



SUMMARY RECORD OF THE 15th MEETING

Chairman: Mr. AL-ASHTAL (Democratic Yemen)

CONTENTS

- AGENDA ITEM 79: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)
- (b) FOOD PROBLEMS (continued)
 - (c) NEW AND RENEWABLE SOURCES OF ENERGY: REPORT OF THE COMMITTEE ON THE DEVELOPMENT AND UTILIZATION OF NEW AND RENEWABLE SOURCES OF ENERGY (continued)
 - (d) DEVELOPMENT OF THE ENERGY RESOURCES OF DEVELOPING COUNTRIES: REPORT OF THE SECRETARY-GENERAL (continued)
- AGENDA ITEM 81: TRAINING AND RESEARCH (continued)
- (a) UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH (continued)
 - (b) UNITED NATIONS UNIVERSITY: REPORT OF THE COUNCIL OF THE UNITED NATIONS UNIVERSITY (continued)
 - (c) UNIFIED APPROACH TO DEVELOPMENT ANALYSIS AND PLANNING: REPORT OF THE SECRETARY-GENERAL (continued)
 - (d) UNIVERSITY FOR PEACE (continued)
- AGENDA ITEM 143: EXTERNAL DEBT CRISIS AND DEVELOPMENT (continued)

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The meeting was called to order at 3.05 p.m.

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

(b) FOOD PROBLEMS (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)

1. Mr. KOD TUWAKKU (Sri Lanka) said that the development of new and renewable sources of energy was vital to the economic well-being of the world and in particular to the developing countries which were facing a radically increasing energy demand in their efforts to sustain their growth, population, expanding development and increasing urbanization. The total energy demand of the developing countries might increase from 1.8 billion tons of oil equivalent in 1984 to about 3 billion tons by the year 2000. In view of the sharp decline in the price of oil there was a tendency to think that energy supply was no longer an urgent matter for oil-importing developing countries, a perception which had affected implementation of the Nairobi Programme of Action. In the future the world might well face an even more serious shortage of energy resources or much higher energy prices.

2. The contribution of new and renewable sources of energy was equivalent to 1 billion tons of oil, or 13 per cent of the total world energy supply, and provided 30 per cent of the energy requirements of the developing countries, which indicated that for those countries the development of such sources of energy would remain an urgent problem requiring a sustained long-term effort. He shared the view expressed in the report of the Committee on the Development and Utilization of New and Renewable Sources of Energy (A/41/44) that further efforts were required in that area. The representative of the United Kingdom had correctly pointed out that the effects of declining oil prices had had an insignificant impact on consumers of traditional fuels. Special attention should be given to that fuel category, including an adequate response to the fuel-wood crisis. At the same time, research should continue on less developed energy technologies in order to establish the necessary infrastructure for the rapid growth of energy supplies and to implement projects for the energy-deficient rural sector. Also important was the exchange of information on research and technological development and on the relevant training of personnel to promote more effective use of wood energy, small-scale wind-power, solar energy and energy from organic sources. His delegation welcomed the satisfactory progress achieved in mobilizing financial resources for implementing the Nairobi Programme of Action, and thanked the United Nations agencies for their financial and technical assistance.

3. Sri Lanka had been playing an active role in the development of new and renewable sources of energy and in 1984 had selected 11 relevant projects. It had

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(Mr. Kod Tuwaku, Sri Lanka)

also started an industrial energy conservation programme for 1984-1986, with the help of donor countries and United Nations agencies.

4. The hydroelectric power supply was expected to increase steadily until the 1990s, when it would be necessary to use thermal plants, the first of which was planned for 1993. Rural electrification schemes had increased from 943 at the end of 1977 to 4,851 at the end of 1985. The demand for fuel-wood, around 9.5 million tons a year, was expected to reach 12.2 million tons a year by the year 2000. Eighty per cent of fuel-wood came from non-forest resources. Total energy consumption in Sri Lanka in 1985 had amounted to some 6 million tons of oil equivalent, 70 per cent of which had come from fuel-wood and agricultural residue, 16 per cent from petroleum products and 30 per cent from hydroelectricity. Sri Lanka had reduced its petroleum imports from SDR 378 million in 1982 to SDR 257 million in 1985.

5. Princess GCEBILE DLAMINI (Swaziland) said that her delegation had noted with optimism the reports in documents A/41/3, A/41/19 and A/41/44 and urged Member States to implement the recommendations therein.

6. Swaziland attached great importance to food problems and was gratified that substantial progress was being made in food production. It was regrettable that that was not the case in many developing countries, where food production, not to mention a food surplus, was still a far-off dream. Hunger and malnutrition therefore persisted. Her delegation viewed with special concern the plight of the African continent, recently aggravated by the plague of locusts. On the other hand, the economic reform policies of African Governments and the recent adoption of a programme of action by the Heads of State and Government of the African countries in Addis Ababa were a source of optimism and encouragement. It was to be hoped that the international community would respond to Africa's appeal in its time of crisis.

7. The food problem could not be viewed in total isolation from the rest of the world economy. There was an urgent need to rationalize the distribution of global wealth and trade relations in accordance with a new international economic order and in implementation of the Charter of Economic Rights and Duties of States. Her Government also attached great significance to new and renewable sources of energy and hence to the practical measures already adopted by the international community and to the Nairobi Programme of Action. That was a particularly important matter for the developing countries, whose limited resources were hampering their economic development.

8. While deploring the extravagant waste of the arms race which made it more difficult to solve food and energy problems, she paid tribute to the United Nations system, especially the Food and Agriculture Organization and the World Health Organization, for their contribution to the economic development of Swaziland.

9. Mr. GROZDANOV (Bulgaria), referring to the report of the World Food Council (A/41/19), said that the critical food supply situation in the majority of

(Mr. Grozdanov, Bulgaria)

developing countries was a result of their economic and financial difficulties, the inequitable economic relations imposed upon them, continuing tension in international political and economic relations, and their enormous external indebtedness. The food supply problem was such that profound social and economic changes were required in order to mobilize the necessary internal resources, establish genuine national control over those resources in all branches of the economy and ensure overall economic growth in pursuance of a balanced demographic policy. Food assistance in itself could play only a subsidiary role and attempts to use it as a means of imposing certain models of development on the receiving countries should be rejected.

10. His delegation shared the view, expressed at the twelfth session of the World Food Council, that the solution of the food supply problem depended to a considerable extent on the adoption of effective measures aimed at achieving genuine disarmament, strengthening world peace and security and building confidence among States. In its report the Council rightly pointed out that an important condition for addressing the food problem was to restructure international economic relations on a just and democratic basis and to establish a new international economic order. His delegation also supported the view, expressed at the Council, on the harmful effects of South Africa's policy of apartheid on the economic development and food situation of the African countries, in particular the front-line States. The idea of studying the activities of transnational corporations and their impact on the agriculture of developing countries also deserved attention.

11. His delegation took a positive view of the work done by the World Food Council in elaborating a specific strategy to strengthen regional co-operation among developing countries in the area of food supply. That effort called for a parallel strengthening of the Council's activities through existing mechanisms and within existing financial resources. His delegation also took a positive view of the fact that the Council accorded priority to the practical implementation of the United Nations Programme of Action for African Economic Recovery and Development.

12. His delegation attached particular importance to the provisions of the Nairobi Programme of Action for the Development and Utilization of New and Renewable Sources of Energy, which remained valid in spite of the current energy situation. That fact had been confirmed by the majority of delegations attending the third session of the Committee on the Development and Utilization of New and Renewable Sources of Energy. The decisions adopted at that session to enhance the effectiveness of the Committee's activities were also welcomed by his delegation, which was ready to work actively for the implementation of the Nairobi Programme of Action.

13. Mr. HARLAND (Deputy Assistant Administrator and Director of the Energy Office, United Nations Development Programme) noted that the international petroleum market was in a state of flux which affected the implementation of the Nairobi Programme of Action and the introduction of new and renewable sources of energy in both the developed and developing countries. Because of population growth, economic and

(Mr. Harland)

industrial development, increasing urbanization and limited possibilities for energy conservation, the developing countries would face a rapidly increasing demand for energy. Forecasts indicated that their total energy demand would almost double by the year 2000, assuming that sustained economic growth took place. Unless that increased demand was met from indigenous sources, the oil-importing countries' dependency on external sources would increase. And that was without accounting for the adverse effects any future increase in oil prices would have on the external indebtedness of those countries. As for fuel-wood, even if major reforestation programmes could be funded, it would be 15 to 20 years before any fuel from that source would be available. Imaginative alternative energy programmes must therefore be formulated to alleviate the developing countries' energy deficiencies.

14. UNDP had continued to co-operate with other bodies of the United Nations system in carrying out an extensive programme of technical co-operation relating to energy. During the period 1980-1985, 740 energy projects had been executed with a contribution of approximately \$258 million. That number included projects that had been started before 1980 and projects that would be completed after 1985. Thus actual UNDP expenditures during that period had accounted for two thirds of that sum. The bulk of the programme had been financed through the country-programme process. Since its establishment in 1980, the UNDP Energy Account had contributed \$26 million, allocated to roughly 52 energy projects. Most of the Energy Account resources had been utilized to support, in collaboration with the UNDP Division for Global and Interregional Projects, the joint UNDP/World Bank 70-country Energy Sector Assessment Programme and its follow-up, the Energy Sector Management Assistance Programme. Those programmes, which had helped developing countries improve their energy-supply situation, had been widely supported by both developing and developed countries.

15. He took note of the observation made by the representative of the United Kingdom, speaking on behalf of the European Economic Community, that country-assessment surveys should be used in the preparation of the African consultative meeting on new and renewable sources of energy. The Economic Commission for Africa had been urged to follow that approach, since it was felt that it would result in a programme based on the region's actual needs and would enjoy the support of Governments.

16. Activities had been initiated in conjunction with the private energy sector for the organization of symposia and workshops on photovoltaic systems for African and Asian countries. In the area of traditional energy sources, an international training programme in coal technology had been developed with the assistance of the coal producers of a developed country. The first course had just ended, and it was hoped that similar courses could be organized in 1987 and 1988. A number of training workshops had also been organized with the Economic Development Institute of the World Bank to promote energy planning in developing countries. UNDP had also worked out co-financing arrangements with donors for some large-scale energy products, using funds from the Energy Account. All those initiatives had been possible because UNDP, through its Energy Office, had been able to give increased

(Mr. Harland)

visibility to the urgent and growing technical-assistance needs of the developing countries in the light of the energy situation in many of the oil-deficient developing countries.

17. Had more resources been available to UNDP from the Energy Account, as the Governing Council had consistently recommended, much more could have been done. It was also regrettable that the international community had relaxed its efforts in the energy sector; he was confident that the Office of the Special Co-ordinator on New and Renewable Sources of Energy and UNDP would increase their efforts in that field, since, despite the decline in world oil prices, the poorest importing countries were still faced with high energy costs.

AGENDA ITEM 81: TRAINING AND RESEARCH (continued) (A/41/461 and Corr.1)

- (a) UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH (continued) (A/41/14 A/41/521)
- (b) UNITED NATIONS UNIVERSITY: REPORT OF THE COUNCIL OF THE UNITED NATIONS UNIVERSITY (continued) (A/41/3, A/41/31)
- (c) UNIFIED APPROACH TO DEVELOPMENT ANALYSIS AND PLANNING: REPORT OF THE SECRETARY-GENERAL (continued) (A/41/3, A/41/325 and Add.1)
- (d) UNIVERSITY FOR PEACE (continued) (A/41/3)

Introductory statement by the Executive Director of the United Nations Institute for Training and Research

18. Mr. DOO KINGUE (Executive Director of the United Nations Institute for Training and Research) recalled that, in its resolution 37/142, the General Assembly had requested the Secretary-General to examine the question of placing the financing of the United Nations Institute for Training and Research (UNITAR) on a more predictable, assured and continuous basis. Unfortunately, a genuine solution to the Institute's financial problems had not yet been found. That state of affairs had gone on for too long, and it was incumbent upon the General Assembly to take a decision, either to rescue the Institute or to close it down. Since January 1983 when the Secretary-General had entrusted him with a mandate to revitalize the Institute, the Board of Trustees had done considerable work. The Board believed that, in order to fulfil its mandate, the Institute required a minimum of \$3 million per year for the period 1984-1985. The Board had taken measures to improve the functioning of the Institute. The Institute staff had been reduced without affecting its calibre or dedication. A biennial programme had been prepared, and no budget deficits had been registered since 1983.

19. The Board of Trustees had given in-depth consideration to those of the Institute's problems which were of greatest interest to the General Assembly and had actively participated in the formulation of the Secretary-General's recommendations concerning the long-term financing of the Institute. In the

(Mr. Doo Kingue)

Board's view, the closing of the Institute in the midst of the crisis in multilateralism would be a mistake politically, psychologically and technically. It had recommended to the General Assembly that it should abandon that extreme solution in favour of a transitional solution which would allow the Institute to continue to function at a lower cost than was currently the case, provided that sufficient resources were mobilized.

20. The Institute had begun implementing the suggestions made by the Secretary-General concerning its restructuring, which was a viable alternative. If it were to be completed successfully, it would be necessary for the General Assembly to endorse the Secretary-General's recommendation and for the greatest possible number of Member States to make voluntary contributions to UNITAR. His delegation expressed its gratitude to the Organization of African Unity and urged its members to give financial support to UNITAR; furthermore it had decided to make a financial contribution to UNITAR in 1987. He also recalled that UNITAR was authorized to receive contributions not only from Governments, foundations and other non-governmental sources but also from inter-governmental organizations, and he called upon the members of the Committee to give UNITAR a last chance.

Statement by the Assistant Secretary-General for Programme Planning and Co-ordination

21. Mr. GOMEZ (Assistant Secretary-General for Programme Planning and Co-ordination) recalled that the University for Peace had been established in April 1981 when 10 States had acceded to its founding agreement. Since then, 15 other States had signed the agreement, the headquarters building had been completed, and the University had begun the great task of educating for peace. In 1984 the University Council had adopted a post-graduate programme, and in 1985 the Robert Schuman Masters Programme in Communications, Development and Peace had been inaugurated. Intermediate training courses, conferences, seminars and other academic events all focused on the study of peace, education for peace, and human rights.

22. The University was building up a network of support institutions throughout the world, and nearly 70 institutions were associated with it. Co-ordination with other related activities within the United Nations system had been assured through the representation of UNESCO, UNITAR and the United Nations University on the Council of the University. In keeping with the request made by the Economic and Social Council, the possibility of establishing a co-operation agreement between the United Nations and the University for Peace was being explored. Alternative forms of co-operation, including co-operation on the exchange of documentation and information, were also being looked into. In 1986, the University had participated in many events celebrating the International Year of Peace.

23. Great credit was due to the members of the Council of the University for their active and generous help, to the Government of Costa Rica for its assistance and to the President of the University, Mr. Rodrigo Carazo, and his colleagues for their dedication. In March, Mr. Carazo had been re-elected President, Mr. Muller,

(Mr. Gomez)

former Assistant Secretary-General of the United Nations, had been appointed Chancellor, and Mr. Tapio Varies, former Director of the Peace Research Institute of Finland, had been made Rector. The University could therefore rely on a sound managerial team. Nevertheless, the University was a new and fragile instrument, which the Economic and Social Council had recognized when it had invited Member States and non-governmental organizations to lend all possible material and other assistance that might contribute to the realization of the efforts carried out by the University for Peace. The University's future growth and impact would ultimately depend on the continued support of the General Assembly.

24. Mr. MAIGA (Mali) said that documents A/41/19 and A/41/521 had the merit of making objective proposals concerning UNITAR's future. Despite the gravity of the crisis at the Institute, which in 20 years of existence had never been in a secure financial position, there was no doubt that it had done important and efficient work. His delegation endorsed the conclusion of the Board of Trustees to the effect that closing down the Institute would be a mistake politically, psychologically and technically. The General Assembly should opt for the solution of restructuring the Institute in such a way that it could discharge its functions effectively and economically. To that end, its finances would have to be placed on a more predictable, assured and continuous basis.

25. Mr. SHAABAN (Egypt) reiterated the importance that his delegation attached to UNITAR and to the indispensable task it was undertaking in the field of training. UNITAR's future was at stake, and all countries had to adopt measures to prevent it from collapsing.

26. In resolution 40/214, the General Assembly had requested the Secretary-General to prepare comprehensive specific plans for the future of the Institute and to consult, as appropriate, with all States before finalizing the report. Nevertheless, to the best of his recollection, only a handful of representatives from developing countries had been consulted before the finalization of the note presented by the Secretary-General to the Board of Trustees in April 1986, and no representatives had been consulted on the report contained in document A/41/521. Nor had the developing countries been consulted by the Executive Director on his report to the Board of Trustees. Such practices could not be condoned. The developing countries had an interest in the activities of the United Nations and its bodies and they should be consulted on such matters.

27. His delegation agreed with the observations of the Secretary-General concerning the reasons for the declining interest of major contributing countries in UNITAR's activities. Other reasons that should be mentioned were extravagance, waste and inefficiency.

28. Nevertheless, the developing countries needed and cherished UNITAR and would do all they could to preserve it. His delegation paid tribute to the Executive Director for his efforts to that end. His delegation was convinced that the continuation of UNITAR as an autonomous entity was essential and that fundamental changes in its work and structure would enable it to overcome the current

(Mr. Shaaban, Egypt)

justifiable crisis of confidence. Hence, his delegation concurred with the view of the Board of Trustees that closing down the Institute would be a mistake politically, psychologically and technically and would damage the vital interests of the developing countries.

29. With regard to the restructuring of the Institute, his delegation concurred with the conclusion of the Secretary-General that a restructuring of UNITAR must provide for a programme of activities, an organizational structure and an indicative budget that would enable a revamped Institute to fulfil its functions in a more efficient and cost-effective manner in a certain time-span. It was time to make concrete proposals, but the Secretary-General's report drifted away from that concept. Furthermore, all indications were that the proposals were inadequate for achieving the objective. Clearly, UNITAR needed high-calibre staff, but that did not necessarily mean "high-ranking". It was also rightly mentioned in paragraph 32 of the report that the Institute needed to achieve a "critical mass" of professionals, for the administrative work at any rate. He wondered whether such high-ranking professionals would be willing to do the crushing donkey-work of preparing programmes that was usually left to low-ranking professionals.

30. His delegation believed that the "flexible and lean structure" for the management and secretariat that was proposed for a transitional period was tantamount to creating an army of generals for a small platoon. His delegation had previously expressed doubts about the idea of a rotating staff. Such a staff would depend on the availability of funds that were distinct from those for the basic staff. In other words, without those resources, the Institute would remain paralysed or limited to the army of generals. Furthermore, rotation would be an obstacle to the equitable and suitable representation of the developing countries in the staff.

31. With regard to the report of the Executive Director and, specifically, the documents referred to in the last part of paragraph 21 of chapter II, he fully agreed with the views expressed by the Executive Director concerning the integrity and efficiency of the Board members. On the other hand, he wished to know why the Legal Counsel had objected to the building construction proposal referred to in paragraph 33 of the same chapter of the report and wondered whether in the future the Institute would be called UNICTAR, namely "United Nations Institute for Construction, Training and Research".

32. He proposed that the Committee should set up an open-ended working group under the chairmanship of one of its Vice-Chairmen in order to hold informal consultations to draw up a draft resolution based on the most practical and feasible suggestions made during the discussion. The group, which could work in English only in order to save on conference services, should consider personnel questions, including the arrangements to be made in that area in order to provide the Institute with a staffing table in keeping with its restructuring; the question of reducing its administrative costs; and the documents submitted to the Board of Trustees and the Committee.

33. Mr. RICHTER (German Democratic Republic) said that, owing to the importance of a unified approach to development analysis and planning, the Economic and Social Council and the General Assembly had been dealing with that topic since 1970. As indicated in the report of the Secretary-General (A/41/323 and Add.1), those activities, which made it possible to use the multifarious experience gained by countries which had different social systems and were at different stages of economic development, served the further implementation of the objectives of the International Development Strategy for the Third United Nations Development Decade. Furthermore, they were of great importance in the United Nations system, particularly in the field of human resources development. The report of the Secretary-General also stressed the close interrelationship between economic and social development and the policies of each country. However, it should be noted that the unified approach to development analysis and planning involved not the proposing of universally applicable models of development, but rather the task, to be carried out by the United Nations, of summarizing the rich and diverse experience gained by Member States, making it available to the international community, and helping developing countries to benefit from it.

34. The report of the Secretary-General also highlighted the necessity of taking social factors into account in development planning, an area in which the German Democratic Republic had broad experience. As his country demonstrated in its methods, planning was not equated with a rigid mechanism covering every detail, but rather required flexibility and adaptability to new internal and external conditions, as well as the active involvement of the population. For that reason, his delegation agreed with the Secretary-General that the long-term strategic aspects should be taken more into account.

35. It was time, in accordance with the objectives of the International Development Strategy and the orientation of the World Food Council, to consider the concept of a unified approach to development analysis and planning with regard to agricultural and food issues, in order to eradicate hunger and malnutrition. That would promote the implementation of the Programme of Action for African Economic Recovery and Development 1986-1990. In his report on the implementation of the Programme of Action, the Secretary-General should take into account the experience of States in the area of self-sufficiency in food, including that of the developing countries themselves and the regional economic commissions, and the methods used in specific branches of the economy. It should also analyse the role of the public sector and the development of human resources in development. Furthermore, attention should be given to the implementation of the decisions adopted at the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women, held in Nairobi.

36. His country reiterated its support for the continuation of activities in the field of the unified approach to development analysis and planning and would draw up a draft resolution on that subject.

37. Mr. KIURU (Finland), speaking on behalf of Denmark, Iceland, Norway, Sweden and his own country, said that although General Assembly resolution 40/214 specified two options concerning the future of UNITAR, namely closing it down or

(Mr. Kiuru, Finland)

restructuring it, the report of the Secretary-General (A/41/521) favoured the latter. Both the report and the assessment of the Board of Trustees agreed that the tasks of UNITAR, particularly its research activities, could not be carried out within the Secretariat as envisaged in its mandate. The training component, however, could be transferred as part of the restructuring. Furthermore, according to the report, the transfer of the activities currently carried out by the Institute, or at least most of them, to the various entities of the Secretariat, if the Institute was closed down, would entail financial implications for the regular budget of the United Nations in the order of \$US 300,000 per annum.

38. In the view of the Nordic countries, the report of the Secretary-General showed that although it would be possible to allocate the training functions to other United Nations entities performing similar functions, the transfer of research might cause several problems. The Nordic countries had always defended the Institute's dual functions and considered it of the utmost importance but, if it was decided to maintain UNITAR, its activities must be financed exclusively from voluntary contributions or other sources outside the regular budget, the administrative structure of the Institute must be further streamlined, and its administrative costs considerably reduced, and its programme must adhere strictly to its mandate.

39. The Nordic countries were prepared to support the restructuring of UNITAR, but if the contribution target of \$1.6 million for 1987 was not reached, the Secretary-General should be requested to reallocate the functions of the Institute to other entities in order to ensure the continuation of the most valuable ones. There was sufficient documentation to enable a final decision to be taken at the current session of the General Assembly.

40. The report of the Council of the United Nations University (A/41/31) provided a detailed account of its activities in nine programme areas of the Medium-term Perspective. In its 10 years of existence, UNU had established permanent links with 39 institutions and currently more than 100 research and training units were carrying out its work in more than 60 countries. Those achievements guaranteed the unquestionably global nature of the University.

41. Nevertheless, since the report did not provide sufficient information on substantive questions and since the Nordic countries had already made that same observation on previous occasions and had suggested the elaboration of more analytical reports, he urged the Secretariat to improve the quality of the reports. For example, within the context of the World Institute of Development Economics Research (WIDER) which had completed the initial stage and was achieving its intended objectives. Interesting new ideas had been developed which had reached only the academic community and not Member States.

42. Since the Council of UNU was drawing up the next Medium-Term Perspective for 1988-1992, the Nordic countries were looking forward to the assessment of the University's achievements since its establishment in 1975, which was to be submitted to the regular session of the Economic and Social Council in July 1987.

(Mr. Kiuru, Finland)

In view of the financial situation of the University, it would be advisable for the planning of the programmes to concentrate on key issues whose impact could be evaluated, without attempting to deal with too many fields.

43. Mr. BOUZIRI (Tunisia) said that, bearing in mind the suggestions of the countries concerned, especially the developing countries, he fully supported the Secretary-General's proposal to restructure UNITAR. In the next three years the Institute would have to go ahead with the implementation of the agreed measures, particularly those suggested by the Secretary-General in the report.

44. He also endorsed, by and large, the proposed work programme for UNITAR for 1987-1989. In rationalizing the Institute, account should be taken of the recommendations contained in the Report of the Secretary-General (A/40/788) on the establishment of a small core staff and a larger rotating staff. The developing countries should be adequately represented in the recruitment of staff. Moreover, administrative expenses would have to be reduced to reflect level of contributions of member countries.

45. His delegation reaffirmed its support for UNITAR's activities and its appreciation of the training assistance received, in which some Tunisian nationals were participating.

46. With regard to the organization of work, his delegation did not agree with the suggestion by the representative of Egypt that the working group proposed Egypt should conduct its deliberations in English only, since that would prevent participation by non-English-speaking representatives.

47. Mrs. de BARISH (Costa Rica) referred to the ideals, objectives and mandate of the University for Peace and stressed its autonomy and academic independence. The University, which had collaborated actively with the United Nations in various fields, was not a panacea for settling conflicts, but had demonstrated its effectiveness as a centre for exchange and dialogue in seeking workable ways of promoting peace. That applied particularly to the training of leaders and academics, the principal educational task of the University.

48. Among the agreements concluded by the University, mention should be made of the agreement concerning co-operation on peace education in Latin America, the co-signatories being the Argentine Centre for National and International Studies (Centro de Estudios Nacionales e Internacionales), the Union of Argentine Teachers (Unión de Docentes Argentinos) and the Argentine Peace Council (Consejo Argentino de la Paz). Its main object was to promote, disseminate and dispense peace education in accordance with the principle of the Charter of the United Nations.

49. At its first 1986 session, the Economic and Social Council had adopted without a vote resolution E/1986/6 concerning the University for Peace, in which the work already carried out by the University was recognized and possible ways of stimulating its efforts were recommended. To that effect, the Secretary-General was requested to consider the possibility of concluding an agreement for

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(Mrs. de Barish, Costa Rica)

co-operation between the United Nations and the University for Peace. If such an agreement was concluded, the members of the Council and other senior officials of the University would be able to use the document issued by the United Nations to its staff members when they were on mission, thus facilitating their travel on official business. Another important factor would be access to all important United Nations documentation, including documents dealing with questions of international security, disarmament and the maintenance of peace.

50. The most important activities of the University continued to be those relating to co-operation with academic institutions and with the United Nations. For those reasons, she trusted that resolution E/1986/6, originally proposed by Costa Rica, would meet with the same response in the Committee and the General Assembly as it had in the Economic and Social Council.

51. Mr. KAGAMI (Japan) expressed his appreciation to the Secretary-General, the Executive Director of UNITAR and the members of the Board of Trustees for their efforts to find ways of putting UNITAR in order. In his view, the activities of the Institute had been useful in the past and could be expected to continue to be useful in the future. Therefore it should not be closed down, but there must be changes in its administration, structure and activities. The Board of Trustees had concluded that closing down the Institute would be a mistake politically, psychologically and technically, and the delegation of Japan shared that view.

52. In considering UNITAR's future activities, certain basic points should be borne in mind. First, there was a need to strengthen the co-ordination of the Institute's activities with those of other organs of the United Nations system. Second, UNITAR should be reformed from within, so as to effect economies in administrative and programming costs for greater efficiency. Third, the Institute should not be dependent on the regular budget of the United Nations, but should rely exclusively on voluntary contributions. The Japanese delegation shared the Secretary-General's view (document A/41/521, para. 36) that UNITAR should be restructured and reduced in size within a three-year period (1987-1989), at the end of which a review would be undertaken to enable the General Assembly to decide on the future course of action. Japan had always extended support and financial co-operation to UNITAR. Reaffirming that support, he expressed the hope that the activities now being undertaken by the Secretary-General and the Executive Director would enable the Institute to function effectively and respond to the real requirements of present circumstances.

53. His delegation welcomed the solid progress made by the United Nations University and was gratified that it had been able to assert its institutional identity within the United Nations system and the international academic community. Training programmes were one of the University's primary functions. During its first 10 years, 535 fellows had received training in natural resources, nutrition, global economics, peace studies and other areas. Many of those fellows from developing countries had played a leading role in the development of human resources in their own countries.

(Mr. Kagami, Japan)

54. The United Nations University had nearly completed the fifth year of its Medium-term Perspective for 1982-1987. Japan had repeatedly suggested that the key to more effective and attractive activities lay in the ability of the University to focus on a small number of clearly defined priority programmes reflecting the current interests of the member States. It therefore welcomed the recent establishment of the Ad Hoc Committee to evaluate the first 10 years of the University.

55. With regard to institutional development, in 1985, thanks to the valuable contribution of Finland, the World Institute for Development Economics Research (WIDER) had commenced operation. Preparatory work was also continuing on the establishment of the Institute for Natural Resources in Africa and a research and training centre in Japan.

56. The delegation of Japan attached great importance to the financial situation of the University and considered that it should endeavour to expand its Endowment Fund, since the present level of the Fund was far below the initial target, and urged Member States which had not yet done so to provide financial assistance to the University. The University should pursue its fund-raising activities, which meant strengthening its public information work. Japan, as the host country, had spared no effort to develop the University and was now working towards construction of a permanent headquarters for the University at the earliest possible date.

57. Mrs. MORENO DE DEL CUETO (Mexico), referring to the United Nations University and the work accomplished in its 10 years of existence, said that she was gratified that internationalists and idealists had triumphed and that it had been proven that international intellectual co-operation could make a positive contribution. Independently and with academic freedom, the University had accomplished important tasks in fundamental areas. The area most directly related to the topics of concern to the Committee was the world economy. In that field, the establishment of the World Institute for Development Economics Research (WIDER), with the support of Finland, was an important step forward. Considering the University's achievements, Mexico was concerned that it should be faced with funding problems which affected its operation. Although the developing countries had supported the University's work from the outset, other members of the international community which enjoyed a higher level of development had not done likewise. The Mexican delegation called for an objective appraisal of the work accomplished, which would undoubtedly create a more positive attitude.

58. The United Nations University was taking shape as a centre where academics from all countries could meet to probe deeply into world problems. The relationship between academics and politicians, so essential for daily life and good government, must be extended from the national to the international level. The University's work in the area of economic development should be given more publicity. It could lead to an analysis of new connections between areas which had not previously seemed to be so closely related, or suggest to new avenues for understanding contemporary society and for meeting its challenges.

(Mrs. Moreno De Del Cueto, Mexico)

59. The developing world did not necessarily have to go through all the stages which other societies had experienced. It could find new, different and original ways of solving its social problems, in less time and with greater justice. Mexico would continue to support the United Nations University which was an irreplaceable instrument for coping with that challenge.

60. Mr. LUDUNGE KADAHI CHIRI-MWAMI (Zaire) said that the financial situation of UNITAR had been a matter of concern to Member States since it was established. Studies undertaken at that time had shown that there were difficulties in obtaining voluntary contributions, and the establishment of a permanently endowed fund of at least \$20 million had therefore been considered. UNITAR's financial difficulties could only be the fault of the very States which, having created it, failed to support it to a sufficient degree. The efforts of the Executive Director to balance the 1984 budget without resorting to the General Assembly subsidy, and to spend only one third of the available subsidy in 1985, were recent proof of the sound management of the Institute. The vocational training programmes for those participating in the work of the United Nations and of its family of organizations, whether they were representatives of Member States or Secretariat officials, justified the role of UNITAR and the need to keep it going.

61. The programme of the last two years indicated a larger proportion of training courses or seminars for international co-operation and multilateral diplomacy, funded from the General Fund, than for training courses or seminars in economic and social development, funded from special purpose grants. On the other hand, a smaller proportion of the research programme was funded from the General Fund than from special purpose grants. A comparison of the training and research activities funded from the General Fund revealed that the drying up of voluntary contributions was detrimental to training and, consequently, to developing countries. The latter, which had no other such training structures, were the ones which needed them most.

62. Before considering closing down the Institute, the United Nations should endeavour to streamline its activities within the framework of a budget befitting its mandate. Apparently, that was the general consensus. His delegation was of the view that the solution advocated by the Secretary-General was a correct one, namely, to restructure UNITAR at a reduced level as an experiment for a trial period of three years before taking a final decision. However, it was still convinced that the difficulties which UNITAR was encountering could not be separated from the general context of the crisis of the multilateral system, and that a lasting solution could be found only by an investigation by the General Assembly of the effectiveness of the administrative and financial functioning of the United Nations.

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

63. Mr. FIELD (United Kingdom), speaking on behalf of the European Economic Community, said that the importance of the debt problem required some thought regarding its nature. Credit had played a positive role in the history of

(Mr. Field, United Kingdom)

development. The countries of the European Economic Community had taken loans or had borrowed money through their banks and other financial institutions. Everyone had a vital interest in the continuity of that process, because if it failed, all countries would be the poorer. All countries needed credit, due to the insufficiency of their own resources at some stage in their development, in order to increase their productive capacity. For that process to be successful, the external climate was clearly important, but it was equally important to use those funds in a way which make them cost effective. That was not merely a theory, but a historical practice, although it must be conceded that there had been periods, like the present, when those processes had been upset.

64. The European Economic Community supported the idea of tackling the debt problem in a way that allowed for growth in the affected countries, and recognized the need of those countries to adopt appropriate macro-economic and structural policies. It acknowledged the courageous efforts made by the debtor countries, and believed that it was necessary to strengthen the role of the multilateral financial institutions with a view to establishing the confidence necessary for stimulating investment and renewed commercial bank lending. It reaffirmed the need to adopt specific measures on a country-by-country basis, and welcomed the progress made in implementing the strategy introduced at the Seoul meetings. The Community included that strategy within the framework for promoting the stable, non-inflationary growth of the world economy, widening access to export markets, lowering interest rates, stabilizing the exchange rate and reducing imbalances.

65. In weighing the consequences of the external debt, it was also necessary to recall its origins: the sudden changes in the prices of some primary commodities in 1973 and 1974, which had set off a chain reaction. At that time, emphasis had been placed on expansion through borrowing, a policy which had produced good results for some time. Without the discipline of adjustment, a large share of the resources had been used to pay for imports rather than to finance investment. The consequence was that, in the early 1980s, when the second oil price increase had been met by policies designed to tackle dangerously high inflation, the countries which had been slow to change their economic policy had found that the external debt had risen to levels which not only burdened their economies, but reduced their ability to obtain new loans. Now the implementation of a policy of adjustment was all the more costly for the delay.

66. A number of delegations had referred to the need to create the right conditions for a resumption of resource flows to the capital-importing developing countries. The European Economic Community believed that the measures proposed during the general debate would create the confidence necessary to encourage those flows. He observed that official transfers from the Community and its Member States had increased over recent years.

67. With regard to the Baker Plan, he acknowledged that progress had not been rapid, but that several positive steps had been taken. The European Economic Community reaffirmed once again its confidence in the case-by-case approach to the debt problem because the problems of borrowers in sub-Saharan Africa were

(Mr. Field, United Kingdom)

substantially different, for example, from those in Latin America, as were the situations and concrete experiences of each country within those regions. Creditor countries had insisted on the country-by-country approach and had shown their willingness to engage in dialogue. It had been pointed out that the agreement recently reached with regard to the external debt of Mexico was a positive example of that approach.

68. Mr. PABON (Venezuela) supported the statement made by the representative of Yugoslavia on behalf of the Group of 77. The problem of the external debt of the developing countries was an unprecedented phenomenon in international relations. He recalled that, as was stated in the report of the Secretary-General on that subject, by the end of 1986, the debt would approach \$1 billion. That was double the total value of exports of goods and services of the developing countries. The problem at issue was no longer strictly economic; it was a real political and social problem. His delegation reiterated that the crisis must be addressed within the framework of a political dialogue between creditors and debtors, with an integrated approach, and according to the accepted principle of "shared responsibility", which would allow for a fair distribution of the costs of the process of adjustment, and would give a margin of safety to the affected countries.

69. He cited the measures which must be considered to achieve that solution: to reduce the nominal and real values of the debt, especially for countries with the weakest economies; to control and reduce to a minimum real interest rates and see to it that debt-servicing was linked to export income; to establish some rescheduling deadlines and terms, allowing for the sustained growth of the countries concerned; to provide additional financial resources for the developing countries through the multilateral financial institutions, the World Bank and the Governments of the industrialized countries; to introduce clauses in the refinancing agreements providing for acts of God and force majeure, in order to ensure that the adjustment process went hand in hand with growth and development; to modify the traditional parameters of loan terms in accordance with the principles of symmetry and equity.

70. The rescheduling agreements for Venezuela's external public debt signed on 26 February 1986 included a clause turning on force majeure. In other words, it had been recognized that the country's ability to pay was intimately related to its oil export income, and that its debt-servicing should be kept in line with that income and with its national development prospects and needs.

71. His delegation was certain that the current situation needed to be faced bravely and imaginatively, and that there was a need to explore all roads in the search for just and equitable general models for an assault on the external-debt and development crises. The current session of the General Assembly, a competent and suitable body for discussing such matters, provided a good opportunity to do so. Member States could not and must not fail to seize it.

72. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) said that the external-debt problem of the developing countries had continued to grow. Debts had gone on mounting faster than growth in the debtor countries' GNP and export income. Many developing countries had become net exporters of capital to the developed capitalist countries. The current situation restricted the debtor countries' investment capacity, damaged their future development prospects and was reducing them to slavery. As an important Western publication had put it in an article entitled "How the third world finances the rich countries", the profits derived by major commercial banks from the developing countries had tripled between 1979 and 1985. In other words, a high percentage of the debtor countries' productive efforts went to pay the interest owed to foreign creditors, not to promote development. In a parallel development, debt had become a powerful instrument of pressure on the debtors, threatening their economic security. Hence debt was a factor in the general upheaval in international relations.

73. In the long term, the solution to the debt problem could not reside in partial solutions. On the contrary, it required measures to root out the causes of the problem: to correct the structural shortcomings of a system of international economic relations which favoured the rich capitalist countries to the detriment of the weaker link in the international capitalist division of labour, the developing countries. A collective solution was needed to the problems stemming from unstable exchange rates, falling prices for raw materials on world markets, protectionism, the activities of transnational corporations, and budget deficits, especially in the United States. One need only recall that, according to IMF data, shifts in international commerce in 1985 had resulted in a 1.5 per cent reduction in the purchasing power of the developing countries and an increase of 5 per cent in that of the developed countries, and on that account alone the developing countries had lost much more income than they received as financial assistance. Again, despite the calls for liberalization of international trade, protectionism had intensified.

74. It should also be borne in mind that there was a cause-and-effect relationship between increased military spending, especially in the United States, and the growing debt problem. The natural play of forces in the world capitalist market allowed the weight of the arms race to fall disproportionately on the developing countries. The validity of the proposal by the socialist countries - to establish a general system of peace and international security, including economic security, in order to provide a just and equitable solution to the debt problem - was all the more evident. An important occurrence in that regard had been the recent meeting between the heads of State of the United States and the Soviet Union. The meeting had created a qualitatively new situation, offering a real chance of a solution to the problem of nuclear disarmament. All now depended on the United States.

75. That, naturally, was not to imply that the debt problem should not also be tackled through action to alleviate substantially the burden on the debtor countries, reducing interest rates on foreign loans, stabilizing exchange rates, putting a stop to protectionism and restructuring and democratizing the international monetary and financial system. What was more, as stated in the declaration on the maintenance of peace and international economic co-operation

(Mr. Pashkevich, Byelorussia and SSR)

adopted by the member countries of CMEA in June 1984, the restructuring should be undertaken with due regard for the interests of all States, notably the debtor countries, especially those in Africa. It was equally necessary for the countries responsible for the problems with which the developing countries were struggling to increase their transfers of resources to the developing countries substantially in recompense for the colonialist and neo-colonialist pillage they had suffered. It was intolerable for sovereign countries to be forced to confront the debt crisis with formulas which implied putting their natural wealth under foreign control.

76. Any solution to the problem must be founded in action by Governments in the main creditor countries to end the net outflow of funds from the debtor countries. His delegation believed that the relevant United Nations bodies should closely study such transfers and their effects on social and economic conditions in the countries concerned. It would also be useful for the Secretary-General to prepare a report on the problem in all its aspects.

77. Mr. REED (United States of America) said that, although the United Nations was regarded as a forum in which an open exchange of ideas on important questions could promote greater mutual understanding, his country hoped that the discussion in the Committee would not impede the progress made in other bodies, particularly the World Bank and IMF which, as the meetings of the past month in Washington showed, were devoting special attention to the question of external debt.

78. His country was fully aware of the problems facing many developing countries and believed that the only long-term solution to the problem of debt in different countries was greater sustained growth, which would allow each country to reduce the burden of servicing its debt. The programme of sustained growth announced by Secretary Baker in Seoul to resolve the external debt crisis comprised three basic elements: first, action by the debtor countries to apply broad macro-economic and structural policies in order to encourage growth and balance-of-payments adjustment, and to reduce inflation; second, a continued central role for IMF, with an enhanced co-ordinating role for the World Bank in the granting of sectoral and structural adjustment loans; and, third, an increase in commercial bank loans.

79. Since that proposal had been formulated, a good deal of progress had been made. Many debtor countries, such as Mexico and the Philippines, had embarked on broad programmes of macro-economic structural reform in order to stimulate the market economy, Bolivia and Argentina had reduced inflation, Colombia and Ecuador had opened up their markets and Senegal and Côte d'Ivoire had begun to liberalize their economies. Chile had introduced innovative programmes for converting debt into equity.

80. The International Monetary Fund had negotiated new stand-by arrangements with six debtor countries and would shortly begin negotiations with two more. Thirteen of the 15 most deeply indebted countries would end up with stand-by or enhanced surveillance arrangements. In the process, IMF had shrewdly emphasized macro-economic and exchange policies. The World Bank had granted loans amounting to \$3 billion to eight major debtors. Another 11 countries were negotiating loans

(Mr. Reed, United States)

amounting to over \$5 billion. In order to permit the World Bank to continue to give priority to high-quality loans, his country was renewing its commitment to ensure that the Bank's work would not be hampered by a shortage of capital.

81. The commercial banks must also do their part for the success of that strategy, as they had already done in the case of Mexico, Uruguay, Ecuador and Côte d'Ivoire. On their side, the developing countries must continue to implement reform measures to promote domestic growth and improve the balance of payments. Those policies should embody market-oriented principles which had proved effective in both developed and developing countries. Innovative approaches such as privatization and debt-to-equity conversions should be encouraged, along with the development of domestic capital markets, elements which would help to halt the flight of capital from the developing countries and attract foreign investment. The increased World Bank emphasis on lending to promote structural reform, the eighth IDA replenishment and the progress towards establishing the Multilateral Investment Guarantee Agency would all help to achieve those objectives, which should also be supported by the international commercial banks.

82. The United States was contributing to the success of the Baker initiative through its efforts to promote long-term sustainable growth within its own economy and was co-ordinating economic policies with other developed countries with a view to providing a firm foundation for world economic stability. In 1985, the United States had imported twice as much from the developing countries as it had exported to them, generating \$55 billion of surplus export revenues for those countries. Combined with the IMF and World Bank loans, those countries' additional export earnings were equal in magnitude to their total debt-servicing needs for the current year. In addition, United States efforts to control inflation and cut interest rates would reduce the developing nation's debt service burden by more than \$20 billion.

83. It was well known that the fall in commodity prices was damaging the developing countries, but the cost to the United States economy had also been heavy and almost 1 million United States farm and farm-related jobs had been lost.

84. The World Bank lending programmes and efforts to attract private capital in the form of foreign direct investment could help the developing countries to restructure and diversify their economies. The United States would support that strategy, would strive to improve economic co-ordination among the developed countries and would continue to support the excellent work of the IMF and the World Bank and to encourage the debtor countries to adopt the growth-oriented reforms that had proved successful in case after case.

85. The United States, far from ignoring the debt problem faced by many developing countries, urged the Committee to adopt a responsible approach that would not jeopardize the delicate arrangements many Member States were currently negotiating, or the economic adjustment that others had already painfully achieved. That meant avoiding panaceas.

(Mr. Reed, United States)

86. Sweeping debt relief schemes would be counter-productive. Proposals that forced losses on creditors would only reduce future access by the debtor countries to sources of international finance. They might also reduce flows of non-loan capital. The generalized schemes ignored the differences among debtor countries, a category that included small African countries economically dependent on a single export commodity and industrialized middle-income countries. As the Baker initiative recognized, each case required a separate solution based on each country's needs and prospects. Generalized formulae would only confuse the issue. The Committee should support the work of IMF and the World Bank and seek initiatives which supported and encouraged debtor and creditor countries alike to undertake the necessary economic reforms to stimulate growth.

87. Mr. MWANZIA (Kenya) found it encouraging that the General Assembly had succeeded in inscribing the external debt crisis and development as an item on its agenda. Between 1976 and 1980, the sharp recession in the industrialized countries had been accompanied by a drastic rise in interest rates, a substantial increase in the price of petroleum and an unprecedented decline in commodity prices. Those extrinsic influences had had a devastating impact on the economies of most developing countries, particularly in sub-Saharan Africa. Because of the decline in official lending and assistance, many countries had been forced to resort to international private borrowing.

88. The indebtedness of many developing countries had not been accompanied by commensurate increases in their productive capacity. The recent past had witnessed the virtual cessation of the flow of private lending to developing countries, compounding debt-servicing difficulties even further. Although all available opportunities for debt rescheduling had been taken, in his delegation's view that was only a temporary solution since arrears of rescheduled debt continued to increase. Moreover, when official lending had been available, it had been made conditional upon the pursuit of rigorous balance-of-payments adjustment policies. The result had been import reductions, including cuts in the importation of spare parts and raw materials, thus depressing capital formation and output.

89. He therefore welcomed the recent decision reached at Punta del Este to launch a new round of trade talks that could give new impetus to relations between the developed and developing countries. Given the close interrelationship between trade on the one hand and money and finance on the other, his delegation supported closer co-operation between GATT, IMF and other financial institutions. There was also reason to look forward to the successful convening of the seventh session of UNCTAD, which might offer an opportunity to discuss in detail some of the issues that had been continually postponed.

90. His delegation regarded the debt problem as a development problem which required direct action on the crisis as well as other measures aimed at stimulating development. The most recent session of the Organization of African Unity had drawn the General Assembly's attention to the seriousness of the magnitude of the debt burden for the fragile African economies. The session had also reaffirmed the need to convene an international conference on Africa's external indebtedness.

(Mr. Mwanzia, Kenya)

Kenya regarded the call by OAU as justified and hoped that the Committee and the General Assembly would give it, together with all the views on the external debt crisis, that had been expressed at the current session the consideration they deserved.

91. Mr. KIBEDI (Uganda) said that the grim world economic situation could give rise to increased tension and instability. Expansion of world output and trade had slowed considerably. The developing countries continued to be confronted with exceptional circumstances because of the deterioration of their terms of trade. All those factors, coupled with the severe contraction of official and private financial flows, had made the debt-service burden crippling. The overall result was a net transfer of resources from the developing to the developed countries.

92. The forecasts and statistics in the Secretary-General's report were staggering, and such a situation could not be allowed to continue indefinitely. The crisis was now a central political issue that must be addressed with great urgency. The drastic adjustment measures which the developing countries had been required to undertake in an unfavourable environment had certainly affected their development prospects. Those who, with complete indifference, pressed for those measures showed little concern that the adjustment programmes crippled the economic growth of the debtor countries. At the macro-economic level, that approach hindered economic growth, lowered the already low standard of living, ravaged the poorest of the poor and undermined countries' capacity for realistic economic adjustment.

93. While domestic problems to some extent contributed to external imbalances, it was important to realize that they were frequently caused by other external factors beyond the control of developing countries, among them the declining demand for commodities, the revaluation of reserve currencies, rising interest rates and protectionism. The assumptions on which the developing countries based their medium-term economic planning had been altered. A different form of adjustment was required, rather than routine belt-tightening. More capital and more growth were needed. The real adjustment must aim at reducing dependence on imports, integrating production and demand, and boosting exports.

94. It was regrettable that the flow of both private and official resources had declined, and that there had been a substantial reduction in the seventh IDA replenishment. The developing countries, and particularly the least developed among them, relied heavily on IDA. The commitment given by donors on the occasion of the review of the Substantial Programme of Action and within the context of the special session on the critical economic situation in Africa had yet to materialize. Uganda believed that the commitments should be fulfilled and that the next IDA replenishment should be substantially increased.

95. The burden of debt and debt-servicing constituted a serious external constraint which had further aggravated the critical economic situation of Africa, as evidenced by the fact that the external debt accounted for nearly 50 per cent of the continent's gross domestic product. In less than three years, 32 reschedulings

(Mr. Kibedi, Uganda)

had been made. It should be recognized, however, that mere rescheduling did not solve the problem entirely. It simply meant that the economic and financial burden was spread over a longer period and at the same time was increased with the addition of further debts. In many cases there was no way of repaying all debts. A more realistic approach would be to write off some of them, particularly as a large proportion of the debt would have been utilized to pay for goods and services from the creditor countries, to the great benefit of the latter.

96. The Secretary-General's report made some important points that deserved serious consideration. First, it must be recognized that previous solutions had had very limited success. Second, the crisis had ceased to be a mere collection of problem cases and was now a global issue. Third, the acceptance of shared responsibility for resolving the problem was a development which must be pursued further. The debt problem, which was essentially a global problem of development, required a comprehensive approach. It could be solved only through a long-term strategy aimed at restructuring current economic relations. During the previous session of the General Assembly, the Group of 77 had submitted a draft resolution containing concrete proposals for the solution of the problem. His delegation, which endorsed the statement of the Group of 77, commended that draft resolution for adoption at the present session.

97. Mr. ORAMAS OLIVA (Cuba) was gratified that the Committee was dealing with the subject under discussion, which he described as the most important contemporary economic issue. The external debt of the third world, which half-way through 1986 had amounted to some \$971 billion, was almost three times what it had been eight years previously. In the most indebted continents it represented some 98 per cent of exports of goods and services. In the past four years, the developing countries had paid over \$300 billion in interest and a total of \$526 billion in servicing their external debt. In 1985, Latin America and Africa had had to devote 44 per cent of their export earnings to debt-servicing.

98. At the same time, the flow of finance to the third world had declined from 48.2 per cent of the world total in 1979 to 10.3 per cent in 1985, while the flow to the United States of America had risen from 6.1 per cent of the total in 1980 to 24.2 per cent in 1985. That, combined with the enormous debt-servicing payments, the repatriation of assets and insecurity of investments, was causing a flight of capital which further jeopardized the stability of the developing countries.

99. Those same factors had benefited the capitalist countries, enabling them to finance the economic recovery levels they had recorded and intensify their arms build-up. The adjustment policies imposed on the developing countries, instead of fostering their economic recovery, were delaying their development prospects even further and aggravating their social problems. The growth brought about by such adjustment policies did not speed up the development of such countries and make them more independent, but simply created financial surpluses to enable them to service their debts at the cost of mass poverty. Experience showed that such adjustment processes had worsened existing economic and social problems, with the result that infant mortality rates, illiteracy and unhygienic living conditions, for example, had reverted to levels observed two decades previously.

(Mr. Oramas Oliva, Cuba)

100. The development efforts of many third world countries had worked to the advantage of major transnational corporations, bank consortiums and many of the creditor developed countries. The enrichment of the colonial capitals which had occurred in the past as a result of the plundering of the countries under colonial rule was thus continuing with the exploitation caused by the external debt, which brought even greater wealth to the major industrialized capitalist Powers and enabled them to live and spend at levels beyond those which their own production permitted, at the expense of the world economy and particularly the third world economy.

101. The adjustment that attempts were being made to impose upon the developing countries reflected the profound injustice prevailing in the current international economic order and the way in which the major imperialist Powers were using IMF and its criteria to impose policies of exploitation entailing the impoverishment of the developing countries. The IMF criteria were one-sided. Never had IMF demanded of the United States or of the other creditor countries that they should take measures to curtail their fiscal or balance-of-trade deficits, their protectionist policies, their high interest rates or their manipulation of commodity markets and the dollar; never had they been asked to apply structural adjustment policies that would have a positive effect on the world economy. IMF was interested in the policy applied by the debtor countries only in so far as they had money for their debt payments, but not for their development.

102. The discussions in the Committee had given an opportunity to assess various interpretations of the origin of developing countries' indebtedness, and various proposals for resolving the problem. That such proposals had been made was a positive factor, since it demonstrated that the international community was giving the problem the attention it deserved. In Cuba's view, the solution to the problem was necessarily a radical one and should begin with the total cancellation of the developing countries' debts, which in any event could not be paid and were uncollectable. Cuba considered that as far as the third world countries were concerned, the payment of their external debt was politically, economically and morally impossible. The imbalance in the terms of trade had deprived them of assets that were far greater than the sum total of their debts; protectionist and dumping policies affected their exports; much of the money they received as loans returned to the creditor countries without any benefit whatsoever for the borrowers; and the excessive interest rates increased the burden of debt. The external debt should be written off and the Governments of the creditor countries should take the responsibility for that vis-à-vis their own credit institutions. This need not mean any sacrifice or tax burden for investors or taxpayers in their countries. With less than 15 per cent of their annual military spending, the debt could be written off promptly for the benefit of the entire world economy. An annual increase by hundreds of billions of dollars in the third world countries' purchasing power would boost international trade, benefiting the industries of the developed countries and alleviating their unemployment problem.

103. He recalled that military expenditure had totalled \$850 billion in 1985. Reducing that spending for the purposes proposed by Cuba would solve the problem of

(Mr. Oramas Oliva, Cuba)

the external debt of the developing countries, curb the arms race and help to safeguard world peace and security. The General Assembly should pursue its efforts to seek just and lasting solutions through a political approach, failing which debt obligations would be more than the economies of some developing countries could accommodate. It was essential to prevent the effects of the problem from worsening and spreading, and to ensure a better economic future for mankind through the new international economic order.

The meeting rose at 6.40 p.m.