



SUMMARY RECORD OF THE 26th MEETING

Chairman: Ms. ERIKSSON (Sweden)

later: Mr. BIRIDO (Sudan)

later: Mr. BROTDININGRAT (Indonesia)

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The meeting was called to order at 3.25 p.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 and 762; A/C.2/40/2 and 5; A/C.2/40/L.7)

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- (o) DEVELOPMENT OF THE ENERGY RESOURCES OF DEVELOPING COUNTRIES: REPORT OF THE SECRETARY-GENERAL (continued) (A/40/511 and Corr.1, 637)

1. Mr. LEE (Canada) said that the thirtieth and thirty-first sessions of the Trade and Development Board had been characterized by a new sense of purpose and greater relevancy. At the thirtieth session, the adoption of a work programme on services showed how UNCTAD might provide concrete assistance to the developing countries, and the Board was also to be commended for its realistic and balanced approach to the work programme on protectionism and structural adjustment. At the thirty-first session, an excellent analytical discussion of international economic interdependence had taken place. The summary of the debate by the President constituted a successful experiment which would enable UNCTAD to identify areas requiring priority attention by the international community.

2. Canada remained committed to a revitalization of UNCTAD and had therefore chaired an informal study group which had led to innovative thinking among the developed countries on that subject. While a sound managerial base had in fact been laid within UNCTAD, Governments must sustain the momentum thus built up, and it was to be hoped that the question of rescheduling the sessions of the Trade and Development Board would soon be settled. Governments must also focus greater attention on the substantive work programme of UNCTAD, which must in the future accurately reflect the broad interests of the world economic community.

3. Exchanges between United Nations bodies meeting at Geneva and those meeting in New York might help broaden areas of consensus and sustain the momentum of the

(Mr. Lee, Canada)

North-South dialogue, particularly in the context of the growing concept of interdependence. Economic problems such as protectionism required not only concerted efforts on the part of both developed and developing countries, but measures that extended beyond trade policy to areas such as monetary and fiscal policy. His delegation consequently supported the holding of a new round of multilateral trade negotiations.

4. The recent meetings of the World Bank and IMF at Seoul represented significant progress towards the achievement of durable solutions to the developing countries' debt and adjustment problems. They reflected a renewed appreciation of the need to promote economic growth and development, and had acknowledged the need for greater financial resources in support of adjustment in the developing countries. Furthermore, co-operation between IMF and the World Bank was clearly essential in solving those countries' serious economic problems and bringing about effective economic growth. While such problems could not be solved overnight, the United Nations should attempt to deal with them in a business-like manner and seek a full and frank airing of views thereon.

5. Emphasis on assistance to the poorest countries continued to be one of the fundamental principles of Canada's aid policy, and Canada believed that multilateral organizations and international financial institutions also had a vital role to play in that regard. Canadian development assistance was evenly distributed among least developed countries in all regions of the world, and Canada was seeking to reach the target set for such assistance.

6. The results of the mid-term global review of progress towards the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries had been positive, and the atmosphere in which the review had been conducted had been commendably open and free of polemics. Although the report (A/40/827) might usefully have defined some priority areas and addressed its recommendations to a greater extent to the public and to national policy-makers, it would nevertheless serve as a valuable tool for the work of the United Nations and individual Governments. The section on the review of the Substantial New Programme of Action gave a detailed and candid picture of shortcomings and achievements, while the recommendations, although they covered too many areas, recognized the need for an appropriate policy framework at the national level and for co-ordination and monitoring of the Substantial New Programme of Action, as well as the need to give priority to food and agriculture and the development of human resources, including the integration of women in development. His delegation endorsed the report, but believed that the nature, level and preparation of another review conference in 1990 should be determined at a later date.

7. The meeting of the ad hoc Inter-Agency Group on New and Renewable Sources of Energy in March 1985 had made commendable progress. Canada was prepared to study new ways of promoting and financing activities relating to such energy sources, and believed that the private sector had a major role to play in the development and financing of projects in that field. United Nations efforts should be focused on promoting the exchange of information and implementing small-scale projects so as

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to permit careful evaluation of the technologies used, which were often still in an experimental stage, and of their cost-effectiveness.

8. Finally, he wished to know what measures had been taken to ensure that UNCTAD activities in the energy sector would complement the work being done by the United Nations in New York in that important field.

9. Mr. McBARNETTE (Trinidad and Tobago) said that, at a time when a number of meetings held outside the United Nations had sought to address world economic problems from a policy perspective, the shared realization of the need for joint corrective action was important. The recent meetings of IMF and the World Bank at Seoul had initiated a process that might eventually benefit all countries, and the developing countries in particular. Clearly, structural adjustment and austerity in themselves would not solve the developing countries' problems. Concrete action must be taken in areas in which the developing countries came into contact with the world economy, such as international trade.

10. The majority of developing countries relied heavily on the export of commodities for their revenues; however, unstable markets had led them to question how growth could be achieved under such difficult conditions. Since the international trade system was one of the avenues by which the developing countries could ultimately finance their development and repay their external obligations, that system must be made to function more efficiently. However, the recent efforts of some developed countries to limit access to their markets were affecting the developing countries' trade adversely, particularly since those countries could only expand their export sector at great social and economic cost.

11. His delegation hoped that all States would support the work of UNCTAD. Preparations had already begun for a new round of multilateral trade negotiations, and the issues outstanding from the Tokyo Round must be addressed and the commitments made at the 1982 Ministerial Meeting of GATT implemented. In addition, GATT rules should incorporate sectoral arrangements that had been agreed to outside the framework of that Agreement, but only after careful preparation.

12. While it was acknowledged that the primary responsibility for economic and technical co-operation among developing countries remained with the developing countries themselves, the United Nations system must continue to play a role in that process. TCDC, for all its merits, had yet to receive adequate support from the United Nations system, which appeared unable to distinguish between TCDC and traditional technical co-operation, so that it had become impossible to quantify the resources available within the United Nations for that activity. Institutional and administrative arrangements for TCDC must therefore be strengthened.

13. Document A/40/708, on international co-operation in the fields of money, finance, debt, resource flows, trade and development, focused attention on several key issues and identified areas where common ground might exist between groups of States, and he urged the Committee to make use of it as a means to achieving a consensus on the development issues it was considering.

14. Ms. GOETSCH (Austria) said that nothing was more essential to sustained growth than a free trading system. As a small nation heavily dependent on foreign trade, Austria was concerned about continuing protectionist pressures, but was encouraged by such signs of change as the agreement to begin preparations for a new round of multilateral trade negotiations on GATT. Her delegation had supported such efforts, and believed that protectionism must be ended. Austria was prepared to explore the possibility of extending GATT rules to new areas having an impact on international trade.

15. Facilitating the developing countries' access to the markets of industrialized countries would generate trade surpluses which in turn would help those countries service their debts. The solution of the debt crisis required co-operative efforts on the part of the international community, commercial banks, official donors and private investors. In addition, Austria welcomed the growing recognition that adjustment should be linked to growth.

16. Uncertainties with regard to exchange rates had been lessened somewhat by the initiative of the Group of Five; however, such interventions would have lasting effects only if they were supplemented by policies which addressed underlying imbalances and relied on international co-ordination. She therefore urged that the IMF surveillance should be made more effective and that major countries should be prepared to pay greater attention to the external impact of their domestic policy decisions.

17. Her delegation had welcomed the opportunity to join with other States in reappraising at the sixth session of the Intergovernmental Group on the Least Developed Countries the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. It particularly appreciated the emphasis which had been placed on food and agriculture, infrastructure and human resources, which were priority areas of Austria's bilateral development assistance.

18. Austria supported the decision taken at the recent meetings of the World Bank and IMF at Seoul to devote the resources freed from the IMF Trust Fund to the least developed countries. However, as the outlook for economic recovery in those countries in the medium term remained bleak, it was to be hoped that the forthcoming negotiations for the eighth replenishment of the International Development Association would prove more successful than those for the seventh replenishment had been.

19. Recent commodity-market trends had highlighted the need to achieve the aims of the Integrated Programme for Commodities. Given the important role of the Common Fund for Commodities, the States whose participation was indispensable for the entry into force of the Agreement establishing it should take the necessary steps to become parties to it.

20. Although progress in the major substantive areas of the North-South dialogue continued to elude the international community, her delegation was nevertheless encouraged by the proceedings of the recent sessions of the Trade and Development Board. The quality of documentation and the general level of the debate had

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constituted a marked improvement over the past. Taken together with the President's summary and conclusions on interdependence and debt, they constituted steps towards a true dialogue on crucial development issues. The agreements reached on the UNCTAD programme of work in such fields as services and trade between the developing and Eastern European countries also provided a basis for constructive work in the future.

21. Mr. WANG Baoliu (China) said that decision 310 (XXX) of the Trade and Development Board was quite positive in content, and his delegation hoped that the developed countries would honour their commitments to halt and roll back protectionism, work towards reducing and eliminating quantitative restrictions and similar measures, grant the developing countries more favourable treatment in international trade and follow policies to facilitate structural adjustment based on a dynamic pattern of comparative advantage.

22. With regard to the compensatory financing of export earnings shortfalls, discussed at the Board's fourteenth special session, his delegation supported the improvement of the two existing compensatory financing facilities and study of the possibility of establishing a new facility. It hoped that both the intergovernmental group of experts to be convened in 1986 to analyse the need for and modalities of such a new facility and the special session of the Board which would consider the Group's report would yield positive results, and thus help expedite the implementation of the Integrated Programme for Commodities.

23. The review by the Board at its thirty-first session of the inter-dependence of trade, development finance and the international monetary system had been a useful exercise, and despite the fact that agreement had not been reached, the spirit of consultation and dialogue which had emerged was a welcome sign.

24. It was regrettable that the difference of opinion between the various parties had prevented the United Nations Conference on an International Code of Conduct on the Transfer of Technology from reaching agreement at its sixth session on the issues of restrictive practices and applicable law and settlement of disputes. The Secretary-General of UNCTAD and the Chairman of the Conference should pursue consultations with various Governments to find appropriate solutions to the issues pending and then resume negotiations at the appropriate time in order to finish drafting the Code.

25. With respect to the Substantial New Programme of Action for the Least Developed Countries, no significant improvement had been made in the economies and finances of the least developed countries, despite the efforts they had made. With some commendable exceptions, the commitments announced by developed countries at the mid-term global review of the Programme were limited, and support from the international community to date had been insufficient to compensate for the heavy losses suffered by the least developed countries as a result of the world economic recession and of natural disasters. However, the review had given the dialogue on the subject a momentum in which his delegation hoped would be maintained: while the least developed countries devised practical development strategies, the

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international community and the developed countries should step up fulfilment of their commitments to the Programme through measures in trade, finance, agriculture, food, transport and communications.

26. Economic and technical co-operation among developing countries was an important means of strengthening growth in those countries. However, according to the report by the Joint Inspection Unit on the subject (A/40/656), such co-operation had not yet been integrated into the programmes of the United Nations system. The developed countries had adopted a negative attitude towards it, and support from the international community in general, and from financing institutions in particular, had been far from adequate. His delegation hoped that the current session of the Assembly would mobilize genuine support for economic and technical co-operation among developing countries.

27. The work done by the Intergovernmental Committee on New and Renewable Sources of Energy had not met the requirements of the Nairobi Plan of Action, largely because of the loss of interest in developing such sources as a result of the changed petroleum supply-and-demand situation. However the imbalance in world energy sources must be remedied, and multilateral and bilateral co-operation with regard to new and renewable sources of energy should be energetically promoted on the basis of a long-term development strategy in which the developing countries should receive the full support of developed countries and the United Nations system.

28. Very little progress had been made with respect to the immediate measures in favour of the developing countries. The international community, especially the developed countries, should adopt immediate measures to assist the economic growth of the developing countries, giving priority to the interrelated issues of money, finance, trade, debt and the transfer of financial resources. Careful study should be made within the United Nations system of the existing obstacles, and practical ways found of expanding international co-operation.

29. Mr. ZOLLER (Australia) said that for many years, it had not been possible to reach agreement in the General Assembly on a resolution on the critical issues of protectionism and structural adjustment, largely because of strong disagreement as to whether it should be addressed to all countries or only to the developed countries. There was broad agreement that the developing countries should receive preferential treatment. However, all countries, developed and developing, needed to recognize the importance of resisting protectionist measures and making the necessary structural adjustments, and none could be exempt from the obligation to adjust to changing economic circumstances. All countries sought to benefit from an expanding and more efficient trading system, and all should therefore take some responsibility for how the system functioned.

30. A new round of multilateral trade negotiations would contribute to trade liberalization. However, it should give more adequate coverage to issues of interest to the small industrialized and developing countries, for example subsidies, agriculture, safeguards and tariff escalation.

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31. Another issue which had received unsatisfactory treatment in the General Assembly, with voting on resolutions becoming the norm, had been the reverse transfer of technology. A consensus approach would have to be based on an understanding that reverse transfers of technology were not an exclusively South-North movement, and on the recognition that much of the onus for the transfer must be placed on the country from which immigration took place, rather than the recipient country. Another contentious issue was whether the effects of such migration of technology could be measured that would have to be determined before any discussion of compensatory mechanisms could begin. His delegation could not agree with the assumptions on which the report of the governmental group of experts had been based; the current session of the General Assembly afforded an opportunity to make a fresh start on the issue, on a non-prejudicial basis.

32. With regard to the code of conduct on the transfer of technology, limited progress had recently been made but much remained to be done.

33. UNCTAD had done much valuable work on problems of the small island developing countries, but there was still little international acceptance of their special situation, although his region was very aware of their problems and others were becoming so. Insularity led to such constraints as small internal markets, economic vulnerability to external factors and limited resources, and while many of those problems were shared with other developing countries, the small island countries deserved special consideration because of the combination of those factors. His country supported the cases submitted to the Committee for Development Planning for least developed country status by three of its neighbours: Vanuatu, Kiribati and Tuvalu. It was pleased that the case for Vanuatu had been accepted but disappointed that the other two had not. The category of the least developed countries could serve as a useful guide for the international community in setting aid priorities.

34. A tangible demonstration of the importance placed on that subject by the international community was the Substantial New Programme of Action. Unfortunately, since its adoption in 1981, the social and economic situation of the least developed countries had not improved. His delegation considered that the review and conclusions of the recent mid-term global review of the Programme, which suggested ways for the least developed countries to record increased growth in the years ahead should be endorsed by the General Assembly.

35. Mr. DIECKMANN (Federal Republic of Germany) said that while it was true that the developing countries faced serious economic problems, with greater confidence on the part of both developing and developed countries those problems could be overcome. Many developing countries deserved respect for their courageous and determined efforts to make adjustments, which had resulted in 1984 in an aggregate economic growth rate of 4.5 per cent, and an 8 per cent increase in their export revenues.

36. The world economy in 1985 had not been very dynamic, but those trends might be reversed in 1986, because the overall conditions for further growth in the

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Republic of Germany)

industrialized countries were be no means unfavourable. In his country, for example, domestic demand was growing and imports from the developing countries, especially from Africa and Latin America, had continued to increase.

37. More generally, it should not be forgotten that the last 40 years had been a period of unprecedented economic growth, particularly for the third world. The developing countries now accounted for about one quarter of world trade, and a number of them were among the 24 largest trading nations. Many developing countries were members of GATT, and could thus influence the further development of the world trade system.

38. Virtually all the developing countries had acceded to the Bretton Woods institutions. Whereas in the past, IMF had primarily granted balance-of-payments credits to the industrialized nations, those credits were now granted almost exclusively to developing countries. The World Bank, founded inter alia to assist in rebuilding nations devastated by the Second World War, had now become a bank granting long-term credits to promote the development process. In a world of constantly evolving structures, development entailed responding to challenges with confidence and individual initiative.

39. The report of the Joint Inspection Unit in document A/40/656 and the comments of the Administrative Committee on Co-ordination (A/40/656/Add.1) provided comprehensive and useful insights into how technical co-operation among developing countries should be dealt within the United Nations system. However, the slightly different interpretation of decisions by the General Assembly and the governing bodies of the United Nations system concerning TCDC raised a number of questions. Moreover, in view of the fact that developing countries themselves must play the key role in TCDC, it was disturbing that only 1.67 per cent or \$US 75 million of the IPFs allocated to developing countries in the third cycle had been used for such activities.

40. The promotion of economic and technical co-operation among developing countries was an integral part of his country's bilateral co-operation programme, which included a comprehensive scholarship programme for nationals from developing countries and a technological question-and-answer service to disseminate the experience of individual developing countries, and emphasized the promotion of regional research and training institutions. In 1984, his Government had supported 70 TCDC projects in the amount of 242 million DM, with an additional 30 million DM in grants to regional projects by non-governmental organizations, participating, inter alia, in the financing of a project to improve utilization of the River Senegal which would benefit the countries of Senegal, Mali and Mauritania.

41. In the context of the Substantial New Programme of Action for the Least Developed Countries, the excess of population growth over economic growth in those countries and the low rate of increase in food production, which had contributed to the crisis in Africa, were cause for concern, particularly since rural development and food production had been assigned first priority in the programme. Moreover, natural catastrophes and war had considerably weakened the economic situation and potential of some least developed countries.

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Republic of Germany)

42. In an effort to help alleviate the undoubted negative impact of the world economic situation on the least developed countries, his Government had remitted debts totalling over 4 billion DM, and since 1978 had extended all its aid to those countries in the form of grants. In 1984, moreover, it had increased trade with the least developed countries by 29 per cent, or almost 2.2 billion DM.

43. In implementing the Substantial New Programme of Action, the highest priority should be given to enabling the least developed countries to produce their own food. The implementation of population policies, the training of urgently needed specialists and managers, self-help, health, and protection of natural resources should also be strengthened, and the role of women in development promoted.

44. The global consultative meeting on "New and Renewable Sources of Energy" held in March 1985 had been useful, because it had brought together a small number of highly qualified experts from both developing and industrialized countries for a factual analysis and subject-oriented assessment of concrete projects and provided a forum for co-operation among the developing countries themselves. He hoped that a similar spirit would be displayed in the future work of the Intergovernmental Committee on the Development and Utilization of New and Renewable Sources of Energy.

45. Mr. BENMOUSSA (Morocco) said that the establishment of the new international economic order would not be possible without significant progress in co-operation among developing countries, as long as it was not a prior condition of North-South dialogue or an alternative to it. The developing world was currently absorbing more than one third of the industrialized countries' exports and expanding its share of world markets. It had not yet explored the full potential of the Caracas Programme of Action to develop South-South co-operation since the developing countries contained enormous natural and human resources as well as industrial capacity and technological skills.

46. In view of the need for solidarity and a recognition of the interdependence among developing countries, Morocco proposed some specific actions to give new impetus to South-South co-operation. First, the developing countries should make a commitment to carry out by the year 2000, in the framework of ECDC a programme of action for agricultural and food self-sufficiency designed to establish a regional base of sectoral groupings for the development of agricultural potential and fishing resources. In addition to joint agricultural projects, the programme would promote the establishment of regional fishing ventures which would respect the sovereignty of States over their own resources and also allow for the participation of a region's land-locked developing countries. By working together, the developing countries would be able to improve their diet, promote a new type of South-South co-operation and exercise sovereignty over their natural resources. Second, the transport and communications infrastructure should be improved in order to give new impetus to direct trade within the developing world. Such subregional and regional projects as the United Nations Transport and Communications Decade in Africa must be strengthened. Third, the Generalized System of Trade Preferences among developing countries must be promptly concluded, and tariff and non-tariff

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barriers must be reduced as much as possible by means of bilateral, subregional and regional negotiations. In that connection, it was to be hoped that the Common Fund for Commodities would be speedily implemented.

47. Another aspect of the challenge confronting the developing countries and undermining the foundations of the new international economic order was the emergence of new structures in the world economy as the result of the strategies of the transnational corporations, which were benefiting from their division of the third world. Of the total investments controlled by transnational corporations in the developing world, only 5.6 per cent were directed to the least developed countries. In other words, there existed two third worlds for the transnational corporations: one in which levels of productivity and skills were high but wages remained relatively low; and the other which was practically expected to fend for itself except for the aid it received from international organizations, as was the case for the African countries. It was therefore more urgent than ever before to conclude, by January 1986, the code of conduct on transnational corporations.

48. His country fully endorsed the decision of the Intergovernmental Committee on Science and Technology for Development to select as its substantive themes for its ninth session in 1987 drought, desertification and other natural disasters and the impact of new and emerging areas of science and technology on development. However, it should be borne in mind that most problems associated with drought and desertification formed a vicious circle which gradually destroyed a society's ecological, economic and social equilibrium. That circle could be broken by making a careful analysis of the phenomenon of drought and desertification and by combining national and international efforts. The process could be reversed, but that would require long-term action extending well beyond the scope of emergency aid and piecemeal projects. Political, economic and institutional constraints, rather than lack of technical know-how, were the main obstacles to eliminating famine.

49. Science and technology must be viewed in terms of their importance in international relations and their crucial role in economic and social development. Scientific and technological information was a powerful tool, and the transformation of industrial civilization into a civilization of know-how and information could be extremely disruptive for society as a whole. The gap between the pace of technological innovation and the sluggishness of social and cultural change was continually widening. Economic development no longer depended solely on the exploitation of material resources but rather on information processing and the acquisition of know-how. As a result, many third world countries, which were rich in natural resources but poor in know-how, were underdeveloped.

50. The current conception of international co-operation and economic development therefore required thoroughgoing revision. The impressive advances that had been made in high-technology areas, had radically changed such social sectors as industry and trade, teaching and health. Science and technology must be incorporated into development schemes; otherwise, many developing countries would lose the competitive edge that plentiful natural resources and cheap manpower had

(Mr. Benmoussa, Morocco)

given them. Because of the vast quantities spent on research by the developed countries and their current heavy involvement in all aspects of computer and information sciences, it was estimated that the differential in scientific and technological potential between the industrialized and the developing countries, now calculated at 1:20, would attain 1:50 by the end of the century. As a result, global negotiations on trade and the very concept of the new international economic order would become obsolete.

51. It was of crucial importance to adopt the code of conduct on the transfer of technology and the revision of the Paris Convention for the Protection of Industrial Property. The developed countries could also demonstrate their political will by devoting 0.05 per cent of their gross national product to finding solutions to scientific and technological problems in developing countries and 10 per cent of their research and development funds to problems of special interest to developing countries, thus enabling the developing countries to reach the target of carrying out 20 per cent of world activity in research and development by the year 2000, as proposed at the 1979 Vienna Conference on Science and Technology for Development. The transfer of technology had no meaning whatsoever unless the technology could be assimilated by the developing countries and adapted to their needs. His delegation was confident that the United Nations Financing System for Science and Technology for Development would help the developing countries to strengthen their scientific and technological capacity, with particularly beneficial repercussions for agriculture. The Financing System must therefore receive the international community's full support, pursuant to General Assembly resolution 37/244 and the recent Secretary-General's report on the matter (A/C.2/40/4). His delegation was prepared to consider any constructive suggestion in that regard, including the setting of minimum voluntary contributions; his Government was prepared to contribute to the System, and hoped others would do likewise.

52. Lastly, mention must be made of the moral aspects of development. It was no coincidence that the impoverishment of the developing world was being accompanied by religious political and terrorist extremism in response to an international order which, in many respects, was inhuman. Against that background, a shared determination to leave a better world for future generations was essential as a counterweight to despair.

53. Mr. Birido (Sudan) took the Chair.

54. Mr. XUTO (Thailand) said that the economic slow-down in the industrialized countries had led to pressure for measures to tighten further the already limited access to their markets. Imports from developing countries were being subjected to more stringent restrictions at a time when the developing countries had realized that only trade could reactivate and sustain their economic and social development. His delegation hoped that the leadership in the highly industrialized countries would be able to rise above the demands of those who represented short-term and parochial interests, and respond with a decision which would take full account of the broader and long-term interests of millions around the world.

(Mr. Xuto, Thailand)

All countries were confronted with grim economic prospects as the world economy drifted dangerously into another crisis and a decline the duration of which was unpredictable, and economic recovery in industrialized countries could not be sustained as long as the development process of the developing countries was not reactivated.

55. A few years ago, commodity prices had plunged to their lowest level in more than 40 years. At the time, the international community had thought that economic recovery in certain industrialized countries would improve the situation of millions of commodity producers. However, planters of sugar cane and natural rubber, as well as miners of tin and copper had not seen any improvement. On the contrary, they were facing the greatest threat to their livelihood, and the suspension of trading in tin at the London Metal Exchange had been a sign of worse things to come. Some had predicted the onset of a boom-and-bust syndrome in commodity trade, while others believed that a continued recession was inevitable. Producers in developing countries could find no comfort in either of those dire expectations. Chaos would reign in commodity trade unless the international community took urgent, effective action.

56. First, consumers, particularly the major consumers of international commodities, must support the implementation of the Integrated Programme for Commodities. Secondly, producers and consumers, especially those who were parties to existing international commodity agreements, must meet, as soon as possible, to work out both short- and medium-term solutions to depressed commodity prices by restoring them to a level which would be fair to consumers and profitable for producers. Thirdly, barriers to commodity trade which existed in a number of developed countries should be liberalized in order to forestall the collapse of the entire international trade in commodities. Fourthly, consumers who had chosen not to become parties to international commodity agreements should make a positive contribution to the revival of an active trade in commodities by adopting measures conducive to price stabilization in world commodity markets, while aligning their policies and actions with those of existing international commodity organizations. Fifthly, those producers and consumers who were currently not parties to international commodity agreements aimed at price stabilization and other measures, should become parties to those agreements. Lastly, countries which had participated in the Negotiating Conference on a Common Fund for Commodities should join in international efforts to bring the Fund into operation as soon as possible.

57. Mr. RESHETNYAK (Ukrainian Soviet Socialist Republic) said that the socialist countries had repeatedly declared their willingness to broaden their trade relations with all interested States, based on the principles of mutual advantage and non-discrimination. That was why his delegation opposed the Western countries' policy of undermining the bases and possibilities for equitable multilateral trade within the framework of UNCTAD.

58. At its thirty-ninth session, the General Assembly had adopted resolution 39/151 E, in which it invited "the specialized agencies and other organizations and programmes of the United Nations system to broaden further their contribution, within their areas of competence, to the cause of arms limitation and

(Mr. Reshetnyak, Ukrainian SSR)

disarmament". Judging from its report (A/40/15), however, UNCTAD had not responded to that invitation. His delegation called upon it to devote constant attention to the implementation of the resolution, as well as of UNCTAD resolution 44/III on trade and economic aspects of disarmament. In its resolution 39/160, the Assembly had decided to convene an International Conference on the Relationship between Disarmament and Development, and his delegation believed that UNCTAD should broaden its study of that problem in order to draw up recommendations acceptable to all States on curbing and ending the arms race. UNCTAD should also participate in the work of the Preparatory Committee for the Conference, as well as in the Conference itself.

59. UNCTAD had still not taken effective decisions aimed at eliminating all forms of exploitation and discrimination in international trade and economic relations. It should be active in promoting unhampered international economic co-operation, eliminating of artificial obstacles and inequitable exchange from trade, and establishing fair ratios between the prices of raw materials, foodstuffs and industrial products, and should continue working on problems relating to money and finance, the negative effect of high interest rates on the economies of the developing countries, and the normalization of loan terms so that they could not be used to apply political pressure and interfere in internal affairs.

60. The relationship between debt and development was important to a solution of the debt problem, and the idea of establishing a United Nations debt and development research centre, which had been proposed at the current session of the General Assembly by the head of the Polish Government, was very interesting and should be examined in a positive light.

61. A growing number of States were demanding the immediate revocation of all forms of discriminatory measures which damaged the legitimate interests of all participants in international trade, in particular the socialist and the developing countries. One of the most important tasks of UNCTAD was to promote confidence-building in international economic relations. It should also seek to combat protectionism, which had reduced world trade, eliminated the export advantages of the developing countries, and hindered the restructuring of the world economy. In particular, the protectionist measures of Western States were extremely damaging to the newly independent States of Asia, Africa and Latin America.

62. The ensuring of fuel and energy needs was a long-term objective which required serious national efforts, a substantial restructuring of the whole economy, the more rational and economic use of traditional sources and the introduction of new and renewable sources of energy. The development of domestic energy sources, including new and renewable sources of energy, in the developing countries was difficult because of their social, economic and technological backwardness, financial problems, the acute shortage of qualified specialists, and the fact that their territories had been insufficiently explored for sources of energy. Those countries therefore required international assistance, in particular from the United Nations system. However, such assistance must be based on respect for the

(Mr. Reshetnyak, Ukrainian SSR)

sovereignty of the newly independent States over their natural resources and industrial installations, take into account the requirements of their economies and recognize the leading role of the State in determining energy development prospects.

63. The effectiveness of the implementation of the Substantial New Programme of Action for the Least Developed Countries would depend largely on the co-ordination of the activities of all organizations and agencies of the United Nations system, as well as on the improvement of existing mechanisms and organizational structures. The Programme should be implemented without exceeding the funds allocated from the regular budget for that purpose, and the need for additional resources should be covered only by voluntary contributions.

64. Mr. ULLERUP-PETERSEN (Denmark), speaking on behalf of Finland, Iceland, Norway, Sweden and Denmark, said that, years after the adoption of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, the expectations raised by the Programme had to a large extent been unfulfilled. While the Nordic countries endorsed the recommendations of the mid-term review conference, which highlighted some of the most important issues, they would have welcomed a clearer reflection of priority tasks and more guidance regarding the further implementation of the Programme. Although it had been acknowledged that the least developed countries themselves bore the responsibility for the co-ordination and effectiveness of all their development activities, many of those countries were still unable to ensure adequate planning and administration and their domestic policies would have to be reviewed to enhance performance in priority sectors.

65. Hunger and malnutrition were among the most serious problems facing the least developed countries, and adverse climatic conditions had necessitated large-scale emergency assistance to a number of them. Emergency aid should be linked to long-term development efforts, especially in rural development, food production and the rehabilitation of existing industry and infrastructure. Social aspects of development, human resource mobilization and the role of women in all aspects of development also required more attention.

66. Further stabilization of commodity markets through international agreements and other appropriate measures was required. The measures on commodity agreements outlined in the Substantial New Programme of Action were still valid, while the programme on commodities adopted at the Sixth UNCTAD Conference should give the least developed countries clear advantages. Compensatory arrangements for shortfalls in commodity export earnings, with a view to offsetting the damaging effects of price fluctuations, also merited further consideration.

67. Multilateral development institutions continued to play a crucial role in the development efforts of the least developed countries. Co-ordination of aid Programmes at the country level had been useful, although a great deal more needed to be done before adequate aid co-ordination was achieved. The UNDP round-table and the World Bank consultative group mechanisms served an extremely useful purpose, but could be further improved.

(Mr. Ullerup-Petersen, Denmark)

68. Debt issues must continue to be approached on a case-by-case basis because of the different circumstances in the indebted countries. Multilateral development institutions in their lending programmes should also take into account the overall debt-servicing burden of the least developed countries, and in debt rescheduling, consideration should be given to those countries' long-term development prospects.

69. The Nordic countries considered the Substantial New Programme of Action and the targets it contained as an important and valid tool for improving the economic and social conditions of the least developed countries, and they appealed to the countries which had not taken clear action towards the implementation of those targets to do so. The question was one of political will, not of a lack of resources, and the current economic situation in the least developed countries clearly called for positive action.

70. Mr. OUEDRAOGO (Burkina Faso) said that, in spite of recent improvements, the third world countries had not regained the rate of development they had reached in the 1960s. In most African and Latin American countries, real per capita income had fallen. Partly as a result of increased protectionism, economic recovery in the industrialized countries had not spread to the developing countries. In the area of finance, particularly, the weakening of international solidarity endangered growth policies which required the uninterrupted transfer of resources. Moreover, the limited response to such positive initiatives as the World Bank energy affiliate, the Common Fund for Commodities, the global negotiations and the Substantial New Programme of Action for the least developed countries was scarcely encouraging.

71. Burkina Faso considered that, after two international development decades which had relied too heavily on the North-South concept of international relations, the difficulties currently confronting the third world required complementary forms of international co-operation, and its need to diversify its international economic relations had led it to examine the possibility of increasing its economic and technological co-operation with other developing countries. Official statistics showed that some developing countries had been able to allocate considerable resources for international development financing, while an exchange of experts and experience would undoubtedly enable the developing countries to carry out - by and for themselves - the indispensable transfer of technology and know-how. The comparative advantage which the countries of the South had gained in many sectors over their partners from the North paved the way for broad commercial and industrial co-operation.

72. Burkina Faso had established mechanisms for periodic consultations with some developing countries, and the joint commissions which considered all economic questions of common interest and took decisions on the implementation of joint ventures had proved to be effective instruments for promoting co-operation. Burkina Faso welcomed the efforts being made by some developing countries to further South-South co-operation, despite the unfavourable economic situation and their own development needs. Co-operation among developing countries could, of course, not exclude or compete with North-South co-operation, but it constituted an additional development opportunity which must be taken.

(Mr. Ouedraogo, Burkina Faso)

73. Under the guidance of the National Council of the Revolution the people of Burkina Faso had begun a process of development based on universal participation. Currently, they were taking part in the elaboration of the country's first five-year popular development plan, which would begin in 1986 and would, his Government hoped, receive support, in line with the priorities the people of Burkina Faso had chosen for themselves, from friendly countries and international institutions.
74. Mrs. GIRARDIN (France) said that her delegation fully shared the views on the issues under discussion expressed by the representative of Luxembourg on behalf of the European Economic Community. She also commended the valuable contribution made by the analyses and policy suggestions outlined by the representatives of the World Bank, UNCTAD and the Office for Development Research and Policy Analysis. However, in addition to accurate analysis, ways had to be found to improve the situation. France suggested setting three targets: retaining a free system of trade, stepping up growth and establishing conditions for optimal development funding.
75. In the effort to increase the flow of capital, a flow of funds must be ensured from multilateral public sources as well as the private sector. The direct involvement of commercial banks also offered promise, but to be really effective needed to form part of an integrated approach to development funding, with co-financing by the World Bank. A similar integrated approach was required to the debt problem. Dealing with the issue on a pragmatic case-by-case basis had proved its worth but a further effort was needed from all concerned in order to attack the root causes of the crisis. A lasting solution could only be achieved by a steady, high rate of growth in the world economy, reform of commodity markets, greater respect for international trade rules, greater currency stability, proper public and private funding and a continuing decline in interest rates.
76. France had already made some suggestions for reform of the monetary system. Joint action on currency rates was a step in the right direction, but further measures were necessary. There was room for a cross-fertilization of ideas between the countries of the European Community and the Group of 24 within the framework, for example, of the next meeting of the IMF Interim Committee. The task would be no easy one, since it would have profound implications for the economic policies of both sides. What was more, any such discussion of world economic problems would have to respect the terms of reference and responsibilities of the specialized agencies. It was thus essential to foster a common approach.
77. The Substantial New Programme of Action for the 1980s for the Least Developed Countries provided a well-balanced combination of measures at national and international levels and was the last undisputed success of the North-South dialogue. The mid-term global review of the Programme's operation and the conclusions and recommendations it had adopted by consensus were thus of particular importance, and could well pave the way for implementation of the Programme in a consistent manner throughout the rest of the decade. Unfortunately, the import-export stabilization measures taken by the European Economic Community in favour of least developed countries not parties to the Lomé Convention had not yet

(Mrs. Girardin, France)

been followed by other countries. France, however, would continue the efforts to implement the Programme which were exemplified by the increase in its development aid to the least developed countries to 0.15 per cent of its GNP, and supported the proposal for a wide-ranging examination of the implementation of the Programme in 1990.

78. Economic and technical co-operation among developing countries should be supported not only by international organizations, but also by the developed countries. However, a number of questions remained unanswered regarding the duplication of effort by UNDP and UNCTAD. United Nations agencies and bodies should take note of the conclusions and recommendations of the Committee for Programme and Co-ordination on the matter.

79. On the question of the development of energy sources in developing countries, France considered that the search for alternative sources of energy must continue, despite recent developments in the oil market. Recent initiatives with regard to new and renewable sources of energy, particularly the regional and global consultative meetings, had been reasonably encouraging, and gave reason to hope that real progress would be achieved at the next session of the Intergovernmental Committee on the subject. It was encouraging that concrete action was starting to be taken on the recommendations of the Nairobi Conference. In France, which had hosted a UNIDO-sponsored consultative meeting on energy production from agro-industrial by-products and wastes in 1984 and organized a follow-up to speed the achievement of practical results in industry, would continue to support the work of the United Nations system on new and renewable sources of energy, and would be hosting a symposium on the viability of small renewable sources of energy in 1986.

80. Mr. AKAKPO (Togo) said that the world economy continued to cause growing concern. Although inflation had largely been brought under control in the developed countries, their recent economic recovery had not reduced their unemployment rates, or had any beneficial effect on the overall situation of the developing countries. The latter's export incomes had fallen because of high tariff barriers and the collapse of commodity prices, and that, combined with a falling off of international investment, was causing them increasing debt-servicing problems. The realization of the close relationship between unemployment, inflation, trade, debt and investment and the equally close interdependence between developed and developing countries that had become evident during the current world economic crisis should serve as a spur to renewed international economic co-operation in order to solve those problems.

81. UNCTAD, which had in its early days rendered inestimable service to the developing countries and the international community, had succumbed to the world economic crisis and appeared to have come to a standstill. Recent developments however, indicated a renewal of international will to achieve consensus, and his delegation hoped that trend could be maintained and strengthened. States must come to realize once more that a fair and equitable trade system would not only boost development in the developing countries, but benefit the world economy as a whole. Such a system required the removal of the tariff and other barriers applied by some

(Mr. Akakpo, Togo)

developed countries in violation of their commitments within the context of GATT, and his delegation hoped that the next GATT round of negotiations would take appropriate action to that end. Another essential was to halt the collapse in the terms of trade and reverse the decline in commodity prices, a goal which could be achieved by early implementation of the Agreement establishing the Common Fund for Commodities. All developed countries that had not yet ratified the Agreement should therefore do so without delay.

82. As a result of lack of political will by the developed countries, the global negotiations on economic co-operation for development had never got off the ground. His delegation hoped that they could be set in motion at the present session of the General Assembly through concerted action by the developing and developed countries along the lines proposed at the seventh Conference of the Non-Aligned Countries.

83. The mid-term global review of the Substantial New Programme of Action for the 1980s for the Least Developed Countries showed that not all the partner countries had honoured their commitments. The donors' round-table discussions had always given the results hoped for and there was also room for improvement in the areas of practice and management in order to make the assistance rendered to the least developed countries more appropriate to their needs. Most of those countries were still confronted with the problem of survival. It was therefore important that action to ensure the full implementation of the Programme should be taken by the present session of the General Assembly.

84. Mr. KUMARAN (Malaysia) said that the developing countries had sounded the alarm repeatedly about the need for genuine co-operative action to improve the world market situation which could enhance the trading positions of both developed and developing countries. That call, and the concern expressed in General Assembly resolution 39/214, had gone unheeded. Lack of political will had contributed to a breakdown of discipline in the market place and was threatening, among other things, the possible collapse of the tin market. Other commodities too were experiencing severely depressed prices.

85. To argue that falling commodity prices were symptomatic of the operation of free market forces was a dangerous generalization. The developing countries felt that if the operation of free market forces could only reward them with increasing indebtedness, there was something very wrong with the free market economy. They had for many years sought a restructuring of the world economic system, considering that international trade should be viewed as a dynamic process with growth serving to benefit both the developed and the developing countries and that a liberal trading régime was necessary to maintain growth and development. The argument of the developed countries that growth would necessarily follow from internal self-adjustment had been disproved by the experience of the less developed and indebted countries.

86. As a result perhaps of the international economic situation, developing countries had sought to accelerate and strengthen co-operation for their mutual

(Mr. Kumaran, Malaysia)

benefit. Malaysia regarded South-South co-operation as an essential complementary factor in international economic interdependence, with tremendous and as yet untapped potential, and had been actively involved in the programme for economic co-operation among developing countries. In addition, Malaysia commended UNCTAD for its preparatory work on the Global System of Trade Preferences among developing countries, and hoped that negotiations could begin in May 1986 as projected.

87. Progress with regard to the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries had been disappointing. The debt situation of the least developed countries was very serious and his delegation joined in the call for urgent implementation of UNCTAD resolution 165 (S-IX) on the provision of relief for the debt burden of such countries. It also welcomed the review meeting's conclusion that technical assistance should focus more on institution-building and manpower training. Malaysia itself had in the past provided and would continue to provide assistance in human resources to least developed countries.

88. The developing countries stood ready to demonstrate their commitment to strengthening international economic co-operation with the developed countries, and hoped that the latter would respond with a similar commitment.

89. Mr. RAKOTONAIWO (Madagascar) said it was unfortunate that despite the efforts of the international community to promote the world trade which was so vital to the economic and social development of the developing countries and to international economic relations in general, protectionism and bilateralism were on the rise and, together with non-tariff trade obstacles, were impeding the export efforts of the developing countries. He therefore urged the developed countries to respect the international commitments they had undertaken at the ministerial meeting of GATT and at the sixth session of UNCTAD and to continue to grant most-favoured-nation treatment to the developing countries.

90. Structural improvements were required in the raw materials and commodity markets to reverse the excessive and continuing deterioration in the terms of trade, which had cost the developing countries \$38 billion in the period 1982-1984. Commodity prices were negatively influenced by monetary factors, but also by demand, and that highlighted the urgency of achieving the objectives of the Integrated Programme for Commodities, and of bringing into force the Agreement establishing the Common Fund and concluding individual commodity agreements without delay. Those measures must be supplemented by the establishment and strengthening of compensatory financing machinery.

91. Trade problems must be viewed in the overall context of the world economy, for without a sustained growth of export receipts, many developing countries would continue to encounter serious debt, balance of payment and development finance difficulties, and the international community must meet the challenge which that posed. Immediate measures were required to confront current economic problems and promote the sustained growth and development of the developing countries without

(Mr. Rakotonaivo, Madagascar)

awaiting a restructuring of the international economic relations. Much remained to be done in the monetary and financial areas, particularly with respect to measures for adjusting the imbalances of the external balance and for easing the terms of conditionality. It was unfortunate that certain industrialized countries had failed to show at the negotiating table the political will required in order to engage in a real process of negotiation on the above-mentioned problems.

92. Mr. Brotodiningrat (Indonesia) took the Chair.

93. Mr. FÖLDEÁK (Hungary) said his delegation shared the view of the Deputy Secretary-General of UNCTAD that a well-functioning international trading system would be a central mechanism for transmitting economic recovery around the world. It also shared the view expressed in the declaration of the Ministers of Foreign Affairs of the States members of the Group of 77 (A/40/762) that the continuing abuse of the international trading system was one of the main sources of the problems of world trade. Politically motivated protectionism and restrictive trade practices caused hardship not only to the developing but also to the socialist countries, including Hungary, and were applied despite the prohibition under the GATT rules of any distinctions among countries. Full application of the GATT rules would ensure observance of the principles of non-discrimination and most-favoured-nation treatment which were the only basis for the so-called open trade system. Regrettably the EEC countries did not live up to their rhetoric about rolling back protectionism, and the opinion expressed in some countries that the contractual discipline of GATT ran counter to their national economic interests was a matter for concern.

94. His country favoured the further development of the GATT rules and had therefore welcomed the results of the 1979 Tokyo Round and adhered to the new follow-up agreements. Unless contractual discipline was strengthened, GATT might disintegrate and bilateral trade agreements become prevalent, weakening the principle of equality and allowing the economically powerful countries to prevail in the world markets. His delegation therefore supported the proposed new round of negotiations in GATT concerning the strengthening of contractual discipline and the extension of the GATT rules. His delegation believed that the negotiations should cover trade in agricultural products, and, while it was not opposed to the consideration of trade in services, considered that exploratory work on that subject should not be linked with negotiations on trade in goods, for that would delay the solution of pressing problems. The proposed new round must be open to all countries and should cover the interests of all contracting parties.

95. UNCTAD could contribute to the restoration of trust in international economic relations by helping to eliminate violations of the norms of international trade and remove restrictions used as a means of blackmail. The international trading system must be further strengthened by full application of the principles of most-favoured-nation treatment, non-discrimination and fulfilment of contractual obligations. Work on the removal of trade barriers should cover trade in agricultural as well as industrial products, and further study should be carried out in accordance with the relevant resolution adopted at the sixth session of

(Mr. Földeák, Hungary)

UNCTAD. UNCTAD should play a larger role in studying the problems of East-West trade, the economic aspects of disarmament and the trade-related issues of the new international economic order.

96. In view of the need for a global approach to the problems of world trade and economic co-operation, his delegation would support any realistic proposal for improvement of the economic environment, including the draft proposals submitted to the Committee concerning long-term trends in economic development, international economic security, and international economic negotiations.

97. Mr. NAMFUA (United Republic of Tanzania) said that UNCTAD was the only multilateral forum whose universal character engendered and nourished enlightened self-interest in its global constituency with regard to issues that affected trade and development and deserved whole-hearted support. It had contributed to a growing awareness of the interdependence between, and the need for a comprehensive approach to, the problems of trade, money and development finance, and of the relationship of those issues to the debt crisis of the developing countries, whose import cuts, made necessary by the debt-servicing burden and financial difficulties, had adversely affected the developed countries and caused the loss of several million jobs. In that connection, he viewed the conclusions of the President of the Trade and Development Board on the item concerning interdependence as very constructive and hoped that they would constitute a common basis upon which consensus could be reached.

98. In the matter of commodities, he regretted that the Common Fund for Commodities had not yet come into operation and that one major contributor had recently announced its decision not to join it. All countries which had not yet done so should ratify the Agreement without delay.

99. Despite all the good will shown by the developing countries, and after years of negotiation, the necessary political will had still not been mustered to finalize negotiations on an international code of conduct on the transfer of technology designed to help developing countries obtain technology on fair and reasonable terms. Nevertheless, agreement on the remaining issues was in sight, and would, he hoped, be reached at the seventh UNCTAD session in 1987. He also hoped that a consensus resolution could be reached in the Second Committee on the problem of the reverse transfer of technology, which could not be solved without the participation of a major group of receiving developed countries. The activities of various United Nations agencies in that area were not only extremely important but also interdependent, and he therefore welcomed efforts to co-ordinate them.

100. Turning to the Substantial New Programme of Action for the 1980s for the Least Developed Countries, he said that despite the fact that the donors had the resources required to implement it, its targets were far from adequate and its implementation in doubt, despite the EEC import-export stabilization initiative. A second United Nations Conference on the Least Developed Countries should be held to renew the commitment of the international community to increase assistance to those countries and meet their unmet needs through every adjusted programme.

(Mr. Namfua, United Republic
of Tanzania)

101. The Group of 77 had reaffirmed its full support for ECDC as an important instrument in restructuring international economic relations, and had moved to the implementation stage in key areas. The stage was now set for negotiations on the global system of trade preferences, which had fortunately received the necessary financial and technical support, as a result of the liquidation of the Emergency Operations Trust Fund. The links between national ECDC/TCDC focal points and the Group of 77 and between ECDC/TCDC units in United Nations agencies and bodies should be strengthened in order fully to tap the complementarity potential in ECDC activities and strengthen their co-ordination.

102. He noted with satisfaction the encouraging donor response to the initiative for economic liberation undertaken by the southern African States within the context of the Southern African Development Co-ordination Conference, and welcomed the contacts established by various bodies of the United Nations system with the Conference. He appealed to all donors to continue to support the Conference in order to help it move speedily to the implementation of its programmes.

103. The debate had revealed virtual unanimity in predicting a grim future for the world economy. However, the major industrialized economies could reverse the downward trend by providing the financial and trade stimuli the developing countries required in order to realize their potential, including substantially increased financial resource flows and greater market access.

104. Mr. DE CATERINA (Italy) said his delegation shared the views on the second cluster of agenda item 84 expressed by the representative of Luxembourg on behalf of the European Community. In particular, Italy continued to be convinced of the validity of the goals set forth in the Programme of Action for the Development and Utilization of New and Renewable Sources of Energy. The loss of momentum in the Programme's implementation as a result in the change in the world energy situation and the present declining price of oil was unwarranted, since conventional world energy resources were not going to last for ever. Moreover, new and renewable sources of energy were of paramount importance for the developing and more particularly the least developed countries, especially in rural areas. Both developed and developing countries had a crucial role to play in implementation of the Programme.

105. Italy had, since the outset, participated in the efforts of the international community in the field, and had made considerable financial contributions to the Trust Fund for Non-Renewable Sources of Energy. His delegation shared the representative of Luxembourg's view of the favourable outcome of the consultative meeting recently financed by the Trust Fund. Such studies, seminars, workshops and meetings were essential in order to identify and assess the needs and priorities of developing countries. However, it was even more important now to move on to implementing operational projects in such countries. That could be done in the fairly near future if a simultaneous effort was made by developed and developing countries with the active and single-minded support of the multilateral institutions.

106. Mr. HAYFORD (Ghana) said that his delegation continued to attach special importance to UNCTAD, particularly with regard to issues of relevance to the developing countries. It commended the recent work of the Trade and Development Board, but was concerned about the current commodities situation. As the so-called recovery in the world economy became even more uncertain, the prospects grew bleaker for his country, which was overwhelmingly dependent on commodity exports. The negotiation of commodity agreements within the Integrated Programme for Commodities had a central role in correcting that situation, but the producer developing countries must be permitted to play a more effective part in international co-operation to that end. It would help to alleviate their difficulties if compensatory financing facilities could be established specifically for commodities.

107. More attention should also be given to the implications for commodity-exporting developing countries of changes in the developed countries which were having an ominous impact on the commodity situation. For the developing countries to diversify their exports was not a simple matter. The early entry into force of the Common Fund for Commodities would improve their situation, and his delegation therefore urged those countries which had not yet ratified the Agreement, particularly the Soviet Union and the other members of the Council for Mutual Economic Assistance (CMEA), to do so as soon as possible.

108. Ghana supported the generalized system of trade preferences, believing that in the long run protectionism harmed all and benefited none. It supported those delegations which had expressed concern at the increasing protectionist pressures in developed countries.

109. The debt problem posed a serious threat not only to the private banks, but to the international financial system as a whole. Signs of willingness to address the issue in a more comprehensive manner had recently been apparent, notably at the joint meeting of the World Bank and IMF at Seoul, and his delegation agreed that there was no viable alternative to adjustment with growth. But positive signs were not enough, and the international response to the emergency situation would have little impact if economic growth was made impossible by the burden of debt servicing. In his own country, debt servicing required over 50 per cent of annual export earnings. The proposed special session of the General Assembly on Africa's critical economic situation must not gloss over the central problem of debt. It was in full awareness that the debt problem was a question of solvency rather than of liquidity that the Heads of State and Government of the OAU had called for an international conference on Africa's external indebtedness. His delegation urged the international community to consider Africa's problems in a comprehensive manner and to supplement the efforts made by the African countries themselves.

110. The General Assembly had a legitimate role in the consideration of economic issues, and it must work for constructive change which reflected the reality of interdependence. The call for an international conference on money and finance was timely, and the international community must respond to it with a greater sense of urgency if it wished to prevent irreparable damage to the international economy.

(Mr. Hayford, Ghana)

111. Ghana reaffirmed its support for ECDC and TCDC for the developing countries had much to learn from each other. His delegation commended the successful outcome of the mid-term review of the Substantial New Programme of Action for the Least Developed Countries, but was disappointed with the level of material support from the developed countries, which should renew their commitment to the Programme.

112. His delegation urged support for the Nairobi Programme of Action, for the development of new and renewable sources of energy was of central importance for the developing countries and, especially in Africa, where the overwhelming majority of people lived in rural areas, was a major challenge whose solution had a direct bearing on efforts to halt environmental degradation in the developing countries. Increased international co-operation was needed to help the developing countries achieve greater self-sufficiency in energy; in particular, the World Bank must expand its concessionary assistance to them.

113. Mr. SCHUMANN (German Democratic Republic) said that in the view of his delegation, the assessment contained in the report of the Secretary-General on international co-operation in the fields of money, finance, debt, resource flows, trade and development (A/40/708) was indeed cogent, particularly the report's conclusions regarding the impact of interest-rate policies on world trade and development and its analysis of the role of growing State indebtedness in sustaining high interest levels throughout the world.

114. Since 1975, the developing countries' debt-service payment had been growing more rapidly than their total debt, and since 1984 had even exceeded their capital imports. The net transfer of resources from developing countries to the Western market-economy countries was endangering their political and social stability; to finance it, they had found themselves obliged to export the goods they produced for any price they could obtain, while urgently needed imports, chiefly capital goods, had had to be curtailed. The consequent decline in investment had, in turn, presented another major obstacle to the expansion or even the maintenance of their export capacity.

115. The Western banks and the International Monetary Fund had reacted to the acute insolvency of the developing countries with a futile policy of debt rescheduling, which recent experience had shown could only postpone a final solution. Contracting new debts did not strengthen productive investment in the debtor countries, and the drastic social effects of the conditions and austerity measures imposed by IMF had often been pointed out. In practical terms, the credit policy of the Western States and their capitalist banks had become a major instrument for the neo-colonialist plunder of the developing countries. The growth strategy for developing countries propagated in the Committee and elsewhere had more to do with wishful thinking than with reality. Growth required concrete guarantees from creditor countries, commercial banks and multilateral financial institutions.

116. The deterioration in the terms of trade was likely further to limit the possibility of financing debt servicing. Any increase in the developing countries' export earnings in 1984 was due to the greater quantities exported rather than to

(Mr. Schumann, German Democratic Republic)

price increases, thereby casting doubt on the durability of such foreign exchange earnings. Account should also be taken of the fact that, as had not been the case in previous growth periods, protectionism had continued to spread despite a strong expansion in international trade. According to the UNCTAD Trade and Development Report, 1985, 65 per cent of the manufactured goods exported by developing countries were subject to non-tariff trade barriers.

117. The decisions on democratization of international economic relations and the establishment of a new international economic order remained relevant. The key-currency countries must pursue responsible monetary and financial policies, and all States must show the political will to seek mutually acceptable solutions. Future studies on the development of international monetary and financial relations should give due weight to the link between the arms race and the current financial problems.

118. His country's delegation was in favour of beginning preparations for the proposed international conference on money and finance as soon as possible, and supported the work of UNCTAD on the interrelationship between problems of international trade, the financing of development and the international monetary system. Concrete steps to normalize trade, monetary and financial relations were still as urgent as they had been at the time of the sixth session of UNCTAD, and substantive and organizational preparations for the seventh session of UNCTAD must therefore begin immediately. His Government welcomed the offer of the Government of Cuba to host the session, and would support a decision to that effect at the forthcoming session of the Trade and Development Board: it hoped that States would refrain from opposing such a decision for political reasons.

119. The implementation of all UNCTAD decisions would be an important step towards solving pressing international economic problems. Trade and Development Board decision 321 (XXXI), on trade and economic co-operation among countries having different economic and social systems, was a significant step in that direction. His delegation supported all proposals for the strengthening of UNCTAD in all its fields of activity in accordance with its mandate.

120. Some progress had been made in the elaboration of an international code of conduct on the transfer of technology and a solution to outstanding questions appeared possible. His delegation favoured the convening of the seventh and final session of the United Nations Conference on an International Code of Conduct on the Transfer of Technology as early as 1986.

121. The Third Meeting of Governmental Experts on the Reverse Transfer of Technology had prompted a better understanding of the brain drain phenomenon. Other activities should be pursued and complemented by concrete steps to put a stop to that form of net resource loss to the developing countries. His delegation supported the proposal to convene a Fourth Meeting, and hoped that all States would participate in a constructive spirit.

(Mr. Schumann, German Democratic Republic)

122. The report of the Secretary-General contained in document A/40/596 indicated the need for continuing investigation of the abuse of international economic relations for purposes of exerting political and economic pressure. His delegation welcomed the report's emphasis on the need for immediate practical measures to enforce respect for the purposes and principles of the United Nations in international economic relations, and called on those Governments that had not yet done so to respond to the Secretary-General's request for comments on the implementation of General Assembly resolution 39/210.

123. In solidarity with the legitimate aspirations of the least developed countries, the German Democratic Republic had developed trade relations with them and had granted them direct material and financial assistance, including assistance in training and education. The restructuring of international economic relations on an equal and democratic basis was a prerequisite if the efforts of the least developed countries to solve their social and economic problems were to bear fruit. That conviction also underlay his country's approach to the further implementation of the Substantial New Programme of Action and the implementation of the recommendations contained in the report of the Intergovernmental Group on the Least Developed Countries (A/40/827).

124. Mr. TAKAHASHI (Japan) said that exports played a crucial role in the development process and were the best and most reliable means of acquiring external financial resources. The developing countries must therefore adopt or intensify export-oriented policies geared to their own circumstances, and protectionism, which impeded world trade, and hence the development of developing countries, should be reversed. The GATT work programme and the relevant UNCTAD resolutions should be implemented, and he welcomed the agreement reached by the GATT Contracting Parties on the preparations for the new round of multilateral trade negotiations. His own Government had recently eliminated or reduced tariff rates on more than 1,800 products and was prepared to reduce the rates on industrial products to zero in the forthcoming new round.

125. Japan fully supported the objectives of the Substantial New Programme of Action and had given special consideration to the needs of low-income countries, including the least developed ones, in distributing its official development assistance, which had been expanded to a total of \$40 billion for the period 1986-1992. His delegation was pleased that the mid-term review of progress towards the implementation of the Substantial New Programme of Action had avoided confrontation and adopted its conclusions, which provided a sound basis for dialogue and consultation between debtor countries and creditor countries, by consensus.

126. The sound and sustained growth of the world economy required an orderly energy transition. In view of its concern about the possible negative effects on the world economy and on the development of developing countries of a reported downward trend in the exploration for energy resources, his country had supported the United Nations Symposium on Financing of Petroleum Exploration and Development in Developing Countries and agreed with the Secretary-General that there was a need

(Mr. Takahashi, Japan)

for a systematic monitoring of petroleum exploration and development trends and for a further study on petroleum exploration and development agreements, taxation policies and practices. It hoped that the United Nations would undertake the preparation of systematic studies on exploration trends. A further study of petroleum exploration and development agreements would also be useful.

127. The developing countries must establish and strengthen their national energy planning capabilities, particularly in the areas of assessment and development of indigenous energy resources, energy conservation, as well as the training of personnel. They should also turn to computer technology to make energy planning more consistent and efficient, and he was pleased that the Department of Technical Co-operation for Development was active in the field of microcomputer software for energy planning in developing countries. Alternative sources of energy, both new and renewable, would also contribute to an orderly energy transition, and efforts should be made to develop them. The global consultative meeting in March 1985 had been particularly useful in that respect.

128. Mr. NIKITENKO (Byelorussian Soviet Socialist Republic) said that external trade was one of the most important forms of international co-operation and could make a contribution to the cause of peaceful coexistence. His delegation was therefore in favour of strengthening the international trade system on the basis of full observance of the principles of non-discrimination and most-favoured-nation treatment.

129. The decisions taken at the sixth session of UNCTAD to end protectionism had not been carried out. The exports of the developing countries and indeed of the socialist States were still subject to protectionist and discriminatory measures, and the Western countries continued to use economic sanctions as a means of political and economic coercion. The report of the Secretary-General (A/40/596) contained many examples of such measures, and the countries which applied them paid only lip service to the notion of free trade. The report did not, however, contain sufficient information from the regional economic commissions and did not take due account of the replies of Member States on the issue of protectionism. The authors of the report had merely used extremely general data from United States sources.

130. In their replies to the Secretary-General's questionnaire, the socialist countries had pointed out that the Economic Summit Conference of the countries members of CMEA had condemned all forms of exploitation and the use of economic links as an instrument of political pressure. That position had recently been reconfirmed in the Programme of the Communist Party of the Soviet Union. The adoption by the Second Committee of the draft resolution on international economic security (A/C.2/40/L.2) would be an important step forward. The United Nations system, in particular UNCTAD, must continue its efforts to implement the General Assembly resolutions on the inadmissibility of economic coercion. His delegation supported the suggestion contained in the report of the Secretary-General that, on the occasion of the fortieth anniversary of the United Nations, all Members should reiterate their pledge to support co-operation on an equitable basis.

(Mr. Nikitenko, Byelorussian SSR)

131. The President of the Trade and Development Board had correctly pointed out that only far-reaching co-ordinated action, including a demonstration of political will by all States, could produce any improvement in the world economy. His delegation endorsed the condemnation by the developing countries of the egotistical economic policies of the leading Western States and their call for resources to be switched from the arms race to peaceful purposes. The arms race was indeed a major obstacle to normal economic development and relations. UNCTAD should therefore step up its work on the trade aspects of disarmament, as it had been authorized to do by General Assembly and UNCTAD resolutions. That work should include participation in the preparations for the forthcoming international conference on the interrelationship between disarmament and development.

132. Mr. AL-JUMAILI (Iraq) said that prospects for recovery and growth were hedged about by deep-rooted problems which, if they persisted, would impose even more severe restrictions on development. The adverse external situation confronting the developing countries was subjecting their political, economic and social systems to severe strain.

133. The negotiating role of UNCTAD should be strengthened since it provided an important forum for the North-South dialogue. The paralysis affecting international forums and the great deterioration in the spirit of international economic co-operation had had negative repercussions on the ability of UNCTAD to tackle the major problems of trade and development, and the international community must mobilize all of its potential to enable UNCTAD to fulfil its historic role effectively.

134. The international trading system was suffering from inherent defects that were reflected in deteriorating terms of trade and growing protectionism. The possibility of an open, just and equitable trading system would remain problematical as long as structural problems and defects went unremedied. As a first step towards the solution of such problems, the developed countries must carry out their commitments to liberalize trade and must refrain from erecting new protectionist barriers, which would not only hinder the establishment of a just and equitable multilateral trading system, but would seriously affect exports from the developing countries, particularly in those areas where they had previously enjoyed some advantage and which had held out prospects for the growth of their economies. A greater effort was needed to formulate new policies which would fully recognize the increasing needs of the developing countries and their role in world economic recovery.

135. The entry into force of the Agreement establishing the Common Fund for Commodities was a pressing need for the developing countries. From the beginning, the Fund had been considered as the major link between the various financing, trade, consumer and production interests in world commodity markets. Accordingly, the operation of the Fund would build mutual confidence, promote international economic co-operation and enhance the stability of the world economy.

(Mr. Al-Jumaili, Iraq)

136. International economic co-operation based on trust required that economic measures taken by developed countries for coercive purposes should cease. Such measures were not only incompatible with the principles of international law but had an adverse effect on the climate of international economic relations and on the political and economic stability of the developing countries.

137. The extreme dilatoriness with which the Substantial New Programme of Action for the 1980s for the Least Developed Countries was being implemented was adversely affecting the economic and social development of those countries. All Governments, international organizations and non-governmental organizations must lend their support to the implementation of the Programme and, if necessary, to its amendment in order to ensure full implementation.

138. His Government considered economic co-operation among developing countries to be one of the foundations of its foreign policy and an important factor in promoting the establishment of the new international economic order. Iraq had given concrete expression to such co-operation in its large-scale bilateral and multilateral assistance to the developing countries. ECDC was a basic and integral part of the developing countries' efforts to restructure international economic relations with a view to achieving economic and social development. It should not, however, be either a prerequisite or a substitute for co-operation between the developed countries and the developing countries and should in no way absolve the developed countries from their responsibilities.

139. His delegation considered that the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy was of great importance as a basic frame of reference for measures to be adopted by the international community in relation to energy.

140. Mr. CUBILLOS (Office of the Director-General for Development and International Economic Co-operation), replying to the question asked by the representative of Canada, said that in its resolution 326 (XXXI), adopted by consensus, the Trade and Development Board had requested the Secretary-General of UNCTAD to convene before the sixth session of the Committee on the Transfer of Technology, in close co-operation with UNIDO, FAO and other relevant United Nations bodies, one meeting of an intergovernmental group of experts on the transfer, application and development of technology in the energy sector, paying particular attention to new and renewable sources of energy.

141. UNCTAD had been involved in the energy field since its sixth session in 1979, when it had been requested to establish a group of experts in order to deal with the transfer, application and development of the technologies relating to the areas and sectors of food processing, energy, capital goods and industrial machinery. In its resolution 241 (XXIII) the Trade and Development Board had endorsed the UNCTAD resolution. The work of UNCTAD in the field of energy and on new and renewable sources of energy was within its mandate on the transfer of technology. However, the Director-General would indeed consult with the Secretary-General of UNCTAD with a view to avoiding duplication in the UNCTAD work programme on new and renewable sources of energy and the work carried out in New York.

(f) ENVIRONMENT (continued) (A/C.2/40/L.16)

(g) HUMAN SETTLEMENTS (continued) (A/C.2/40/L.24)

142. The CHAIRMAN announced that Equatorial Guinea, Iraq, the Lao People's Democratic Republic and Mali had joined the sponsors of draft resolution A/C.2/40/L.16 and that Panama had joined the sponsors of draft resolution A/C.2/40/L.24.

The meeting rose at 9.10 p.m.