



SUMMARY RECORD OF THE 26th MEETING

Chairman: Mr. AL-ASHTAL (Democratic Yemen)

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The meeting was called to order at 3 p.m.

AGENDA ITEM 82: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE (continued)

(a) OFFICE OF THE UNITED NATIONS DISASTER RELIEF CO-ORDINATOR (A/C.2/41/L.22)

Draft resolution A/C.2/41/L.22

1. Mr. BEN MOUSSA (Morocco), introducing draft resolution A/C.2/41/L.22 entitled "Office of the United Nations Disaster Relief Co-ordinator" said that the draft resolution was intended to achieve the broadest possible consensus on the specific mandate of the Office of the Co-ordinator, as defined in General Assembly resolution 2816 (XXVI) and subsequently reaffirmed on several occasions including, most recently, in Economic and Social Council resolution 1986/47. In that context, recommendation 24 of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations seemed to carry little weight, particularly in view of its hasty drafting and apparent lack of conviction.

2. It was not the intention of the sponsors to pre-judge the General Assembly debate on the report, nor did they wish at the present stage to enter into a lengthy debate on the Office's achievements. The spectacular growth in the contributions made to it bore witness to the confidence which donors had placed in it. The sponsors further considered that humanitarian assistance and development assistance each covered a specific field that could not be administered by the same type of organization and that co-operation between the Office and UNDP could be strengthened further. By renewing its support for the Office, the international community would be avoiding an institutional disaster the adverse effects of which would compound those of natural disasters.

AGENDA ITEM 79: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)
(A/41/114, A/41/118, A/41/123, A/41/157, A/41/315, A/41/326, A/41/332, A/41/353, A/41/354, A/41/372, A/41/373, A/41/392 and Corr.1, A/41/408, A/41/435, A/41/462, A/41/609, A/41/634; A/C.2/41/5; A/C.2/41/L.5-L.6)

(a) TRADE AND DEVELOPMENT (A/41/3, A/41/15 (vol. I and II), A/41/301, A/41/495, A/41/596 and Add.1 and 2, A/41/598, A/41/698, A/41/734, A/41/739; A/C.2/41/L.7)

3. Mr. BAKALOV (Bulgaria) said that the world economic crisis and its various manifestations directly affected on trade and the development process. The developing countries were its main victims since insufficient growth rates forced them to adopt a policy of austerity in order to be able to service their external debt. The collapse of commodity prices made the picture even grimmer.

4. The world economic situation was to a large extent influenced by political factors. To ensure development, therefore, it was vital to safeguard peace and security and to halt the arms race.

(Mr. Bakalov, Bulgaria)

5. Instability in the field of trade, money and finance, the slow-down in the growth of the world economy and in the development process, and the undermining of the basic principles of the international trading system called for concerted efforts to work out a system of international economic security that would make the economic environment more equitable and predictable.

6. The seventh session of the United Nations Conference on Trade and Development should elaborate effective measures aimed at overcoming the crisis in international trade, regulating commodity trade and promoting economic relations among countries with different socio-economic systems. Steps should also be taken to further reduce interest rates, stabilize exchange rates, exclude the possibility of using the financial difficulties of States in order to coerce them, and restructure monetary and financial systems in the interests of all countries. UNCTAD must also tackle the problem of the reverse flow of financial resources and work to halt and reverse protectionist measures. Lastly, it should devote particular attention to the relationship between disarmament and development.

7. The increasingly open nature of Bulgaria's economy had exposed it to a range of negative repercussions of the world economic crisis. It was therefore keenly interested in the multilateral efforts undertaken in that field. At the domestic level, Bulgaria was seeking to strengthen its economy, inter alia, by guaranteeing the autonomy of economic entities. Bulgaria was interested in expanding its foreign trade relations and hoped, by becoming a full-fledged member of GATT, to play a more active role in that organization.

8. Mr. YEGOROV (Byelorussian Soviet Socialist Republic) emphasized the link that existed between economic problems and the world political situation. Militarism, in particular, threatened social and economic development and the United Nations system as a whole must base its actions on the principle of "disarmament for development". His delegation supported the proposals that the Trade and Development Board and the United Nations Conference on Trade and Development should examine regularly the relationship between disarmament and international trade.

9. The problems affecting current economic relations, deriving on the one hand from the growing interdependence between the economies of the developed capitalist countries and those of the developing countries and, on the other, from certain destabilizing factors in East-West and West-West relations, had prompted the Organization to consider the question of creating a climate of confidence and that of rejecting coercive economic practices. Economic security, which was of decisive importance for the maintenance of international peace and security, had recently been the subject of a proposal by the socialist countries.

10. As a universal body, UNCTAD obviously had a role to play in that respect. It should endeavour to promote the implementation of General Assembly resolution 40/173 on international economic security, a question which might be one of the key topics at UNCTAD VII. Moreover, it should continue to see to it that resolution 40/185 entitled "Economic measures as a means of political and economic coercion against developing countries" was applied.

(Mr. Yegorov, Byelorussian SSR)

11. His delegation regretted that the Trade and Development Board had not taken any specific decisions on protectionism at its thirty-second session. It was also disturbed at the objections raised to an appropriate regulation of commodity markets.
12. In a joint statement (A/C.2/41/7), the Byelorussian SSR and other socialist countries had referred to the factors hampering exchanges in science and technology and had advocated strengthened co-operation. The proposal on the formulation of a world programme for scientific and technological co-operation under United Nations auspices, which Mr. Shevardnadze had made to the General Assembly, was very important in that context. It would also be desirable for UNCTAD to conclude the drafting of the code of conduct for the transfer of technology.
13. His country supported UNCTAD's activities and hoped that its seventh session would make a decisive contribution towards establishing a system of economic security guaranteed by a new international economic order. An objective analysis of the real causes of economic tensions and the formulation of recommendations aimed at utilizing fully the possibilities offered by co-operation, together with the implementation of previous decisions, should make it possible to attain that goal.
14. At the beginning of the 1980s, some developed capitalist States had attempted to impose a neo-conservative economic approach based, inter alia, on the privatization of the public sector, deregulation and a credit squeeze. In addition to yielding only very modest results, that policy had had a clearly deflationary impact which had proved particularly disastrous for the developing countries. The draft resolution sponsored by the Group of 77, entitled "Urgent measures for reactivation of growth and development in developing countries" (A/C.2/41/L.18), reflected the concern of those countries, which hoped that UNCTAD and the Second Committee would reassess objectively the impact of that approach.
15. Mr. TAIHITU (Indonesia) said that the international community, in particular the developing countries, were confronted with formidable challenges. International trade had slowed down world wide and its effectiveness as an instrument of growth and development had been impaired. As the Trade and Development Board had noted in its report, deflationary forces were now the main threat. The developing countries were particularly vulnerable to those forces. Their economies faced overwhelming adjustment problems and their trade with the developed countries had declined while imports of manufactures from those countries had increased considerably. At such a time of crisis, the recently launched multilateral trade negotiations and the forthcoming seventh session of the United Nations Conference on Trade and Development might mark a turning-point. His delegation was encouraged by the emphasis placed, in the ministerial declaration on the new round of negotiations, on the interests of the developing countries, namely, the principle of differential and more favourable treatment for developing countries, fuller participation by those countries in the negotiations, and the principle of non-reciprocity. It also noted the firm commitments made on halting and rolling back protectionist measures, and the agreement on the relevant

(Mr. Taihutu, Indonesia)

multilateral surveillance mechanism. The agreement on the liberalization of trade in tropical, agricultural and natural resource-based products was of particular interest to Indonesia. All that remained was to implement those decisions.

16. UNCTAD was an ideal forum for addressing the current crisis, particularly with regard to trade and development. Indonesia hoped that UNCTAD VII would contribute decisively to reactivating trade and co-operation for multilateral development and to reducing the gap between developed and developing countries. The question of commodities was critical in that context. It was regrettable that the mechanisms created to stabilize commodity markets and earnings, such as the Integrated Programme for Commodities and the Common Fund for Commodities, had been claimed by some to be obsolete even before they had been duly implemented. His delegation trusted that the Conference would help to find a way out of the present impasse and supported the comprehensive preparatory work being undertaken for the Conference.

17. His delegation had examined with interest the report of the Secretary-General on island developing countries (A/41/495), but was puzzled by the absence of Indonesia, Haiti, the Dominican Republic and Papua New Guinea from the list of such countries annexed to the report.

18. Mr. MUSOKE (Uganda) recalled that the world economy was becoming increasingly interdependent, as a result of which the problems confronting developed and developing countries in international trade and finance were closely interrelated. Those countries must therefore explore together the various options for reaching a political agreement so that balanced and just economic growth and development could be promoted and a new international economic order created.

19. As an agricultural country, Uganda was overwhelmingly dependent on commodities for its foreign exchange earnings and was therefore gravely concerned at the continuing depressed prices for those commodities. Since most African countries were commodity producers, Africa had no choice but to strive to maintain its share of the world commodity market in order to generate the foreign exchange needed to purchase the imports required for development programmes and essential consumption. That could be done only by increasing production, but in a number of cases the low prices paid for exports hardly covered the cost of production.

20. To remedy that situation, commodity producers should obtain remunerative prices for their exports, the Integrated Programme for Commodities should be implemented fully and the Common Fund should be made functional through the injection of the necessary funds. Both the Programme and the Fund should receive the political support of all developed countries, which must ratify the Common Fund Agreement. The International Monetary Fund's compensatory financing facility should continue to play its useful role without any new adverse conditions being attached to it. Price stabilization schemes should also be encouraged.

21. His delegation was gratified that a new International Cocoa Agreement had at last been concluded. The International Coffee Agreement was due for renegotiation and it would be most desirable if consumers, large and small, and producers were

(Mr. Musoke, Uganda)

to show the same spirit of compromise that they had shown in the negotiations on previous agreements.

22. Uganda subscribed fully to the concept of economic co-operation among developing countries and on a regional basis. It was committed to instituting, developing and strengthening regional organizations, which it regarded as logical building blocks towards a united African continental common market.

23. His delegation looked forward to the forthcoming session of the United Nations Conference on Trade and Development and felt that the experience of the past four years should enable the Conference to tackle trade and development issues more realistically. The agenda adopted for the Conference covered the most topical trade and development issues and it was interesting to note the inclusion of such items as commodities, problems of the least developed countries and, more particularly, the Substantial New Programme of Action for the 1980s for the Least Developed Countries.

24. Mrs. IRISH (Canada) noted with satisfaction that, at its thirty-third session, the Trade and Development Board had succeeded in rationalizing the organization of its sessions and had finally agreed upon an agenda for the seventh session of the United Nations Conference on Trade and Development (UNCTAD). The shortness of the agenda showed a realistic attitude. However, the Canadian delegation did not underestimate the difficulties which would have to be overcome to ensure the success of the Conference, nor the effect it would have on the future usefulness of UNCTAD. Canada and the other members of Group B would have preferred the adoption of a cross-sectoral approach to the problems and issues on UNCTAD's agenda and they had submitted proposals with that end in mind. Such an approach seemed essential if the Conference was to reach a genuine international consensus on ways to resolve the real and pressing problems of trade and development. All participants must be prepared to abandon the sterile formulae of the past and consider ways of making progress in a realistic spirit.

25. There were four main items on the agenda, including that of resources for development. It was important for the Conference to concentrate its efforts on previously-neglected sectors such as the generation and mobilization of domestic savings, the role of the private sector and the ways in which it could complement the public sector and the lessons to be learned from structural reform and domestic policies undertaken by the most successful developing countries.

26. Trade was the second item on the agenda. The Canadian delegation considered that it would be wrong to underestimate the importance of domestic and intra-regional trade experience and the policies it had inspired. Major technological changes and innovations had had a direct influence on the development process and would continue to do so. It was essential to examine their nature, their domestic consequences and, above all, their significance for traditional development strategies and approaches. Other sectors, such as the role of services in economic development, the use of intellectual property and national policies and strategies for market development and export promotion, should be given detailed consideration.

(Mrs. Irish, Canada)

27. On the subject of commodities, it was time to admit that market problems in that field were trade problems and that the problems of over-dependence on certain commodity exports were problems of development policy. It was essential to make a careful study of the structural changes which had occurred and continued to occur on the commodity markets, as well as the technological changes which influenced trade in those products both positively and negatively.

28. The specific problems of the least developed countries reflected the more general problems outlined above. Canada's policy was to concentrate its co-operation efforts on the poorest and most needy countries, and that policy would continue. UNCTAD was to make recommendations to the General Assembly about a substantial new programme of action for the 1990s in accordance with General Assembly resolution 40/205. The Canadian delegation did not, however, consider that the existing Substantial New Programme of Action needed to be reviewed at present.

29. Mr. SEVILLA (Nicaragua) said that the concepts of trade and development were inextricably linked and that the stagnation of development in the majority of third world countries was mainly due to the erosion of the international trade system in recent years. Among the reasons for that phenomenon were the instability of the monetary and financial markets, the decline in commodity prices, the increase in protectionist measures and the deterioration in the terms of trade, exacerbated by the burden of external debt and the problem of the reverse transfer of resources. The Nicaraguan delegation hoped therefore that new multilateral negotiations and the seventh session of UNCTAD would bring tangible results which would genuinely encourage development.

30. As well as the negative factors mentioned above, other elements affected trade relations between States, such as the growing use of economic measures to exert political and economic pressure on developing countries. Paragraphs 20, 21 and 29 of the Secretary-General's report on the issue (A/41/739) confirmed that recourse to such practices was incompatible with the provisions of the Charter of the United Nations. His delegation recalled that, at its fortieth session, the General Assembly had adopted by a substantial majority resolution 40/188 on the trade embargo against his country. Not only had the United States of America not complied with the provisions of the resolution, but it had increased its coercive measures against Nicaragua with serious consequences for that country (see document A/41/596/Add.2). Such illegal measures were a flagrant violation of the basic norms and principles which should govern international economic relations, an issue which came within the Second Committee's sphere of competence. Such measures could only have an unfavourable effect on trade and development and therefore deserved the condemnation of civilized nations.

31. Mr. MADATANG (Malaysia) recalled that his country, which was rich in natural and human resources and which had achieved an annual growth rate of 6 to 8 per cent at the end of the 1970s and the beginning of the 1980s, now had a very low or even a negative growth rate. The debt-service ratio had risen from 15.6 per cent to 20.7 per cent in one year. His delegation hoped that the decisions to be taken by the Second Committee would help Malaysia and other developing countries to overcome their difficulties.

(Mr. Madatang, Malaysia)

32. Although Malaysia had been a fervent advocate of free trade and free enterprise since it had achieved independence in 1957, his country, like other developing countries, had to deal with protectionist policies and practices which were becoming common both between developed and developing countries and between developed countries themselves. If those negative tendencies were not reversed, world trade and the world economy would descend inexorably into a crisis like that of the 1930s. Because Malaysia did not wish to see history repeat itself, it had welcomed the decision taken at the Punta del Este meeting to start a new round of trade negotiations. Those negotiations should emphasize the need to establish a new and more equitable régime for tariff and non-tariff measures, tropical products, products based on natural resources, textiles, clothing, food and agriculture. Developing countries must be given special and more favourable treatment if equity and transparency were to be achieved in the trade between developed and developing countries.

33. The persistent decline in commodity prices, expected to be in the region of 20 per cent in Malaysia in 1987, was likely to have an adverse effect on the country's political and economic stability, and to create social problems. It was therefore urgent that the international community should address itself squarely to that problem. Indeed, despite the promising statements made by certain developed countries, neither the Common Fund nor the Integrated Programme for Commodities (IPC) had gone into operation. The lack of political will on the part of some developed countries in that matter had been clearly reflected in the collapse of negotiations on the International Rubber Agreement in Geneva. Although the producer countries had refrained from demanding higher prices under the new Agreement, the renegotiations had failed because of disagreement about the price adjustment mechanism of the buffer stock. Malaysia wished to express its disappointment in that respect. In view of the serious nature and far-reaching consequences of the problem, it was incumbent upon the members of the Second Committee to consider an alternative approach to international trade in commodities and adopt draft resolution A/C.2/41/L.5.

34. Regarding agriculture and trade in agricultural products, Malaysia, like many other developing countries and certain developed countries which exported such products, was deeply concerned about the surpluses and the market glut. Even more disturbing was the fact that the situation had been exacerbated by the deliberate policy of subsidization pursued by certain developed countries with respect to the agricultural sector. The Second Committee could make a useful contribution to the forthcoming negotiations in Uruguay by adopting draft resolution A/C.2/41/L.11, as submitted by the Group of 77.

35. Existing economic problems called for co-ordinated policies of structural adjustment. The attitude of certain developed countries, which were excluding the developing countries from that process, was therefore disheartening because it reflected their lack of political will and sincerity. Lack of progress in the North-South dialogue had prompted Malaysia to play an active part in the promotion of economic co-operation among developing countries within the South Commission, an independent body which was responsible for proposing measures and a programme of

(Mr. Madatang, Malaysia)

action to give effect to South-South co-operation. In fact, Malaysia had long been supporting South-South co-operation and since 1980 it had allocated \$29 million to island developing countries in South-East Asia, the Commonwealth, the Pacific and in the Indian Ocean under its technical co-operation programme.

36. Mr. BARNETT (Jamaica) said he would have liked the Secretary-General's report on specific measures in favour of island developing countries to contain a more profound analysis. The item had been placed on the Second Committee's agenda every other year and therefore deserved to be covered by a more comprehensive report.

37. Thirty members of the United Nations were island developing countries. Their economies were particularly vulnerable because they depended on trade for their development and even for their survival. Although some countries had recognized the precarious situation of the island developing countries, others were still reluctant to concede that the specific problems confronting those countries called for special attention on the part of the international community. Jamaica therefore wished to reaffirm that their situation did deserve careful consideration by the international community. Indeed, although the past few years had been difficult for the developing countries in general, they had been even more difficult for the island developing countries whose trade in goods and services accounted for a disproportionately high percentage of their GNP. Moreover, the collapse of commodity prices had had catastrophic consequences for their economies which were based on only a few export commodities. For example, Jamaica's earnings from the bauxite industry had plummeted in recent years.

38. Obviously, one of the solutions to that problem could have been diversification. Yet, there again the island developing countries were at a disadvantage, because of their limited human resources and inability to benefit from economies of scale. They therefore required special assistance in areas such as technological adjustment, the marketing and promotion of exports and the development of human resources, if they were to meet the challenge posed by the difficult international environment and increase their relative share of world trade, which was a pre-condition of their survival. Any analytical consideration of the problems of the island developing countries should proceed from a careful study of those issues. The island developing countries were also confronting other problems associated with their archipelagic geography, relative isolation and difficulties in transport, communications, the utilization of marine resources, disaster prevention and relief planning and the development of human resources. Concerted international assistance should be provided in all those areas. Whenever possible, such problems should be tackled on the basis of integration schemes and assistance to subregional institutions. It was important to strengthen subregional bodies and groupings if effective action was to be taken in favour of the island developing countries.

39. It was encouraging to note that agreement had been reached on the agenda of the seventh session of the United Nations Conference on Trade and Development (UNCTAD). However, a number of questions which had been on the agendas of earlier sessions, including the question of the land-locked countries and island

(Mr. Barnett, Jamaica)

developing countries, were not on the agenda of the forthcoming session. UNCTAD, as the main body responsible for considering such matters, should not only continue its efforts in favour of the island developing countries, but even intensify them.

40. The delegation of Jamaica supported UNCTAD's view that the existing trade imbalances in favour of the developed countries must be redressed as a matter of urgency. A way must be found to recycle surpluses effectively and rapidly through multilateral financial institutions, official development assistance and through direct investment in the developing countries. It should be recognized that the accumulation and use of surpluses in the world economy created an anomalous situation, detrimental to the international economy, which called for urgent remedial action.

41. Mr. BORG (Malta) said that although some of the replies given in the Secretary-General's report on specific measures in favour of island developing countries (A/41/495) unfortunately indicated that those countries were not yet being considered as a group or a distinct category, it was none the less encouraging to note that the international community generally recognized that those countries confronted specific problems and genuinely required special assistance. The delegation of Malta was also gratified by the attention that had been devoted to the island developing countries by a number of affluent countries, and by the financial support provided by certain countries in the form of development aid.

42. Malta was co-operating with several countries, especially in the sphere of trade, and believed that such co-operation could be increased, especially with the countries which still used per capita income as a criterion of economic development. The choice of that criterion was in effect highly detrimental to the island developing countries, most of which were small States with a population of less than 1 million. The international community should long have developed an alternative criterion so as not to cut off small countries from development assistance. In that connection, it was heartening to note that UNDP had taken action to that effect by granting special exemptions to island developing countries in the calculation of their IPFs for the fourth programming cycle. UNCTAD had also provided continuous encouragement by facilitating interregional exchanges of information and experience between island developing countries.

43. Malta attached crucial importance to the assistance given by the United Nations and the international community and called on donor countries to supplement Malta's small IPF through technical and financial support, so as to enable the projects in the pipeline to be implemented promptly.

44. It was generally recognized that small States were vulnerable to economic pressure from more powerful States. To reduce that vulnerability, economic co-operation should be firmly rooted and the international system should be so organized that those States were enabled not only merely to exist, but to prosper and themselves to help to establish a harmonious international system. It was in pursuit of that goal that the Commonwealth nations had first raised the issue at

(Mr. Borq, Malta)

the meeting of Ministers of Finance in Barbados in 1977. That meeting had been followed by a programme designed to assist the countries concerned in achieving their development objectives; since then the programme had continued to be expanded on a pragmatic basis. There was no doubt that the vulnerability of the small States, the majority of which were island developing countries, was the responsibility of the Second Committee, which should analyse all its aspects in detail.

45. Mr. KOIRALA (Nepal) said that, despite the serious efforts made, the situation of the developing countries remained far from satisfactory, owing mainly to the reluctance of many developed countries to enter into serious negotiations with a view to providing a framework for international economic co-operation. The International Development Strategy adopted in 1980, which was essential for the introduction of a new international economic order, had remained ignored and a large number of developing countries had seen their economic situation deteriorate.

46. Referring to the question of trade and development, he said it was regrettable to note that, at a time when international trade was opening up new avenues, the developing countries were facing market instability, a decline in world prices for their export products and the protectionist measures adopted by many developed countries; that was doubtless why the share of the developing countries in world trade had not increased beyond 6 per cent between 1962 and 1982. Trade was one of the main factors of economic development. Yet, the policies pursued by the developed countries had resulted in an excessive and continuous downward trend in the world prices of commodities, which were the principal source of revenue for developing countries, thus making it virtually impossible for them to continue their development efforts. In that regard, his delegation regretted that the Common Fund for Commodities established in 1980 was still inoperational and the limited success of the GATT Ministerial Session held in 1982 had yielded only meagre results. That was why his delegation supported the decision taken at the recently held summit of non-aligned countries designed to ensure that more favourable treatment was granted to the developing countries, with special attention being given to the particular situation and problems of the least developed countries, within the context of the new round of GATT. It also looked forward to the establishment of a surveillance mechanism which would monitor implementation of the standstill and rollback commitments undertaken at Punta del Este.

47. In view of the pioneering role played by UNCTAD in the important area of international economic co-operation in trade and development, his delegation supported any initiative or decision aimed at enabling UNCTAD to fulfil its mandate better. His delegation therefore especially appreciated the information provided by the Secretary-General of UNCTAD in his report according to which the seventh session of UNCTAD would be able to review all available options for multilateral action to improve the functioning of the commodities markets and thus enable the developing countries to meet their development needs and financial obligations. His delegation hoped that the seventh session of the Conference would consider the problems of land-locked developing countries, such as Nepal, and take the necessary steps to enable them to develop their trade and thus accelerate their development.

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48. Mr. KANJU (Pakistan) said that the state of health of the international economy and of international economic co-operation left much to be desired, with the developing countries facing enormous problems in restructuring their economies and accelerating their development. The interdependence of trade, development finance, the international monetary system, debt and the development problems of developing countries was universally accepted. While the Uruguay Round and the thirty-third session of the Trade and Development Board seemed to betoken some desire to liberalize trade, the question of granting financing for development and the problem of indebtedness still needed to be addressed and it was still vital to eliminate or very significantly reduce the protectionist measures adopted by the developed countries.

49. Pakistan welcomed the adoption by the Trade and Development Board of the agenda for the seventh session of the United Nations Conference on Trade and Development, to be held in 1987. The provisional agenda reflected the common objective of revitalizing development, growth and international trade by strengthening multilateral co-operation and creating a more predictable and supportive international environment. The fact that the seventh session of the Conference and the new round of multilateral trade negotiations were being held simultaneously provided a historic opportunity, which should not be missed.

50. Mr. GHAFFAR (Bahrain) said that a number of the problems with which the island developing countries had to contend were attributable to the following factors: a small territory, a small population and a lack of economic and financial resources. Some of them, moreover, relied on a single economic resource, and that resource was being depleted.

51. Although they varied from one country to another, those factors, and the problems to which they gave rise, made the island countries a very distinct group. It was therefore necessary not only to be aware of their particular needs, but also to formulate aid programmes tailored to the specific conditions of each island country or group of island countries.

52. Because some donors and international organizations used per capita gross domestic product to measure the level of development and standard of living of small island countries, a considerable number of such countries had been deprived of technical assistance because of their relatively high per capita GDP. Since that indicator gave a false picture of the situation in the island countries, especially in the smallest amongst them, it should no longer be used to determine the amount of technical assistance to be granted. In that regard, his delegation fully endorsed the recommendations formulated by the participants in the Commonwealth symposium on the particular needs of small island States.

53. Mr. SOMVORACHIT (Lao People's Democratic Republic) said that the developing countries were severely affected by the deterioration of international trade. Falling prices for raw materials had pushed their ratios of indebtedness to unprecedented levels in what amounted to plunder in disguise of their natural resources by the developed capitalist countries. At the same time, persistently high interest rates were a form of direct exploitation of the third world

(Mr. Somvorachit, Lao People's
Democratic Republic)

countries. The deterioration of international trade had been caused, above all, by increased protectionism in the industrialized market-economy countries. That was even more of a paradox because the capitalist countries were the ones which championed free trade and free competition. Moreover, along with the rise in protectionism, coercive economic measures had been intensified, with the aim, at times, of actually overthrowing the Governments of developing countries. The Lao delegation strongly condemned such coercive measures, which were in violation of the principles of the United Nations Charter and could not be justified under international law.

54. The economic discussion had highlighted the interdependence of nations, irrespective of their political and social systems, and the interdependence of various current issues. It was therefore in the interest of the international community as a whole to adopt an overall, integrated approach to those issues with a view to finding, as soon as possible, adequate and satisfactory solutions based on equality and justice for all. Even if the United Nations could not solve all the problems, it was an excellent forum for dialogue, and the seventh session of the United Nations Conference on Trade and Development should realistically consider the actual causes of the problems and the obstacles to international co-operation, in order to reconcile opposing interests and to foster growth and development.

55. Mr. HARDY (Commission of the European Communities) said that the Community welcomed the agreement reached at Punta del Este, because free trade enhanced the development of international trade and thus the prospects for growth. The fact that at Punta del Este the Contracting Parties had undertaken to abstain from restrictive business practices inconsistent with GATT during the course of the negotiations meant that the Punta del Este Declaration would have an immediate effect.

56. The European Community firmly supported the four objectives in the Ministerial Declaration and the seven general principles governing the negotiations. In particular, it reaffirmed the principle of differential and more favourable treatment, and confirmed that it did not expect reciprocity from developing countries where that reciprocity would be unfavourable to them. It would also continue its special arrangements for the least developed countries.

57. The European Community welcomed the inclusion of services, investment and intellectual property in the new Round. On the subject of agriculture, it was pleased to note the prevailing consensus that more discipline and more predictable markets were urgently needed, and it therefore welcomed the agreement reached at Punta del Este on a framework under which that could be achieved. Finally, the European Community welcomed the statement by the President of the Conference, underlining the need to tackle growing disequilibria in world trade and the need for every Contracting Party to make genuine efforts to act in accordance with the principles of GATT.

58. Mr. AL-FARAJI (President, Trade and Development Board) said that the participants in the thirty-third session of the Trade and Development Board had recognized that the overall outlook for the developing countries, particularly the least developed countries and the countries of sub-Saharan Africa, remained poor. Those countries should therefore persist in their efforts to adjust through growth. Developed market-economy countries, however, should support those efforts by adopting policies designed to improve the international economy.

59. The Board had also noted that the Socialist countries of Eastern Europe were in the process of implementing programmes of structural adjustment and economic reform, both on a national level and within the framework of the Council for Mutual Economic Assistance. That would enable them to participate more fully in the international division of labour and would enhance mutually beneficial international economic co-operation.

60. The thirty-third session of the Board had marked as a point of departure for new efforts to reactivate multilateral economic diplomacy and to strengthen the role of UNCTAD as the main international forum for negotiations on development, growth and international trade. The provisional agenda for the seventh session of the United Nations Conference on Trade and Development, adopted after intensive negotiations and consultations, encompassed the concerns of all groups of countries. It reflected the seriousness of the current world economic situation for, while it emphasized certain specific issues, it left no doubt that the overriding objective of the Conference was the revitalization of development and growth in a more predictable and supportive environment through multilateral co-operation. The Conference would not be successful, however, unless there was ministerial participation, particularly in the conclusion of its work.

61. Mr. SEBURYAMO (Burundi) stated that Burundi, as one of the least developed countries, fully supported the observations made by the representative of Yugoslavia, on behalf of the Group of 77, concerning the recommendations contained in the Report of the Trade and Development Board on its thirty-second and thirty-third sessions (A/41/15).

62. International economic prospects remained uncertain. Yet, in order to achieve harmonious economic and social development, many developing countries were employing drastic remedies and exerting tremendous efforts, with the particular aim of revitalizing their economies and resuming growth. The unfavourable international economic environment was aggravated by the foreign debt of the developing countries, which had grown considerably. More distressing still, that trend showed no sign of abating in the near future, in the absence of vigorous concerted action by debtor developing countries, creditor developed countries, international financial institutions and commercial banks. Only dialogue would bring an answer to the question of where the debtor developing countries would find the money to repay their debts, since their export earnings were dwindling year by year. Initially, at least, the granting of new loans would seem indispensable, even to those who advocated calling upon the money and finance system.

(Mr. Seburyamo, Burundi)

63. The establishment of the Preferential Trade Area for Eastern and Southern African States (PTA) reflected the common will of the States parties to the Treaty to work towards sub-regional and regional economic integration through co-operation among developing countries and under the Lagos Plan. The high-ranking authorities of Burundi, again chairing PTA for the second year in a row, had spared no effort to ensure the timely initiation of the programmes adopted. It was therefore easy to understand why the member countries of PTA were generally dissatisfied with the scanty information contained in the note by the Secretary-General (A/41/698) on assistance provided to PTA by the financial institutions of the United Nations system and the donor Governments. Those countries found it unfortunate that such information could not be obtained because of time and calendar constraints, and that the few responses given were too general in nature and did not specify the amount of aid granted. Moreover, some of them had expressed doubts about the information contained in paragraphs 5 and 6 of document A/41/698. They hoped that their observations would be duly taken into account in the report which the Secretary-General intended to submit at the forty-second session of the General Assembly.

64. Mr. DOLJINTSEREN (Mongolia) emphasized the increasing role that trade was destined to play in the development of bonds of friendship and mutual comprehension among States and peoples. However, there was a continuing deterioration in the world economic situation, particularly that of the developing countries, which, in addition to suffering from the fall in commodity prices, were the object, together with the socialist countries, of increasingly widespread discriminatory measures by certain Western countries - witness the embargoes recently imposed against Nicaragua, Libya, Zimbabwe and other sovereign States, with which Mongolia reaffirmed its solidarity.

65. Such actions, which were totally inadmissible and had been declared illegal by the General Assembly, undermined world peace and stability. His delegation thus associated itself with all those delegations that firmly demanded the renunciation by imperialist circles of such means of pressure, in the conviction that the promotion of security and confidence in international economic and trade relations was essential to the development of equitable and mutually advantageous inter-State co-operation.

66. In that respect note should be taken of the expanding role of UNCTAD and the topicality of the general principles it had established at its first session, the strict application of which, particularly in relations among States with different economic and social systems Mongolia had always advocated.

67. UNCTAD had a number of solid achievements to its credit: the formulation of the Charter of Economic Rights and Duties of States; the establishment of an integrated programme for commodities; recommendations on the establishment of a general system of preferences on behalf of developing countries; examination of the problems posed by protectionism and the question of assistance to national liberation movements, etc. It should now consolidate its positive record by seeking to promote economic and trade co-operation among States at the regional

(Mr. Doljintseren, Mongolia)

level, particularly by co-operating more closely with ESCAP - since Asia and the Pacific contained more than half of the world's population - and the other regional commissions of the United Nations.

68. His delegation attached great importance to the United Nations Conference on Trade and Development to be held the following year in Geneva, and expected it to adopt effective measures to rectify current problems and establish a new international economic order.

69. Mongolia welcomed, in general, the useful results obtained at the thirty-second session of the Trade and Development Board, in particular the decisions relating to technical co-operation among developing countries and the interdependence of trade, development, finance and debt. His delegation trusted that the General Assembly would take a decision that would contribute to strengthening the role of UNCTAD.

70. Mr. RAKOTONAIVO (Madagascar) said that the quest for appropriate solutions to different world economic crises was conditioned by the world trade environment and that there was an increasingly obvious need for reform of the international trade system, as demanded by third world countries. He recalled that the collapse of the multilateral trade system had occurred through derogations from established rules, an increase in protectionism and restrictive trade practices, and a restrictive interpretation of the most-favoured-nation clause to mean a narrowly conceived bilateral reciprocity. The non-application and even questioning of the consensus on trade and development, under which preferential treatment should be accorded the developing countries in respect of trade, gave rise to increasing disquiet. The continuing deterioration in the terms of trade was also a major cause of concern. Finally, emphasis should be placed on the harmful consequences of the deflationary macro-economic policies of the major industrialized countries and of the granting by those countries of agricultural subsidies.

71. Efforts by the international community to reverse those trends had not come up to expectations and remained inadequate. Since the new approach taken by the North seemed to be that of multilateral negotiations, Madagascar placed its hopes in the new series of multilateral trade negotiations to be held under the auspices of GATT. For the desired objectives to be attained, the negotiations must be accompanied by a strategy for the resumption of growth and by greater stability in the international financial and monetary system. Finally, the negotiations could contribute to a strengthening and improvement of the system of trade only if they dealt with fundamental structural questions relating to the rules and fundamental principles of the system.

72. With regard to the programme of action suggested by the Secretariat, the first, diagnostic phase was almost complete; the second phase, which involved generating a consensus on the problems to be resolved and the general outlines of the measures to be taken, was of extreme importance, since experience showed that any action to strengthen the system must be based on mutual confidence. As for the tasks advocated in the third phase, namely negotiations on specific trade

(Mr. Rakotonaiivo, Madagascar)

liberalization measures, those could be conducted in the framework of the new series of multilateral negotiations and at the next session of the United Nations Conference on Trade and Development.

73. In fact, the general outlines provided in the declaration on the establishment of a New International Economic Order should guide the discussions. In that connection, he reaffirmed the need to establish international mechanisms to strengthen the commodities market, such as the Common Fund for Commodities and the recently-proposed global system of compensatory financing.

74. His delegation, in the conviction that consensus as to the real nature of the problems to be resolved was a remote prospect, given the divergence of views and respective interests of the different groups, appealed once again to the international community, particularly the developed countries, to approach the forthcoming negotiations in a spirit of constructive dialogue.

75. Mr. BRANCO (Sao Tome and Principe) said that his country, in common with other island developing countries, suffered considerable handicaps (small land area, general isolation, scarce economic and financial resources, limited internal market and difficult access to international capital markets). Moreover, the international transport problems of Sao Tome and Principe were particularly acute since it was an archipelago. Air and sea links were provided by foreign companies at considerable cost.

76. At independence, Sao Tome and Principe had inherited a plantation economy. Export earnings from the principal commodity, cocoa, had slumped, and the archipelago remained largely dependent on imported foodstuffs, since the colonial authorities had discouraged the growing of food crops. Sao Tome and Principe had attempted to diversify its economy and establish the necessary social and economic infrastructure for development. Thus, its investments in agriculture exceeded the total of such investments during the colonial era. However, the cost of imports remained a major obstacle, and Sao Tome and Principe suffered from serious shortages of consumer and semi-manufactured goods.

77. In those circumstances, it was regrettable that the report of the Secretary-General (A/41/495), which described in detail assistance to South Pacific and the Caribbean islands, devoted much less attention to the legitimate needs of the island countries of Africa and other regions. Donor countries and institutions should recognize the obstacles which developing island countries faced in their development efforts, and should help them overcome their geographic disadvantages and develop their potential. He drew the attention of the international community to General Assembly resolution 32/96, which described the special situation of Sao Tome and Principe, and appealed to Member States to respond positively.

78. Mr. SCOTT (United States of America), speaking in exercise of the right of reply, said that the representative of Nicaragua had used his statement on agenda item 79 to attack United States policy in Central America. The differences between Nicaragua and the United States were well known: the United States trade embargo

(Mr. Scott, United States)

and United States support of democratic resistance in Nicaragua were not to the liking of the Sandinista dictatorship. The trade embargo reflected United States concern at the way in which the military junta had taken advantage of a popular revolution in order to impose a totalitarian régime on the Nicaraguan people, brutally suppress the implementation of internationally recognized norms regarding basic human rights and interfere in the internal affairs of neighbouring States. Moreover, the Second Committee was not the body in which such questions should be considered. Their solution should be found in the political context of a global settlement of the situation in Central America. The United States renewed its appeal for an end to the politicization of the Second Committee, which was a useful economic forum, and urged the Nicaraguan delegation to reserve discussion of Central American problems for the debates which would be held on that issue in plenary session.

79. Mr. SEVILLA (Nicaragua), speaking in exercise of the right of reply, said that the representative of the United States was simply trying to divert the Committee's attention from a fact which the Committee should undeniably consider. The Second Committee had, at the fortieth session, proposed to the General Assembly the adoption of resolution 40/188 on the trade embargo against Nicaragua, and Nicaragua did not believe that the opinion of one country should prevail over that of more than 90 countries. If the question of coercive economic measures could not be considered in the Second Committee, where could it be considered? Moreover, the United Nations had, over the years, adopted many resolutions on measures of economic coercion. The trade embargo against Nicaragua, far from reflecting the tensions in Central America as the representative of the United States had claimed, helped aggravate them, since it proceeded precisely from the destabilizing policy of the United States of America in the region. Finally, it was paradoxical that the trade embargo should be violated by those who had imposed it: there had been proof of that when the Nicaraguan army had shot down a plane which was secretly transporting arms and other military equipment exported from the United States.

80. Mr. SCOTT (United States of America), speaking again in exercise of the right of reply, said that the statement of the representative of Nicaragua was a perfect example of an attempt to turn the Second Committee's attention towards political issues. At the economic level, both the General Agreement on Tariffs and Trade (GATT) and the Treaty on Friendship, Commerce and Navigation which had been concluded between the United States and Nicaragua stipulated that a country could declare a trade embargo if it considered its security to be threatened. Nicaragua's activities in Central America constituted a threat to the stability of the region and, consequently, to the security of the United States. Moreover, when that matter had been referred to GATT, its contracting parties had considered that they could not rule against the United States, which was fully entitled to take such a measure. Nicaragua had inveighed against the United States in GATT, the International Court of Justice, the Security Council, the Second Committee, the Sixth Committee and the plenary Assembly, but it had never considered the basic issue, the establishment of a lasting peace in Central America. Every time an agreement seemed to be in sight within the Contadora process, the Nicaraguan régime turned to the United Nations in order to hide the fact that it was incapable of

(Mr. Scott, United States)

reaching an agreement on two basic elements of the Contadora process, namely, reconciliation with domestic opposition and non-interference in the internal affairs of other States. If the Nicaraguan régime truly wished to solve those problems, the trade embargo could be lifted quickly, as provided for in United States legislation.

81. Mr. SEVILLA (Nicaragua), speaking again in exercise of the right of reply, said he would send the United States representative a copy of the verdict of the International Court of Justice which stipulated that the United States had violated the Treaty on Friendship, Commerce and Navigation it had concluded with Nicaragua, and that the United States was obliged to provide compensation to Nicaragua for the damage which had resulted from the embargo and other coercive economic measures.

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

82. Mr. NGARYANAN (Chad), speaking in exercise of the right of reply, objected to the false allegations of the representative of the Libyan Arab Jamahiriya, who had brazenly stated that his country was not interfering in the internal affairs of Chad, that the agreements on co-operation concluded between Chad and Libya had been broken by the President of Chad, Mr. Hisssein Habré, and that Libya had no interest in the current situation being maintained. Nevertheless, Libya was primarily responsible for the ills with which Chad was currently afflicted. Not only had Libya interfered incessantly in Chad's internal affairs but it had occupied it, turning it into a vast fortress for aggression. As for the agreements concluded between Chad and the Libyan Arab Jamahiriya, it had been Libya which had violated them: first when it had intervened militarily in Chad in 1980, later when it had signed unification agreements with the N'Djamena puppet Government in January 1981 and, finally, when it had compelled its protégé to denounce the Lagos agreements in 1982. The war of aggression which the barbarous, expansionist and terrorist Tripoli régime was forcing upon Chad constituted an obstacle to the reconstruction and recovery of Chad's economy. Chad, although impoverished and constantly threatened by catastrophes and calamities of all kinds, had been obliged to adopt a war economy in order to safeguard its sovereignty, its national identity and its right to live in peace and harmony with all peoples. Libya, which had set itself up in the north of Chad since 1972, had extended its occupation to more than half of the country, or 550,000 square kilometres, which it had transformed into a vast militarized zone for destabilizing the whole subregion. Its obstinacy had resulted in large numbers of displaced persons, since it hampered all economic activities in the occupied zone and used the meagre resources for its war effort. Chad's only desire was peace, which would enable it to improve the living conditions of its populations.

The meeting rose at 6.15 p.m.