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Chairman: Mr. PAPADATAS (Greece)

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

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

Statement by the Secretary-General

1. The SECRETARY-GENERAL said the continuing crisis of external indebtedness of developing countries reflected a deep-rooted malaise in international economic and financial relationships. Over the past eight years, the external debt of those countries had increased and had become a major impediment to growth and development of most of the developing countries and to the revitalization of the global economy. In spite of continued efforts to find a solution, total external debt of developing countries had grown steadily, from \$US 740 billion in 1982 to \$US 1,100 billion in 1989, causing the burden of debt payments of the debtor countries to increase to a point where many of them, even after repeated rescheduling, were no longer in a position to meet their obligations to their creditors. The effects of the crisis were so serious and widespread that it was not possible to wait for conventional approaches to bring about a solution. Economic conditions in much of the third world, and particularly in certain regions, demanded a dynamic and broad-based approach that would have a tangible impact. The United Nations had drawn attention to the dangers of the crisis ever since its beginning. Since 1987, the General Assembly had adopted a number of resolutions on the problem, in which the principal elements of a solution were identified. Although some progress had been achieved, much still needed to be done.
2. The scope and the extent of the problem were further aggravated by the current crisis in the Persian Gulf, which, along with speculation and uncertainties about the future, had caused the price of oil to rise to levels which were intolerable for most of the oil-importing developing countries, whose economies did not have the necessary resilience to deal with the additional burden imposed by the higher cost of oil.
3. If present trends persisted, it was unlikely that there would be any increase in gross domestic product in much of Latin America during the 1990s. Prospects in 1991 might improve slightly for some of the oil-exporting countries, but in general most countries would clearly be unable to cope with the dual pressure of debt-servicing burdens and the increased cost of oil imports.
4. The situation in sub-Saharan Africa and in most of the least developed countries was even worse. The majority of those countries had still not managed to show a significant improvement in their growth performance. There again, a few oil-exporting African countries would benefit, and their economies might show signs of improvement in 1991, but for the rest, the economic prospects were bleak.
5. In Asia, too, where there had been some cause for satisfaction as several of the larger countries had achieved consistent growth, the slowing down of external financial flows, currently combined with huge oil import bills, had darkened short-term prospects. Furthermore, the debt problem of a number of countries, particularly in southern Asia, might loom larger in the years ahead.

(The Secretary-General)

6. Higher oil prices only served to expose the vulnerability of those economies and the underlying causes of the distortions in international economic and financial relations. Most economic indicators suggested a general slowing down of the world economy. There were also indications of a continued strong negative trend in the net transfer of resources associated with medium- and long-term borrowing by developing countries. In those circumstances, it was becoming more urgent than ever to arrive at a consensus on a debt strategy which centred on substantial debt and debt-servicing reductions and covered a wider range of credits and creditors.

7. In spite of extensive international and national efforts to cope with the debt problem of the developing countries, there was little evidence to suggest that their capacity to service debt and to finance imports had increased. The economies of heavily indebted countries had in fact continued to weaken. At the national level, efforts had focused on adjustment programmes and on increasing the levels of both public and private investments; those efforts had unfortunately yielded sparse results. At the international level, debt rescheduling and commitments for official development assistance had proved totally insufficient in relation to the size of the problem. The situation was further aggravated by exceptionally high levels of interest rates in a large number of major industrialized countries.

8. The debt crisis had received considerably more attention in recent years, and particularly since 1989, with the Toronto agreement and the Brady Plan. More recently some new initiatives had been taken to increase the degree of international consensus with regard to a more effective debt strategy. In that context, he said it was worth noting in particular the proposal made by the Government of the United Kingdom at the September meeting of Commonwealth Finance Ministers and the initiatives adopted by France and the Netherlands at the Second United Nations Conference on the Least Developed Countries. Some industrialized countries had also accelerated their programmes for the provision of assistance to countries in sub-Saharan Africa and Latin America.

9. So as to stimulate further thinking on the evolution of a debt strategy and to develop an international consensus on the policy approaches to be included in it, he said that last year he had appointed Mr. Bettino Craxi, the former Prime Minister of Italy, as his Personal Representative on Debt. Over the past 10 months, Mr. Craxi had devoted much time and energy to meeting with government leaders of creditor and debtor countries and heads of financial institutions and banks in order to explore ways and means and the most appropriate courses of action for the speedy and effective lowering of the debt burden in the developing countries. The preceding week Mr. Craxi had submitted his report (A/45/380), which was now before the Committee.

10. He was very grateful to Mr. Craxi for the imagination and dynamism that he had put into the preparation of the report. There were no definitive solutions or time-tested methodologies for solving the debt crisis, but Mr. Craxi had put forward many ideas and recommendations which could give impetus to and supplement ongoing efforts. The Secretary-General said he was sure that the report would

(The Secretary-General)

stimulate thinking on the critical issue of the debt, not only in the General Assembly but also by all other parties concerned, including Governments and international and private financial institutions.

11. As the Assembly had requested the preceding year in its resolution 44/205, the Committee also had before it the report of the Secretary-General on the recent evolution of the international debt strategy (A/45/656). At a time when the contours of a new global consensus on economic and social issues were being defined through such important agreements as the Declaration on International Economic Co-operation for Development adopted at the eighteenth special session of the General Assembly and the fourth International Development Strategy, the persistent crisis created by the magnitude of the external debt should not be allowed to retard the process or to continue to frustrate the development efforts of the most severely indebted countries.

12. The three central elements of the search for a solution were well known and widely accepted: namely, a clear commitment to strengthen domestic policies; the vital importance of the supportive role played by the external environment; and concerted action by Governments, private creditors and multilateral institutions. Those principles must be reflected in a comprehensive strategy on debt aimed at effectively reducing the total stock of debt and debt-servicing and at restoring the capacity of the debtor countries to meet their debt obligations.

13. He attached great importance to the work of the Committee on that issue, which could contribute significantly to the search for a meaningful and durable solution to the debt problem. He would continue to pay close attention to that crucial issue and the Secretariat would continue to provide substantive support through research, analysis and new ideas and approaches, so as to facilitate its work.

General discussion

14. Mr. YENEL (Turkey) said that external debt was linked not only to interest rates, trade and financial flows, but also to poverty, the deterioration of social services and political instability. The report of Mr. Craxi on the external debt crisis and development (A/45/380) highlighted the major issues, provided guidance for debt reduction and proposed solutions.

15. Debt reduction must be supplemented by adequate access to markets, additional investments, new resources and reasonable interest rates. The industrialized countries and financial organizations were aware of the debt situation and had put forward major initiatives, but the developing countries must stress that their situation was very serious and that they were applying realistic, growth-oriented policies. The manner of approaching the external debt problem was crucial in the search for a solution, since the issue was not solely financial and should be treated as a whole with all its economic aspects. The current international economic and monetary system had been found to work well in emergency situations, but its aim should be to anticipate such situations in order to avert economic, social and political problems.

(Mr. Yonel, Turkey)

16. Private banks must be persuaded to engage in burden-sharing and provide new resources, and it was imperative for industrialized countries to apply economic policies for promoting exports from developing countries. It was to be hoped that a way could be found to involve organizations representing commercial banks in the Committee's deliberations so that they could learn directly about the current critical situation and the effects of the dwindling transfer of resources.

17. So long as new resources were required for development and growth, debt would exist. Those resources must support the efforts of developing countries which were not requesting total elimination of debt but rather that it should be more manageable so that they could apply realistic and sustainable development policies.

18. Mrs. KHAN-CUMMINGS (Trinidad and Tobago) said that the appointment of Mr. Craxi as Personal Representative of the Secretary-General on Debt demonstrated a willingness to treat the debt crisis as a major concern of the United Nations. Mr. Craxi's high-level contacts would facilitate the formulation of a more effective strategy to deal with the debt problem.

19. External debt continued to be a major problem in international economic relations: its seriousness for developing countries, including many small middle-income countries such as Trinidad and Tobago, showed the pressing need to try new approaches at the international level in order to support initiatives taken at the national level. The hope that the debt problem would be transitory and that debtor countries would shed it by increasing their exports was based on the expectation that brisk growth in industrial countries would enable developing countries to improve their export earnings. However, while the developed countries had enjoyed a long period of growth, the longest since the Second World War, developing countries as a whole had posted negative growth rates. High interest rates, lower income from commodity exports, debt service and protectionist measures in the North had exacerbated the debt problem and remained obstacles to growth in many developing countries.

20. The debtor countries continued to register a net outward transfer of resources. Their capital goods were obsolete and their debt-servicing obligations were so heavy that they were unable to improve their creditworthiness. After five years of strict austerity, the debt situation had worsened, particularly if debt exports and debt/debt-service ratios were considered. Indeed, there had been few cases of growth-oriented adjustment.

21. Some developed creditor countries, such as France, the United Kingdom, Canada, the Netherlands and the Nordic countries, had taken steps to write off part of the official debt of the most indebted low-income countries. That initiative, which should be part of the debt-reduction strategy, should be extended to a greater number of debtor countries. Canada, with its initiative to forgive the official debt of Caribbean Commonwealth countries, had recognized that small middle-income countries also suffered from the burden of debt-servicing.

(Mrs. Khan-Cummings, Trinidad and Tobago)

22. The substantial relief granted to the severely indebted low-income countries on their bilateral official debt, application of the Toronto terms to the bilateral official debt of a number of countries since 1988, and the proposals formulated by the United Kingdom at the recent meeting of Commonwealth Ministers of Finance were equally encouraging.

23. The Baker and Brady Plans and the Japanese initiative had attempted to address the problem of middle-income countries. Those efforts had averted the collapse of the international financial system and confrontation between debtors and creditors, but they had not dealt comprehensively with the more systemic aspect of the external debt crisis. While the flow of resources remained modest and the financial flows generated had not been sufficient to reverse the net financial transfers, some were of the view that those measures were provisional and that a more radical approach to the debt problem was required, together with new financial resources in order to resolve the crisis and promote sustained growth. Those measures must be supported by a new approach to the lending and evaluation criteria practised by multilateral institutions and commercial bank creditors.

24. In view of the revolving nature of its resources, the International Monetary Fund could not sustain a continuous flow of resources to recipients of its loans, but the seriousness of the crisis required more innovative approaches. IMF and the World Bank should have both greater resources and new mandates in order to promote growth and development in developing countries.

25. There was a pressing need to reduce the transfer of real income from countries in Latin America and the Caribbean, Africa and Western Asia to countries in the developed world and to increase resource flows from the North to the South, which continued to decline. It was also especially vital to increase official development assistance in order to revitalize growth.

26. Since the debt problem was an integral part of the question of development, policy reforms should be designed to achieve maximum sustainable growth. The industrialized countries should give special attention to co-ordinating their policies with a view to promoting greater stability of exchange rates and adjustment in trade imbalances. Efforts should also be made to boost savings in deficit industrialized countries in order to lessen the pressure on interest rates.

27. The current session should set the stage for a collective response by the international community to the economic deterioration which had plunged the countries of the South into a developmental crisis.

28. Mr. KRYZHANIVSKIY (Ukrainian Soviet Socialist Republic) said that the international community was right to focus on the debt problem, because it was one of the major obstacles to stable social and economic development in many countries. The improvement in the international political climate over the past year would make it easier to solve the problem and create an awareness that, because of its global nature, a joint effort was required.

(Mr. Kryzhanivskiy, Ukrainian SSR)

29. The report that Mr. Craxi had prepared at the request of the Secretary-General (A/45/380) was an important step in that direction. The recommendations therein were addressed to all the parties involved, i.e., the Governments of creditor and debtor countries, private banks and multilateral financial institutions. While implementing those recommendations could mean sacrifices, they warranted careful study, since, as the Secretary-General had stated in the foreword to the report, "the future of developing countries and the prospects for renewed growth and expansion of the world economy cannot continue to be held hostage by a debilitating crisis ... precipitated by the debt problem".

30. In an increasingly interdependent world, it was vital to eliminate the differences between the living standard of the poor and that of the rich countries. Eliminating those differences made sense both morally economically speaking, because it meant strengthening international relations on the basis of respect and mutual advantage.

31. Another important aspect of Mr. Craxi's report was the clear link that it established between the debt and the environment. Renewed international co-operation was required to break the perverse spiral of the rise in debt and the destruction of the environment. The idea of releasing resources to finance environmental protection projects should be supported.

32. It was also heartening that the report recognized the need to help the countries of Eastern Europe in their transition to a market economy, in accordance with the provisions of the new International Development Strategy and the Declaration adopted at the eighteenth special session of the General Assembly. The radical restructuring of the economies of those countries, with a view to making them part of the world economic system, would facilitate international co-operation in solving the debt problem.

33. In the Ukraine, the Government was making tremendous economic changes on the basis of a law on economic independence that protected all forms of property and established conditions conducive to issuing shares, bonds and other securities. Foreign capital investments were also hoped for. In order to implement that law, the Ukraine expected to participate more actively in international economic relations and in the activities of the multilateral financial institutions.

34. Lastly, to overcome the debt crisis, it was necessary to co-ordinate the activities of the World Bank, the International Monetary Fund, the Paris Club and State and private banks so as to develop a constructive approach for the benefit of all. Consideration should also be given to the proposal to establish an advisory commission on debt and development that would take into account the interests of all the parties concerned.

AGENDA ITEM 87: INTERNATIONAL ASSISTANCE FOR THE ECONOMIC REHABILITATION OF ANGOLA (continued)

Draft resolution A/C.2/45/L.14, entitled "International assistance for the economic rehabilitation of Angola"

35. **Mr. MANSARAY** (Sierra Leone), introducing draft resolution A/C.2/45/L.14, said that Afghanistan, Argentina, Colombia, China, Egypt, Gabon, Guinea, Mexico, Nicaragua, Suriname, Togo and Zaire had joined in sponsoring the draft resolution.

36. The draft resolution sought to strengthen co-operation between the Government and people of Angola on the one hand and the United Nations and the international community on the other. The Government of Angola had made commendable efforts towards achieving the objectives established in General Assembly resolution 44/168 on the same subject, and it had maintained its firm commitment to implementing the economic and financial reform programme for overhauling the country's economy by reducing the public-sector debt and liberalizing exchange, trade, pricing and credit policies. His Government was also trying to reach a negotiated solution to the internal conflict.

37. Angola thanked the international community and the Secretary-General for their response to its appeal for assistance. However, given the seriousness of the problems facing it, even more generous international assistance was needed. For that reason, he commended the draft resolution for unanimous adoption, and looked forward to effective international participation in the round table on Angola to be sponsored by the United Nations Development Fund in 1991.

AGENDA ITEM 86: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE (continued)

(b) SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE (continued)

Draft resolution A/C.2/45/L.15, entitled "Special assistance to the front-line States"

38. **Mr. MUCHANGA** (Zambia), introducing draft resolution A/C.2/45/L.15, said that Swaziland and Suriname had joined in sponsoring the draft resolution.

39. That document was based on previous resolutions on the same subject, to which a few additions had been made. The first was in the third preambular paragraph, the wording of which was borrowed entirely from the Declaration on Apartheid and its Destructive Consequences in Southern Africa. Also, the fifth preambular paragraph mentioned the evolving situation in South Africa, because there were forces in that country that opposed the eradication of racism in South Africa and were delaying and impeding the process towards establishing a new constitutional order.

40. Lastly, paragraph 3 had been added to the document in order to draw the attention of the international community to the necessity of alleviating human suffering and adopting rehabilitation and reconstruction measures in southern

(Mr. Muchanga, Zambia)

Africa. In the general debate, his delegation had already spoken of the adverse effects of the undeclared war in southern Africa, and the representative of Mozambique had stated that between 75 and 80 per cent of schools and health services in his country had been destroyed by that war. The undeclared war had cost the lives of 1.5 million people, 50 per cent of whom were children, and there was therefore a possibility of famine in two front-line States in 1990. It was therefore to be hoped that the draft resolution would be adopted unanimously.

Draft resolution A/C.2/45/L.16 entitled "Assistance for the reconstruction and the development of Lebanon"

41. Mr. LUFTI (Jordan) introduced draft resolution A/C.2/45/L.16 and said that Bahrain, Morocco and Tunisia had joined the list of co-sponsors. The war in Lebanon had resulted in enormous damage to private property and the public infrastructure. The United Nations and the international community had contributed generously to the reconstruction and development of Lebanon, but much more needed to be done.

42. The draft resolution was almost identical to the document adopted the previous year, and once again called upon the organs, organizations and bodies of the United Nations system to intensify their programmes of assistance. Lebanon, which had contributed enormously to the cultural, financial and commercial prosperity of the region in the post-war period, deserved all of the international community's help. It was to be hoped that the draft resolution would be adopted by consensus.

Draft resolution A/C.2/45/L.17 entitled "Operation Lifeline Sudan"

43. Mr. LAGU (Sudan) said that in the last few years the Sudan had suffered enormously because of the drought, which had affected most parts of the country during two consecutive seasons. The situation had been further aggravated by the armed conflict in the southern part of the Sudan, which had caused a large movement of people towards the North, depriving the agriculture of the South of a stable labour force, which had in turn resulted in a food shortage in the area. Furthermore, the Sudan continued to be host to one of the largest number of refugees from neighbouring States, with whom it had to share its meagre food resources.

44. His Government was doing its utmost to remedy the situation and had, for example, increased the area under irrigation to compensate for the lack of rain. It was hoping for a wheat harvest to ensure self-sufficiency in that crop; had introduced new crops such as wheat, corn and lentils; was providing agricultural inputs well in advance of the season; and had suspended the export of cereals and taken adequate measures to combat smuggling of agricultural products.

45. At the request of the Government, a FAO crop assessment mission was scheduled to visit the Sudan in November to determine exactly the food aid required.

(Mr. Lagu, Sudan)

46. With regard to Operation Lifeline, the Government had met all its commitments with regard to the transport of food to the affected areas and, as had been confirmed by the Under-Secretary-General for Special Political Questions in his statement of 23 October 1990, had been making tremendous efforts to restore the communications infrastructure. In addition, the Government had created safe corridors for the free passage of food and non-food supplies intended to alleviate the suffering of innocent civilians. It was to be hoped that the Committee would adopt the draft resolution by consensus.

Draft resolution A/C.2/45/L.18 entitled "Assistance to Mozambique"

47. Mr. SANGA (United Republic of Tanzania), speaking on behalf of the sponsors, which had been joined by Afghanistan, Cameroon, Egypt, Gabon, Ghana, Indonesia, Japan, the Libyan Arab Jamahiriya, Mali, Myanmar and Togo, introduced draft resolution A/C.2/45/L.18. He recalled Security Council resolution 386 (1976) of 17 March 1976 and General Assembly resolution 43/208 of 20 December 1988, in which the Secretary-General and the international community had been requested to provide financial, technical and material assistance to Mozambique. After referring to the report of the Secretary-General on emergency assistance to Mozambique (A/45/562), he expressed his confidence that the Committee would adopt the draft resolution by consensus.

Draft resolution A/C.2/45/L.20 entitled "Emergency assistance to Somalia"

48. Mrs. HASSAN (Egypt), speaking on behalf of the sponsors, which had been joined by Chile, Jordan, Maldives, Rwanda, Singapore and Suriname, introduced draft resolution A/C.2/45/L.20. She said that, as confirmed by the United Nations Mission during its visit to Somalia in 1989, attacks by armed bands in rural and urban areas of southern Somalia had caused massive movements of people and enormous damage to the infrastructure and essential public services. After pointing out that Somalia was among the least developed countries and hence needed outside help in providing food, medicine and housing for the displaced persons, she expressed her conviction that the Committee would adopt the draft resolution by consensus.

49. Mr. KRUIDERINK (Officer in charge of the Regional Bureau for Latin America and the Caribbean Region of the United Nations Development Programme) presented the report of the Secretary-General on the Special Plan of Economic Co-operation for Central America (A/45/622) and pointed out that one of the three characteristics of the Plan was that it concentrated on those economic and social aspects which were directly linked to the preservation and consolidation of peace and that that was what made it "special". He noted that the implementation of the Plan had moved forward thanks to the progress achieved in the regional peace and democratization process, as reflected in the joint presidential declaration of Alajuela, Costa del Sol, Tela, San Isidro, Montelima and La Antigua. The Central American Presidents were focusing their attention on economic issues, including the social costs of the adjustment process of the economies and the launching of the subregional economic integration process as shown by the Declaration and Economic Plan of Action adopted at La Antigua (Guatemala) in June 1990.

(Mr. Kruidenink)

50. The Special Plan of Economic Co-operation for Central America provided a framework and established priorities for international regional development co-operation. UNDP, the lead agency for implementation of the Plan, had financed the design of a computerized information system to facilitate aid co-ordination. The system was in operation, and it was expected that its first report would be distributed in November 1990. Furthermore, so far as the mechanism approved for implementation of the Plan was concerned, assistance was being provided to the Central American Governments in preparing the documentation required for mobilizing resources from the international donor community. Those activities were financed by UNDP's Special Programme Resources and by multilateral and bilateral co-financing.

51. At the first meeting of Central American Governments with co-operating Governments and institutions, held at Geneva in July 1989, it was decided to hold sectoral and thematic meetings to mobilize resources. In June 1990, the first international meeting of the Follow-Up Committee of the International Conference on Central American Refugees was held in New York at which the recipient countries submitted 59 projects and \$98.8 million were pledged. Furthermore, Governments, regional institutions, UNDP, United Nations agencies and multilateral financing institutions were taking steps to convene sectoral meetings with donors during the first quarter of 1991 for financing projects in such areas as agriculture, telecommunications and road networks. Progress had also been made in mobilizing resources to finance projects in social sectors, undertaken by UNICEF and the Pan American Health Organization (PAHO). The Central American Governments had requested UNDP to finance an inter-agency mission, with the participation of the World Bank and the Inter-American Development Bank, for the purpose of creating a regional facility for selected social subsectors. Lastly, in line with the priorities of the Central American Commission on Environment and Development, UNDP was carrying out a survey of projects in the reforestation and management of tropical forests. A regional agro-forestry programme to benefit small-scale farmers, in areas where soil erosion was a major problem, was also contemplated.

52. The Special Plan of Economic Co-operation for Central America had been endorsed in response to Esquipulas II and it was important to receive international financial support. Furthermore, economic recovery of the Central American countries was indispensable for consolidating the peace process in the region.

53. Mr. MAYORGA CORTES (Nicaragua), speaking on behalf of the Central American countries, said that he was pleased with the report of the Secretary-General on the implementation of the Special Plan of Economic Co-operation for Central America. The new democratic spirit and the renewed capacity for consensus prevailing in Central America further justified the right of Central American Governments to speak with one voice to the international community. The international community had begun to appreciate the capacity for ongoing dialogue and international consultation of the Central American countries, which were working resolutely to promote their own internal processes of détente and reconciliation. The 1989-1990 biennium had been characterized by the persistent effort on the part of each country, within the framework of the regional agreements, to choose the path of

(Mr. Mayorga Cortes, Nicaragua)

negotiation and consultation over that of polarization and war. In the case of Nicaragua, reason and tolerance had triumphed over intransigence and violence.

54. The past five years had seen significant changes on the Central American political scene, especially peace-building in the region and the establishment and gradual consolidation of democratic régimes. Out of the new political situation the necessary conditions were being created for resumption of the regional integration process, which was virtually at a standstill. The task was a difficult one and had to be tackled over the medium and long term.

55. The Central American integration process had begun three decades before. During the first of those decades, major gains in subregional co-operation had been made but thereafter the energy problem in the decade of the 1970s and the breakdown of the socio-economic order in the decade of the 1980s, as a result of the most serious economic, social and political crisis that Central America had ever experienced, had hampered the process of co-operation in the subregion. Considerable adjustments and structural changes had been necessary, with the social and political costs that they implied, and a different regional development strategy for the 1990s had had to be introduced. In that connection, the adoption of specific measures would be the best test of the political will for regional co-operation, proclaimed at the summit meetings of the Central American Presidents.

56. In that context, the Special Plan of Economic Co-operation for Central America had yielded positive results in the task of devising medium-term and long-term policies and in identifying the activities that should be promoted within the region in order to enjoy the benefits of the economies of scale afforded by the integrationist process.

57. The information on the status of implementation of the Plan provided in the Secretary-General's report (A/45/622) was adequate and accurate. The section dealing with the review of the macro-economic framework confirmed that the main constraints imposed by the economic crisis, such as greater vulnerability to outside factors, the contraction of the subregional common market, the flight of capital and the brain drain, the slump in investment and the large numbers of displaced persons and refugees which the Special Plan was designed to meet, still remained. One very positive fact, not only for the country but for the region as a whole, had been the progress achieved in solving the political/military conflict in Nicaragua - one of the constraints identified when the Special Plan was adopted. Similarly, the continuing processes of dialogue in El Salvador and Guatemala gave room for some optimism that the remaining constraints might also be removed.

58. With regard to the emergency programme of the Special Plan, assistance was being duly provided to refugees, returnees and displaced persons through the work of the International Conference on Central American Refugees and the emergency Programme in favour of Displaced Persons, Refugees and Returnees. Much the same could be said for food aid and urgent energy needs. With respect to the programme of immediate action, economic recovery and social development, its implementation should be accelerated. In order to do so, greater international financial support

(Mr. Mayorga Cortes, Nicaragua)

would have to be obtained and more time than the three years originally contemplated for executing the programme was required. In the past two years, greater progress could not have been achieved in respect of programmes covering the emergency phase, because in most of the region's countries, the necessary conditions of economic stability and growth were lacking to promote the reactivation and recovery of the subregional economic integration programme, one of the main targets of the Special Plan. It should be borne in mind that the stabilization and the economic adjustment programmes currently had a medium-term target of five to seven years and that, in the case of Central America, the Special Plan of Economic Co-operation was intended to complement internal efforts and earmark additional resources for promoting the development which each country should pursue notwithstanding the severe internal constraints.

59. Nicaragua emphasized the importance of the interaction between advances in the political field and the possibility of successfully completing the implementation of the Special Plan. It therefore attached great importance to national political reconciliation and concerted action in the economic and social fields as fundamental instruments for the consolidation of peace, the preservation of democracy, respect for human rights and the promotion of development.

60. Democratic processes and dialogue currently predominated in Central America. The summit meeting at Antigua, Guatemala, had enabled the Central American Presidents to re-evaluate the economic and social situation in Central America and the Declaration they had issued contained the basic elements for promoting regional development. It was therefore appropriate that the Special Plan should give formal support to the proposals and content of the Central American Economic Plan of Action under which Nicaragua was seeking to strengthen the process of peace and democratization and to combine it with the promotion of economic and social development.

61. Although the Central American initiatives for peace and development were continuing, no substantial improvement had yet been seen in the economic and social situation. The integrating effect of the Special Plan had yet to be fully felt. Assistance programmes under the Special Plan must be accelerated and strengthened, taking into account the new possibilities and directions for development in the region.

62. Allowing for normal differences from one country to another, the 1980s had been a period of marked economic and social decline for Central America as a whole. Imports of goods essential for development had had to be cut back, some basic development programmes in the social sectors had had to be abandoned or drastically reduced, and a painful adjustment process had had to be gone through. Also, the sharp decline in investment and the deterioration of their productive capacity and physical infrastructure had prevented most of the countries from continuing with their pattern of growth and development and satisfying the basic needs of their population, thus exacerbating political and social problems.

(Mr. Mayorga Cortes, Nicaragua)

63. In 1989, the economies of the Central American countries had continued to demonstrate those financial imbalances which had prevented them from making a clear start on reactivating economic growth. One of the major restrictions in that connection continued to be the unfavourable evolution of the external sector. Poverty and unemployment had reached unacceptable levels. Accordingly, Nicaragua shared the view expressed in the report of the Secretary-General that extreme poverty, the inequitable distribution of the costs of economic adjustment and the social situation in general threatened the attainment of lasting peace and stability in Central America.

64. Although, in general terms, it could be said that the criteria used to determine the priority fields of action had been taken into account in the implementation of the Plan, the countries of the region believed that over the next few years greater efforts should be made to secure more resources on more concessional terms, to strengthen the capacity of Central America to generate authentically regional projects, and to advance more rapidly with the institutional strengthening of the various Central American integration bodies, while at the same time seeing to it that peace was maintained and consolidated and that the Plan was consistent with government priorities, as required.

65. The General Assembly should renew the mandate of the Special Plan of Co-operation at the current session for an additional period of three years in order to allow the fulfilment of the objectives established and to ensure the continuity and coherence of ongoing programmes and projects, thus helping the countries of the region and the co-operating community to assign resources efficiently.

66. Nicaragua reiterated the appeal made by the Governments of Central America to the international community and the specialized agencies of the United Nations, at the thirty-seventh session of the UNDP Governing Council, for support for the request for the allocation of \$20 million from UNDP Special Programme Resources to finance activities of the Special Plan already under way or about to begin under the fifth programming cycle (1992-1994).

67. Nicaragua was convinced that the initiative of the Special Plan was an undertaking that would contribute progressively and in parallel to other advances and would confer a greater degree of rationality and a more transcendent vision on economic and social progress in Central America. The Plan was a vital instrument for enhancing regional economic development and thus the advance towards an increasingly encouraging political evolution, marked by the unmistakable will of the countries of the region to foster democracy within their borders, to promote tolerance and understanding and leave behind the spectre of war in order to consolidate a firm and lasting peace. All that would be possible if, in addition to their own efforts, the countries of the region could count on the firm support of the international community.

68. Mr. MISSARY (Yemen) complained that the report on assistance to Democratic Yemen (A/45/669), requested in resolution 44/179, had been distributed late. However, he thanked UNDP for the speed with which it had been prepared. The report

(Mr. Missary, Yemen)

contained information on the flood damage suffered by Yemen and the economic repercussions of the Gulf crisis, including the return home of Yemeni expatriates. The report also stated that a total of \$3.6 million had been approved for assistance in rehabilitation and reconstruction. However, those funds had been approved prior to resolution 44/179 and it was clear, therefore, that they corresponded not to that resolution but to an earlier one on the same subject. Yemen therefore wished to stress once again to the international community its need for the assistance referred to in that resolution.

69. He explained that aid from IMF/World Bank was given in the form of loans on favourable terms and was not free of charge. He welcomed the role of UNDP and the assistance received from intergovernmental and non-governmental sources. He was confident that the flow of aid would increase, given the circumstances facing the country.

70. He reminded the Committee that Democratic Yemen had become the Republic of Yemen on 22 May 1990 and should appear in documents under that name.

71. The CHAIRMAN said that the name of the Republic of Yemen had already been used in documents that had come out since the report.

72. He announced that Afghanistan had joined the sponsors of draft resolution A/C.2/45/L.9 on assistance for the reconstruction and development of the Republic of Yemen.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

(h) ASSISTANCE TO THE PALESTINIAN PEOPLE (continued) (A/C.2/45/L.12)

73. The CHAIRMAN announced that Afghanistan and Namibia had joined the sponsors of draft resolution A/C.2/45/L.12, entitled "Assistance to the Palestinian people".

The meeting rose at 5.20 p.m.