the problem was not Latin America's alone. Sub-Saharan Africa was also suffering under the burden of its external debt, although unlike those of Latin America its debts were for the most part long-term and with official creditors. On the other hand, however, the potential profits from African exports were still lower than in the case of Latin America.

66. Thus, all the developing countries were suffering from the effects of an economic order which was much more in the interests of the great Powers than of the proclaimed expressions of international solidarity.

67. That was today's international reality, but it was also that of the past, in that 11 years had elapsed since the approval of the Declaration and Programme of Action on the Establishment of a New International Economic Order, 11 years which had witnessed only speeches, euphemisms and delays and had cost the lives of hundreds of thousands, perhaps millions, of children and adults.

68. The current terms of trade favoured nobody, not even the industrialized Powers. Those who through ignorance or greed sought to perpetuate injustice and abuse would one day have to face the fact that they had lost their markets and their friends. The assistance occasionally extended to the world's most needy regions was positive, but it was not enough. An end also had to be put to exploitation and abuse.

69. The developing countries did not approach the United Nations as beggars, but came with a demand for just treatment. As long as that was not extended to them, they would continue to maintain their economies and each country's national dignity

(Mr. Alonso, Uruguay)

through mutual assistance, an increase in trade with each other, and all the peaceful means that international coexistence entailed.

70. Mr. JURASZ (Poland) said that the state of trade and development, one of the most important issues on the Committee's agenda, was largely determined by the state of the world economy. In the past two years, there had been some indications of economic recovery, but it had been primarily to the benefit of the developed countries. Moreover, the worsening situation in many commodity markets had affected in particular the developing countries, whose national income per capita had stagnated or even fallen.

71. Likewise, the developing countries had to face the debt problem, which could only be resolved by means of a strategy designed to restore growth and development. At the same time, it should be pointed out that there would be no economic recovery unless the debt problem was solved in a manner which would not squeeze the economy.

72. Meanwhile, the creditors' approach of increasing protectionist measures against the debtors' exports clearly limited the latter's payment capabilities. Regrettably, the creditors tended to ignore the fact that the debt problem lay essentially in the combined movements of key monetary and real variables: rising interest rates and falling commodity prices, rising debt service payments and falling capital inflows, and rising trade balances and falling investments.

73. The current debt crisis had a new dimension, in that it already affected the majority of countries, the development process as a whole and the trade and payment system. Accordingly, his Government considered that the role played by the United Nations in that field should be strengthened and, to that end, had proposed the establishment of an international debt and development research centre so that an international strategy on debt could be worked out. In its view, such a strategy would require internal efforts by debtors, efforts by creditors and joint action by the international community.

74. The debtors, including Poland, were for their part making extreme efforts to tackle their external deficits, at the cost of extraordinary sacrifices in terms of economic and social development and at the risk of the debt continuing to increase while investment and export capabilities continued to decline, to the detriment of their economic growth.

75. However, the majority of debtor countries could not continue indefinitely cutting their imports, investments and domestic consumption. That would not only have a negative impact on the creditor countries, but would also prevent revitalization of the indebted countries' economies, and ultimately the orderly development of the world economy. The fact could not be ignored that the least developed countries accounted for more than one third of exports from the developed market economy countries.

(Mr. Jurasz, Poland)

76. The external economic environment was even more unfavourable for the socialist countries, which encountered a much more discriminatory attitude than the one the developing countries faced in terms of access to markets, financial and credit relations and access to modern technologies and technological goods.

77. Faced with that situation, Poland had initiated in 1982 an economic reform plan, designed to promote self-management and self-financing of enterprises and exports, which enjoyed the full support of the Government and of wider and wider circles of society. In addition, since 1983 Poland had been conducting negotiations with the Club of Paris in the hope of normalizing its credit and financial relations with creditor countries, and in July 1985 it had signed an agreement with the Club.

78. Likewise, the negotiations concerning the readmission of Poland to IMF constituted further expression of its will to seek an equitable solution to the debt problem. Developments in its negotiations with IMF and the Club of Paris would show the real intentions of creditor countries towards Poland.

79. Poland considered that, though the responsibility for solving the debt problem rested mainly on indebted countries, it should also be shared by the creditors. To that end, efforts must be made to remove protectionism, reduce real interest rates and increase financial flows to the countries in need, as well as to eliminate unjust economic sanctions imposed on political grounds against certain countries, including Poland, with negative results.

80. The United Nations, for its part, should renew, with the participation of all States, its efforts to find a just solution to the basic problems of the international economy, including the external debt, and draw up a comprehensive international strategy on the related problems of trade, debt and development.

81. Miss LIM Kheng-Hua (Singapore), explaining the close link between trade and development, said that after suffering the cataclysmic effects of the Great Depression of the 1930s and the Second World War, the world, eager for peace and development, had entered upon a period of vast prosperity shared by developing and developed countries.

82. The Bretton Woods system, established to promote that international growth, had been based on the premise that robust international trade was the key to prosperity for all nations. That was particularly true for developing countries, which depended on export earnings to service their foreign debt as well as to pay for the imports which would enable their economies to develop and grow.

83. The developing countries which had put their faith in that premise had generally achieved faster growth in income and exports, and had proved more resilient in dealing with changes in the global economy. Among the most recent examples, mention should be made of the case of China, as well as that of Turkey, which was currently among the few developing countries able to meet their external debt obligations.

(Miss Lim Kheng-Hua, Singapore)

84. At present, however, the international trading system was going through a crisis characterized by trade disequilibrium and protectionism, often disguised, as in the case of the non-tariff measures which had affected primarily the developing countries. The same countries which had traditionally extolled the virtues of the free market were now themselves practitioners of distortionary market measures, as in the case of the subsidies paid by EEC and the United States to their sugar producers.

85. Although it had long been recognized that the developing countries were dependent for their economic growth on their exports to the developed world, it had until recently been less clear that trade with the developing countries was also vital to the developed countries, whose exports to the developing countries now accounted for approximately 28 per cent of their total exports and 6 per cent of their national incomes.

86. That interdependence had been demonstrated during the period of recession from mid-1982 to 1984 when, as a result of the debt crisis and the austerity programmes adopted by some developing countries, the export earnings of the developed countries had declined substantially, and their growth rate, according to estimates, had been 0.75 per cent lower than the 1982 level.

87. In the specific case of the United States, it was calculated that the developing countries absorbed 40 per cent of United States exports and that since 1980 the United States had lost 800,000 jobs as a result of the debt crisis and related economic problems of the least developed countries. Thus, as far as the United States was concerned, it was essential for the developing countries to achieve and maintain a level of economic health which enabled them to continue providing markets for United States products and investments.

88. Lastly, her delegation emphasized that the leading market economies should remember that unchecked protectionism would restrict trade and therefore the growth of the developing countries, which would not be able to service their debts. Defaults would have incalculable consequences for the developing countries and the international banking system and, what was even more regrettable, would undermine the very basis of a system which had brought the world so many benefits.

89. Mr. KATAWALA (Mozambique) said that trade was one of the most important factors in the development of a country's economy, since it was markets which, to a large extent, determined production. The coercive economic measures and measures of protectionism and structural adjustment taken by the developed countries against the developing countries were used as a means of perpetuating the present underdevelopment and backwardness of the developing countries in order to maintain the developed countries' commercial supremacy. The developed countries determined international economic relations and were responsible for the present economic crisis.

90. The failure of the efforts made by the developing countries in the framework of the UNCTAD Common Fund for Commodities and other international negotiations to



(Mr. Katawala, Mozambique)

achieve a reasonable global growth rate had been due to the unwillingness of the developed countries to adopt a position of compromise for the benefit of all nations.

91. The preparation of an International Code of Conduct on the Transfer of Technology was another area in which the constructive proposals of the Group of 77 had been constantly diluted by the developed countries to the point of losing all their meaning.

92. South-South co-operation on technology and in other fields was only a supplement to the measures which must be taken at the international level and should not therefore be understood as a declaration of war on the developed countries, which, after all, did co-operate among themselves.

93. Furthermore, although there was an enormous potential for co-operation among developing countries, the fact that they produced practically the same type of goods, added to their very low financial and technical capacities, increased their vulnerability in the international negotiations with the developed countries.

94. The United Nations system played an important role in promoting economic and technical co-operation among developing countries. The United Nations Development Programme (UNDP), in particular, was in an especially good position to see the problems of the developing countries at close quarters and help in their solution.

95. The cuts in UNDP funds were therefore regrettable, and the indicative planning figure regulations should be applied flexibly in the case of the developing countries, especially the least developed countries and those most seriously affected by natural disasters.

96. Economic and technical co-operation among the States members of the South African Development Co-ordination Conference (SADCC) was one of the best examples of South-South collaboration. Special attention should be given to the UNDP five-year programme of assistance to SADCC, and the countries members of the Conference, which had long been suffering the effects of natural disasters, external economic crises and acts of military aggression by South Africa, needed the assistance of the international community to cope with their very critical situation. Although Mozambique was not a least developed country, it was facing serious difficulties and should be given priority in all United Nations assistance programmes.

97. Lastly, the development of new and renewable sources of energy should take into account the following: economic and financial viability, already installed sources of energy, structural and geographical feasibility, low maintenance costs and simple-to-follow methods.

98. Mr. PAPADATOS (Greece) drew attention to the importance of United Nations studies on the formulation of policy and the decision-making process and said that the report of the Secretary-General on international co-operation in the fields of

(Mr. Papadatos, Greece)

money, finance, debt, resource flows, trade and development (A/40/708) covered a topic which had become a focus of attention within and outside the Organization.

99. It was regrettable that the final version of the report did not include part IV of the interim report in which, inter alia, the EEC had stated that the General Assembly and its subsidiary bodies should debate the issue under consideration and promote a better understanding of economic matters at the political level.

100. The concept of interdependence meant not only that monetary, financial, trade and development questions were interrelated, but also that for the first time the world was economically unified. Accordingly, a study was required which would improve understanding of the various types of interdependence in the world economy, focusing on socio-economic problems and their political, technological, environmental and cultural components, and studying, in particular, the issues of adjustment and investment, capital flows, magnitude of shortfalls, bank lending and liquidity.

101. Turning to the item on development of the energy resources of the developing countries, he said that Greece had made large investments in the exploration and development of both conventional and new and renewable sources of energy. Yet his country was still heavily dependent on imports, particularly oil, to meet its energy needs.

102. His country therefore shared the concerns of the developing countries and believed that, as had been pointed at the United Nations Symposium on Financing of Petroleum Exploration and Development in Developing Countries, held at Athens in April 1985, practical steps should be taken to strengthen co-operation with respect to energy sources, to increase the flow of financial resources for the exploration and development of the energy resources of the developing countries, and to strengthen multilateral and bilateral technical assistance programmes in that area.

The meeting rose at 1 p.m.