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PROVISIONAL SUMMARY RECORD OF THE 19th MEETING

Held at the Palais des Nations, Geneva,
on Tuesday, 9 July 1991, at 10 a.m.

President: Mr. DJOUDI (Algeria)

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General discussion of international economic and social policy, including regional and sectoral developments (continued)

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The meeting was called to order at 10.20 a.m.

GENERAL DISCUSSION OF INTERNATIONAL ECONOMIC AND SOCIAL POLICY, INCLUDING REGIONAL AND SECTORAL DEVELOPMENTS (agenda item 1) (continued) (E/1991/32, 45, 56, 58, 64, 70, 72, 75, 92; E/1991/INF.6/Add.1)

Mr. KIBRIA (Executive Secretary, Economic and Social Commission for Asia and the Pacific) said that the region had been affected by external and domestic difficulties. In the developed countries, economic growth had slackened by 1989 with a consequent slow-down in the growth of world trade. The Gulf conflict with its adverse effects on oil prices, trade, tourism and the flows of labour migration and remittances had placed additional strains on many economies of the region, resulting in a worsening balance-of-payments situation and a 1 to 2 per cent reduction in the potential GNP of some of the worst affected countries, such as Bangladesh, India, Pakistan and the Philippines. The uncertainties had been compounded by natural disasters in several countries, the effects of which were still being felt in Bangladesh and the Philippines.

The lack of agreement in the Uruguay Round, the growing threat of protectionism, the trend towards the regionalization of international trade, and the far-reaching economic and political changes in the Soviet Union and Eastern Europe had heightened the uncertainty and damped prospects for continued growth based on traditional export-led strategies. Rates of export growth of the region's developing countries had slowed from an annual average of 18.6 per cent in 1985-1988 to 12.6 per cent in 1989 and 1990. The region's average rate of economic growth had also slowed to 5.4 per cent in 1989 and 1990 from the 7 per cent of the 1980s, the slow-down being greatest in some of the highly trade-oriented economies. Domestically, the rapid growth rates in many countries in past years had exposed the inadequacies of basic economic and social infrastructures. Increased domestic expenditure on both consumption and investment to maintain growth in the face of the weakening impetus of export-led growth, was increasing balance-of-payments deficits in many countries. Although only one country had a serious debt problem, external debt, with continued high interest rates, demanded greater attention. The developing region had nevertheless maintained a reasonable level of growth in 1990 although growth had been weaker in the oil-importing economies.

Infrastructure development was an area of potential government intervention. Although their intervention need not be direct if private-sector investment was forthcoming, governments had a responsibility in that regard, and investment in social infrastructure, especially education, health services, and urban and human resources development, required supportive government policies. If not redressed, infrastructure weaknesses would retard the process of development. That was the message of the Economic and Social Survey of Asia and the Pacific 1990 and the study on the theme topic for the Commission's forty-seventh session, "Industrial restructuring in Asia and the Pacific, in particular with a view to strengthening regional cooperation".

At the session it was evident that the ESCAP countries were interested in securing the economies of scale and other benefits Europe and North America were seeking through their current initiatives. A consensus appeared to be emerging in favour of renewed efforts to strengthen regional economic cooperation while safeguarding an open multilateral trading system.

Industrial restructuring, which had been both a cause and consequence of the rapidly changing pattern of intraregional and interregional trade, had distinct regional dimensions. New vistas had opened up for cooperation in such fields as technology transfer, foreign investment, trade, human resources development, energy conservation and the development of small-scale industries. The Commission's Seoul Plan of Action reflected the interest in taking advantage of the restructuring under way and gaining momentum aided by the policy reforms, including industrial deregulation, initiated by a number of countries.

A number of the Commission's decisions reflected the consensus on strengthening regional economic cooperation and a desire to reorientate the Commission's work. The Fourth Asian and Pacific Ministerial Conference on Social Welfare and Social Development in October would consider a regional social development strategy toward the year 2000 and beyond while the Fourth Asian and Pacific Population Conference in 1992 would discuss "Population and sustainable development: goals and strategy into the twenty-first century". The Meeting of Ministers of Industry and Technology in 1992 would seek to further intraregional cooperation for the development of an industrial and technological base and the Meeting of Transport Ministers would be concerned with upgrading the region's transport infrastructure. The Commission had adopted a resolution on reorienting the programme for the Transport and Communications Decade for Asia and the Pacific, 1985-1994 with the same objective. It had also decided to set up an "urban forum" bringing together representatives of governments, NGOs, the media, academia and research and training institutions to seek solutions to the region's problems of urbanization. The first meeting would be in 1993. A ministerial conference on the topic would meet in 1992. The theme topic for the Commission's forty-eighth session would be "Regional economic cooperation in the ESCAP region: prospects, priorities and policy options".

The Commission had decided to reorganize its subsidiary structure. The Group of Eminent Persons appointed to consider the issue had met under the leadership of Mr. Okita of Japan and recommended three major themes: regional economic cooperation, environmentally sound and sustainable development and poverty alleviation and economic growth, around which much of ESCAP's work would revolve. The Commission had endorsed the Group's report and adopted a resolution on reorganizing the intergovernmental subsidiary structure. A multidisciplinary approach to complex development issues had been approved. In addition to the technical committees dealing with specific subjects, the Commission had endorsed the establishment of two bodies to deal with the special needs of the least developed and island developing countries. The Commission would deal with operational aspects of its subsidiary structure at its forty-eighth session.

The multidisciplinary approach would require closer coordination within the secretariat and with other United Nations agencies. In addition to the inter-agency task forces or committees on water, integrated role development, human resources development, transport and communications, and youth, the Commission had endorsed proposals for inter-agency committees under ESCAP auspices on the environment, health and the integration of women in development. The arrangements were being made in accordance with General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system.

In that context, he drew the Council's attention to the fact that the traditional differences between the roles of funding and operational bodies were being eroded, primarily because of the eagerness of funding bodies to undertake operational responsibilities. The concerns expressed in the ECA resolution on UNFPA's multidisciplinary team approach were fully shared by ESCAP.

As requested by the Council, the Commission had reviewed the Transport and Communications Decade for Asia and the Pacific and recommended recasting the Decade's programmes for the remaining years. He hoped the Council would take the Commission's resolution into account and see that the Commission received the funds to discharge its increased responsibility. The revised programme would aim at strengthening cooperation between ESCAP and ESCWA and seek to enlist the continued cooperation of all the United Nations bodies and specialized agencies concerned. Special attention would be paid to the problems of the least developed, land-locked and Pacific island countries. Continued cooperation and funding from UNDP would be vital for the Decade's success.

In responding to the demand from the region's developing countries for technical assistance, the secretariat was constrained by resource limitations. He hoped the Council would take up that question.

Over the years, the ESCAP countries and funding agencies had provided substantial funds on a voluntary basis. At the forty-seventh session, 23 developing members and associate members, 4 developed members and 2 observer countries had pledged a total of $17.33 million in cash and kind for the Commission's regional institutions and work programme in 1991, 9.5 per cent more than in 1990. The many meetings and conferences hosted by member countries were also evidence of the Commission's relevance to their needs and the Commission was reorganizing to meet the challenges of the new century. Regional activities had, however, to be sustained by a favourable global economic climate, and in that context, the continued support of the Council would remain vital.

Mr. ADEDEJI (Executive Secretary, Economic Commission for Africa) observed that the Council had consistently supported the major initiatives on behalf of Africa brought before it by the Commission. In that connection he mentioned the First and Second United Nations Transport and Communications Decades for Africa, the First and Second Industrial Development Decades for Africa, and the mobilization of support for Africa which had culminated in the 1986 special General Assembly session. He hoped the Council would build on that tradition.

In preparation for his departure from ECA, he had made a series of statements on agendas for development policy in the 1990s, the restructuring of Africa's nation States and societies, the achievement of greater stability and security, the prospects for post-apartheid South Africa and the probable consequences of integrating the country into the African economy. The statements had focused on what Africa must do to prepare itself for the next century. He wished to turn to what the international community could and must do to assist Africa in implementing those agendas.

Although marginalized and peripheral, Africa was part of the global economic system and, while the rest of the world might forget Africa, Africa could not afford to do without the international community. Africa's economy was largely a legacy of colonialism and neo-colonialism and did not provide a foundation for sustainable development. The long-term perspective was more important. A world that turned its back on a continent with such great potentiality in natural and human resources would be the poorer for it and would operate well below its productive possibilities. It would also be a poor world that failed to maximize the welfare of mankind.

Nineteen ninety and 1991 might go down in history as the beginning of transformation in Africa. In February 1990, Nelson Mandela had been released after 27 years in jail, and the African Charter for Popular Participation in Development and Transformation had been adopted. The Charter affirmed that nations could not be built without popular support and the full participation of the people, and that the international community should examine its own record on popular participation and support indigenous efforts to promote the emergence of a democratic environment. In May 1991, the Charter had been followed by the Kampala Document on security, stability, development and cooperation in Africa and in June 1991 the African Heads of State and Government had signed the treaty establishing the African Economic Community. Nineteen ninety-one was also the year of the final review of UNPAAERD.

Africa's hopes of establishing dynamic, prosperous, self-reliant and independent economies as true partners in the world economic system could not be realized without strong, increased and sustained support from the international community, including relief from the impact of exogenous factors such as the collapse of commodity prices, adverse terms of trade, the stagnation and decline of ODA and external indebtedness. In order to consider the complementary role the international community could play in preparing Africa for the twenty-first century, its past and current roles should first be reviewed.

The African Charter for Popular Participation called on the international community to examine its own record in Africa. Exogenous factors, while clearly not to blame for all Africa's difficulties, did have a huge impact on Africa's political economy and were one reason for the convening of the General Assembly's special session in 1986, and for the General Assembly's subsequent adoption of UNPAAERD. The Programme recognized the need for the international community to supplement African efforts in view of the serious outside constraints over which Africa had no control, as well as the need for action to eliminate protectionism, increase ODA, support the priorities and policies Africa had identified as necessary, and deal with commodity issues. The international community had noted Africa's need for an additional $9.1 billion a year between 1986 and 1990 and had undertaken to ensure predictable external resource flows.

The world community's response had fallen far short of needs and expectations. The additional resources had failed to materialize and total net resource flows to Africa had declined from $25.9 billion in 1986 to $22.6 million in 1989. ODA, in real terms, had remained more or less constant at an annual average of some $16.5 million. Export credits had fallen from $2 billion in 1985 to $800 million in 1989 and private flows had declined from $6.7 billion in 1986 to $3.5 million in 1989. Africa's share in bilateral ODA from DAC donors had remained constant, sub-Saharan Africa's share having increased slightly. ODA from non-DAC donors had declined. Although support from World Bank and IMF programmes had increased, outflows from Africa to the Bank during the period had reduced the net transfer to Africa to $4.9 billion. IMF total net credit, which had averaged $1.7 billion between 1981 and 1983, had fallen in 1984 and 1985 and become negative since 1986, with an annual average of minus $600 million between 1986 and 1989. Moreover, as the ECA Ministers had pointed out, the conditionality of World Bank and IMF support gravely limited access to funds.

The African Development Bank, on the other hand, had been able to expand its lending during the period to $12.1 billion and had endeavoured throughout to give top priority to agriculture and its ancillary sectors. It had also financed projects relating to economic integration, environmental protection, women in development and population activities.

Despite various initiatives by the world community, Africa's debt had risen from $204 billion in 1986 to $272 billion in 1990. Debt had risen from 54 per cent of GDP in 1986 to 109 per cent in 1990, when the ratio of debt service payments to export earnings had exceeded 30 per cent, the figure for scheduled debt servicing in that year being 46 per cent.

Nor had the external trade situation improved. Although export volumes had increased by 7.5 per cent between 1986 and 1990, export earnings had fallen by 12.5 per cent. Not only had commodity markets failed to improve, but Africa had received very limited support in its efforts to diversify. The compensatory financing measures called for under UNPAAERD had not materialized and market access for African exports had not changed significantly. Although UNPAAERD had not been legally binding on the international community, the poor response had none the less generated a sense of betrayal. It was imperative to forge a new compact, but in doing so both sides must learn from past experience and fully recognize current geopolitical realities, opting for realism rather than pessimism and recrimination.

The new compact must first of all be binding on Africa and the international community. Despite the assertion, in UNPAAERD, about Africa's commitment to providing the necessary framework for long-term self-sustaining development and growth, and the world community's commitment to make every effort to provide sufficient resources in support, the major donor countries had clearly not accepted the Programme as a binding obligation. After adoption in principle by the General Assembly any new compact should be the subject of deliberation and approval in the capitals of both donor and African countries.

Secondly, the compact must unequivocally state specific goals, obligations and measures, to be accepted by both sides and in quantitative terms wherever possible. A promise to pursue socio-economic transformation was not enough. Donors must state specific targets and time-frames, including a minimum level of net external inflows over a given period. Doing too little too late was frustrating to both sides.

Thirdly, there must be mutuality of interest and benefit. With the emergence of the new world political order, there were vital interests that should impel the North to ensure that Africa did not become a permanent economic underdog. The reduction of conflict and instability, protection of the environment and the reduction of migration from Africa to Europe, as well as secure access to strategic minerals, should also be matters of interest.

Lastly, the compact must have a realistic implementation programme capable of being regularly monitored by means of an appropriate mechanism at government level, in which both sides participated on an equal basis, together with some form of sanctions for non-performance. Above all, each side must be allowed to formulate its part of the bargain before negotiation began.

Although African Governments and peoples must assume primary responsibility for their own development, the task of engineering the continent's socio-economic breakthrough required a degree of support which posed great challenges to the North, particularly the countries of Western Europe and North America. The African Governments, in adopting the African Charter, had committed themselves to putting people first. The question was whether the donor countries would provide adequate material and technical support, since, unless there were immediate improvements in standards of living and the socio-economic transformation process showed signs of being sustained, the move to greater democracy might be not only halted but reversed. As a corollary, any political conditionality by the donor countries could, by creating an impression of external imposition, thwart the indigenous democratic forces.

The African situation should impel the international community to take steps to improve international economic management. As Mr. Ramphal, the former Commonwealth Secretary-General had said in the ECA Silver Jubilee Lecture, recognition of mutual interests was not leading to fulfilment of mutual needs but to reliance on self-assertiveness and in some respects the feudal mentality was being acted out at the global level. Because of its fragility, the African economy was in danger of being trampled underfoot, largely because of the way the international economy was currently managed.

More equitable and rational global macro-economic policy was urgently needed. Better parity management of exchange rates was required to bring about a more stable exchange rate system to end the volatile rates and currency speculation that had hampered trade and production. Domestic policies and economic management would have to be better coordinated in the world's leading economies to avoid world inflation. Greater trade liberalization and less protectionism were needed, coupled with commodity agreements aimed at removing the uncertainties over future prices for primary commodities of interest to developing countries of the South, particularly Africa. The speedy conclusion of the Uruguay Round and integrated reform of the world's monetary, financial and trade-regulating international institutions to make them more responsive to the needs of all regions were essential. The OECD countries should democratize the international economic system and live up to the challenge of their vast and unique economic power by assuming responsibility for the healthy functioning of the world economic system.

The PRESIDENT expressed the Council's warm appreciation to Mr. Adedeji, who was making his last appearance in the Council as Executive Secretary of ECA. The Council had benefited considerably over the years from his participation and from the reports prepared under his direction. He wished Mr. Adedeji a future of peace, democracy and prosperity for Africa, in which he would undoubtedly continue to play a key part.

Mr. JABER (Executive Secretary, Economic and Social Commission for Western Asia) said that the year just ended had been the most difficult in the recent history of Western Asia. All the peoples of the region, particularly those of Kuwait and Iraq, had suffered a total economic and social tragedy. Millions of people had been displaced and deprived of work and income. Factories and public buildings had been destroyed and trade and transport disrupted. The region had been drained of economic and financial resources and confronted with economic, social, environmental and political problems that would give rise to further social upheaval and friction unless prompt collective efforts were made to solve them.

The conflicts in the region in past decades had created frustration, tension, violence and irrationality. Israel's occupation of the Palestinian and other Arab territories, Lebanon's ordeal of occupation, armed confrontation and destruction and the consequences of the Iraq/Iran war had weakened the region's capacity to tackle the basic issues of development. The peoples of the region had suffered greatly and sorely needed international support in order to settle existing conflicts. The region could not tolerate indefinitely the state of frustration, violence and instability resulting from persistent conflict which could, if unresolved, give rise to violence, social conflagration and consequences going beyond the borders of the region.

The Gulf crisis and war had broken out at a time when the economies of Member States had begun to improve following the slow-down throughout most of the 1980s. The GDP growth rate of 3.3 per cent in 1989 was double that for 1988 because of the rise in oil revenues in the Gulf Cooperation Council States and the revival of the industrial and service sectors. That trend had continued in the first half of 1990 although oil prices had begun to fall sharply and the foreign debt burden had forced some countries to implement restructuring policies resulting in falling living standards and higher unemployment. The occupation of Kuwait and the subsequent outbreak of hostilities had dealt a severe blow to the economic activities and infrastructures of Kuwait and Iraq. The negative impact would be felt for many years to come. Other countries of the region and many developing countries in Asia, Africa and Eastern Europe had also felt the consequences of the crisis.

The region's GDP had fallen 5 per cent in 1990 as a consequence of the Gulf crisis. The most important effects of the crisis had been: the destruction, in Kuwait and Iraq, of economic resources and infrastructural projects, reconstruction of which would cost at least $25 billion in each country; the cessation of oil production, apart from limited quantities for local consumption, leading to higher world prices and increased costs for importing countries; the forced repatriation of 2.6 million workers depriving their countries of remittances and increasing unemployment rates; the burden of a sizeable part of the Gulf war costs, which had exceeded the increase in oil revenues; interruption of the financial assistance provided by Arab Gulf States to some other countries of the region; the halting of trade with Iraq and Kuwait as a result of the economic embargo, which had led to a fall in some countries' exports; human and social suffering caused by occupation, war, migration, school and university closures, war imprisonment, disability, murder, etc.; the environmental and health effects of oil spillages, oil-well fires, drinking water pollution, medicine shortages and malnutrition; and, a considerable reduction in service sector activities, particularly in transport, tourism and banking, together with a flight of capital from the region.

In order to deal with those unfavourable effects and their far-reaching consequences, the bases of regional cooperation would have to be laid anew and a just settlement found to existing conflicts. The 1990s must be considered a decade of reconstruction and development as well as of stability and confidence-building in the region. The United Nations had played an important peace-keeping and humanitarian role in the region and the time had come to continue efforts for peace among its countries and to draw attention to the need for reconstruction and development.

The Gulf crisis and war had gravely affected the work of ESCWA, which had been able to reduce the number of vacancies and activate its relations with Member States and with regional and international organizations and bodies. In August 1990, the United Nations had been compelled to evacuate all international staff working in Iraq and Kuwait, together with their families, and all ESCWA's normal activities had virtually ceased. To achieve as much continuity as possible, a liaison office in Amman had dealt with administrative matters and maintained contacts with Member States and other parties. An office for financial and personnel matters had been set up in New York and the permanent headquarters had remained open in Baghdad, where some 80 local staff members had continued to perform part of their normal functions in addition to other tasks. Some staff members elsewhere had also been able to carry out tasks.

ESCWA had been able to meet Member States' requests for regional consultant services. Experts had been sent to Yemen to study the possibility of transforming Aden into a free zone and to establish a centre for science and technology in the University of Sanaa and to Oman to deal with alternative sources of energy and study training needs in the housing sector. Cooperation had been established with the Follow-up Office of the Labour Ministers of the Arab Gulf States in Bahrain to formulate a framework for a study on increased labour productivity. Consultancy services had been provided to Bahrain, Oman and Egypt for study evaluation, preparation of questionnaires and data processing; to Bahrain, Oman, Yemen and Egypt for national income accounting and statistics; to Saudi Arabia for information and data processing; to

Bahrain, Syria and Jordan for human resources and population data collection; to Egypt in the field of transport and to the United Arab Emirates for planning, foreign trade statistics and investment.

At the request of Member States, ESCWA had prepared a number of studies on the economic impact of the Gulf crisis on the Arab Gulf States, Syria, Jordan, Lebanon, Egypt and the occupied Palestinian territories. The Commission had also undertaken preparations for the Arab Ministerial Conference on Environment and Development to be held in Cairo from 10 to 13 September in cooperation with the League of Arab States and UNDP.

Although the Commission had lost nearly a full year of its 1990/1991 programme of work, a few projects had been completed and work started on some others, but performance was expected to remain limited. The programme of work needed to be completely revised in the light of the new circumstances.

In the agricultural sector, ESCWA had cooperated in the formulation of the work programme of the Regional Centre for Agrarian Reform and Rural Development in the Near East and had carried out studies on rural development in the occupied Palestinian territories and on the problems of marketing agricultural products in Jordan. Workshops had been organized in Egypt on agricultural planning and rural development. A project on the development of entrepreneurial capacities in the region was being implemented and a study on the infrastructure of the engineering industries was being prepared, together with a number of social studies. The Commission had followed up the implementation of five projects concerned with women and development and an agreement had been signed providing support to the Arab Women's Association for Development.

ESCWA had prepared a study on the establishment of a data base on natural resources in the region and work had proceeded on the implementation of the project on the remote sensing assessment of water resources. A report on energy data and a study on the situation of energy demand and the potential for marketing of natural gas were being prepared and a regional seminar on biogas was to be organized in Syria. Work on training needs in the transport sector had been begun, a study on road maintenance issues had been completed and a report on transport in the region had been issued.

The Commission was implementing a number of projects agreed upon with UNEP and was cooperating with UNFPA in a number of areas.

Cooperation memoranda had been signed with the General Federation of Chambers of Trade, Industry and Agriculture in the Arab countries and with the National Population Commission in Jordan.

The region had lived through a difficult period whose economic, social and environmental effects would remain for some time. He hoped that ESCWA member States would cooperate in and work for reconstruction and development with the means available. He invited other countries to assist the region with a view to the settlement of existing conflicts, and to support regional cooperation as a basis for the achievement of economic and social progress.

The Secretary-General had decided to base ESCWA international staff members in Amman for a year, thus enabling the Commission to resume its activities and provide services. ESCWA would intensify its efforts to make up for lost time and tackle new tasks. It would concentrate on a thorough study of the priorities of the region in the light of developments and the needs of member States. A work programme for the coming biennium would be formulated and the 1992-1997 Medium-term Plan would be revised.

Mr. HINTEREGGER (Executive Secretary, Economic Commission for Europe) said that the fundamental improvement of East-West relations had inaugurated a new era of cooperation and growing interdependence. An in-depth reassessment of the whole concept of Soviet foreign and security policy had given the countries of central and eastern Europe the freedom to choose their own political and economic systems, with far-reaching consequences including the unification of Germany and dismantling of the rigid institutional structures of the former Eastern Bloc.

CSCE had adopted two basic documents laying down the principles and rules for relations and cooperation between the participating States, while the concluding document of the Bonn Conference on Economic Cooperation in Europe and the Charter of Paris for a new Europe committed all participating States to pluralist democracy and a market economy. The new leaders in the central and eastern European countries had the unprecedented task of managing the transition process. Since its success or failure would have a lasting impact on the world at large, it was in the common interest to assist the countries in transition in every possible way.

The transition process was much more complex and protracted than originally thought. Such issues as stabilization policies, restructuring the economy, liberalization of prices and foreign trade and replacement of old institutions had to be tackled simultaneously. Adapting human behaviour and ways of thinking to a market economy might be the most difficult task. As the hard realities of the transition process made themselves increasingly felt, it was essential to maintain the social consensus in favour of reforms by mitigating their impact on vulnerable sectors of the population.

A further major policy objective of the central and eastern European countries was their integration into the European and world economy. The European Community had become the centre of gravity for various forms of integration and cooperation with non-member countries. Negotiations with EFTA should shortly lead to the creation of a European economic area - a common market of 19 European countries. At the same time, the Community was negotiating association agreements with the Czech and Slovak Federal Republic, Hungary and Poland. Free trade agreements between those countries and EFTA might also be finalized shortly. While a number of Balkan countries and the Soviet Union were not for the time being included in the negotiating processes, there were strong arguments in favour of supporting those countries in every possible way in their efforts to introduce market-oriented economic systems and integrate with the European and world economy.

The ECE region as a whole had been going through a difficult period, with sharply curtailed growth in the western economies and falling output in the east. The secretariat had analysed that situation in the Economic Survey of Europe in 1990-91, of which an update entitled The ECE Economies in mid-1991 was before the Council.

The western countries had experienced a more severe slow-down in overall economic growth than had been anticipated, and several countries had entered into recession. The downturn in the West could be partially attributed to a deterioration in business confidence as a result of cyclical factors and the impact of the Gulf crisis. More sustained growth in western economies and a recovery in most western countries were forecast for the second half of 1991, which should help the eastern economies by improving export opportunities.

The recession in central and eastern Europe, including the Soviet Union, continued to deepen, in most countries at an accelerated rate. In the first four months, industrial output had declined by an additional 14 per cent in eastern Europe and 5.5 per cent in the Soviet Union. All the economies were affected by high inflation and rising unemployment.

Despite the weaker than expected performance of major western economies in 1990, an impressive international cooperative effort had been made by Governments of the Group of 24 and international financial organizations in providing bilateral and multilateral official assistance to countries in transition. Foreign investors were also positioned to move private capital into central and eastern Europe when political stabilization and profit repatriation were restored.

The collapse of the CMEA trade and payment system in 1990 had contributed to the economic downturn under way at that time. A further contraction of trade among the eastern countries had been expected in 1991 as a consequence of the shift to world market prices and convertible currency settlements, but the actual decline of some 40 to 50 per cent in trade volume in the early months of the year had exceeded expectations. Efforts were now under way to negotiate new payments arrangements and find other solutions to arrest the fall of trade, but were likely to take time. Some countries - notably Hungary and Poland - had managed to divert some exports to other markets. Elsewhere, such reorientation appeared to be only in the early stages. It was important for such redirection of trade flows to be accepted in the recipient markets.

The new situation in Europe had had a marked impact on international institutions active in the region. In contrast to the many integration processes involving countries of central and eastern Europe and formerly exclusively "western" organizations, there had been a rapid disintegration of the former eastern bloc's multilateral institutions and arrangements, the recent formal dissolution of the Warsaw Pact and CMEA marking the end of the process. There was a strong need for institutions which embraced the whole region and in which all countries without exception participated on an equal footing.

The most comprehensive framework for all-European cooperation was CSCE. Until 1990, CSCE had consisted of a series of diplomatic conferences without a permanent structure. As a result of the Summit Meeting held in Paris in November 1990, it had been institutionalized in the form of periodic meetings of Ministers for Foreign Affairs and senior officials, supported by a permanent secretariat based in Prague. ECE and other established international institutions had been explicitly recognized as being of continuing importance to the CSCE process in the new conditions that prevailed in the region. Thus, ECE's traditional role as one of the key instruments for implementing CSCE recommendations regarding economic cooperation and environmental protection had been reaffirmed by the Participating States. CSCE's membership was almost exactly that of ECE. There had been two changes in ECE membership in the last year through the unification of Germany and the admission of Liechtenstein. The renewal of Israel's application for membership of ECE was currently before the Council.

To enhance its capacity to respond to the radical changes in the region, ECE had carried out an in-depth review of its programmes, priorities, structures and methods of work. The Commission had met in resumed session in December 1990 to adopt the findings of the Ad Hoc Committee set up to chart a new course and a clear consensus had been achieved on the five priority areas of activity which constituted its comparative advantage. The Commission had also issued a general directive to assist countries in transition to a market economy and integrate them into the European and world economy. A series of practical steps had been taken, including a programme of workshops dealing with concrete topics of concern to the countries in transition. Over the past year, some 20 such workshops had been held and a further 20 were planned for the coming months.

In the area of environmental protection, a Convention on Environmental Impact Assessment had been adopted in February 1991. Conventions on the Use and Protection of International Waters and Lakes and on Industrial Accidents with Transboundary Impact were expected to be finalized before the end of 1991. A protocol to the Convention on Long-Range Transboundary Air Pollution concerning the control of nitrogen emissions had entered into force in February 1991. The adoption of a further protocol on volatile organic compounds was expected in the course of the year.

In the area of transport, environment and safety were growing concerns. A European-wide Road Safety Week had been staged in October 1990, accompanied by national campaigns in most member countries, and Governments and the public at large had responded strongly. Progress had also been made in 1990 towards the development of a coherent road transport system in Europe through the revision of a number of regional conventions. In the area of combined transport, the European Agreement on Important Combined Transport Lines and Related Infrastructure had been opened for signature. Particular attention was being given to updating the regulations for the transport of dangerous goods.

In the field of statistics, the Conference of European Statisticians had made special efforts to support the national statistical offices of countries in transition. Its central role regarding coordination and cooperation among international and supranational organizations would be further developed through joint activities in the development of statistical methodology, harmonization of questionnaires and shared data collection. Fruitful discussions were in progress on ways of maximizing cooperation and minimizing duplication among ECE, OECD and EUROSTAT.

In the area of trade facilitation, UN/EDIFACT (Rules for Electronic Data Exchange for Administration, Commerce and Transport) had continued to be actively developed. A number of new messages would be submitted for testing in the coming months to increase its practical application as a standard for world trade. In 1990, the team of regional rapporteurs had been extended to include Australia/New Zealand and Japan/Singapore. Further consideration had also been given to the draft proposal for interregional cooperation in the area of trade facilitation and EDIFACT prepared by the five regional Commissions and UNCTAD pursuant to Council resolution 1989/118.

Over the past year, ECE had continued to develop cooperation with other global organizations and the specialized agencies. It provided a bridge between the United Nations and other economic institutions active in the region, such as the European Community, OECD and the newly established European Bank for Reconstruction and Development. Its Member countries attached high priority to close cooperation and coordination between ECE and those economic institutions in order to avoid duplication of work and ensure the best possible use of resources.

In the spirit of the regional conference held in Bergen, Norway in May 1990 as a follow-up to the Report on Environment and Development, ECE had accepted the concept of sustainable development as a guiding principle for all its relevant activities. The Conference's Declaration and Joint Agenda for Action were a major contribution to the preparatory process for the forthcoming United Nations Conference on Environment and Development. Other related activities were the project "Energy Efficiency 2000", designed to reduce the substantial gap between east and west, in energy efficiency and a high-level meeting on sustainable development in the chemical industry to be held in Warsaw in March 1992.

ECE's practical work attracted the attention of member countries outside the region and, each year, anywhere from 25 to more than 40 States from other regions attended ECE meetings. They followed ECE's work in virtually all sectors but, particularly in the steel industry, trade facilitation, agricultural standards and gas and coal. In certain areas, such as vehicle construction and the coal industry, that work needed the global perspective provided by the participation and active contribution of major producers from the other regions. Thus, ECE continued to provide an important link between economic developments in the region, with its vast pool of know-how and technology, and economic needs and developments in the other regions. The dynamism of economic integration in the region and the engine of growth it should produce, together with the additional economic potential of the countries of central and eastern Europe, could be expected to provide an economic stimulus reaching well beyond the region and serving as a needed catalyst to global economic expansion.

Mr. ROSENTHAL (Executive Secretary, Economic Commission for Latin America and the Caribbean) said that during the 1980s the economies of most Latin American and Caribbean countries had been plagued by low or negative growth rates and stubborn macroeconomic imbalances. Nineteen ninety had proved no exception, although a few countries had managed to consolidate their adjustment processes and begun to grow again in a context of relative financial stability. Nevertheless, for the region as a whole, 1990 had been another year of virtual stagnation with per capita GDP shrinking by almost 2 per cent. As a result, average per capita income in the region was 10 per cent lower than in 1980. The region would probably experience zero growth yet again in 1991, with macroeconomic imbalances persisting in a number of countries, although most had made a major effort to stabilize their economies. The programmes implemented in Argentina, Peru and, recently, Brazil, merited special mention in that connection.

The combined impact of recession and inflation had dealt the poorer countries of the region a particularly heavy blow. The effects of adjustment processes had been been markedly regressive, and poverty, the need for greater social equity, and other social problems had been brought to the forefront of the region's development concerns. Unfortunately, even in the best of circumstances, it would take many years for large sectors of the population to recover the real purchasing power they had possessed more than a decade earlier. In turn, that situation had placed considerable pressure on the region's democratically elected Governments to find a way of responding to the backlog of unmet needs. As 1991 unfolded, therefore, it was becoming clear that the legacy of the economic crisis of the 1980s remained. Nevertheless, the countries of the region were making a determined effort to overcome the circumstances that hindered their development. The consistency and stability of economic policy-making and the implementation of policies at the national level had increased substantially and most governments had acted in a highly responsible manner in carrying out necessary but frequently unpopular reforms.

Those trends had taken shape against a background of sweeping changes in the international order. The changing relationship between the two super-Powers was one of the most momentous events of the recent past. It was not yet possible to assess its full import but there could be little doubt that the change opened up at least the possibility of greater world security and a relaxation of tension that would allow governments and society to concentrate on development. A relaxation of tensions would undoubtedly benefit the region both directly and indirectly. On the one hand, it could be hoped that the developed countries' foreign policy towards the region would place more emphasis on economic factors and less on security considerations, thus creating a more supportive environment for international economic cooperation. On the other, domestic political interaction could also be expected to take place within a less tense setting, thereby making it possible for the changes needed to pave the way for development to be undertaken without necessarily being perceived as a challenge to the existing establishment.

Events in the Gulf had affected the region less than other parts of the developing world. The greatest direct impact had been through the change in oil prices, the increase of which had benefited net exporters and hurt net importers, while the decrease had had the opposite effect. By reducing the volume of world trade, and therefore deepening the recession in the United States, the United Kingdom and Canada, the Gulf conflict had had an indirect effect on Latin American exports. Those and other repercussions had been quantified by ECLAC in an official report issued in October 1990.

During the last two years, some headway had been made towards solving the regional debt problem. Mexico, Costa Rica, Venezuela and Uruguay had concluded agreements under the Brady Plan which would enable them to reduce their commercial bank debt. Meanwhile, Jamaica and Chile had rescheduled their bank debt and Chile had also received fresh credit. The debt reduction options provided for by the Paris Club's Toronto terms had been made available in 1990 to Guyana and Bolivia, two of the poorest countries of the region. In addition, many Latin American countries would be able to benefit from the Paris Club's new Houston terms, which provided for somewhat longer-term reschedulings for lower middle-income countries. Honduras and El Salvador had already taken advantage of that new arrangement.

Progress had also been made in regard to countries in arrears in their payments to multilateral lending agencies. Guyana and Honduras had been helped to eliminate their arrears in debt-service payments to those institutions and, more recently, IMF had announced a "rights approach", under which a country mounting an appropriate adjustment effort would become entitled to the refinancing needed to eliminate its arrears with the Fund. Peru was expected to be one of the first beneficiaries of that new programme, which might also be put into effect by the World Bank. Another sign of progress was that, after a decade of severely restricted flows of external financing, a few countries in the region seemed to be regaining access to international capital markets. In 1990, Mexico, Venezuela and Chile had received a significant flow of foreign capital through such channels as bonds, stock market funds and direct investments.

Generally speaking, the Governments of Latin America and the Caribbean had followed a pragmatic and responsible course of action in regard to most issues of international economic cooperation. More and more were becoming members of GATT, so that they could participate fully in multilateral trade negotiations. In the past five years, six countries of the region had joined GATT and a similar number had acquired Observer status. Countries of the region had also played a leading role in matters related to the control of drug abuse and trafficking and, in particular, to the issue of environment and development. The Tlatelolco Platform, formulated at the Regional Preparatory Meeting for the forthcoming Conference on Environment and Development offered valuable conceptual guidelines for the Conference.

Many Latin American countries, however, had had difficulty gaining access to ODA. Even though the Inter-American Development Bank was increasing its annual disbursements in the region, thanks to the replenishment of its capital, Latin America as a whole received quite a limited net inflow of capital from the major multilateral financial agencies. Moreover, the private banking community continued to be reluctant to provide fresh funds to the region.

Another new and promising trend in Latin America was the move towards the conclusion of free trade agreements. Examples included the Southern Cone Common Market, created in March 1991, the ANDEAN Group, the Central American Common Market, and a number of bilateral and trilateral agreements. The Enterprise for the Americas Initiative, announced by the United States Administration in June 1990, called for a free trade zone throughout the hemisphere. The trend also reflected the fact that trade diversions were currently less costly since tariffs tended to be relatively low. Thus, the current environment for intraregional cooperation seemed favourable.

With regard to ECLAC's main activities since July 1990, he noted that more and more of the work of the secretariat and of the intergovernmental meetings was aimed at meeting the challenges confronting the region in a rapidly changing world. As part of its work in the realm of ideas, ECLAC had fostered a debate on how the countries of the region could pull themselves out of the crisis of the 1980s and put themselves back on the road to development. The frame of reference for those efforts had been provided by the proposals put forward in the document Changing Production Patterns with Social Equity, presented to the Commission at its 1990 session in Caracas. Enthusiastically received, the document had fulfilled its purpose of promoting a productive debate within the region. As part of its operational work, the secretariat had taken steps to help resolve some of the crucial problems faced by governments and societies in their efforts at adjustment and development. That was the underlying purpose of the advisory services, training and horizontal cooperation provided within the framework of the priorities in ECLAC resolution 507 (XXIII). To broaden the conceptual and operational scope of its proposals, the Commission was engaged in analysis and research into successful experience in a variety of fields, both within and outside the region. Work was being done on designing educational strategies and policies, in conjunction with UNESCO, and on the relationship between environment and development. Other activities concerned the participation of women in the production process and support for the agricultural sector, while training activities continued to be one of ECLAC's central concerns. In addition to its customary publications during the period, including The Economic Survey of Latin America and the Caribbean, 1990 and the CEPAL Review, a number of issues of the Politica Fiscal series had been published, containing new contributions to the analysis of fiscal deficits, as part of a regional project being carried out by ECLAC with the support of UNDP.

The ECLAC secretariat was working hard to meet the challenges of the 1990s and beyond. In addition to being of assistance to ECLAC member Governments, it was privileged to be involved in the process of institutional renewal which was placing the United Nations, in its economic and social role, at the forefront of the world community's development agenda.

The meeting rose at 12.25 p.m.