



SUMMARY RECORD OF THE 13th MEETING

Chairman: Mr. AL-ASHTAL (Democratic Yemen)

later: Mr. JONCK (Denmark)

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The meeting was called to order at 10.05 a.m.

AGENDA ITEM 143: EXTERNAL DEBT CRISIS AND DEVELOPMENT (continued) (A/41/643)

1. Mr. TURIANSKIY (Ukrainian Soviet Socialist Republic) said that the developing countries had gradually been caught in a vicious circle: going deeper and deeper into debt in order to ensure their development. The figures given in the Secretary-General's report (A/41/643) clearly showed that the situation was so serious that, if it continued to deteriorate, it could jeopardize international peace and security. The global amount of the external debt of the developing countries, which was currently of the order of \$1,000 billion, was double the total value of their exports of goods and services. In concrete terms, hundreds of millions of people were suffering the consequences of that situation in their daily lives.

2. In order to explain the phenomenon of indebtedness, there was often talk about over-ambitious plans on the part of the developing countries, lack of efficiency of the public sector and insufficient use of market mechanisms. The emergent independent countries did, of course, have many difficulties, but Western propaganda had tried to exploit the situation. The main reasons for their indebtedness lay elsewhere, as many delegations had observed during the general debate in the General Assembly and in the Second Committee. The developing countries were in a position of inferiority vis-à-vis the Western Powers: they were exploited by them and put at a disadvantage by the mechanisms of the capitalist economy.

3. Unfortunately, the report before the Committee contained an analysis of the causes of indebtedness which was too superficial. In particular, it hardly touched on the subject of the reverse transfer of resources from developing countries to the developed countries. That question merited more thorough study, for those resource flows represented several tens of billions of dollars every year.

4. Certain international financial institutions had their share of responsibility in the developing countries' indebtedness in that they dictated the terms of their loans and openly intervened in the internal affairs of sovereign States, giving them "advice" on how to conduct their domestic economic policy. At the eighth Conference of Heads of State or Government of the Non-Aligned Countries, held in Harare, attention had been drawn to the inconsistency of the International Monetary Fund's policy regarding indebtedness, since it failed to take into account long-term prospects and the social problems of the developing countries. It was regrettable to see the World Bank also heading down that road.

5. In the recently emancipated countries, a notion which was steadily gaining currency was that all those who had profited from the tightening of credit should pay compensation to the countries adversely affected. The current debt crisis called for immediate action. Its solution should be based on a radical restructuring of international economic relations which would guarantee fairness and equality among States.

(Mr. Turianskiy, Ukrainian SSR)

6. The growth of exports from the developing countries presupposed an increase in investments, greater efficiency in the export sector and guaranteed markets. In order to comply with the last-named prerequisite, it was imperative to reduce the protectionist barriers imposed by the imperialist States, stabilize their domestic markets and to liberalize access to those markets of the exports of the developing countries. In that connection, the proposal submitted by the Soviet Union concerning the establishment of a development aid fund to be financed inter alia from the proceeds of reduced military spending was worthy of examination. Unfortunately, the proposal did not seem to curry favour with those who preferred to accumulate arms and would like to deploy them even in outer space.

7. Mr. MOHAMED (Somalia) said that the major international financial institutions had generally recognized the deleterious effects of the debt crisis on the developing countries. Although the States south of the Sahara had taken many austerity measures - with the political and social risks that they involved - their economic objectives were still far from being achieved. Generally speaking, their debts were linked to State-guaranteed loans. Somalia was pleased that Italy had converted commercial loans in the amount of \$600 million into long-term loans on more generous terms. That example ought to be followed by other developed countries in implementation of the decisions of the thirteenth special session of the General Assembly to consider the critical economic situation in Africa.

8. The low-income countries, and especially the least advanced among them, could not solve the debt problem simply by restricting their imports. They would also need a larger input of external resources and a reinforcement of domestic savings in order to develop and diversify their imports. In addition, an international conference on the debt problem could be organized for the purpose of taking immediate measures to alleviate the debt burden and in particular to consider converting loans into grants. The tendency of Official Development Assistance to stagnate should also be neutralized. Somalia hoped that the world community and the competent international authorities would take into account development needs and in particular the need to make the conditions imposed on the developing countries more flexible. Those views had already been stated during the review of the implementation of the new Substantial Programme of Action for the 1980s for the least-developed countries (LDCs) and at the most recent Conference of Heads of State or Government of the member States of the Organization of African Unity (OAU). As stated in the Secretary-General's report: "Domestic adjustments and bold policy reforms in debtor countries are not enough by themselves. Adjustment with growth is only possible in a more dynamic global environment." (A/41/643, para. 52 (c)).

9. Mr. ALPTUNA (Turkey) said that the Secretary-General's report was useful but that the substance of future co-operation between the parties concerned could have been further elaborated. Turkey had already stressed the importance of ensuring sufficient supplies of external resources and regular expansion of world trade in order to solve the debt problem. In order to place that problem in its true context, a review of developments since the early 1970s was in order. At that time, the developing countries had been enjoying unmistakable economic progress. Investments had been yielding high interest and foreign loans were used in productive sectors. But the oil shocks of 1973 and 1979 had put a hasty end to

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(Mr. Alptuna, Turkey)

that boom. In order to pay off their very heavy oil bills, the developing countries had had to borrow more funds on a short-term basis and with the worsening of the general economic situation, the end result had been a headlong plunge into indebtedness. After 1973 some oil-importing countries had made strenuous efforts to adjust their economies, but had found it impossible to keep up their efforts after the second oil shock. At the same time, the world economy was trying to limit the inflationary impact of rising oil prices, which had led to a recession and hampered still further the developing countries' efforts to adjust. Thus, in 1982, some countries had declared their external debts unserviceable.

10. All the parties concerned had their share of responsibility in the crisis. Several debtor countries had applied inflationary budget policies and the Western countries had not been able to check the irresponsible lendings by the private banks, and multilateral co-operation had not been effective enough. There was a close link between the development economics and multilateral economic co-operation. In the course of the past decade, development theories had been modified. Sometimes some considerable time had been needed for the changes to be implemented, but the developing countries had now stopped giving pride of place to inward-looking strategies consisting of import substitution. The shortcomings of excessive planning and of an unduly interventionist policy were better perceived. The link between competition and economic dynamism was more clearly established. However, that new approach was not sufficient to generate enough sustained growth to overcome the debt problem. It should be complemented by multilateral measures designed to create a healthier general economic environment.

11. Turkey had been hard hit by the debt problem. The crisis set off by the oil shock had been aggravated by inadequate domestic policies which had favoured domestic expansion, neglected adjustment programmes and taken no account of the said new strategies. At the end of the 1970s, Turkey had been virtually unable any longer to ensure the servicing of its external debt. A new economic programme had therefore been adopted in 1980, the results of which were encouraging: there had been a considerable improvement in the current-account position and growth had been restored. Despite that, the external financing situation was still some way from normal in Turkey, mainly because the country had had to grapple with high interest rates and with growing protectionist practices in the markets of developed countries.

12. The debt crisis had close connections with other international economic issues. Consequently, earning big trade surpluses would not suffice to solve it. Moreover, in the current economic circumstances, it was almost impossible for developing countries to earn substantial trade surpluses. The growth-oriented policy approach of the Baker initiative had helped to some extent to improve relations between debtors and creditors, and that progress could be further boosted by putting the initiative into practice more conclusively. However, the initiative itself should not be seen as a permanent solution to the debt crisis. What was needed was a new and more comprehensive economic strategy enjoying the co-operation of all interested parties. Under that strategy, some degree of protection against high real interest rates could be ensured for debtors and restrictive practices could be eased for products in which the debtor countries enjoyed a comparative advantage. Finally, private banks could provide more favourable rates of interest and more predictable credits.

13. Mr. SCHLEGEL (German Democratic Republic) said that the fact that the debt problem had been made a separate agenda item was indicative of the importance of the matter. It had become the main concern for developing countries and put a strain on the normal functioning of international economic relations in general. Many speakers had pointed out that the total external debt of developing countries would rise beyond the \$1,000 billion figure in 1986, but the amount already extracted through debt servicing was even larger. According to figures released by UNCTAD and IMF, over \$1,146 billion had been transferred from developing countries to capitalist industrial countries between 1970 and 1985. Consequently, creditor States and banks had collected, in the form of interest payments, more money than they had actually lent. The interest burden was becoming an increasingly obvious instrument of financial plundering. In that regard, the Intergovernmental Group of 24 on International Monetary Affairs had recently stated in Washington that the reverse transfer of resources was a major element of the stagnation observed in developing countries and that the failure to adopt a consistent and lasting solution to the debt problem was not only affecting the recovery of the world economy, but was making the servicing of debt an intolerable burden.
14. His delegation agreed with the assessment made by the eighth Conference of Heads of State and Government of Non-Aligned Countries at Harare that the debt burden of the developing countries was a direct consequence of the existing injustices of the capitalist world economy. Those countries were subjected to neo-colonialist exploitation by transnational corporations and suffered enormous financial and economic pressures. Their problems were further aggravated by the arms race.
15. The futility of the so-called remedies proposed to overcome the crisis (higher exports, drastic cuts in imports and a greater reliance on market economy mechanisms) was manifest. In fact, the debt burden was being shifted onto the shoulders of the working people. At the same time, the developing countries were being asked to restrict or eliminate the public sector of the economy and to grant more favourable investment terms to private capital. The aim was obvious: the creditors were trying to impose their diktat on the developing countries. However, many of those countries were no longer willing to submit because they knew that the imperialist economy would not solve their problems.
16. As had been noted at Harare, progress of a fundamental nature could be achieved only by political means, the more so because indebtedness was inseparably linked to other crucial international issues. The Head of State of the German Democratic Republic, Mr. Erich Honecker, had recently pointed out the links when he stated that cessation of the arms race, step-by-step disarmament and the reduction of military expenditures were important prerequisites for a comprehensive and lasting solution to the debt problem. He had added that the problem could be resolved only through a fundamental restructuring of international economic, financial and monetary relations which allowed States to co-operate on an equal footing.
17. Solving the debt problem would involve a long and arduous political process that took account of the legitimate interests of all those concerned. The United Nations had a part to play in that endeavour. That was why the German Democratic Republic had supported the proposal of the Group of 77 to include a separate item

(Mr. Schlegel, German Democratic Republic)

on the question in the agenda of the current session of the General Assembly. That was also why his country supported the proposal to convene an international conference on money and finance under the auspices of the United Nations.

18. If the situation of developing countries was to be alleviated, it was essential to take immediate measures to end the trade protectionism of Western States, to increase resource flows to developing countries and to stop the reverse flow away from them. It was necessary to renounce policies of economic aggression, ensure the application of economically justified interest rates and reasonable ratios between debt service and export earnings, and guarantee stable exchange rates.

19. As the debt problem was closely connected with other global issues, the establishment of a new international economic order was essential. The current session of the General Assembly should agree on both immediate and long-term measures to solve the external debt problems of developing countries. In 1985, the Group of 77 had submitted concrete proposals in draft resolution A/C.2/40/L.52, but certain well-known countries had prevented its adoption.

20. The member countries of the Council for Mutual Economic Assistance had put forward their ideas in a declaration entitled "The maintenance of peace and international economic co-operation" (A/39/323, annex II) and had reaffirmed their basic position on the interrelated issues of money, finance, debt, trade and development at the resumed fortieth session of the General Assembly and the second regular session of the Economic and Social Council in 1986. That position had also been recalled at their recent meeting in Bucharest. In their view the developing countries' claim to compensation for the damage caused by colonial and neo-colonial exploitation was completely justified.

21. Mr. BRAUSE (Uruguay) reaffirmed his country's faith in peace, in the broadest sense of the term, and noted that, unfortunately, most of the peoples of the world lived at a bare subsistence level and could hardly enjoy peace and that, while that situation lasted, the developed countries also would be deprived of peace.

22. Instability was currently one of the major problems of the world economy, and its seriousness had been emphasized in the relevant report of the Secretary-General. In Latin America, as elsewhere, the situation was disturbing. Over the previous three years, the countries of that region as a whole had transferred abroad more than \$100 billion, the equivalent of one year's gross investment. To that must be added negative external factors such as the drop in commodity prices and foreign investment.

23. It could not be denied that the external debt crisis also deeply affected the economies of the developed countries. A global solution was therefore needed. Uruguay therefore warmly supported the proposal of the Group of 77 to inscribe the issue of the external debt crisis and development as a separate item on the agenda of the General Assembly. While his delegation shared the view that it would not be appropriate for the General Assembly to consider that issue in detail, it was

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(Mr. Brause, Uruguay)

convinced that the General Assembly nevertheless remained a unique forum which enabled States to agree on the fundamental aspects of the problem and on all the factors directly or indirectly relating to it.

24. He also recalled the proposals by the States parties to the Cartagena Consensus in the Montevideo Declaration (A/41/254) that efforts should be made to restore real interest rates to their historical levels and reduce bank spreads; to increase capital flows to Latin America and distinguish between current and future debt; to maintain the real credit balances of the commercial banks; to limit the net transfer of resources of debtor countries to creditor countries; to strengthen significantly the role of multilateral development organizations; to urge member countries of the Paris Club to promote the rescheduling of debt repayments for countries that so required, without suspending their coverage of new export credits; to enlarge the IMF's compensatory financing facility and to avoid recourse to conditionality provisions likely to seriously hinder the use of the resources from the various credit institutions.

25. Uruguay was deeply convinced that the solution to the external-debt problem would depend on the capacity of the debtor countries to significantly increase their export earnings, whence the need to do away with protectionist measures and export subsidies in the industrialized countries.

26. Mr. WIJEWARDANE (Sri Lanka) said that the great paradox of the times was that development lending had led to a serious debt crisis. The flood of petrodollars in the 1970s had enabled the commercial banks to grant loans, which had been directed mainly to developing countries rich in untapped natural resources and manpower potential. On the contrary, the non-oil-producing countries had been forced to absorb the oil shocks without sustenance from those banks, and their external debt had risen by \$US 500 billion from 1973 to 1982.

27. His delegation therefore welcomed the decision to inscribe the external debt crisis as a separate item on the agenda. Sri Lanka, like many other countries, depended on a few commodities to earn foreign exchange and its economy was closely tied to the ups and downs of the international market over which it had no control. Commodity prices had declined steadily during the 1980s. Moreover, net capital transfers to the developing countries had also dropped drastically to the point of disappearing and had even given place to a net outflow in 1984. All indications were that that trend would continue, thus worsening the debt crisis. The countries of South Asia which, despite the efforts made, were experiencing great difficulty in breaking out from the vicious circle of poverty, unemployment, and overpopulation, were not in a position to harness domestic savings and therefore needed external capital resources. Nothing that they could do, however, could arrest the malfunctioning of the international economic order, whose failings were made worse by the polarization between the two super-Powers. The latter's military budgets sucked in enormous resources, resulting in high interest rates, which contributed to a further worsening of the situation of the developing countries.

(Mr. Wijewardane, Sri Lanka)

28. In order to meet their obligations, the developing countries had made many sacrifices rendered even more painful by the protectionist measures of the industrialized countries and by the decline in commodity prices. They were therefore forced to adopt stringent import restriction and exchange control measures, which did not help to improve their situation.

29. Sri Lanka had attempted to restructure its economy, as the multilateral development organizations had demanded, by paying the price in the form of unprecedented inflation and an equally distressing unemployment level. Fortunately, its financial management had been sound; its debt was not too burdensome and it had invested in long-term projects. Those sacrifices had enabled it to increasingly diversify its economy and to foster a spirit of enterprise. Nevertheless, it too had been affected by the depressed commodity prices and currently had to turn to lenders who imposed the strictest terms.

30. Sri Lanka which depended, like the other developing countries, on the international economic climate, hoped that the industrialized countries would cut back on the resources devoted to their armament industries and thereby enhance the buoyancy of their economies, as some of them had already done. In that regard, it was paradoxical that the developed countries which had invested massively in armaments had become in their turn the major debtors, while those whose military budgets were very small had favourable balances of payments. The debt crisis currently affected all countries, both developed and developing, and the only way out was to recognize the relationship between disarmament and development.

31. Mr. DE LA TORRE (Argentina) said that, in the first place, it was clear from the debate that the external debt was the harshest manifestation of the serious difficulties encountered by the developing countries since the start of the decade. Their external debt of \$1,000 billion, on which annual interest payments amounted to \$65 billion, had been accompanied by a negative increase in per capita gross domestic product in the vast majority of developing countries. That result was contrary to the target set by the international community in the International Development Strategy in the early 1980s, namely, an average annual growth rate of at least 6 per cent for the developing countries as a whole, with the possibility of achieving a higher rate during the second half of the decade. If the challenge thus posed to the international community was not met, there would be no growth in the developing countries during the current decade, with possible serious consequences for the future of United Nations activities and for international economic co-operation.

32. Secondly, it was evident from the debate that almost all countries were aware of the inadequacy and ineffectiveness of current measures to resolve the external debt problems of the developing countries. In order to halt the enormous net transfer of resources from the developing to the developed countries, the fall in consumption and investments and the growing difficulties experienced by the developing countries in exporting to international markets, as well as to improve the terms of trade, bring down interest rates and re-establish flows of finance, it was vital that radical measures should be taken. Such had been the gist of the declaration made by the Argentine Minister of Economy at the meeting of the Interim Committee of IMF in September 1986.

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(Mr. de la Torre, Argentina)

33. Thirdly, it was clear from the debate that an agreement was being shaped on the basic elements which might make it possible to find a solution to the external debt problem of the developing countries. In that context, the proposals made in 1985 by the United States Secretary of the Treasury had constituted a step in the right direction, even if, in view of the growing magnitude of the problem, their scope was insufficient.

34. It was thus more than ever necessary that the international community should develop a joint strategy, clearly establishing the objectives to be attained within a specific period of time, and concentrate all its efforts, before the end of the decade, on international co-operation with a view to resolving the external debt crisis of the developing countries and giving new impetus to growth in those countries. It was important, for that purpose, to revive the spirit in which the international community had adopted the International Development Strategy for the Third United Nations Development Decade.

35. The Chairman of the Group of 77 had emphasized that the General Assembly was not the appropriate forum for consideration of the various technical aspects of the debt problem but that it could play a unique role in the search for an agreement on the fundamental problems, by ensuring a coherent and co-ordinated investigation of all the factors involved in the solution of the debt problem - a vital prerequisite for the restoration of growth and development in the developing countries. During the current session, it should be the aim of the Committee to define more clearly the goals to be attained and the measures to be taken by the international community during the next four years, and the results of such joint action should be evaluated each year.

36. Mr. McBARNETTE (Trinidad and Tobago) deplored the fact that the Second Committee had waited so long to consider the question of external debt, since that question had for several years constituted an obstacle to growth and development. In order to be useful and responsive to the needs of Member States, the United Nations must act in a timely and concerted manner. Furthermore, although the General Assembly could not, in many cases, replace specialized forums, it could nevertheless contribute, by facilitating a political dialogue, to the settlement of seemingly intractable problems.

37. His country believed that the external debt crisis had arisen principally as a result of constantly oscillating trends and an external economic situation which had never worked in favour of the developing countries and that it was necessary, in order to work towards a solution, that all parties should recognize the joint responsibility of debtor and creditor countries, commercial banks and international financial institutions. The adoption of piecemeal or ad hoc approaches should also be halted. Some progress had been made in that respect at the Seoul meeting, where recognition had been given to the need for a more comprehensive treatment of the debt problem and the adoption of adjustments that did not restrict growth. Some encouraging efforts had also been made with regard to the rescheduling of debt. Debt, however, was continuing to increase and, what was worse, the political will to deal with the problem appeared to be losing its edge. The creation of a more favourable economic climate would make it easier to find solutions, and the major

(Mr. McBarnette, Trinidad and Tobago)

economic Powers, with the co-operation of all States Members of the international community should apply themselves to that objective above all else. His delegation also hoped that, given the organic nature of international economic relations, the new round of multilateral trade negotiations would be centred on a restructuring of the other sectors of the world economy.

38. When considering the question of indebtedness, particular attention should also be paid to trade, particularly in commodities, upon which the future of many developing countries was so dependent. It should be emphasized, in that connection, that it was vital, if those countries were to meet their financial obligations, to facilitate their access to markets and to guarantee them profitable prices.

39. More than ever before, the developing countries needed external resources in order to ensure their development. However, commercial loans and official assistance had fallen off, and the multilateral financial institutions, with their limited resources and inability to create further liquidity, had been unable to play the role that was expected of them. The imminent increase in the capital of the World Bank should allow that body to exercise greater flexibility. On the other hand, the weakening of the role of the International Monetary Fund as a source of balance-of-payments finance was a matter for concern.

40. It would be naive to believe that the debt problem would be resolved overnight, but it was imperative that measures should be taken to facilitate its settlement. His country therefore supported the conclusions contained in the report of the Secretary-General on that subject, as well as the statement by the Under-Secretary-General of the Department of International Economic and Social Affairs, and looked forward to a gathering of the political momentum necessary to reach a comprehensive solution.

41. Mr. LUDENGE (Zaire) said that the slowing of growth in the industrialized countries, the fall in commodity prices, increasing protectionism, the instability of the financial markets and the deterioration in terms of trade were among the factors which had had a particular influence on debt. The debt crisis could therefore be overcome only if a comprehensive solution was found to all those problems. In general, the proposed solutions had been confined to negotiating the rescheduling of debt while continuing to guarantee the payment of interest. However, high interest rates were absorbing the lean export revenues of the debtor countries, which would be able to achieve a lasting settlement of the problem only when the average rate of interest on external debt fell below the average foreseeable long-term rate of growth in their export revenues. The co-operation of the creditor countries, international financial and monetary institutions and commercial banks therefore appeared to be an absolute necessity, in the context of an equitable sharing of responsibilities. In that connection, the so-called "Baker" initiative was worthy of consideration as a valuable basis for a solution of the problems of indebtedness. Although the developing countries might apply macro-economic policies with a view to ensuring financial stability and creating incentives for exports, savings and investment, they could not achieve those objectives unless the world economic situation were to improve.

(Mr. Ludenge, Zaire)

42. The situation in Africa provided a particularly tragic example of the problems of debt. In that region, the debt-to-export ratio had doubled in the course of five years. African economies were particularly vulnerable to external shocks as a result of their rigid structures and the narrowness of their production base, which placed them at the mercy of climatic variations and major fluctuations in commodity prices. The efforts of African countries to make economic adjustments could be successful only if they were supported by an adequate flow of external resources, a rescheduling of debt every few years and the cancellation of debt incurred by low-income countries. African countries benefited from the co-operation of the World Bank and the International Monetary Fund, which should receive a greater degree of support from the industrialized countries in view of the increase in their resources.

43. In the absence of sufficient external resources to back its investment recovery-oriented programme, the adjustment measures taken by Zaire between 1982 and 1983 had failed to produce all the hoped-for economic and financial results. The economy had immediately run into serious difficulties caused by exchange-rate fluctuations, a worsening of the balance-of-payments deficit and accumulated arrears on external payments. In face of the gravity of the situation, the Zaire Government had decided in 1983 to carry out a programme of economic and financial adjustment which had succeeded in achieving the following results: a lowering of the inflation rate, free currency convertibility, reduction of the current payments deficit and an increase in budgetary income.

44. Solutions adopted in the past had generally given preference to a short-term approach to the detriment of the interests of economic recovery. That trend should be reversed, in particular through a substantial reduction in the interest rates applicable to all rescheduling agreements, the provision of multilateral and bilateral funds on favourable terms and an increase in direct private investment.

AGENDA ITEM 81: TRAINING AND RESEARCH (continued)

(b) THE UNITED NATIONS UNIVERSITY: REPORT OF THE COUNCIL OF THE UNITED NATIONS UNIVERSITY (A/41/3, A/41/31)

45. Mr. SOEDJATMOKO (Rector, United Nations University) introduced the University's report for 1985 (A/41/31), the year which had marked the tenth anniversary of its establishment. During the year the University, in conjunction with the United Nations Secretariat, had held three seminars on regional peace and security within the framework of the International Year of Peace. As part of its programme on natural resources and the environment, the University had organized in Switzerland a conference on the subject of geophysiology, a new science for the integrative study of living things and their physical support systems. The University's work in the field of natural resources had continued in 1986 with, among other activities, a conference on the developing environmental crisis in the Himalayan-Ganges region. It had led to the development of a new concept of transborder ecological zones which the countries of the region were showing serious interest in applying.

(Mr. Soedjatmoko)

46. In the field of microprocessor technology, following the first regional training course held in Sri Lanka in 1984, the second of the series had been held in Colombia in June 1985, complementing training programmes at the International Centre for Theoretical Physics in Trieste and at Trinity College, Dublin. So far, more than 700 scholars from Africa, Asia and Latin America had participated in those programmes.

47. Some time before the African crisis had reached the headlines, the University had set up a Special Committee on Africa, composed of senior African scholars. The Special Committee's activities had ended in 1985 but it would continue its work within the African Academy of Sciences as the Commission for the African Crisis.

48. As a result of its work on the effects of chronic dietary deficiency, the University had accepted lead-agency responsibility, with support from the Sub-Committee on Nutrition of the Administrative Committee on Co-ordination, for the organization of a Consultative Group on Dietary Energy Deficiency. Lastly, on the occasion of the fortieth anniversary of the United Nations, the University had organized a seminar on the theme of international organizations in preparation for the eventual establishment of a research and training centre in that field in Japan. In 1985, the University had continued its dissemination and publication activities and its fellowship programmes. As of 30 September 1986, 702 scholars had completed University fellowships and 176 others were currently in its training programmes.

49. Paragraphs 144 to 148 of the report contained detailed information on the World Institute for Development Economics Research (WIDER) and on the Institute for Natural Resources in Africa, which the University hoped to establish in response to Africa's need for scientific institutions capable of contributing to the continent's independent, self-sustaining development.

50. Current political and economic uncertainties called for caution in making plans for the University's future development. The dramatic strengthening of the Japanese yen in 1985 and 1986 had led to severe cost-cutting measures. The maintenance of the University programme would require substantial new income.

51. A comprehensive external evaluation of the University's first 10 years of work had been undertaken at the end of 1985. The task had been entrusted to an independent committee of five eminent scholars. But it was already possible to say that the University, as an institution, had developed a distinct identity within both the United Nations system and the international academic community. Its characteristic features were the pluralism and flexibility which enabled it to respond to new issues and needs. The major thrust of its programme was directed towards achieving a better understanding of the dynamics of development in the broadest sense and dealing with complex problems which brought to light the relationships between various development factors. Its dissemination activities were aimed at diverse constituencies, including decision-makers and academics but also less-privileged groups to whom scientific knowledge could be of use in improving their daily lives and defining their needs.

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(Mr. Soedjatmoko)

52. The work done within the first Medium-term Perspective (1982-1987) indicated the direction which the second Medium-term Perspective, starting in 1988, should take. At a time when the United Nations system was faced with great difficulties, it was important to maintain the University's own research capacity so that it could analyse issues independently from the interested parties while making use of outside scholarly resources. It was the task of the University to meet with confidence and courage the often unforeseeable problems which might arise in a rapidly changing world.

AGENDA ITEM 79: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)

- (b) FOOD PROBLEMS: REPORT OF THE WORLD FOOD COUNCIL; REPORT OF THE SECRETARY-GENERAL (continued) (A/41/3, A/41/19)
- (c) NEW AND RENEWABLE SOURCES OF ENERGY: REPORT OF THE COMMITTEE ON THE DEVELOPMENT AND UTILIZATION OF NEW AND RENEWABLE SOURCES OF ENERGY (continued) (A/41/3, A/41/44)
- (d) DEVELOPMENT OF THE ENERGY RESOURCES OF DEVELOPING COUNTRIES: REPORT OF THE SECRETARY-GENERAL (continued) (A/41/3, A/41/383)

53. Mr. TANIGUCHI (Japan) said that his Government recognized that the stability of the global energy situation was indispensable for a sound and sustained growth of the world economy. Despite the sharp decline in oil prices and the current energy glut, the uncertainty of energy markets over both the short and long term made it incumbent upon countries not to slacken their efforts to promote various energy policies for the development of alternative energy sources, energy conservation and energy research and development.

54. The promotion of the development and utilization of new and renewable sources of energy would eventually contribute to the improvement of the standard of living in developing countries. It was generally agreed that the energy demands of those countries would increase considerably as their economic development, urbanization and industrialization proceeded. However, most of them had not yet succeeded in establishing a sufficiently stable structure of energy demand and supply and it was therefore essential for them to develop their own energy resources and to use them efficiently. It was also urgent to sustain the momentum generated by the United Nations Conference on New and Renewable Sources of Energy held at Nairobi in 1981, giving due consideration to the significance of the developing countries' energy problems. In that connection it should be recalled that the Programme of Action adopted at the Conference had been drafted to meet not only short-term but also medium-term and longer-term objectives. It was therefore particularly disappointing that the activities of the Committee on the Development and Utilization of New and Renewable Sources of Energy had slackened. His delegation believed that the United Nations was the most appropriate forum for an objective and comprehensive discussion of new and renewable sources of energy in the overall context of global energy issues. In particular, the Organization could extend co-operation in such areas as energy assessment and planning, research and development, transfer of technology, information, education and training.

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(Mr. Taniguchi, Japan)

55. Japan, a country heavily dependent on imported oil as a source of energy, had made and was continuing to make every effort to reduce that dependence. It was also expanding its international co-operation with the developing countries by providing them with considerable ODA in the energy sector and by sending experts, missions and research workers to those countries.

56. Furthermore, under the Nairobi Programme of Action, Japan had provided assistance with the implementation of two projects, entitled biomass-solar-wind network activities and research-development-demonstration project on solar power generation, in the region covered by the Economic and Social Commission for Asia and the Pacific.

57. It was essential that the developing countries themselves take steps to solve their energy problems. If their efforts were to be successful, however, it was important that the international community should co-operate effectively with them, through consultative meetings, in order to mobilize such financial resources as might be required for the implementation of their programmes and projects. The activities undertaken by the various United Nations organs in the energy sector must be well co-ordinated and the resources of the system utilized as effectively as possible.

58. Mr. FANG Xiao (China) referring to the world food situation, pointed out that although world food production had continued to grow at an annual rate of 2.4 per cent there was still a very serious imbalance between the developed, food-exporting countries, which were accumulating food surpluses, and the developing countries, which were suffering from starvation and malnutrition.

59. There was an urgent need to increase the food production of the developing countries if that imbalance was to be overcome. The economic and technical difficulties confronting those countries, however, made them dependent on the assistance of the international community in implementing their food strategies.

60. The fact that supply exceeded demand on the international food market served the interests of neither the developed nor the developing countries. That problem could be solved only by consultations, especially during the forthcoming round of multilateral trade negotiations. In that connection, the conclusions and recommendations put forward by the Twelfth Ministerial Session of the World Food Council provided a good starting point for the implementation of the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990, adopted by the special session of the General Assembly on the critical economic situation in Africa. Similarly, the meetings held by the Council in 1985 to discuss regional food strategies and South-South co-operation had produced promising results. In that connection, China supported the part played by the World Food Council in the search for new forms of co-operation in respect of food.

61. The United Nations Conference on New and Renewable Sources of Energy held at Nairobi in August 1981 had attracted universal attention in the international community and it was obvious that great progress had been made in the development of such sources of energy. The work of the organs and agencies of the United Nations system had contributed significantly to making various countries attach

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(Mr. Fang Xiao, China)

more importance to the development and utilization of their energy potential. However, support for such action had slackened in recent years as a result of the slump in oil prices. That trend must be reversed. A long-term vision coupled with multilateral and bilateral co-operation was required in the development and utilization of new and renewable sources of energy.

62. The economic growth of the developing countries obviously called for the exploration and utilization of new sources of energy. Unfortunately, the developing countries, and the oil-importing countries in particular, were having great difficulty in pursuing the development of their energy potential because of the unfavourable international economic environment, lack of financial resources and years of technological backwardness. The international community therefore needed to take effective measures urgently, in the form of co-operation, assistance and investment, to help those countries.

63. As a developing country, China supported the work being done by the United Nations to develop the energy resources of the developing countries and was willing to participate actively in international co-operation in that sphere.

64. Mr. RATZAI (Observer for the Council for Mutual Economic Assistance) said that, now more than ever, it was necessary to take decisive action to halt the arms race, move towards disarmament, thereby making considerable resources available for development, and solve the many problems confronting the world. Indeed, the link between the strengthening of peace, disarmament and economic and social development was self-evident.

65. Turning to the question of the normalization of international economic relations, he recalled that the States members of CMEA had put forward a specific programme for the improvement of relations at their recent economic summit conference. Moreover, CMEA supported the legitimate demands of the developing and non-aligned countries for a restructuring of international economic and financial relations which took account of the interests of all countries, for a solution to the foreign debt problem and for the elimination of protectionism. The CMEA countries were also in favour of restructuring the international economic order on a just and democratic basis.

66. The mobilization of national efforts and ever-expanding co-operation had enabled those countries to carry out economic and social development programmes and to contribute to the improvement of international economic relations. Thus, the combined national product of all CMEA members had increased by 18 per cent between 1981 and 1985 and trade among them had grown by 64 per cent since 1980. By 1985, they had completed the co-ordination of their five-year economic development plans for 1986-1990, thereby jointly overcoming a number of significant co-operation problems and adopting measures to accelerate the equalization of their levels of development. In particular, they had decided to carry out jointly a number of large-scale projects. The CMEA countries also attached great importance to their programme of scientific and technological development to the year 2000, adopted in December 1985, and were prepared to co-ordinate the activities which they were to carry out under that programme with the activities of other interested countries.

(Mr. Ratzai)

It went without saying that the development of the CMEA countries opened up new prospects for co-operation in all spheres and with all countries, irrespective of their level of development and their political system.

67. The States members of CMEA were continuing to devote special attention to the development of their economic, scientific and technological co-operation with the developing countries for their mutual benefit and on the basis of respect for the principles of equity, national sovereignty and non-interference in internal affairs. They were providing both bilateral and multilateral assistance to 102 of those countries, taking into consideration the situation and particular characteristics of each one. Some 4,200 industrial, agricultural and other projects had been carried out in those countries. The CMEA countries also attached great importance to the training of national supervisory staff in those countries, had set up a number of vocational training centres in Asia and in Africa, had provided direct training to over 80,000 people each year, and had established a fund for the financing of scholarships. Foreign trade was also an important element in co-operation between CMEA and developing countries. Such trade had grown 20-fold since 1960 and was still growing.

68. Lastly, on the occasion of the International Year of Peace, the States members of CMEA called for the strengthening of the role and authority of the United Nations and of its contribution to the solution of the major problems confronting mankind. They, for their part, were firmly committed to contributing to the achievement of those noble goals.

69. Mr. Jonck (Denmark) took the Chair.

70. Mrs. SUMIRAT (Indonesia) said that the problem of food, undeniably the most important and basic need of mankind, had been somewhat overshadowed recently by other issues that were considered more pressing. Despite a relative improvement in the food situation in the past year, that situation was still a matter for concern, however, as the continuing serious imbalances in food production between developed and developing countries demonstrated. Another area of serious concern was the growing disorder in international trade in food and agricultural products. Excess production and export subsidies had brought about huge surpluses in the industrialized countries, while prices for agricultural products in the developing countries had dropped to levels not seen since the Great Depression of the 1930s. Indonesia attached great importance to that problem, not only because agricultural exports had an impact on foreign exchange earnings but also because they were directly linked to the employment and standard of living of farmers. Indonesia therefore welcomed the agreement reached at Punta del Este on the need to bring more discipline and stability to world agricultural trade, while reserving more favourable treatment for the developing countries.

71. The implementation of the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 also required urgent attention. In that regard, Indonesia supported the call addressed by the World Food Council to the international community to provide all possible assistance to the Programme.

(Mrs. Sumirat, Indonesia)

72. All those problems should be kept at the forefront of world attention. It was in that context that her delegation endorsed the measures adopted by the World Food Council to strengthen its role as the political forum of the General Assembly for world food and hunger issues.

73. With regard to the utilization of new and renewable sources of energy, Indonesia, like other countries, was increasingly concerned that the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy was at a standstill. It appeared that the drop in oil prices had undermined efforts to develop alternative sources of energy. It was therefore imperative that multilateral co-operation, particularly within the framework of the United Nations, should play a leading role in developing, promoting and utilizing new sources of energy. There was a need to strengthen the Energy Account of the United Nations Development Programme and to mobilize additional resources for the implementation of the Nairobi Programme of Action.

74. With regard to the development and utilization of the energy resources of developing countries, her delegation noted that for various reasons, including the drop in oil prices already mentioned, prospecting for new sources of energy in the developing countries had declined sharply. Ways and means should be found, including loans from international financial institutions, to enable the developing countries to pursue their efforts in that area.

75. Mr. BRUCE (Togo) expressed concern at the alarming paradox that whole populations were in the grips of malnutrition and famine while fabulous resources were being squandered on an excessive arms build-up and science and technology were making daily progress towards improving people's living conditions. Africa remained the continent where the food situation gave most cause for concern, as the Secretary-General had confirmed in his report on the situation of food and agriculture in Africa (A/39/270). The findings of that report, which had been submitted to the thirty-ninth session of the General Assembly, remained as relevant as ever, for the situation had scarcely improved since then. Indeed, in his June 1986 statement to the World Food Council, the Director General of FAO had recognized that emergency food aid was still needed in at least six African countries. In that connection, attention should be drawn to the curious coincidence that poverty, malnutrition and famine combined to affect only third world populations, who were entitled to fair compensation for their efforts as fully-fledged partners in the world economy. Their claims had met inexorably with the intransigence and selfishness of the rich countries, however.

76. In view of the particularly critical and alarming nature of that situation, efforts had been made to ascertain its causes so as to find appropriate and lasting solutions. Food aid, while admittedly beneficial, was expected to make way gradually for medium- and long-term strategies. Finding solutions to food problems in the third world, especially in Africa, involved, first and foremost, putting an end to poverty, which the current international order helped to perpetuate in those countries. Participants in the Twelfth Session of the World Food Council had in fact reached the same conclusion when they had affirmed that hunger and malnutrition were the results of diminishing effective demand in the developing countries, which was in itself the consequence of the international financial and trade crisis and an inequitable international economic order.

(Mr. Bruce, Togo)

77. Whatever the case might be, solving food problems was primarily the responsibility of each of the countries concerned. Africa, for its part, has adopted national strategies and policies in all sectors aimed, in particular, at speeding up the implementation of programmes and measures designed to increase collective self-reliance by the end of the century, as provided for in the Lagos Plan of Action adopted in 1980. For instance, the measures taken as part of the green revolution had enabled Togo not only to achieve food self-reliance but also in some years to produce surpluses which it was able to supply to neighbouring food deficit countries.

78. It was undeniable, however, that the African States still needed international co-operation in order to shore up their efforts in the agriculture and food sectors. In that regard, his delegation had examined carefully the report on the work of the Twelfth Session of the World Food Council (A/41/19) and endorsed fully the suggestion made therein to strengthen the political role of the Council so that it could perform its duties to the full. It likewise welcomed the organization of regional workshops and symposia at Dakar, Buenos Aires, New Delhi and Guangzhou with a view to promoting exchanges of experience and South-South technology transfers. It was also appreciative of the special attention paid by the Council to the critical food situation in Africa and of the role which the Council could play in implementing the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990. The situation was in fact so serious that it required an exceptional effort on the part of the international community as a whole in working towards the implementation of the measures in the food and agriculture sector set out in that Programme.

The meeting rose at 1.05 p.m.