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SUMMARY RECORD OF THE 27th MEETING

Chairman: Mr. PAPADATOS (Greece)

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

AGENDA ITEM 83: EXTERNAL DEBT CRISIS AND DEVELOPMENT (continued) (A/45/334, 380, 531, 584 and 656; A/C.2/45/L.5)

1. Mr. VAN BRAKEL (Canada) said that many developing countries had realized that a debt strategy could be effective only if they pursued stabilization and structural adjustment policies. While the Brady Plan provided an important framework for the orderly reduction of commercial bank debt, debt reduction alone was not enough. The effects of debt reduction would be marginal unless debtor countries pursued strong economic policy reforms. The adoption of such reform programmes with the International Monetary Fund (IMF) and the World Bank therefore remained at the heart of the debt strategy.

2. The financing of development was crucial. Financial resources must be adequate and used constructively and effectively to finance growth and development. It was not just a question of how much; it was also a question of how well money was spent. That was particularly important in the light of the heavy demands for capital and the constraints on both official and commercial bank financing. Foreign direct and domestic investment must assume a greater role; indeed, it had already begun to do so. Economic reforms should have a central objective, namely, the creation of a domestic environment conducive to attracting new non-debt-creating investment flows and generating increased domestic savings.

3. Canada had played an active role in helping to shape the international debt strategy. It had forgiven the official development assistance (ODA) debt of the sub-Saharan African countries, and that of the least developed countries. In April 1990, Canada had announced the forgiveness of ODA debt amounting to $Can 182 million owed to Canada by Commonwealth Caribbean countries. To date, Canada had forgiven more than $Can 1 billion of ODA debt and, since 1986, it had provided official bilateral aid to all recipient developing countries on an all-grant basis.

4. The Paris Club's application of the Toronto terms in debt rescheduling for the poorest countries had made a real contribution to debt relief. Canada therefore welcomed the decision of the Houston Economic Summit to ask the Paris Club to continue to review additional measures and the implementation of the Toronto terms for the poorest countries.

5. Many lower middle-income countries, whose debts were largely owed to official creditors, might not benefit significantly from commercial bank debt reduction, nor from the special treatment accorded to the poorest countries. Canada therefore welcomed the consensus decision of the Paris Club to lengthen repayment periods and to permit debt-to-equity swaps and other types of debt conversion in the rescheduling of debt of countries implementing strong economic reform programmes.

6. The soundness of a case-by-case approach, whereby different mechanisms were developed to address the diverse problems of debtor developing countries, had been vindicated. The search for a "global solution" was simplistic and unrealistic, and multilateral financial institutions continued to be the best forums for the

(Mr. Van Brakel, Canada)

elaboration of practical and effective programmes to combat external indebtedness and revitalize growth and development. The General Assembly's strong support for the strategy and programmes adopted by multilateral financial institutions would be an important contribution to the international effort to deal effectively with those serious problems.

7. Mr. BROWNHILL (Australia) said that indebtedness was often self-perpetuating. In many developing countries, large proportions of government revenue and export earnings had to be allocated for debt service, rather than for investments in infrastructure, human resource development or much-needed social programmes. At the same time, as a result of low levels of domestic savings, increasing demands for investment capital and high budget deficits in the major industrialized countries, interest rates remained high and the currencies in which the debt was denominated remained strong. For that reason, efforts to reduce fiscal imbalances in the United States and other industrialized countries were welcome.

8. All parties concerned were responsible for seeking a durable solution to the debt problem. Debtors must attempt to improve national policies and implement structural adjustment programmes which would promote sustainable economic development, enhance creditworthiness and encourage inflows of external finance. The major economic powers must work together in order to ensure continued vigorous growth of the global economy in the 1990s. They must also establish a more effective means of lowering international interest rates and stabilizing the international economic environment. The case-by-case, growth-oriented approaches to debt reduction supported by the World Bank and IMF could also be useful tools.

9. The international economic environment would be vastly improved by the reform of the international trading system. The expansion of international trade opportunities would serve to promote the growth of developing countries. His delegation hoped for the successful outcome of the Uruguay Round of multilateral trade negotiations which were scheduled to end in Brussels in December 1990.

10. While certain developing countries, mostly in Asia, had good debt-servicing records, that did not necessarily mean that they were able to finance national development. The very countries which were servicing their debts were also increasingly burdened by them. The Asian region still contained most of the world's poor and a reduction in external assistance should not be their reward for the adoption of sound structural adjustment policies.

11. Mr. ROMERO (Philippines) said that, in the search for solutions to the debt crisis, there had been many suggestions originating from both creditor and debtor nations. While debtor Governments had complied with initiatives such as those outlined in the Baker Plan and the Brady Plan, creditors had generally ignored debtors' proposals on ways of lowering their level of indebtedness.

12. It had been estimated that the first oil shock of 1973 had resulted in $US 260 billion in additional external debt for the non-oil-producing countries. The total external debt of the developing countries was currently estimated at

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(Mr. Romero, Philippines)

$US 1.2 thousand billion. In 1988 alone, net capital transfers from those same debtor countries in respect of debt servicing had amounted to some $50 billion. Those amounts had not been offset by so-called "new monies".

13. His delegation wished to propose alternative solutions to the debt burden of the heavily indebted developing countries, which included the Philippines. First, interest due on debt should be waived for the next three years. Secondly, payment on debt principal, or a portion thereof, should be resumed in the tenth year, and the total ending figures should be restructured accordingly. Thirdly, private commercial banks, which constituted the largest group of creditors, should write off at least 15 per cent of private debt, since banks had already provided for loan-loss reserves. If the first three alternatives were not acceptable, creditor countries should accept the principle of a cap on debt-servicing payments by debtor countries in the amount of 15 per cent of total foreign exchange earnings. Lastly, the United States, which had forgiven approximately $US 7 billion owed by Egypt in respect of arms sales should apply the same principle to the Philippines and other countries in similar situations. As was well known, the United States maintained in the Philippines the largest military bases outside the continental United States.

14. While his delegation had not had the opportunity to discuss those proposals with the Group of 77, it was certain that the members of the Group would support them. The debtor nations required a suspension of such reverse capital transfers. The developing countries were not mendicants; they were seeking a form of debt relief which would be mutually satisfactory to all parties.

15. The debt problem of developing countries should be resolved at the political level. In the light of the current oil crisis, the international debt problem could not be solved unless creditor Governments took the initiative. The Philippines hoped that the debt of poor nations would not be considered purely as a business transaction between creditors and debtors. External debt reflected relationships among nations, and creditor Governments should make representations with creditor banks in order to accommodate debtor countries' needs. The debt relief programme would not only strengthen the economies and political stability of developing countries but would also ensure continued viable and harmonious relationships among Governments and among debtor and creditor countries.

16. Mr. SILOVIC (Yugoslavia) said that the worsening debt crisis constituted a grave threat to the economic, social and political structure of the developing countries with negative consequences both for the creditor countries and for the international economy as a whole. The debt burden would be alleviated only with the creation of appropriate conditions for the revival of growth in developing countries. However, the success of domestic policies geared towards restructuring productive capacities and promoting savings and exports would depend upon a favourable international economic environment.

17. Yugoslavia was seriously concerned by recent developments in the Uruguay Round, which might cause the interests of the weaker countries to be ignored. Only

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(Mr. Silovic, Yugoslavia)

the balanced outcome of the Uruguay Round would ensure that the developing countries had access to the markets of developed countries.

18. Growing debt-service obligations had turned traditional capital-importing countries into capital-exporting countries; indeed, the net transfer of resources from developing to developed countries was one of the most serious consequences of the debt crisis. The debt and development problems of the developing countries had been further exacerbated by the Gulf crisis and its repercussions on the world economy. The resulting rise in oil prices and inflationary pressures had slowed the economies of developed countries thereby perpetuating stagnation in developing countries.

19. Yugoslavia welcomed the new initiatives on debt proposed by the United Kingdom, France and the Netherlands, as well as the proposals contained in the report of the Secretary-General's Personal Representative on Debt (A/45/380). In particular, his delegation supported the proposal that the Brady Plan should be strengthened and provided with more resources and co-ordinated management from an agency within the international financial institutions; working closely with the regional banks; that the poorest countries' debt-service obligations should be fully written off as a supplement to the Toronto formula; and that indebted countries should be able to pay interest on bilateral debts into trust funds in indexed local currency to finance development projects for environmental protection and human resources development. Finally, Yugoslavia supported the proposal that non-concessional bilateral debt should be converted into longer term credits on International Development Association (IDA) terms.

20. Miss SEALY (Jamaica) said that the debt burden remained a major constraint on policies implemented by developing countries to control inflation, promote domestic savings, attract investment and increase their international competitiveness. The debt problems of the oil-importing developing countries had been accentuated by the rise in oil prices, interest rates and other costs caused by the Gulf crisis.

21. The consensus outcome of the eighteenth special session of the General Assembly and the negotiations on the new international development strategy were indicative of the growing international recognition of the developing countries' debt problems. Jamaica endorsed the conclusion of the Secretary-General's Personal Representative on Debt that any solution to the debt crisis must involve all components of the system. It applauded the Canadian example in writing off the bilateral debt of Jamaica and other Caribbean countries and welcomed the "Enterprise for the Americas" initiative by the United States on the economic and social problems of Latin America and the Caribbean.

22. Jamaica supported the proposals by the Special Representative to strengthen the Brady Plan and those by the Economic Commission for Latin America and the Caribbean (ECLAC) to capitalize upon the potential value of the Plan. Jamaica was particularly concerned by the lack of flexibility shown by multilateral financial institutions in dealing with debt. The lack of opportunities for refinancing or rescheduling meant that many countries were repaying substantially more than they received in new loans, with a resulting net transfer of resources to those

(Miss Sealy, Jamaica)

institutions. While Jamaica would not advocate any solutions which would endanger the health of multilateral financial institutions, it welcomed the attention given to the problem of resource transfers by the Personal Representative and believed that appropriate ways of relieving debt burdens could be found without impairing the high standing of multilateral financial institutions in financial markets.

23. Finally, Jamaica would favour the creation of a facility under a single institution, perhaps an existing institution, to deal with all debt-relief operations.

24. Mr. STEIN (United States of America) said that a wide range of measures was available to support the heavily indebted developing countries' efforts to achieve sustainable development and strong economic growth. External debt constituted only one aspect of the economic problems faced by developing countries. It was essential for the debtor countries to achieve long-term, dynamic economic growth and for that reason the strengthened international debt strategy had adopted a growth-oriented approach to debt reduction activities. Several countries, whose combined commercial external debts accounted for more than one half of all such debt in the world, had already availed themselves of the strengthened international debt strategy through comprehensive reform programmes, proving that the strategy provided a sound institutional framework for the management of commercial external debt problems. Since technical competence for the administration of that strategy resided with the international financial institutions, it was essential to preserve their independent and financial standing and the United States could not therefore support initiatives aimed at securing debt forgiveness from those institutions.

25. Although prospects for growth in assistance flows from the United States were limited by budgetary constraints, its bank disbursements for bilateral and multilateral development were still expected to exceed those of 1989.

26. The United States had also undertaken a major initiative to forgive economic assistance loans totaling $844 million made to sub-Saharan African countries with reform programmes supported by IMF or the World Bank. The United States "Enterprise for the Americas" initiative complemented the strengthened international debt strategy and had already been accepted by the Latin American countries, with the assistance of international financial institutions. By opening their economies to investment and trade and accepting free-market policies, those countries would benefit from a $7 billion reduction in the official debt owed on United States Government credits and aid funds.

27. In view of the sharp decline in private resource flows to severely indebted countries, economic policies must be devised to boost confidence in the economies of those countries and to attract increased investment. Debtor countries must also be encouraged to implement structural economic reforms such as privatization and deregulation.

28. Internal actions by the severely indebted countries must be accompanied by corresponding measures by the developed world to strengthen the international

(Mr. Stein, United States)

financial institutions. The United States accordingly welcomed the proposed increase of 50 per cent in IMF quotas. The developed countries must continue to make direct aid available to the developing world's market economies and to foster world economic growth through appropriate policy co-ordination.

29. Mr. ZHANG Yeshi (China) said that very little progress had been achieved in the past eight years towards a durable and comprehensive solution to the debt problem. Since the world economy was an integrated whole, the debt problem was bound to affect all nations. Solution of the debt problem was therefore a shared responsibility.

30. The revitalization of economic growth and development in the debtor countries must be the major objective in resolving the debt problem. Debt-servicing must not take precedence over development and must be adapted to debtor countries' capacity to pay. At the same time, in order to enable debtor countries to carry out their adjustment and development programmes, the flow of development financing to developing countries must be substantially increased.

31. While the solution of the debt problem required efforts by the debtor countries themselves, it also required a favourable international economic environment. That was particularly true for the poorest debtor countries in Africa, which were highly vulnerable to external shocks. In many cases, the external environment was an obstacle to the success of structural adjustment programmes. The solution of the debt problem must therefore take into account the various external factors which affected debtor countries. Comprehensive compensatory measures, including emergency measures, were also needed as a means of offsetting losses caused by external factors.

32. Debt-reduction measures must encompass all types of debts owed by all developing countries. The current debt strategy focused on the poorest and heavily indebted middle-income debtor countries, but the debt problems of other countries must not be ignored. The debt strategy must also deal with the problems of those debtor developing countries which had thus far not benefited from existing debt relief and debt-reduction measures. In conclusion, it would be important to implement the provisions relating to debt contained in the Declaration on International Economic Co-operation adopted at the eighteenth special session of the General Assembly and in the proposed new international development strategy. His delegation hoped that the United Nations would be in a position to play a more positive role in the quest for a durable, just and comprehensive solution to the debt problem.

33. Mr. WORONIECKI (Poland) said that the debt burden posed a particularly serious obstacle to the growth of indebted countries that were undergoing transition and structural adjustment. The measures applied thus far to alleviate the debt problem had proved inadequate. A satisfactory, just and durable solution to the problem could be achieved only through enhanced international co-operation aimed at creating a supportive external environment, improving relationships between debtor and creditor countries, placing greater reliance on multilateral schemes involving

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(Mr. Woroniecki, Poland)

the international financial institutions and a more coherent response from the banking community. The granting of debt relief and concessional financing must take into account both recipients' promotion of human rights and peace and their adoption of sound reconstruction and development policies.

34. The required package of policy measures must comprise: debt reduction and debt relief, including a reduction in interest rates; a resumption of capital flows to indebted countries; and the expansion of the world economy and increasing liberalization of the international trading system. While creditors must bring real interest rates down and increase opportunities for debtor country exports, the debtor countries must create a favourable climate for business, adhere to sound market-economy rules, pursue economic restructuring and attract foreign investment by raising investment return and enhancing investment guarantees. They must also preserve political and social stability.

35. Debt reduction was a logical precondition for any solution to the debt crisis. Without a solution, political difficulties could occur which threatened democracy, particularly in newly emerging democracies. His delegation was therefore heartened by the indication given by the President of the United States of America at the annual meeting of the Boards of Governors of IMF and the World Bank that he intended to extend the Brady Plan to the countries of Eastern Europe and to provide assistance to newly emerging democracies for their massive restructuring efforts.

36. At the beginning of 1990, Poland had embarked upon a bold programme of stabilization, liberalization and economic reform intended to bring down inflation quickly and permanently and initiate the transition to a market economy. Inflation had been brought down below 10 per cent and internal convertibility of domestic currency had continued with a highly stable rate of exchange. However, the crisis in the Middle East had had an adverse impact on the Polish economy. The increase in fuel prices threatened to bring back high inflation. That together with the loss of markets in the former German Democratic Republic and the Soviet Union and Poland's debt burden of $43 billion might have serious economic and political consequences. Given that Poland's peaceful internal democratic reforms and transition to market economy were serving as a model for other Eastern European countries, the subregion's security and fragile stability could be undermined.

37. Poland was therefore counting on a display of international solidarity to help States that were implementing Security Council decisions at high social and economic cost to themselves. Poland had proposed that an international mechanism should be established under the auspices of the United Nations or IMF, through which a share of the surplus profits of oil-exporting countries could be allocated to the most severely affected oil-importing countries. The Managing Director of IMF had recently recognized that the Eastern European countries that were undertaking reforms were particularly vulnerable to the latest oil shock.

38. The numerous initiatives, including the Brady Plan, that had been proposed to solve the crisis, testified to a growing appreciation of the plight of indebted

(Mr. Woroniecki, Poland)

developing countries and growing support for those countries. Debt-reduction measures which generated growth and demand, together w.th a renewed flow of funds to support domestic self-help efforts, could thus herald a new era of co-operation.

39. Mr. FALL (Senegal) pointed to fluctuating interest rates as evidence that indebtedness was a barrier to development financing. High interest rates throughout the 1980s had reduced opportunities for borrowing, causing a slowdown in investments; and had resulted in the transfer of $18 billion from the developing to the developed countries between 1983 and 1987. Indeed, external assistance was the only financial flow which had remained stable.

40. Referring to the debt strategies introduced since 1982, he said that the Toronto agreement could yield positive results if creditor countries refrained from applying market interest rates to long-term rescheduling. Otherwise, the technique of extending maturities would be pointless. The Paris Club's classic rescheduling measures were of limited value. His delegation preferred measures such as the African Common Position on debt, which recommended concerted action by all those involved. The Organization of African Unity (OAU) had proposed holding in-depth consultations in order to prepare for an international conference on the external debt of African countries. Such a conference would enable donor countries and African States to discuss the African debt with a view to the urgent adoption of short-, medium- and long-term measures.

41. Other promising initiatives included the Proposals contained in the report of the Personal Representative of the Secretary-General on Debt (A/45/380) and the proposal put forward by the Director-General of the African Development Bank at the Special Session of the General Assembly devoted to international economic co-operation, held in April 1990. That proposal had called on the international community to consider the possibility of establishing an international debt restructuring mechanism which would support growth and reforms in developing countries. The mechanism would be partially financed by savings realized on peace-keeping expenditures, which had become available as a result of the relaxation of tensions in the world.

42. Since the beginning of the debt crisis in 1980, Senegal had sought assistance with its balance-of-payments problems from the Paris Club and had virtually renounced commercial credits in an effort to improve its debt profile. It had spared no efforts in order to honour its obligation towards its creditors.

43. Creditors, however, also had a crucial role to play in the matter. Based on commitments they themselves had undertaken, and in a spirit of genuine international co-operation, Senegal had requested creditors to reschedule its debt on more favourable terms than in the past, including an extension in the repayment and grace periods; lower interest rates and commissions; and an increase in that portion of the debt which could be rescheduled - previously rescheduled debts and multilateral debts were not eligible a second time. He wished to note that Senegal had not yet taken advantage of the options offered by the Brady and Baker Plans.

(Mr. Fall, Senegal)

44. While rescheduling had enabled Senegal to close the gap in its financial obligations, its debt had remained high because of fluctations in its export earnings. The urgency of the situation demanded effective action by the creditor community, including a significant reduction in debt and debt service for low-income countries; a substantial increase in the flow of concessional resources towards those countries; the adoption of restructuring policies over a much longer period at softer interest rates in cases where debt could not be simply written off; and a fair price on the international market for commodities exported by developing countries. Other measures which should be undertaken included restoring the confidence of investors who viewed debtor countries as a high risk and relaxing the sanctions imposed on debtor countries which were in arrears. The industrialized countries should also provide sufficient assistance to ensure the success of the economic growth policies implemented by developing countries. In that connection, Bolivia, the spokesman for the Group of 77, would introduce a draft resolution on economic stabilization policies. His delegation intended to participate actively in the preparation of that draft resolution.

45. Mrs. HASSAN (Egypt) associated herself with the views expressed on behalf of the Group of 77 by the representative of Bolivia at the 25th meeting. While the complex issue of external debt could be dealt with only by the multilateral financial institutions, there were broader social and political aspects that could be discussed by the Committee. Thus far little, if any, consideration had been given to the social and political realities of debtor countries. The international community's growing awareness of the deteriorating situation of indebted developing countries therefore augured well for the chances of finding fair and lasting solutions to the debt problem.

46. While the new initiatives to deal with the debt crisis recognized the political and national-security implications of the problem and provided for debt and debt-service reduction. They remained too limited, being restricted to certain categories of countries. She therefore welcomed the recommendation of the Secretary-General's Personal Representative on Debt that lower-middle-income countries with large official debts should be viewed as a separate category and their debt burden reduced.

47. Debt reduction should be consistent with the capacity of debtor countries to pay as well as their requirements for growth and development. Debt-reduction and relief measures should serve as a springboard to promote future reforms.

48. Efforts to combat high real interest rates and protectionist tendencies in the developed countries must be stepped up. The multilateral financial institutions must also make further efforts to improve the international economic and financial environment by mobilizing additional resources on concessional terms. The pace of economic reform should also be tailored to the situation obtaining in a given country. Reform should be consistent with national plans and objectives and not inflict undue sufferings on the population - the concept of "adjustment with a human face" should be applied more effectively.

(Mrs. Hassan, Egypt)

49. For a solution to the debt crisis to be viable, it must acknowledge the interrelationship between debt, trade, development and the interdependent nature of the world economy. Thus the three fundamental components of a real solution were: viable structural adjustment programmes; new flows of capital in addition to debt-relief and debt-reduction measures; and the establishment of an external environment conducive to growth and development.

50. Mr. MISSARY (Yemen) said that his delegation shared the concern expressed by many others at the continuing stagnation in the developing countries. The countries of Africa and Latin America and a number of those in Asia had witnessed a fall in per capita income over the past decade, while the industrially developed countries had achieved steady growth. External debt was the major factor in the problems impeding growth and development in the developing countries, and it imposed an intolerable burden on them.

51. The measures thus far taken had failed to mitigate the external debt problem. Certain aspects of the initiatives proposed in the 1980s had been welcome, but had proved inadequate thereby further aggravating the crisis. The steps taken by creditor countries to deal with the bilateral official debts of the least developed countries should not be ignored. His delegation looked forward to the emergence of a new spirit characterized by a conviction on the part of all creditor countries that they must cancel the debts of some of the least developed countries and by the participation of all the international financial institutions and commercial banks in addressing the debt problems of the developing countries. Any debt strategy for the developing countries must extend to all debts and to all debtor countries.

52. His delegation believed that there was a close link between debt and the net transfer of resources from the developing countries to the developed countries. During the period 1983 to 1989, the Latin American countries alone had suffered a net reverse flow of resources in the amount of some $177 billion. The time had come to elaborate a comprehensive and durable debt strategy combining all the positive aspects of the initiatives proposed.

53. While the developing countries bore the major responsibility for their own development, international support must nevertheless be maintained and increased. His country hoped that during the current decade its partners in development would fulfil the commitment they had undertaken, by providing 0.7 per cent of their gross national product as ODA. During the 1980s ODA had amounted to only one half of that figure, and the upper limit had been only 0.9 per cent. It was to be hoped that the first half of the 1990s would see the fulfilment of the pledges given in international forums in the course of the year.

54. The Republic of Yemen, whose debts combined those of the two States that had united to form it, hoped that the international community would appreciate the seriousness of its indebtedness in the medium and long terms. His Government was exploring the possibility of securing the cancellation of those debts, and would also have to obtain increased resources necessary to promote economic and social development. The measures to be taken in the economic field, particularly the

(Mr. Missary, Yemen)

encouragement of Yemeni, Arab and foreign investment, the establishment of a free zone at the port of Aden and improved utilisation of available natural resources, would be helpful in addressing the debt problem and mobilizing sufficient resources to achieve continued growth and development.

55. Mr. OLISEMEKA (Nigeria) said that the development strategies of heavily indebted developing countries had suffered from declining direct foreign investment and industrial production. Nigeria's own external debt had increased tenfold between 1978 and 1988, largely as the result of the sharp rise in interest rates. Africa's total debt stock had risen more than fivefold during the same period, with devastating effect. African countries had often been unable to meet their debt-service obligations.

56. During the 1980s, six African countries had been reclassified from middle-income to low-income countries and the number classified as least developed countries had risen from 17 to 28. If current global economic inequalities were not redressed, that number would most likely increase. The major industrialized countries should therefore muster the necessary political will to solve the debt problem and thereby release the resources needed for development and growth. Effective solutions to the debt problem must be the joint responsibility of debtor and creditor countries as well as multilateral financial institutions and commercial banks. Recent initiatives to reduce debt stock and debt servicing were well conceived, but were not sufficiently far-reaching.

57. The developed countries should rise to the challenges posed by the external debt problem. Effective measures should be devised and implemented to remove other obstacles impeding the economic development of the developing countries. For its part, Nigeria was energetically pursuing the major economic reforms it had begun several years earlier. Nevertheless, the flow of foreign investment capital into the Nigerian economy had not matched the country's expectations or its sacrifices. Profound structural changes were needed in the global economic and financial system.

58. He proposed that a target date should be set for substantially reducing and eventually eliminating all forms of external debt. Direct foreign investment in heavily indebted countries should be increased in order to promote economic development and growth. Commodity prices, which were currently low, should be reviewed with a view to encouraging producers and boosting foreign exchange earnings. Greater flexibility should be displayed by creditors, and consideration should be given to the cancellation of debts or the conversion of debts into grants. Finally, it was more urgent than ever that an international conference should be convened to look for solutions to the crisis.

59. International economic co-operation which did not involve the rectification of existing fiscal imbalances would be of little use to heavily indebted developing countries. Moreover, both developed and developing countries could benefit from a balanced approach to economic matters. The industrialized countries should therefore take advantage of the current favourable international climate to promote

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(Mr. Olisemeka, Nigeria)

healthy economic co-operation among developing countries. The recommendations of the Secretary-General's Personal Representative on Debt regarding low-income debtor countries were very welcome and should be given active consideration. The same was true for his call for new forms of debt forgiveness, including write-offs of ODA debt, conversion of non-concessional bilateral debt into longer-term credit and increasing the financial resources of the concessional facilities of international finance institutions. Existing trade relations should also be improved, and he hoped that significant progress would be achieved in the Uruguay Round by the end of the year. He also called for an increase in ODA, the elimination of protectionism and the removal of all trade barriers. Existing debt-relief measures should be strengthened in a manner that would also benefit creditor countries, and serious consideration should be given to the proposal by the Secretary-General's Personal Representative concerning an international régime for public debt.

The meeting rose at 12.15 p.m.