

UNITED NATIONS
General Assembly

FORTY-SIXTH SESSION

Official Records

SECOND COMMITTEE
38th meeting
held on
Monday, 11 November 1991
at 3 p.m.
New York

SUMMARY RECORD OF THE 38th MEETING

Chairman: Mr. BURKE (Ireland)

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Distr. GENERAL
A/C.2/46/SR.38
18 November 1991

ORIGINAL: ENGLISH

The meeting was called to order at 3.35 p.m.

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

1. The SECRETARY-GENERAL said that the issue of the proposed conference on development financing was one to which he attached particular importance. The world was witnessing a profound and largely peaceful transformation of its society. Extraordinary changes were influencing not only relations between States, but also how States organized themselves internally. That augured well both for the prospects for peace and for enhancing the well-being of peoples in larger freedom. But, important as those changes were, they were also often fragile. The strong commitment and full support of the international community, acting collectively, would be needed in order to create conditions in which those auspicious developments and the democratic aspirations of people could take root. Full advantage must be taken of the opportunity history had provided. The positive components of recent political developments needed to be translated into specific actions in the economic and social field. Without that, hopes for lasting peace would be nothing more than a mirage.

2. Observing that the note which he had submitted to the General Assembly elaborated on the rationale of his proposal for the convening of a conference on development financing, he stated that there were two fundamental requirements for the success of current efforts by developing countries and those trying to integrate into the world economy: increased trade and access to adequate financing. In the field of trade, there was general recognition of the importance of a successful conclusion to the Uruguay Round which would allow much greater access to world markets for the exports of developing countries and those in transition to market economies. Similarly, in the field of finance, the international community would need to ensure that those countries had sufficient resources and the right conditions to carry out their restructuring and modernization programmes. It was his fear - a fear shared by many - that in the absence of adequate resources to finance an enlarged global investment agenda, growth might be stifled, development might become more difficult if not impossible, and a relapse into authoritarian forms of Government might result.

3. The development agenda in the 1990s called for much greater levels of investment, particularly as it had to cover not only the requirements of developing countries, but also those of the industrialized countries for reactivating their economies. The magnitude of those requirements was beginning to emerge. While it was not possible to quantify with any precision the funds needed for restructuring the Eastern and Central European economies, estimates ranged from \$US 100 billion to \$US 1,000 billion. Compared to that, the funds needed for the revitalization of the African continent - estimated at \$US 30 billion annually - were significantly less. To that there must be added the reconstruction needs in the region of the Persian Gulf and the overall investment requirements of the developing countries. The sluggish

(The Secretary-General)

economies of the industrialized countries also called for sizeable new investments. The United Nations Conference on Environment and Development - the Earth Summit - to be held in Brazil in June 1992, would reveal the cost of environmentally sound sustainable development. All in all, there was an immense resource requirement for the development agenda for the 1990s. The challenge facing the international community was to ensure that adequate resources were made available, without creating an excess demand for savings, and therefore higher interest rates, which would have a devastating impact on growth, especially in the developing countries and those in transition.

4. It was to address those critically important issues that he had proposed an international conference on the financing of development. Economic reform in developing countries and in the economies in transition would lead to sustained growth only if public and private investment grew significantly above current levels.

5. An effective and sustainable solution to the debt problem of indebted nations that would allow them to regain creditworthiness in international capital markets was also imperative. There was an urgent need to enhance the financial situation of borrowers through a combination of stabilization and liberalization policies, debt reduction schemes and growing export revenues. He could not stress too highly the importance of making the domestic environment more conducive to investment.

6. Political developments had created conditions for taking actions which would not have been considered possible a few years earlier. For that reason, major and rapid reductions in military expenditure and agricultural subsidies would constitute the two most obvious ways to reallocate significant resources to more productive activities. However, they were not necessarily the only ones. He was confident, for example, that the forthcoming session of UNCTAD to be held in Colombia in February would also produce inputs to the proposed conference, as would the United Nations Conference on Environment and Development (UNCED).

7. Bearing all these factors in mind, he stressed the need for prompt action and suggested that the United Nations might together with the International Monetary Fund and the World Bank, prepare a draft annotated agenda for the conference, which could be submitted to the Economic and Social Council at its next regular session. That would prepare the ground for agreement at the forty-seventh session of the General Assembly to launch the conference. Reaffirming the importance that he attached to close cooperation with the World Bank and the International Monetary Fund in the proposed endeavour, he said that he had shared his ideas on the subject with the President of the World Bank and the Managing Director of IMF and their positive and constructive response was most encouraging.

(The Secretary-General)

8. In conclusion, he stressed his concern over the present uncertainty as to whether adequate resources for development could be mobilized. The international community was at a critical juncture where failure to take the right road could set back the emerging spirit of democracy, enterprise and cooperation for decades. He therefore believed that the proposed conference would be an important step in the right direction. He called upon the international community to show vision and courage in laying the foundations of a truly global world economy that allowed all countries the opportunity of full participation, and all men and women the possibility of living lives of dignity and of their choice.

AGENDA ITEM 77: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (continued)

- (a) TRADE AND DEVELOPMENT (A/46/3, A/46/15, vols. I and II, A/46/496 and Add.1, A/46/564, 565 and 567)
- (b) IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s (A/46/566)
- (h) SCIENCE AND TECHNOLOGY FOR DEVELOPMENT (A/46/3 and A/46/37)

9. Mr. BERTHELOT (Deputy Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)) said that the problems of development financing and debt were intimately linked. While the main source for development financing remained the savings generated in the developing countries themselves, those countries still needed considerable external financial assistance, as had been recognized in resolution 396 (XXXVIII) on debt and development adopted by the Trade and Development Board. Inflexibility in financial circles had obstructed financial flows to the developing countries, and caused high interest rates. It was also essential to take into account the specific situation of each country, particularly its creditworthiness, rather than the overall level of savings. For that reason, policy action designed to bring about a meaningful reduction in debt burdens should focus on the specific financial conditions facing developing countries. Recognition of the need for more determined action had prompted the Board to adopt a resolution setting out issues for consideration at the forthcoming session of UNCTAD, aimed at strengthening the international debt strategy and promoting the financing of development. The UNCTAD session would consider the resources necessary for sustainable growth and development in the 1990s and would be an ideal opportunity for reaching consensus on the agenda for the proposed conference on development financing.

10. UNCTAD had given careful consideration to the issue of sustainable development and the ramifications thereof, and its views had prompted the adoption of resolution 393 (XXXVIII) by the Trade and Development Board, which clarified and extended UNCTAD's mandate on sustainable development, particularly with regard to the issues of access to, transfer of, creation and development of environmentally sound technologies. UNCTAD's role in

(Mr. Berthelot)

promoting the implementation of the decisions and guidelines resulting from UNCED would be further defined at its eighth session.

11. UNCTAD's views on the importance of technology for development had evolved considerably over the years, leading to a better understanding of the mechanisms for the development and transfer of technology and to the recommendation of pragmatic and universally applicable approaches to the issue in national and international policies. Those approaches were reflected in the report of the Secretary-General of UNCTAD on the draft international code of conduct on the transfer of technology (A/46/564). Consultations had been held on the establishment of an intergovernmental group of experts to review the draft code in the light of recent technological, economic and political developments but, as agreement had not been reached on the group's terms of reference, the matter had been referred to the General Assembly for guidance. He stressed the need for continued dialogue on the complex issue of the transfer of technology with the aim of encouraging the cooperation of those enterprises which were the principal producers and users of the technologies in question.

12. With regard to the issue of the least developed countries, he expressed his concern that, contrary to expectations, bilateral aid efforts appeared to be slowing. He was encouraged, however, by the increased efforts made by numerous agencies of the United Nations system in favour of the least developed countries. The Consultative Committee on Substantive Questions (Operational Activities) (CCSQ (OPS)) was preparing detailed guidelines for agencies and resident coordinators on ways of making the Programme of Action for the Least Developed Countries, adopted at the Paris Conference in 1990 operational.

13. The note by the Secretary-General concerning the needs and problems of land-locked developing countries (A/46/496) pointed out that many land-locked developing countries also figured among the least developed countries and noted the deterioration of their transport infrastructures and their consequent need for increased external assistance and enhanced regional cooperation.

14. In the broader context of economic cooperation among the developing countries, the Board had requested the Secretary-General of UNCTAD to hold consultations on the feasibility of a finance facility for interregional trade among the developing countries, since lack of financial resources had been recognized as one of the principal obstacles to South-South trade.

15. With regard to the draft convention on maritime liens and mortgages, he hoped that the General Assembly would support the recommendation put forward by UNCTAD and the International Maritime Organization (IMO) on the convening of a Conference of Plenipotentiaries for the consideration and adoption of the draft.

(Mr. Berthelot)

16. A report strengthening international organizations in the area of multilateral trade was under preparation and, in that context, he drew attention to the note prepared by the UNCTAD secretariat contained in the annex to A/46/565, which outlined the historical background of the topic, reviewed relevant proposals and examined the circumstances which had revived interest in institutional aspects of the world trade system.

17. UNCTAD had maintained its development mission while responding to changing conditions and needs, as evidenced by the initiatives taken at the latest session of the Trade and Development Board. Those initiatives placed an additional burden on budgets and would require additional resources. He cited, by way of example, the environmental activities that had been introduced in most UNCTAD activities and that were currently funded by the redeployment of internal UNCTAD resources. Unless additional resources were forthcoming for those activities, other essential activities might suffer.

18. With regard to preparations for the eighth session of UNCTAD, he noted that the session had three objectives: political, economic and institutional. Its political objective was to reinstate development as the pre-eminent concern of the international community and to establish a new spirit of cooperation in North-South relations for the 1990s. Attainment of that aim was rendered urgent by the degradation of the environment, the risk of marginalization and the growing interdependence of the world. The economic objective of the session was to capitalize on the potential for development created by the new political order. New priorities must be defined and translated into national and international policies. In particular, good management was required at the national and international levels and sustainable development should be promoted through measures to eradicate poverty and to solve global environmental problems. Sound national management would stress the imperatives of human development, the respective roles of the market and the state and the need for pluralist participation. Sound international management would cover the coordination of policies and the improvement of rules governing international trade and the financial system to promote efficiency in trade, to maintain international competition and to foster an international environment conducive to development. Finally, the institutional objective was to reach consensus on the role of UNCTAD in the new economic order. In line with the current thinking of the Trade and Development Board there was a growing awareness of the need to strengthen UNCTAD in order that it, in turn, could promote international cooperation and negotiation on development.

19. Mr. BAEHR (Director and Officer-in-Charge of the United Nations Centre for Science and Technology for Development) said that scientific and technological progress had continued to accelerate over the past few years and that the breakthroughs were increasingly being concentrated in the high technology centres - the United States, Japan and the European Community.

(Mr. Baehr)

20. While some developing countries had benefited from the diffusion of those technologies in their economies, the process of diffusion had been inefficient and uneven. There was an ever-widening gap both between the industrialized and the developing world, and between different groups of developing countries, with regard to their scientific and technological development while the least developed countries were becoming increasingly marginalized in terms of their scientific and technological capabilities. By contrast, the economically most advanced countries were formulating policies to ensure their long-term competitiveness and security in the areas of science and technology.

21. The Report of the National Critical Technologies Panel, issued in March 1991 by the Office of Science and Technology Policy of the President of the United States, identified 22 technologies, discussing each one with respect, inter alia, to international trends. The study conclusion - that technology could bring prosperity only if society learned to use it more effectively - applied to all countries irrespective of level of development and it underscored the need for all countries to develop their own endogenous capabilities in science and technology.

22. The mounting costs of science and technology made it vital to improve inter-State policy coordination. Science was becoming increasingly capital intensive, and the cost of developing human resources, especially at university level, was a drain on the economies of most developing countries. Such countries often had to decide whether to leapfrog at high cost into a competitive technological arena. They could not do so without external assistance and cooperation from the scientifically and technologically advanced countries. At the same time, they must make use of locally available know-how to develop informal and traditional sectors of their economies, with a view, inter alia, to eradicating mass poverty. The deliberations of the Second Committee had focused on all of those issues, for science and technology had become a factor in almost all aspects of the world political economy. It was apparent, therefore, that the issue of global sustainable development had a clear-cut scientific and technological component. In that regard, the high cost of developing and transferring environmentally sound technologies must be amortized in the context of a global economy and global markets.

23. Triangular arrangements had been proposed whereby the South would act as supplier for the Eastern European countries with funding from the West. In addition, the role of science and technology in the former centrally planned economies must be redefined and existing potential must be fully utilized as their economies were restructured. To that end, international coordination and exchange of experiences were required, preferably within the framework of the United Nations.

24. International policy coordination would also be vital in an age of disarmament as military technology was converted to civilian use. In fact, military-oriented research could itself be reapplied to the assessment of

(Mr. Baehr)

alternative uses of new technologies, such as sustainable development and the preservation of peace. Within the United Nations system, an integrated mechanism for scientific, technological, economic and political monitoring, assessment and forecasting could be valuable in disaster prevention and mitigation.

25. Mr. PANT (Director, Division for Least Developed, Land-locked and Island Developing Countries, UNCTAD) introduced the report of the Secretary-General on development and international economic cooperation: implementation of the Programme of Action for the Least Developed Countries for the 1990s (A/46/566), which related the main developments which had taken place since the Second United Nations Conference on the Least Developed Countries. Events unforeseen at the time of the Paris Conference had imposed additional hardships for the least developed countries. None the less, as a result of the Programme of Action, as many as 12 LDCs had realized gains in per capita income in the 1980s. Other countries, representing a significant portion of the total LDC population, had also achieved positive, though lower, growth rates. On the other hand, 11 LDCs had experienced severe declines, often as a result of military conflict and internal political strife.

26. Two thirds of LDCs had initiated or pursued major programmes of economic policy reform. Equally important was the political reform process under way in many LDCs, inspired by the changes which had taken place in the world in the past two years. The reforms were aimed at establishing more participatory development and transparent political systems. The future of LDCs also depended on increased external support, as set forth in the Programme of Action. Resource flows to LDCs had stagnated in real terms in the late 1980s, and additional assistance would be necessary to finance their development programmes in the 1990s. Moreover, resource requirements in many cases were greater than had been anticipated at the Paris Conference; requirements had also increased because of modifications in the list of LDCs.

27. Debt and trade issues were crucial to the development prospects of LDCs. Recent initiatives by creditor countries gave cause for measured optimism. In order to become integrated in the international trading system, LDCs required market access for their exports and support for their diversification policies. In that context, the special situation of LDCs should be taken into account in the Uruguay Round of multilateral trade negotiations.

28. Arrangements for follow-up of the Programme of Action, in accordance with General Assembly resolution 45/206, were largely in place. A number of review meetings had been held at the national level and measures had been taken to strengthen the country review process. Regional commissions had also assumed new tasks and responsibilities assigned to them under the Programme of Action. At the global level, UNCTAD had been designated as the focal point for review and appraisal of the implementation of the Programme. Accordingly, the UNCTAD Trade and Development Board had taken up the item at its March 1991 session. Although it had been unable to engage in substantive analysis, the

(Mr. Pant)

Board had adopted resolution 390 (XXXVII), stressing that the Programme of Action must be implemented urgently.

29. In recognition of UNCTAD's expanded role under the Programme of Action, the General Assembly had provided it with additional resources and a Division for Least Developed, Land-locked and Island Developing Countries had been established. The report also described measures taken by the various organs, organizations and bodies of the United Nations, including the first inter-agency consultation on the follow-up to the Programme of Action, convened by the Director-General for Development and Economic Cooperation in July 1991. In addition, at the request of the Trade and Development Board, the Secretary-General of UNCTAD would present a progress report on implementation of the Programme of Action at the eighth session of the Conference when it met in Cartagena, Colombia, in February 1992.

30. Mr. KUFUOR (Ghana), speaking on behalf of the Group of 77, said that the slowdown in global output and steadily decelerating growth had had a particularly adverse effect on the developing countries. As a result of strains in the international trading system, arrangements under the General Agreement on Tariffs and Trade (GATT) were eroding and being replaced by managed trade. Industrialized countries, in particular, were being pressed by powerful lobbies to increase protectionist measures and impede the access of developing countries to their markets. Developing countries, on the other hand, had adopted exported-oriented strategies and taken unilateral steps towards trade liberalization. According to the Trade and Development Board, the developing countries had taken the lead in trade liberalization while the developed countries receded into the background. The developing countries hoped for an early and balanced conclusion of the Uruguay Round of multilateral trade negotiations - one which brought all sectors under GATT discipline and accorded preferential treatment to the exports of developing countries.

31. The export revenues of developing countries continued to decline as a result of adverse terms of trade and the drop in the price of certain non-fuel commodities. Exports from developing countries must be fairly priced so that those countries could acquire resources for investment, debt-servicing and the diversification of their commodity-dependent economies. Fresh impetus must be given to the Integrated Programme for Commodities; and compensatory financing schemes, such as the Compensatory Financing Facility of the International Monetary Fund and the Stabex scheme of the European Community, must be strengthened and liberalized.

32. The Declaration on International Economic Cooperation adopted at the eighteenth special session of the General Assembly, had singled out external indebtedness as the chief cause of the economic stalemate in developing countries. Much of the \$1.3 trillion debt owed by developing countries had been generated by expensive rescheduling agreements and contractual amendments which had not brought in any new resources. That was why the Group of 77 had

(Mr. Kufuor, Ghana)

persistently called for significant reduction in the stock of debt and debt service. In that connection, UNCTAD has to be commended for specifying a debt reduction target of 30 per cent. Since the implementation of debt reduction was slowed by difficult negotiations, the Group of 77 hoped that debt-reduction measures would be streamlined to cover all categories of debtors. While it welcomed the Trinidad terms relating to debt reduction for low-income and least developed countries, it also hoped that the Netherlands proposal on debt cancellation for low-income debtors would be adopted. Mechanisms for dealing with the overwhelming debt owed to multilateral financial institutions must also be established.

33. Even substantial debt relief and adjustment efforts by developing countries would not be sufficient to promote growth without substantially greater aid flows, on concessional terms. In that connection, the Ministers for Foreign Affairs of the Group of 77, in their declaration adopted in September 1991, had seen the forthcoming eighth session of UNCTAD as an opportunity to breathe new life into the development dialogue, taking into account global political, economic and technological changes in recent years.

34. The question as to why scientific knowledge had not been successfully extended to all parts of the world had never been satisfactorily answered. Although the issue was complex, it was clear that impediments to effective technology transfer must be removed and mechanisms for promoting endogenous capacity-building in science and technology must be promoted in developing countries. In that regard, the Group of 77 wished to stress the importance of the Vienna Programme of Action on Science and Technology for Development and the activities of the United Nations Centre for Science and Technology for Development. In the preparations for the United Nations Conference on Environment and Development, the Group of 77 had also submitted a comprehensive proposal on the transfer of environmentally sound technology to developing countries.

35. The Group of 77 was deeply concerned over the worsening socio-economic outlook for least developed countries and the projected overall medium-term growth rate of LDC economies. The Programme of Action for the Least Developed Countries for the 1990s was based on the principle of shared responsibility and strengthened partnership between LDCs and their development partners. In that spirit, development partners must fully honour commitments undertaken at the Paris Conference in order to match the national efforts of LDCs. In addition, the three-tiered mechanism - external development resources, alleviation of the debt burden and market access - agreed at the Paris Conference must be strengthened.

36. Mr. MAJLOOR (Netherlands), speaking on behalf of the European Community and its member States, said that the central concept of the Programme of Action for the Least Developed Countries for the 1990s was that of partnership. The least developed countries had undertaken to reform their own policies, while the donor community had committed itself to providing the

(Mr. Majoer, Netherlands)

necessary external support. The European Community was firmly committed to the creation of a favourable international economic environment in which all countries, including the least developed countries, had the opportunity to increase their export earnings. It was important to bear in mind that external financial support was not a substitute for vigorous domestic policies, to promote sustainable growth and development. The Community was prepared to support such policies through external funding.

37. In order to meet the external financing requirements of the least developed countries, the outflow of funds must be stemmed through a reduction of debt and debt-servicing obligations, and the inflow of funds must be increased. With regard to external debt, the European Community had put forward proposals that went far beyond the Toronto terms; the proposals were currently under discussion in the Paris Club. With respect to the inflow of funds, the least developed countries would continue to be critically dependent on official development assistance (ODA). The European Community and its member States, which together constituted by far the most important source of concessional resources for the least developed countries, had reaffirmed their commitment to reach the accepted United Nations target of allocating 0.15 per cent of their gross national product (GNP) to ODA for the least developed countries. The Community as a whole already gave 0.13 per cent of its GNP to those countries.

38. The European Community had noted with satisfaction that the fear that new developments in Europe would divert attention from its obligations elsewhere had proved groundless. While the Community was prepared to meet new global and European challenges, it would at the same time remain faithful to its existing commitments, which included support for the least developed countries.

39. Monitoring the implementation of the Programme of Action for the Least Developed Countries for the 1990s was rather difficult since the Programme included a broad range of measures. However, the monitoring process could benefit from the expertise and experience of the secretariat of UNCTAD, whose input would constitute a sound basis for detailed consideration of the measures undertaken by all parties.

40. Science and technology played a key role in the improvement of the quality of life and the eradication of poverty through the promotion of economic growth and sustainable development in developing countries. The issue of science and technology for development was usually linked with the transfer of technology. The European Community, however, preferred the term "technology cooperation", since the provision of technological know-how to meet the needs of developing countries required efforts on both sides and also included such areas as information and training.

41. Technology cooperation was at the heart of the preparatory process for the United Nations Conference on Environment and Development. Since the environmental problems of the developing countries were not always similar to

(Mr. Majoer, Netherlands)

those facing the developed countries, technology development must be geared to the needs and priorities of individual countries. In a country-by-country approach, the assessed needs of the individual country would form the basis for technology cooperation, which included the creation of conditions that enabled the developing countries to develop their own technologies and make informed choices. Capacity-building, access to information and demonstration projects as well as increased South-South cooperation were important elements of any strategy for technology cooperation.

42. The application of environmentally sound technologies was a key factor in the achievement of sustainable development. As a result of the new awareness of the relationship between environment and development, many industrialized countries were developing environmentally sounder - "cleaner" - technologies. Once Government bodies and Government-supported research centres acquired expertise, adequate links between bodies in donor countries and their counterparts in developing countries could contribute to a fruitful exchange of knowledge on clean technologies. The European Community supported such policies, and it was pleased that the Centre for Science and Technology for Development was increasing its activities in that area.

43. The economic situation in many developing countries made it difficult to mobilize adequate internal resources for the development of environmentally sound technologies. Developing countries should nevertheless endeavour to make additional resources available by reordering their budget priorities and, at the same time, donor countries should identify additional financial resources to facilitate cooperation in the area of environmental protection, in particular with developing countries.

44. Mechanisms for disseminating information on available environmentally sound technologies, including clearing-houses and centres of excellence in both developed and developing countries, should be expanded. Interlinkage at the level of research institutions could prepare the way for the involvement of private enterprises from the donor countries. In that connection, the potential of non-governmental organizations, particularly in capacity-building, should be fully utilized. The private sector could contribute to sustainable development by observing high environmental standards in its investments and joint ventures. Moreover, since private enterprise could play a pivotal role in the transfer of environmentally sound technologies, the Governments of developing countries should establish mechanisms that encouraged foreign direct investment and joint ventures.

45. Capacity-building was a key factor in the introduction of environmentally sound techniques. The European Community attached great importance to the development of endogenous capacities and supported the use of local technologies where appropriate. In addition to financial efforts to improve the capacities of developing countries, high priority should be given to human resources development in developing countries.

(Mr. Majoor, Netherlands)

46. At the latest session of the Intergovernmental Committee on Science and Technology for Development, the European Community had criticized the functioning of that subsidiary body and had encouraged the Centre for Science and Technology for Development to improve its output. In order to enable the Economic and Social Council and the General Assembly to improve their understanding of the issues related to science and technology, and to develop common policies and agree on national and international action, it was essential to find ways of ensuring a more informed and qualitative treatment of the issues involved, based on the best available expert and policy advice.

47. Mr. WILENSKI (Australia), speaking on behalf of the Cairns Group, said that a satisfactory conclusion of the Uruguay Round of trade negotiations could not be reached unless satisfactory results were achieved on agriculture, and that would depend, above all, on the exercise of political will by the leaders of the seven major industrialized countries.

48. In the view of the Cairns Group, an acceptable package on agriculture should include substantial commitments in three areas: domestic support, market access and export competition. On domestic support there should be reductions in support and a move towards forms of Government intervention which had less distorting effects. On market access there should be a move away from non-tariff barriers to normal tariff protection, and real liberalization through reductions in the level of protection and increases in access opportunity. On export subsidies, there should be a cease-fire on their proliferation, and firm commitments to effective reductions. In addition, due recognition should be given to the position of developing countries, *inter alia*, by faster reductions in market access barriers on products of importance to those countries.

49. The reforms undertaken by many developing countries and also by the Central and Eastern European economies were being seriously threatened by the lack of fair market opportunities provided by many of the industrial countries which had encouraged the reforms. There was no doubt that agricultural protectionism hindered economic development, the debt-servicing capacity and employment opportunities in developing countries. A successful outcome to the Uruguay Round with a satisfactory result on agriculture would greatly enhance the multilateral trading system and thus make a major contribution to the long-time prosperity and well-being of all countries. The political courage successfully to conclude the Round was needed as the negotiations proceeded into a final and decisive stage. If the Round was allowed to drift until 1993 it was doubtful it could then be resuscitated.

50. Mr. GEBREMEDHIN (Ethiopia), said that despite rapid technological advances, the expansion of international trade and the globalization of markets, the least developed countries continued to face very serious problems. While his delegation welcomed the fact that the developed countries were considering how they could best help address the development problems of the least developed countries, it felt that more could be gained from

(Mr. Gebremedhin, Ethiopia)

coordinated approaches and realistic country-specific measures agreed upon between development partners.

51. The economic situation of the least developed countries in Africa had worsened during 1990. Decades of fratricidal war had left his country so devastated that a resumption of development was nearly impossible, as priorities in many areas competed for non-existent resources. His country had also been weakened by the cold war. His delegation therefore hoped that it would be at the top of the list of beneficiaries of the global peace dividend.

52. His country strongly believed that the salvation of the developing countries lay in trade, not aid, and that each country was responsible for its own growth and development. In an interdependent world, however, where access to capital, markets and technology was becoming increasingly difficult, it was essential to ensure an international economic climate that was receptive to the efforts of the developing countries to elaborate sound domestic policies.

53. His country's draft economic policy for the coming two years of transition sought to enhance growth performance on the basis of success measured by economic goals rather than ideological or other considerations. His Government sincerely hoped that outside help would be forthcoming so that those policy measures could be carried out. With a view to promoting the implementation of the Programme of Action for the Least Developed Countries for the 1990s, urgent and bold measures to reduce the developing countries' debt stock and debt-servicing burden - including those resulting from commitments from multilateral financial institutions - would be particularly welcome, as they would enable the least developed countries to use their resources for much needed investments in their economies. His delegation also hoped that the least developed countries would be provided with substantial financial resources. In that connection, his delegation took comfort in the renewed commitment expressed by the Netherlands representative on behalf of the European Economic Community.

54. Mr. TANLAY (Turkey), said that despite the trend towards world economic integration, the serious financial problems which the developing countries had confronted during the 1980s remained essentially unchanged. Those countries continued to be hampered by poverty, unfavourable terms of trade, extremely heavy foreign debt and serious ecological problems. Nevertheless, most developing countries were introducing structural adjustments in order to revitalize their economies, diversify production and exports and improve their access to markets.

55. His delegation was convinced that international trade, particularly for countries with heavy debt, was the primary tool to promote economic growth and reduce the gap which separated them from the developed countries. They should, therefore, continue their efforts to encourage entrepreneurship, stimulate investment and increase exports.

(Mr. Tanlay, Turkey)

56. Vigorous and sustained growth depended more on free trade than it did on financial aid, and the persistence of protectionism was a hindrance to the developing countries' export growth, which was essential to the success of their economic reform efforts. The erosion of multilateralism in international trade, characterized, *inter alia*, by the establishment of regional trading blocs, compromised the success of the export-oriented economic development strategies of the developing countries, and his delegation hoped that such blocs would not prove an obstacle to world economic growth. The establishment of a genuinely open multilateral trading system was critical to the growth and development of the developing countries. The success of the Uruguay Round of multilateral trade negotiations was crucial for the developing countries' export development prospects. In that connection, his delegation welcomed the statement by the Group of Seven anticipating the successful conclusion of the negotiations by the end of 1991.

57. Mr. MORALES (Costa Rica), speaking on behalf of his own delegation and those of El Salvador, Guatemala, Honduras, Nicaragua and Panama, said that although those countries had yet to overcome their problems of illiteracy and malnutrition, and their gross domestic product (GDP) remained low, peace had returned to the region and they were now able to focus on development. As could be seen from the Human Development Report 1991, despite their low level of economic development, some of them had made substantial progress.

58. As the scientific and technological revolution set in motion by the Second World War continued to gain momentum, the world was having to adapt to increasingly rapid technological change. Unfortunately, many countries had barely been touched by that revolution and were not even taking steps to participate in it. However, there was an increasing awareness that mankind was entering a new phase in its development and that nations must use science and technology to solve their problems.

59. Scientific and technological knowledge had become a major factor of production, and activities in that sphere should focus on generating technological innovations in manufacturing processes, marketing and quality control, in order to ensure countries broad market access for their products. The countries of Latin America, having acknowledged the need to develop a sound scientific and technological knowledge base, also recognized that an educated population, political stability and a commitment to support scientific and technological research were also crucial. Fast-developing information technologies would prove to be key instruments in Central America's efforts in the fields of research and the transfer of technology. He also underscored the increasing importance of biotechnology in the fields of medicine and food production.

60. The countries of Latin America were strengthening their constitutional and legal structures in order to fulfil their commitment to make science and technology major tools of development. Central America, Costa Rica and Guatemala had adopted relevant legislation. The presidents of the countries

(Mr. Morales, Costa Rica)

of Central America and Panama had endorsed a regional policy and programme for science and technology in December 1990. The policy emphasized the use of scientific data, technical methods and technological training in order to promote the growth of the productive sector. Projects for which the assistance of international agencies would be sought were in preparation.

61. The action taken by those agencies and donor countries had had little impact thus far on efforts to eradicate poverty. The obligation of recipient countries to make counterpart contributions as a condition for receiving aid placed a heavy demand on resources urgently needed for social investments. The countries of Central America therefore proposed that the funds which they devoted to new programmes for education and poverty mitigation should be considered as their counterpart contribution.

62. The Central American policy for science and technology presented guidelines for action in the field of education, cultural and social development, sustained ecological development and development of the productive sector. Science and technology were thus to play a major role in helping the countries of the region develop a greater sense of independence and control over their own fate.

63. Activities to restructure the productive sector had four complementary objectives, namely, to increase the capacity for technological innovation and management in enterprises; to encourage academic and technical institutions to enhance the volume, relevance and quality of their training, research and service-oriented efforts on behalf of the productive sectors; to establish a long-term educational, scientific and technological foundation for indigenous cultural development; and to ensure that scientific and technological progress and enhanced productivity and competitiveness worked in the interest of the social development and quality of life of the region's inhabitants. The policy also established the need for a commitment at the highest political level to the development of science and technology, established a regional coordinating body and set minimum standards for the scientific, technological and technical development of the region.

64. Mr. AVALLE (Argentina), underscoring the close interrelationship between trade and development and their crucial importance for the stability of the world economy as a whole, said that the time had come to move from rhetoric to implementation of the commitments already undertaken.

65. His Government had adopted major political decisions to promote openness in the national economy by significantly simplifying the structure and reducing the number of tariffs and eliminating most non-tariff restrictions. It was a member of the newly created common market of the Southern Cone (MERCOSUR, which had been established to improve the quality of life of the populations of the participating countries. That goal would be achieved with measures to increase the quantity of goods available, create economies of scale, lower prices and improved quality. The four participating countries

(Mr. Avalué, Argentina)

intended to harmonize their macroeconomic policies, existing tariffs would gradually be eliminated and steps would be taken to maximize their respective competitive advantages as the region enhanced its position in the international economy. The member countries planned to restrict imports whose prices were influenced by subsidies, dumping or any other unfair trading practice. The States Parties of MERCOSUR also were working with Chile and other Latin American countries to strengthen the Latin American Integration Association (ALADI) as a vital instrument for economic integration. His country was firmly committed to the path on which it had embarked, notwithstanding adverse pressure from certain interest groups.

66. His delegation fully endorsed the views just expressed by the representative of Australia and was dismayed that, notwithstanding commitments made at the highest level, access to industrialized markets had not improved and distortionary trade practices had worsened. The huge agricultural subsidies paid by OECD countries could more productively have been spent to promote productive development activities through investments which generated real wealth in developing and developed countries alike. Such agricultural trade practices, which worked to the detriment of food-producing developing countries in particular, also jeopardized food security.

67. A double standard was evident in the international arena and it directly undermined democracy: on the one hand, the industrialized countries commended the developing countries on the political and economic transformations accompanying the opening of their economies and the consolidation of democratic regimes. On the other hand, when the developing countries sought to expand their economic base by applying legitimate market rules, the developed countries reprimanded them, ostensibly for internal political reasons.

68. The provision of aid for development should not be viewed as a form of charity. He urged the developed countries to honour their commitments with respect to trade, assume their responsibilities and adopt decisions which would facilitate substantive results in the Uruguay Round. His delegation hoped that the eighth session of UNCTAD would prove a positive step in that direction. His country would continue to do its utmost to promote the views he had just outlined.

69. Ms. HARPER (Canada), speaking on behalf of Canada, Australia and New Zealand, fully endorsed the position expressed earlier by Australia on behalf of the Cairns Group on the importance of achieving a satisfactory conclusion to the Uruguay Round. The abusive subsidies which had led to overproduction and depressed agricultural commodity prices must be ended. Neither developed nor developing countries could allow their economies to be weakened by trade-distorting subsidies and barriers.

(Ms. Harper, Canada)

70. Reform of world agricultural trade would provide a fairer and more market-oriented trading environment and open new markets for efficient agricultural producers, provide more liberal access for tropical products to developed country markets and could lead to the reintegration of textiles and clothing in the GATT on the basis of strengthened GATT rules and disciplines. It would also expand market access for manufactures and semi-manufactures through tariff reduction and would help limit and clarify the use of non-tariff barriers by strengthening the rules governing that practice.

71. A successful conclusion to the Uruguay Round would need to be supported by institutional changes in the world trading system, including consideration of the establishment of a world trading organization. However, in light of the fact that the Uruguay Round had not yet concluded, it would be inappropriate for the General Assembly to address the issue at that time.

72. Mr. KHORRAMI (Afghanistan) said that despite general awareness of the problem of the least developed countries, few donor countries had as yet reached the target of 0.15 per cent of GNP for official development assistance (ODA) to the least developed countries. The alarming fact that that trend was continuing into the 1990s had been reflected by the Secretary-General in his report A/46/566.

73. Regional conflicts had hindered the development of some least developed countries. Regional disputes and wars imposed a heavy burden of military expenditure, consuming funds which could have been allocated to socio-economic development. In the case of many least developed countries, unfavourable geographical location was another barrier to development. Further action was needed to address the problems of land-locked developing countries.

74. Afghanistan had suffered greatly as a result of devastating war and the cessation or suspension of aid by the industrialized countries and international financial institutions. His delegation hoped that the world community, and especially the World Bank and IMF, would resume assistance to Afghanistan. Those countries which had spent billions of dollars on fuelling the war in Afghanistan had a moral duty to help rebuild the country, beginning on 1 January 1992, they should start reallocating resources previously used to supply arms and ammunition to the purpose of supplying food, clothing and medicine and to assist in the reconstruction of the country.

75. Mr. ROBLES (Mexico) said that the Uruguay Round of multilateral trade negotiations had reached a crucial phase; the outcome would be determined by the political will of the main participants. If current difficulties, particularly in the agricultural sector, were not overcome, the agreements reached in the various negotiating groups might not go into effect, thus nullifying the efforts that had been made over the previous five years.

(Mr. Robles, Mexico)

76. Mexico had participated actively in the Uruguay Round and had proposed that the unilateral efforts made by many developing countries to engage in free trade should be taken into consideration. In a difficult trading environment, Mexico had implemented far-reaching tariff and non-tariff liberalization measures, which should be acknowledged. It had emphasized that an open and just multilateral trading system must be governed by clear rules and effective mechanisms for resolving differences.

77. The eighth session of UNCTAD scheduled for February 1992 provided an opportunity for updating and strengthening the functions of that forum as the universal United Nations body responsible for the analysis and promotion of development-oriented international economic relations. To that end, the original objective of UNCTAD should be restored and adapted to the dynamic political and economic changes taking place in the world. The result must be a strengthened and flexible UNCTAD capable of responding objectively and imaginatively to the complex and difficult demands placed on it.

78. Mexico was pursuing a process of structural change designed to achieve macroeconomic stability and facilitate its integration into the world trading system. Mexico was carrying out an extensive programme to establish new relations with the most dynamic trading partners and to strengthen trade ties with all regions of the world.

79. Latin America and the Caribbean were participating in the trend towards integration, which was being promoted through trade at the regional and subregional levels. In that context, Mexico was working to establish a free trade area with Central America and was seeking to strengthen economic relations with the rest of Latin America. A tangible result of those efforts was the free trade agreement recently signed by the Presidents of Chile and Mexico. Similar efforts had been undertaken on other regions. In Europe, Mexico already had a framework agreement with the European Community, and it had established new links with Japan and the Pacific basin. A free trade agreement between Canada, the United States of America and Mexico was currently being negotiated.

80. Because of their structural characteristics, the least developed countries were more vulnerable than others to changes in the international financial, trading and technological environment. International financing organizations and institutions and the relevant agencies should therefore increase their efforts to ensure the adequate implementation of the Programme of Action for the Least Developed Countries.

81. Science and technology had a decisive influence on the development of the developing countries, and the improved international environment should facilitate the freer flow of information and the transfer of advanced technology for the benefit of all countries.

82. Mr. TURIANSKIY (Ukraine) said that given the changed political situation there was now a possibility of stabilizing the world economy through collective effort. Perennial problems such as protectionism, foreign debt, and falling commodity prices were increasing hardship in Central and Eastern Europe as those countries made the transition to market relations. There was an ever clearer need for broad dialogue to solve economic problems, particularly those of international trade and development. Multilateral cooperation was essential for that purpose and should primarily come through UNCTAD since it was the most appropriate United Nations body to deal with problems of trade and development.

83. UNCTAD had a key role to play on issues such as international trade, resources for development, and of commodity questions. With the increasing impact of ecological problems on world development it would be logical for UNCTAD to consider the link between the environment and development. His delegation expected that UNCTAD would make a substantial contribution to preparations for the United Nations Conference on Environment and Development. UNCTAD should also become involved in converting military production to civilian purposes, within the limits of its own mandate.

84. Since the Uruguay Round was so fundamentally important to the world trading system, UNCTAD should devote increased attention to the potential consequences on world trade that the GATT talks might bring.

85. His delegation was pleased to note the attention given by UNCTAD to the radical economic reform processes taking place in Eastern Europe. His country was introducing new legislation on property ownership, enterprise and other crucial aspects to facilitate the transition to the market mechanism.

86. The time had come to focus on the issues of organizational changes in international trade and economic cooperation. His delegation welcomed the idea of establishing a world trade organization; that idea could be discussed in greater detail at the eighth session of UNCTAD. Underdevelopment was one of the most fundamental problems facing the world and his delegation therefore accorded immense importance to the implementation of the Programme of Action for the Least Developed Countries for the 1990s. His delegation was greatly alarmed by the continuing deterioration in the situation of the least developed countries and was prepared to assist those countries in many ways.

87. The Intergovernmental Committee on Science and Technology for Development (ISCTD) had a pivotal role to play in an extremely important area of United Nations activities. His delegation welcomed the work done by ISCTD at its eleventh session and fully supported the recommendation concerning the creation of regional and global networks of scientific centres and data banks on environmentally sound technology.

88. In view of the Chernobyl disaster, which had affected the populations of the Ukraine and neighbouring States, his delegation welcomed the growing awareness of the world community of the link between the development of energy

(Mr. Turianskiy, Ukraine)

and the ecological situation in the world, as stressed in the eleventh session of ISCTD. In that connection, it wished to draw attention once more to the international competition to design an ecologically safe system for the Chernobyl nuclear power station, and hoped that ISCTD would make a contribution to the project within the United Nations system.

89. Mr. ASHE (Antigua and Barbuda), speaking on behalf of the Caribbean Community (CARICOM), said that the member States of CARICOM were keenly aware of the role of technology in modernizing and diversifying their industrial and agricultural sectors and raising productivity and, more importantly, of the need to enhance the endogenous capacities and capabilities of small developing countries in science and technology. However, since they were often identified with other developing countries that had advanced further in science and technology, the CARICOM countries had been relegated to the sidelines of the Vienna Programme of Action on Science and Technology for Development.

90. They were attempting to build on a poor resource base when what was needed was a specific programme which would combine an innovative approach including a focus on participatory, people-oriented and sustainable development. Such a programme would ensure that the 12 countries of the regional group realized a stated goal of developing technically literate populations. Science and technology education should be strengthened at the high school level. Regional science and technology councils should be upgraded to the level of permanent secretariats and a regional network of science and technology centres of excellence should be established for the purposes of research, development and scientific exchange through regional and international workshops, courses and conferences, all in keeping with the concept of technical cooperation between developing countries. Science and technology were important tools essential to regional development efforts but the benefits of a programme tailored to the special needs of small developing countries required the full support of the international community.

AGENDA ITEM 84: SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE (continued)

(b) SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE (continued)

Draft resolution on incorporation of Panama into the Special Plan of Economic Cooperation for Central America (A/C.2/46/L.2/Rev.1)

91. Mr. VILCHEZ ASHER (Nicaragua), introducing the draft resolution on behalf of the sponsors, said that the Special Plan of Economic Cooperation had given vital support to regional development and economic progress in Central America. Incorporating Panama into the Plan would be a way of acknowledging the Government's declared willingness to participate in the regional process of integration. He hoped that the draft resolution would be adopted unanimously.

Draft resolution on special economic assistance to Chad (A/C.2/46/L.35)

92. Mr. NZADA YEKE (Central African Republic), introducing the draft resolution on behalf of the sponsors, said that Chad was in need of international aid for the purposes of reconstruction. He hoped that the draft resolution would be adopted without a vote.

Draft resolution on assistance for the reconstruction and development of Lebanon (A/C.2/46/L.37)

93. Mr. BATAINEH (Jordan), introducing the draft resolution on behalf of the sponsors, expressed the hope that an international fund would be created to assist in the reconstruction and development of Lebanon and that all Member States would participate therein. He also hoped that the draft resolution would be adopted by consensus.

The meeting rose at 7.15 p.m.