



SUMMARY RECORD OF THE 28th MEETING

Chairman: Ms. ERIKSSON (Sweden)

later: Mr. BIRIDO (Sudan)

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ORGANIZATION OF WORK

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The meeting was called to order at 3:30 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, 762; A/C.2/40/2 and 5; A/C.2/40/L.7)

(c) TRADE AND DEVELOPMENT (continued) (A/40/15, vols. I-II, 596, 717, 798, 815; A/C.2/40/L.8 and L.9)

(e) ECONOMIC AND TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES (continued) (A/40/39, 579 and Corr.1, 581, 656 and Add.1)

(j) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES: REPORT OF THE SECRETARY-GENERAL (continued) (A/40/826 and 827)

(m) IMMEDIATE MEASURES IN FAVOUR OF THE DEVELOPING COUNTRIES: REPORT OF THE SECRETARY-GENERAL (continued) (A/40/597 and Corr.1)

(n) NEW AND RENEWABLE SOURCES OF ENERGY: REPORT OF THE SECRETARY-GENERAL (continued) (A/40/548)

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

1. Mr. BULBULIA (Barbados) said that the focus on the interdependence of trade and development provided by UNTAD made its contribution especially relevant to developing countries in the current global economic situation.

2. There was an inescapable connection between the capacity of developing countries to pay their debts and the priority given to their trade problems. A rollback of the protectionist measures imposed by developed countries and a significant improvement in the terms of trade for developing countries would help the latter to settle their debts, since their capacity to pay was clearly linked to their ability to sell, but action to reduce external indebtedness would not be sufficient to reactivate the development process in the absence of concerted action to promote trade. The stimulation of international trade held out the greatest potential for remedying the current world economic malaise and he welcomed the growing consensus on the need for the World Bank and IMF to play a larger part in supporting growth-oriented adjustment.

3. His Government's development plan for 1983-1988 was based on the recognition that the country's future depended on creating a more productive economy and further developing its infrastructure. Its aim was to develop the major productive sectors of tourism, manufacturing and agriculture. The importance of trade for development was also recognized elsewhere in the Caribbean and the integration movement, known as the Caribbean Community, reflected the pressing need to promote

(Mr. Bulbulia, Barbados)

trade between the States in the region for their mutual benefit, but the international economic environment had adversely affected regional economic integration efforts and had made necessary a process of structural adjustment which States in the area were implementing as a matter of urgency.

4. His Government had stressed the need for an international trading system which would not only transmit the positive effects of the international economic recovery but also help to prolong it and therefore welcomed the decision to begin preparations for a new round of trade negotiations, which were an important prerequisite for revitalizing international trade. The successful conclusion of the preparatory process would be crucial to the ultimate success of the negotiations. The process must include a clear identification of aims and priorities and pay due attention to the particular vulnerability of developing countries.

5. The question as to whether services should be included in the agenda for the new round of negotiations should not be prejudged, but GATT must be structured to cover the whole international trading spectrum. The service sector played a key role in the economic strategies of many developing countries and care must be taken that any gains which they had made there were not eroded in the new round. In addition, the new round should pay attention to action on outstanding commitments and the liberalization of trade in areas which had long concerned developing countries.

6. The bleak outlook for economic growth in the industrialized countries emphasized the need for developing countries to increase their economic and technical co-operation, but unfortunately, the adverse conditions which justified that need also limited the possibilities for such co-operation.

7. His Government would oppose any tendency to downgrade energy issues and was pursuing a policy of expanding domestic oil and natural gas output, developing alternative sources of energy and promoting energy conservation. The intensified efforts of the United Nations to promote the development of energy resources in developing countries were heartening, especially the new energy programme initiated by the International Finance Corporation, but it was perhaps regrettable that financing would probably not be channelled directly to the national oil companies of developing countries even though they played a major role in providing national energy supplies.

8. Mr. KOUBAA (Tunisia) said that Tunisia regretted the failure of the thirty-first session of the Trade and Development Board to reach agreed conclusions on questions of capital importance for the world economy. The renewal of economic activity in the industrialized countries had not benefited the majority of developing countries which continued to suffer from the recession. Moreover, activity in the industrialized countries was flagging and the growth of world output and trade was expected to fall off in 1985. The renewed economic activity in developed countries could be consolidated and produce the desired chain reaction only if accompanied by an integrated set of internationally agreed measures for stimulating development in the developing countries. The recession was continuing

(Mr. Koubaa, Tunisia)

mainly because of the faults in the trading and monetary and financial systems, which should therefore be restructured to enable the world economy to function better in the interests of all. So long as that was not done, protectionism and debt would continue to weigh on international economic relations.

9. The developing countries' current capacity to absorb more than 30 per cent of the exports of developed market-economy countries could be maintained only if they could export their own products and thus increase their foreign currency earnings, in which case the developed countries' output and exports would expand. It was because of that interdependence that the developed countries had endorsed the ideas of rolling back protectionism and giving preferential treatment to developing countries. It was therefore important that those commitments be respected and that those ideas be put into practice, so as to re-establish confidence in the multilateral trading system. Reform of the international monetary system should also be initiated if the world economy was to rest on sound foundations.

10. As for the problem of commodities and its impact on the economies of developing countries, the aims of the Integrated Programme had not been achieved and the commodities market remained unstable. Market forces alone could not enable developing countries to build the infrastructure needed to sustain their economic and social development. Tunisia had reached the stage of processing more than half of its output of natural phosphates locally, thanks to enormous investments and specifically Tunisian processes, but tariff and non-tariff barriers were making it increasingly difficult for it to sell olive oil, which accounted for almost 10 per cent of its export income, in the developed countries. It therefore hoped that the coming renegotiation of the Olive Oil Agreement would meet the concerns of countries interested in trade in that product. His delegation reaffirmed the important part played by UNCTAD in international economic negotiations and appreciated the technical assistance which it provided to encourage economic co-operation among developing countries.

11. Economic and technical co-operation among developing countries was not a substitute for co-operation with developed countries but a means of enhancing their collective autonomy and of thus helping to establish a new international economic order. Reviewing and appraising the implementation of economic and technical co-operation programmes among developing countries were among the current major activities of the Group of 77 and of various United Nations organizations. Appreciable progress had been made, since the introduction of ECDC/TCDC but much remained to be done to ensure their complete integration in United Nations programmes and operational activities. Economic and technical co-operation among developing countries was not just a matter of setting up a department or division to formulate and implement projects because they were demanded by developing countries.

12. The report of the Secretary-General on economic and technical co-operation among developing countries (A/40.581) would have been more useful if it had made an analytical and critical appraisal of the various programmes and projects. ECDC/TCDC was no longer just a matter of listing of projects or of millions of dollars allocated to the projects in principle: it was more important to ensure

(Mr. Koubaa, Tunisia)

the economic viability of the projects and the availability of resources and their effective and judicious allocation. Again, CPC had thought it necessary to distinguish between ECDC and TCDC and to specify the connection between the two notions. There had been long and stormy discussions whose only aim had been to identify the fields of competence of various United Nations organizations and bodies. But such a differentiation could be no more than artificial.

13. Tunisia appreciated the efforts of the regional commissions to encourage economic and technical co-operation at the subregional, regional and interregional levels. The meeting of their executive secretaries at Addis Ababa in February 1985 had identified interregional projects for the development of ECDC/TCDC, an initiative that deserved encouragement. The participation of the Chair of the Group of 77 in the Addis Ababa meeting had made it possible to strengthen co-ordination between the regional commissions' activities and those carried out under the Caracas Programme of Action, which would help to avoid overlapping and duplication. Since the encouragement of ECDC/TCDC called for sustained collective efforts, a report on the state of implementation of interregional projects by regional commissions should be submitted to the General Assembly for consideration at its forty-first session.

14. The Buenos Aires Plan of Action was still encountering serious, especially financial, obstacles. The relevant JIU report noted that there was an enormous discrepancy between concrete results in the field and what was said in reports from United Nations development organizations to the High-level Committee. The latter should no longer limit itself to considering the reports submitted to it and exchanging views on ways and means of strengthening TCDC. Instead, it should evaluate the implementation of the Buenos Aires Plan of Action and decide on suitable remedies. At its fourth session the High-level Committee had adopted a decision on strengthening the Special Unit for TCDC which his delegation supported, given the role which that unit was to play in rationalizing the work of the High-level Committee.

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

16. Mr. PAYTON (New Zealand) said that the global economy was moving in a direction which benefited fewer and fewer countries. With world trade figures failing to continue their climb, protectionist measures looming large in major markets and commodity prices steadily dropping, his country had had its share of real economic difficulties even though it had resources and was considered to be developed.

17. Like many developing countries, New Zealand was dependent for economic survival on exports of agricultural commodities, but the steady decline in its commodity receipts, combined with measures to cushion the population from the harsh realities of the early 1980s, had resulted in difficulties which it was only possible to solve by drastic government action. The structural adjustment policies adopted since July 1984 had been far-reaching and effective, notably in reducing the budgeted fiscal deficit from almost 9 per cent of GDP to less than 3 per cent over the past three years.

(Mr. Payton, New Zealand)

18. The measures taken would be of no lasting significance if New Zealand was prevented from trading freely on the world market. Trade was the powerhouse which helped all countries to tackle their economic difficulties, and it had been heartening to see growing recognition of the fact that the solution to current economic problems lay in the expansion of the world economy. It was also encouraging to see recognition of the relationship between trade expansion and the capacity to repay debts. Powerful arguments for belief in the interdependence of the world economy had emerged in 1984, but there were clearly still some who were isolated from economic reality and preached the doctrine of protectionism. New Zealand shared the concern of many at the increasing calls within the the United States for more protectionist policies, but found the United States Government's refusal to give into such pressures reassuring and constructive.

19. Preparations for a new round of multilateral trade negotiations were progressing slowly and there was still some distance to go before arrangements could be finalized. New Zealand shared with developing countries the view that the first priority must be to make progress on the issues in the 1982 Ministerial Work Programme, especially agriculture. If they were tackled realistically, New Zealand would accept the inclusion of trade in services in the agenda of the new round, but that round should not be seen as an immediate panacea for international trade because progress was often very slow. The round would have the greatest hope of success if nations desisted from introducing further restrictions on trade access and from raising existing levels of subsidy for agricultural and industrial products. The increasing recognition of global economic interdependence was reassuring and deserved full and practical support from all.

20. Mr. CHOWDHURY (Bangladesh) associated his delegation with the statement made by the representative of Yugoslavia on behalf of the Group of 77 at the 22nd meeting.

21. While the mid-term global review of progress towards the implementation of the Substantial New Programme of Action had promoted closer North-South co-operation, the slow pace of implementation had been a source of serious concern. The conclusions and recommendations of the Intergovernmental Group on the Least Developed Countries in document A/40/827 and the related report of the Secretary-General (A/40/826) provided a comprehensive basis for further action. Two important declarations had been made during the course of the review meeting at Geneva: the European Economic Community had announced that its STABEX facilities would be extended to the nine least developed countries not covered by the Lomé Convention, and the Netherlands had announced that it had cancelled the ODA debt of all least developed countries. Some developed countries were thus honouring their pledge to help stabilize the export earnings and alleviate the debt problems of the least developed countries, and it was to be hoped that other developed countries would do likewise.

(Mr. Chowdhury, Bangladesh)

22. Although the developed countries' position with regard to aid targets and debt-relief measures had not changed, his delegation expected that the international community, and donor countries in particular, would provide the least developed countries with adequate support during the remainder of the 1980s. The conclusions and recommendations of the mid-term global review and the conclusions in the Secretary-General's report should be endorsed and implemented. In that connection, his delegation strongly favoured the holding of a second United Nations conference on the least developed countries in 1990, with high-level participation.

23. The overall lack of progress in trade and development was unfortunate. Given the grim prospects for the future set out in the 1985 Trade and Development Report (TB/R.5), a well-co-ordinated programme was required if a lasting solution to the current world economic crisis was to be found. Under such a programme, the international community should seek to reactive growth in all countries by means of concerted wide-ranging, long-term measures. All countries, and the developed countries in particular, should increase their flow of external resources to the developing countries in real terms in order to reverse the current flow. Creditor and debtor countries should immediately agree on such measures as the rescheduling of debts in multi-year packages, full or partial cancellation of ODA debts, the establishment of an international subsidy facility and the lowering of interest rates. Special measures for the least developed countries would be required in that area. Appropriate macro-economic policies should be adopted, particularly in the developed countries, to stimulate growth: interest rates should be lowered, restrictive fiscal and monetary policies and IMF conditionality should be relaxed, and the resources of multilateral financing institutions and regional banks should be increased. Developed market-economy countries should take steps to halt and roll back protectionism and help restore the open multilateral trading system. International commodity markets should be stabilized and strengthened in order to improve the developing countries' terms of trade, and the Common Fund for Commodities should be made operational as soon as possible. Finally, South-South co-operation should be intensified and the international community must endeavour to promote the development objectives of the least developed and sub-Saharan African countries. The United Nations system should to play an important role in such a programme by sustaining its momentum and providing guidelines for long-term reform of the trading, monetary and financial systems.

24. ECDC effectively enhanced the endogenous capacity of developing countries, increased trade opportunities and was therefore a valuable adjunct to North-South co-operation. His delegation wondered why paragraph 6 of the Secretary-General's report (A/40/581) made no mention of the fourth meeting of the Intergovernmental Follow-up and Co-ordination Committee, which had taken place in August 1985. It was unfortunate that the waning interest in ECDC and TCDC activities had been reflected at the fourth session of the High-level Committee. Future sessions should be better prepared and more appropriately focused; the adoption of routine resolutions did not promote genuine co-operation.

25. The Joint Inspection Unit report (A/40/656) indicated that the organizations of the United Nations development system had not allocated an increasing proportion of their resources for TCDC activities and that actual results in the field were

(Mr. Chowdhury, Bangladesh)

far less than those reported by the system. It was in fact difficult to determine the level of resources allocated for such activities, since ECDC and TCDC were closely bound up with traditional activities. JIU appeared to make a distinction between ECDC and TCDC activities; such a distinction was unnecessary and artificial and not in the interest of developing countries.

26. At its twenty-fifth session, CPC had recommended that the United Nations system should give greater attention in its work programmes to the implementation of existing mandates for the promotion of ECDC. His delegation therefore suggested a number of ways in which the system might promote and co-ordinate ECDC activities. ECDC should be more fully integrated in United Nations development activities. The medium-term plans or work programmes of United Nations organizations should contain specific programmes for ECDC, using the Caracas Programme of Action as a guideline. Each entity within the United Nations system should report regularly to its governing body on ECDC programmes and their implementation. The executive heads of those entities should endeavour to enhance ECDC activities within their respective agencies. The Director-General for Development and International Economic Co-operation should monitor ECDC activities throughout the United Nations system and provide Member States with regular progress reports. ACC should retain ECDC as a priority subject for consideration at future sessions. Finally, the artificial distinction between ECDC and TCDC should not overshadow the need to promote the United Nations system's enhancement of co-operation among developing countries.

27. Mr. BILAL (Qatar), speaking on agenda item 84 (c), said that trade was one of the mainstays of the world economy from which all States benefited and on which some were particularly dependent. Trade issues were closely linked with the financial and monetary matters that played such a large part in current economic difficulties. Although many other factors affected the rate at which national development could proceed, there was ample evidence that trade often played a pivotal role.

28. Numerous studies had shown the positive effects of export growth on industrialization, structural adjustment and development in general. They had also demonstrated the negative effects that might arise from structural adjustment as a result of restrictions on access to external markets through increased protectionist measures. Many of the industries in which the developing countries had enjoyed a comparative advantage, such as textiles, clothing and steel, were now encountering discriminatory restrictions in the markets of the developed countries. High tariff barriers in those industrial sectors and in agriculture were major obstacles to the structural adjustment of the developing countries and prevented many of them from reaching their full potential in those vital sectors. There was a direct link between protectionism in the agricultural sector and poverty in many developing countries.

29. The indebtedness of the developing countries had assumed dimensions that represented a grave danger to the world economy. Protectionist policies also affected the capacity of those countries to service their external debt and to continue the development process.



(Mr. Bilal, Qatar)

30. His delegation welcomed the Trade and Development Board's decision, in its resolution 286 (XXVIII), that all factors of relevance to the issues of protectionism and structural adjustment should be examined, taking into account, inter alia, the links between international trade and the solution of balance-of-payments problems, including the indebtedness of developing countries as related to development and trade, as well as the link between the evolution of world trade and the structure of industries. It also commended the emphasis placed on increasing the export earnings of the developing countries, the opening of the markets of the developed countries to such exports and the removal of protectionist barriers.

31. Most-favoured-nation status should be extended to all developing countries, and all the tariffs remaining after the Tokyo round of negotiations should be removed. The study in document TB/B/1039 (Part I) indicated that the removal of tariff and non-tariff barriers against the developing countries, on the basis of most-favoured-nation treatment for their exports would increase their export quota by approximately \$32 billion a year and that the liberalization of trade on a preferential basis, would add to that another \$3 billion a year.

32. Miss NCHAPI (Lesotho) said her delegation was concerned by the bleak prospects facing the world trading system. While the developing countries could participate in the development process to a certain extent, they definitely required the co-operation of the developed countries in that endeavour. New trade negotiations tailored to the specific interests and requirements of the developing countries would do much to promote accelerated and sustained growth in world trade, investment and production. She noted that two major contributors to the Common Fund for Commodities had not yet ratified the Agreement establishing the Fund and appealed to them and all other States that had not yet done so to take the steps needed to ensure progress in that area.

33. The importance of ECDC for the development of the developing countries' economies could not be overemphasized. ECDC was not designed to relieve the developed countries of their responsibility to support the development efforts of the developing countries. In the face of the current world economic crisis, however, the developing countries should step up their efforts to strengthen their collective self-reliance. It was in that spirit that the Southern African Development Co-ordination Conference (SADCC) had been established. At its sixth Conference, held in Swaziland on 31 January and 1 February 1985, there had been a general recognition of the need for both SADCC and its international co-operating partners to improve their procedures and institutional arrangements with a view to speeding up the implementation of SADCC programmes. Her delegation welcomed the recommitment expressed by the international partners of SADCC to the principles on which their co-operation was based and to the SADCC programme of action.

34. The States members of SADCC were deeply concerned at the steadily deteriorating economic and security situation in the region brought about by South Africa's destabilizing actions. The international community must substantially increase its support to SADCC so that the unhealthy level of dependence on South

(Miss Nchapi, Lesotho)

Africa could be reduced. Her delegation welcomed the Nordic countries' proposal to strengthen their co-operation with SADCC, was grateful to all United Nations organizations providing assistance and welcomed the adoption of General Assembly resolution 39/216.

35. UNDP, the World Bank and IMF had provided valuable technical assistance, the latter two in the area of training. Nevertheless, funding for SADCC projects was below target for 1985. Increased support from the international community was required, especially in the sectors of agriculture and industry. The devastating drought in South Africa had been disastrous for crops and livestock and huge costs had been incurred. The SADCC countries had done everything possible to tackle those problems and now required substantial external assistance; nor were they immune from the effects of the debt crisis in Africa. Her delegation hoped that equitable and durable solutions would be found to rescue the economies of the developing countries.

36. With regard to the implementation of the Substantial New Programme of Action for the 1980s, her delegation associated itself with the remarks made by the representative of Yugoslavia on behalf of the Group of 77 at the 22nd meeting. The greatest obstacle to implementation of that Programme appeared to be the lack of funds and, specifically, failure to meet the ODA target set in 1981. She appealed to all donors to reach that target as soon as possible and urged that the recommendations and conclusions of the mid-term global review of the implementation of the Substantial New Programme of Action, especially the convening of a high-level global review meeting in 1990, should be adopted. The initiatives taken by the Netherlands and the European Economic Community on behalf of the least developed countries were commendable.

37. With regard to immediate measures in favour of the developing countries, her delegation associated itself with the remarks made by the Executive Secretary of ECA and the Director-General of FAO at the 21st and 18th meetings, respectively. The response of the United Nations system and the international community to the emergency situation in Africa, as reflected in document A/40/597, had been very generous. Nevertheless, food aid by itself could not solve the food production problems facing Africa: African countries needed equipment to revitalize production and policies to promote agricultural development in the context of overall long-term growth. In the case of Lesotho, the Government did not intend to depend on food aid indefinitely, and had in recent years embarked on a country-wide food self-sufficiency programme. FAO and IFAD were to be commended for their efforts to address the long-term needs of agriculture in Africa.

38. Unfortunately, the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy was being implemented at a rather slow pace. Her Government had begun a pilot project to develop solar energy and biogas production. However, attention must also be paid to traditional sources of energy, such as fuel wood, and the afforestation of developing countries must continue to be a matter of priority.

39. Mr. VOLPE (Venezuela) said that the current world-wide socio-economic problems bred distrust and confrontation between peoples. He supported the holding of an international conference on money and finance for development, as proposed by the Heads of State of the non-aligned countries and endorsed by the Group of 77, as a means of dealing with the interrelated issues of trade, money, finance, resource flows and the debt and establish the basis for a new international economic order. The Secretary-General's report (A/40/708) stated that a number of developed countries recognized the importance of a coherent and consistent approach to those interlinked problems. While that convergence of views represented a movement towards constructive dialogue, it was not enough. Resolution 39/218 was not supported by enough of developed countries and the fact two of the main market economy countries had voiced no opinion could be interpreted as a total lack of interest. That was another cogent reason for urgently holding the conference.

40. The debt problem was to a certain extent a synthesis of current problems. In many developing countries the debt crisis was a dominant factor in national life, and the debt servicing imposed a heavy burden on their economies. The debt should be analysed within the wider context of international economic relations among States, and particularly of the present structure of the monetary, financial and commercial system. The proposed conference on money and finance for development would provide a forum for such an analysis, and given the universal participation, could also seek solutions to longer-term problems such as the flow of resources and international trade.

41. Venezuela attached great importance to TCDC and ECDC, and its commitment to South-South co-operation was demonstrated by its financing programme for Central American and Caribbean countries under the San José Agreement. Its position that the Caracas Programme of Action should be the framework for South-South co-operation had received the support of the Group of 77 and had been incorporated into General Assembly resolution 39/216. His delegation was concerned at the slow progress being made in that area, which it attributed to the lack of political will and adequate financial support from the United Nations agencies and the developed countries. He hoped that the recommendations by the High-level Committee to Review Co-operation among Developing Countries could provide a new starting point for efforts to attain those objectives, which were so important to the developing countries.

42. Mr. LIGAIRI (Fiji) said that the world economy was especially gloomy for those countries which had been adversely affected by recent rapid economic changes, for example, by the alarming rise in protectionism at a time when developing countries most needed export receipts to meet their debt servicing obligations. Among the most seriously affected countries were the island developing countries, in particular those in the South Pacific, whose problems, shared with others in the developing world, were compounded by the unstable prices of the exports, mainly agricultural and mineral, which were the main source of their foreign exchange. The world community should therefore give new impetus to those States within the framework of their development plans and priorities. His country had benefited significantly from the activities of UNCTAD in the area of shipping and ports, and hoped that all countries would support measures to make UNCTAD more efficient and stronger.

(Mr. Ligairi, Fiji)

43. Since the adoption of the Substantial New Programme of Action, there had regrettably been no significant improvement in the economic situation of the least developed countries. While those countries continued their own development efforts, the international community, in particular the developed countries, must fulfil their commitments to the Programme by adopting realistic and effective measures in such areas as trade, finance and agriculture. Concerning the cases of three of Fiji's neighbours submitted to the Committee for Development Planning for inclusion in the list of the least developed countries, his delegation was pleased that Vanuatu's case had been accepted but greatly disappointed that Kiribati's and Tuvalu's had not.

44. ECDC was an indispensable element of the development process, in particular in the small developing States. Regional economic co-operation was especially important to the South Pacific region, which comprised numerous small island States, with limited markets and resources, whose common problems and interests had led to the development of an intricate regional network of co-operation through two regional bodies, the South Pacific Forum and the South Pacific Commission, both of which had participated in many regional projects.

45. While ECDC and TCDC were very important, they should be a complement rather than an alternative to North-South co-operation. However much the developing countries mobilized their own resources, they would not achieve their development objectives without concomitant action on the part of the developed countries and international institutions.

46. Mr. FERNANDEZ (Philippines) said that the trend towards considering the issues of trade money debt and development as an integrated process, reported by the World Bank representatives was encouraging. Economic negotiations must regard economic development as a primary consideration, and must recognize that developing countries were entitled to differentiated treatment and that their fragile economies should be shielded from undue external pressures. The international community should urgently assist the developing countries in coping with the dislocation caused by indebtedness. Corrective measures should not only be based on sound economic management, but must also take full account of the long-term interests of both debtors and creditors and avoid unduly stringent austerity measures, which could result in unacceptable political and social risks. Furthermore, there should be adequate provision for economic growth so that debtor countries could repay their obligation in full dignity.

47. Instability in the demand and price of commodities also contributed to the dislocation in developing countries. He hoped that the new round of trade negotiations under the auspices of the GATT would help to solve the problems arising from the absence of new commodity agreements, the ineffectiveness of existing agreements, the failure to establish the Common Fund and the protectionism practised in the major commodity markets. Before such negotiations took place, however, all commitments made at the Tokyo Round and the GATT ministerial meetings in 1982 should be fully implemented.

(Mr. Fernandez, Philippines)

48. Work on energy, particularly development of energy resources in developing countries seemed to have lost some support as a result of the increase in the supply of oil. However, for those developing countries which depended on imported energy, the energy bill remained a heavy burden on their economies. The Secretary-General's report predicted serious energy shortages again by the 1990s; greater attention should therefore be given to the development of energy resources and the Nairobi programme of action should be implemented.

49. The main responsibility for ECDC should be those of the developing countries themselves, and since the adoption of the Caracas Programme of Action, they had undertaken a number of initiatives. In support of that Programme, the Philippines conducted, in co-operation with UNIDO, an annual training programme for the least developed countries in fields such as rural banking, agricultural management and small business consultancy. Favourable feedback had been received concerning those programmes, and they would be continued and perhaps, if other international organizations could participate, expanded. He reiterated the call for support from developed countries and international organizations for South-South co-operation: the allocation of resources by United Nations bodies for ECDC and TCDC should be corrected, and ECDC and TCDC integrated into the mainstream of their work.

50. Mr. EKANEY (Cameroon) said that the efforts of developing countries, especially in Africa, would be unsuccessful as long as the present unfavourable trends in the international economic environment persisted. Their economic and social development depended on the growth and stability of the world economy, but despite the general recognition of the interdependence of that economy, the policies pursued by a small group of developed countries were seriously undermining international economic co-operation for development.

51. Awareness of the need for such co-operation had prompted developed and developing countries to agree to a number of trade policy measures in favour of the developing countries, for example, the generalized system of preferences designed to prevent distortions in the trading system. Unfortunately, the system had not yielded the expected results, partly because of its limited product coverage and also because of the general reductions in tariffs under the Tokyo Round, which had lowered preference margins. In addition, multilateralism had been increasingly eroded as developed countries continued to bypass GATT in favour of bilateral solutions.

52. The absence of appropriate responses in accordance with the GATT régime had further jeopardized the international trading system. His delegation therefore reaffirmed its support for the recent Group of 77 ministerial declaration calling on the developed countries to implement the commitments undertaken at the 1982 GATT ministerial meeting and at the sixth session of UNCTAD, to adhere to the principle of special and differential treatment for developing countries and to broaden the generalized system of preferences, and appealed to the developed countries to demonstrate the necessary political will so that draft resolution A/C.2/40/L.8 on protectionism and structural adjustment could be adopted by consensus at the present session. The spirit of interdependence and common interest in multilateral

(Mr. Ekaney, Cameroon)

co-operation for development would thus be revived. The Committee could be guided by the important work UNCTAD had done in that area, especially the recommendations contained in Trade and Development Board decision 310 (XXX).

53. The continuing slump in commodity markets, with fluctuating commodity prices and unfavourable terms of trade, needed to be remedied by measures to promote greater stability. According to the report by the Secretary-General (A/40/597), markets which had commodity agreements with economic provisions showed less decline and price instability. That was, as the report indicated, a strong argument in favour of UNCTAD's efforts in the area of commodities and of the Integrated Programme for Commodities and the Common Fund. He welcomed in that connection the continuing efforts by States to ratify the agreement on the Fund, and the fact that at least 50 per cent of the \$280 million target for pledges of voluntary contributions to the second account had been met. It was important that the Common Fund should enter into force as soon as possible and that serious efforts should be made to ensure that the major economic Powers within the two dominant regional groupings ratified the Agreement as well.

54. His country had supported strengthening of ECDC and TCDC, especially in view of the stalemate in the North-South dialogue and welcomed the establishment of subregional and regional economic groupings in Africa, Asia and Latin America. He was pleased to note that the fourth meeting of the Intergovernmental Follow-up and Co-ordination Committee of the Group of 77 on ECDC had agreed to expedite the implementation of various economic and technical co-operation projects. His delegation attached importance to the Declaration made by the Ministers of the Group of 77 to set in motion the process for launching negotiations on the Global System of Trade Preferences and welcomed the efforts of the United Nations system to provide support in such fields as the global system, trade information systems and multinational programming and operational centres.

55. However, the co-ordination and implementation of those activities had not always been satisfactory. His delegation supported the recommendations in the reports of the Joint Inspection Unit (A/40/656) and the High-level Committee to Review Co-operation among Developing Countries designed to remedy that situation. It also considered economic and technical co-operation among developing countries did not obviate the need for fundamental adjustments or structural changes in the interests of interdependence and co-operation between North and South.

56. In view of the deplorable economic and social conditions of many least developed countries, it was ironic that despite their commitments made after the adoption of the Substantial New Programme of Action, the developed countries had refused to report to UNCTAD at its sixth session on the steps they wished to take to achieve the Programme's objectives. Aid to the least developed countries had been stagnating at 0.08 per cent of the donor's gross national product, and the Mid-Term Review Meeting had stressed the need for the urgent adoption of measures to implement the Substantial New Programme and complement the domestic economic action many of them had already taken. They have found little relief in the new

(Mr. Ekaney, Cameroon)

mechanisms set up by IMF or the World Bank with respect to balance-of-payments assistance or structural adjustment lending, and had indeed turned to those two institutions for assistance only because of the lack of alternative sources of finance. The international community should review its commitment to the least developed countries, whose efforts at self-reliance and long-term development required the support of a substantial transfer of external resources, especially in view of their critical economic situation and the major natural disasters that they had suffered.

57. Mr. AL-OSTA (Yemen) said that his delegation endorsed the statement made by the representative of Yugoslavia on behalf of the Group of 77 on the second cluster of items under agenda item 84.

58. With regard to the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, his delegation was deeply concerned at the fact that the number of those countries had increased and their situation had deteriorated. As stated in paragraph 3 of the report of the Intergovernmental Group on the Least Developed Countries on its sixth session, (A/40/827), unless urgent measures were taken to implement the Substantial New Programme of Action fully, that declining trend in their socio-economic situation would be even more acute in future. Accordingly, his delegation hoped that a spirit of co-operation would prevail and that the target of 0.15 per cent of GNP for official development assistance would be reached. The Programme still represented a sound basis for action to expedite the economic and social development of the least developed countries, despite the many obstacles to its implementation.

59. The efforts of the United Nations to overcome the critical situation in Africa as outlined in document A/40/597, were to be commended. The crisis could only be resolved through the elaboration of comprehensive medium- and long-term plans to achieve food security for the States concerned. That would require the strengthening of their social and economic capacities so as to enable them to produce enough food locally.

60. His delegation was optimistic at recent positive developments in international trade, such as the decision of the European Economic Community to take measures to improve the export earnings of the least developed countries and similar measures announced by other countries. While responsibility for the economic and social development of the least developed countries lay primarily with those countries themselves, they had no alternative but to seek assistance from the international community in order to overcome such problems as their lack of financial, human and technical resources and the inadequacy of their infrastructure and administrative apparatus. It was to be hoped that general agreement could be reached on the adoption of practical and positive measures to assist them in implementing their development programmes.

61. Mr. DABIRI (Islamic Republic of Iran) said that the world economic crisis was the result of a growing discrepancy between the changing international economy and the unchanging attitude of the major industrial countries, which should view the world economy as one integrated system rather than as a bazaar in which each participant tried to get the best deal for himself. The developing countries were particularly affected by the crisis. Their debt and interest burden had reached astronomical figures, and their terms of trade had deteriorated. Although the developed countries' protectionist policies were primarily directed against other developed countries, their impact on the developing countries was devastating. Each industrial country was interested only in its own well-being. The United States of America, for example, had resorted to protectionist measures when it considered that its industries were being seriously challenged by foreign competition. Developing countries were not considered as partners in a common system but rather as playing a subservient role, their job being simply to provide cheap raw materials, cheap labour and open markets. Such an attitude obviously could not lead to an integrated international economic system or help to solve the problems of the developing countries.

62. One way to help developing countries feel that they were part of a just and equitable global system was to expand economic and technical co-operation among developing countries and strengthen the concept of collective self-reliance. To that end, decision-makers in the developing countries might well choose, as a practical means of reducing their dependence on industrial countries and of encouraging ECDC and TCDC, to limit the level of technology of the products they selected. South-South co-operation was one way of impressing on the international community the third world's commitment to determine its own destiny.

63. The unjust monetary and financial system had led to an economic crisis that threatened most nations. There should therefore be no further delay in adopting necessary reforms in the international monetary system in order to permit greater participation by the developing countries in areas that directly affected them. By the same token, it was also unacceptable that General Assembly resolution 34/138 regarding global negotiations for the establishment of a new international economic order had remained a dead letter. In the even of a major crisis in the international economy, the industrial countries would be the main losers, since many developing countries had little to lose.

64. Mr. ICAZA GALLARD (Nicaragua) said that the major obstacles to the development of trade were protectionism, a steady decline in terms of trade, monetary instability and especially the massive external debt of the developing countries. Moreover, the economic crisis had been compounded by a cutback in international economic co-operation. It was therefore necessary to promote trade among developing countries, participate more actively in international co-operation and seek new forms of financing that did not hamper the growth of the poor countries. To that end, the international community must reaffirm its commitment to the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States.



(Mr. Icaza Gallard, Nicaragua)

65. One of the conditions for strengthening and restoring confidence in international economic relations was the immediate cessation of acts of intervention and economic coercion. However, some developed countries continued to use economic measures against poor countries for purely political reasons. A clear example was the complete embargo and other coercive economic measures imposed against Nicaragua by the United States of America in May 1985, which had created an economic emergency in his country and, along with military aggression and a destabilization campaign, was threatening to bankrupt its economy. Progress was not possible when a super-Power flouted the international legal system.

66. Nicaragua was facing not only a trade embargo but aggression in all spheres: its ports had been mined, its cities and towns had been attacked, its productive infrastructure had been seriously damaged and thousands of working-age inhabitants had been killed or wounded. The United States Government had imposed its embargo and other coercive economic measures against Nicaragua on the absurd pretext that Nicaragua constituted a threat to United States national security and foreign policy. Such open economic aggression was not only immoral but also illegal, as it violated such international instruments as the Charter of the United Nations, the Charter of Economic Rights and Duties of States, various resolutions of the General Assembly and the Security Council, as well as the Charter of the Organization of American States. It also contravened the provisions of the General Agreement on Tariffs and Trade, which had been established to promote world trade in an atmosphere of reciprocity and non-discrimination against nations. In addition, the United States had exerted its influence on such financial institutions as the Inter-American Development Bank, which in 1985 had been pressured not to grant a loan request for agricultural projects, submitted by Nicaragua in 1982. Although that request had earlier been reviewed and adopted by the Bank's technical and economic departments, the United States Administration was persisting in its obstructive efforts, and the loan had not been approved.

67. Bilaterally, the United States embargo was a clear violation of numerous provisions of the 1956 Trade Treaty between the United States and Nicaragua, which was legally still in force.

68. The international community recognized which country was violating international law, and was increasingly interested in eliminating the use of coercive economic measures in international relations. Nevertheless, the United States President had once again reiterated his position by stating in a recent report to the Congress that Nicaragua still posed a threat to United States national security and he would continue to apply sanctions against it. Unless the States Members of the United Nations reaffirmed their commitment to respect the principles and norms of the Charter, there could be no real progress in attaining international peace and stability or economic development.

#### ORGANIZATION OF WORK

69. The Chairman announced that the list of speakers on agenda item 86 would be closed on 8 November 1985 at 1 p.m.

The meeting rose at 6.20 p.m.