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Chairman: Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic)

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

TRIBUTE TO THE MEMORY OF GENERAL SEYNI KOUNTCHE, PRESIDENT OF THE REPUBLIC OF THE NIGER

1. On the proposal of the Chairman, the members of the Committee observed a minute of silence in tribute to the memory of General Seyni Kountché, President of the Republic of the Niger.

AGENDA ITEM 84: TRAINING AND RESEARCH: UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH: REPORT OF THE SECRETARY-GENERAL (A/42/694)

2. Mr. BAKER (Representative of the Director-General for Development and International Economic Co-operation) introduced the report of the Secretary-General on the United Nations Institute for Training and Research (UNITAR) (A/42/694), which dealt with the implementation of the restructuring plan for UNITAR pursuant to General Assembly resolution 40/214, the financial situation of UNITAR in 1987 and other relevant considerations, the results of the meeting of the UNITAR Board of Trustees, and the Secretary-General's conclusions and recommendations.

3. It was estimated that at the end of 1987 UNITAR would owe the United Nations about \$1,950,000, and contributions of only \$348,606 had been pledged for 1988. Owing to its severe financial constraints, the United Nations was not in a position to make additional advances to UNITAR to cover operating costs. If UNITAR was to close, it was estimated that the total cash deficit of the Institute's General Fund would be \$3,650,000.

4. The Secretary-General proposed on the one hand that the acquisition of the land and the subsequent sale of the entire property of the UNITAR building should proceed rapidly and that the resources thus generated would be used to repay the amounts currently due to the United Nations, with the balance to be used as a reserve fund for UNITAR, and on the other hand that UNITAR would continue to operate on a trial basis, with the understanding that the Institute would have to operate strictly on the basis of paid-in contributions by Governments and such other additional resources as might be available.

5. Mr. DOO KINGUE (Executive Director of the United Nations Institute for Training and Research) said that UNITAR had managed to reactivate its programme despite the financial constraints. In the area of training for multilateral diplomacy and international co-operation, the efforts could be concentrated on the organization of regional and international seminars and courses on the planning and management of foreign policy, the contribution of diplomacy to security, the peaceful settlement of disputes, development diplomacy, the main international economic problems, the use of information technology in diplomacy, international law and, in co-operation with the Ford Foundation, the promotion of human rights. The seminars for new members of permanent missions would also be continued.

6. With regard to training for economic and social development, priority would be given to the continuation of the refresher seminars in development organization,

(Mr. Doo Kique)

financing and management, the implementation of the joint UNITAR/UNCTAD programme on debt management, the organization of regional seminars on the use of information technology in development organization and management, the continuation of the joint UNITAR/UNEP programme on environmental management, the implementation of the integrated training programme in the planning and management of emergency assistance programmes, regional training courses in the use of forecasting methods and techniques, and meetings on the state of the art in the subjects of most interest for the developing countries.

7. It must be stressed that UNITAR tried to link its activities with those of other relevant organs and bodies of the United Nations system, thus reducing the risks of duplication. For example, the Department of Technical Co-operation for Development, UNEP, the World Bank, UNCTAD and the World Food Council had collaborated in the training seminars on development organization, financing and management in Africa offered during 1987 to senior officials of African countries, and the UNITAR manual on international procurement had resumed joint publication with the World Bank and the International Trade Centre. It should also be noted that the Executive Director of UNITAR chaired the annual meetings of the directors of all the United Nations planning, research and training institutions, held to ensure that their programmes complemented each other.

8. With regard to the research programme, the shortage of financial resources had greatly restricted the research into ways of increasing the efficiency of the United Nations. Using the roubles available in the Soviet Union, the Institute proposed to organize in that country in 1988-1989 several international research seminars on the contribution of the United Nations to the maintenance of international security, including economic and ecological security. Thanks to special purpose grants, it had been possible to carry out a number of research activities of interest to the developing countries, within the framework of the research programmes on the future of Latin America and on energy, for example.

AGENDA ITEM 82: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)
(A/42/3, 178, 313, 344, 352, 354, 357, 359, 381, 386, 407, 410, 411, 417, 474, 477, 549, 603, 604, 625, 677, 681, 715; A/C.2/42/5)

- (a) TRADE AND DEVELOPMENT (A/42/3, A/42/15 (vols. I and II); A/42/317, 537, 555, 583, 660, 678; TD/351; A/C.2/42/L.5, L.6, L.7)
- (b) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES (A/42/576; TD/351)
- (d) ECONOMIC AND TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES (A/42/3, A/42/39 and Corr., A/42/452)

9. Mr. BERTHELOT (Deputy Secretary-General of the United Nations Conference on Trade and Development) said that progress had been made in the negotiations on a draft international code of conduct for the transfer of technology, but it had still not proved possible to reach agreement on the chapter on restrictive practices. The establishment of a general normative framework for the transfer of

(Mr. Berthelot)

technology remained a relevant and important goal of the international community. The approval of the code would strengthen mutual trust and understanding between suppliers and recipients of technology, as well as co-operation in a key area of international economic relations. Accordingly, the negotiations must be continued, especially when there was reason for thinking that the existing differences of opinion might be overcome at a United Nations conference on the code of conduct, if one was convened. The consultations held by Governments on the organization of the future work had concluded with the approval of a draft text, now before the General Assembly, which recommended the continuation of the negotiations in 1988.

10. Turning to the subject of the Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA) he noted that, even if efforts continued to be made to implement the Programme and related recommendations, including those appearing in the Final Act of the seventh session of UNCTAD, the international community must initiate a consideration of the measures that should be adopted to benefit the least developed countries during the 1990s. In that respect, he recalled that during the current session, the General Assembly must determine the level, mandate, date and venue for the global review and appraisal of SNPA and that, for its part, UNCTAD had recommended that a high-level United Nations conference on the least developed countries should be held in 1990. It had also recommended that the conference should review the progress made in the least developed countries during the decade; the progress made in respect of international support measures; and appropriate national and international policies and measures to accelerate the development of the least developed countries during the 1990s.

11. With regard to the preparatory process for the conference, he drew attention to subparagraph e of decision 349 (XXXIV) of the Trade and Development Board and urged Governments, and competent bodies of the United Nations, to participate actively in that process.

12. He also drew attention to the report contained in document A/42/537, prepared in accordance with General Assembly resolution 40/183. As was indicated in the report, the situation of many land-locked developing countries had deteriorated. At its current session, the General Assembly should therefore determine what approach should be taken to help those countries solve the problems they were facing. UNCTAD, for its part, would continue to support those countries. In that respect, he expressed appreciation for the financial support received from UNDP.

13. Mr. VRAALSEN (Norway), speaking on behalf of the Nordic countries, said that so far the 1980s had been characterized by a certain scepticism about the utility of multilateral co-operation. Despite the crucial importance of the international economic system, there had been a tendency to emphasize national policies. Meanwhile, the growing integration of the world economy had heightened the interdependence between nations and there was a recognition that if that interdependence was to be managed so as to support growth, development and employment, a return to multilateralism was necessary.

(Mr. Vraalsen, Norway)

14. In the light of that situation, the Nordic countries attached special importance to the consensus reached at the seventh session of UNCTAD. The Final Act of the Conference, a balanced and realistic text which assessed the global economic situation and outlined a series of policies and measures to confront the problems posed by that situation in respect of trade and development and in financial and monetary matters, represented a victory for multilateral co-operation and the United Nations system.

15. Development and international trade would not be revitalized without a comprehensive approach recognizing the interlinkages of the current economic situation. The mobilization of financial resources and the introduction of improved and flexible debt strategies were therefore essential in any effort to improve prospects for trade and development. It must also be borne in mind that while many countries were forced to continue to transfer a significant portion of their resources abroad in the form of debt-service payments, the consequences could be devastating even if growth and trade prospects improved.

16. It appeared that the agreements reached during the seventh session of UNCTAD could facilitate the entry into force of the Agreement Establishing the Common Fund; new impetus should therefore be given to efforts to attain the objectives agreed upon by the international community in that field. In particular, work should be intensified to conclude new commodity agreements and revive existing agreements. No time should be wasted in making the second window operative, and a broad range of measures should be adopted aimed at solving the structural problems related to production, consumption and trade in commodities; reducing the dependence of developing countries on exports of commodities; and improving co-operation between producers and consumers of certain commodities.

17. Moreover, and in a longer term perspective, it should be recalled that no progress that might be made in the sphere of the international commodities trade and financial transfers would change the basic situation that for most developing countries, foreign trade would continue to provide the bulk of the resources they needed for growth and development. In that context, it was crucial to expand the access of exports from developing countries to markets and to ensure the predictability of trade régimes.

18. Because of the increasing stress affecting the multilateral trading system and the resurgence of protectionist trends, which threatened the open nature of the system, it was vital to restore confidence in it; that objective would be achieved only if a more equitable distribution of the benefits of trade was ensured. In that respect, GATT was the best forum for promoting the dismantling of trade restrictions. It seemed that the Uruguay Round would produce positive results which would have a favourable impact on international economic co-operation.

19. The 1980s had been a period of crisis for development, especially in the least developed countries. In view of that situation, the Nordic countries were placing great emphasis on their co-operation with the least developed countries. Thus they allocated a third of their official development assistance funds to those

(Mr. Vraalsen, Norway)

countries. The donor countries should as soon as possible reach the target of allocating 0.15 per cent of GNP to official development assistance for the least developed countries.

20. Although the seventh session of UNCTAD had not produced entirely satisfactory results for the least developed countries, it was gratifying that consensus had been achieved on the full and expeditious implementation of SNPA, and that the Conference had recognized the need to alleviate the debt of debt-stressed developing countries and substantially increase financial assistance to them.

21. The Nordic countries had noted with satisfaction the decisions adopted at the thirty-fourth session of the Trade and Development Board regarding preparations for the United Nations conference on the least developed countries, to be held in 1990. In particular, they welcomed the decision to include in the mandate of the conference the question of adopting appropriate measures and policies to accelerate the development process in the least developed countries during the 1990s.

22. His delegation fully supported the decision of the Trade and Development Board, including the acceptance of the offer by France to host the conference in 1990, and hoped that the General Assembly would approve that decision. It would participate in the preparatory process for the conference. In order to implement the policies and measures adopted at the seventh session of UNCTAD, all countries should support the implementation of the decision adopted by the Trade and Development Board.

23. Mr. JØNCK (Denmark), speaking on behalf of the States members of the European Community and referring to the statement by the President of the Council of the European Communities, said that the outcome of the seventh session of UNCTAD had been positive, owing mainly to the attitude of the participants and the efforts of the Conference President. That outcome had been reflected in a more detailed consensus on the role of the different players in achieving sustained growth of the world economy. The major market economy countries had been called upon to produce non-inflationary growth, to deal with their internal and external imbalances and to strengthen the process of multilateral surveillance of economic policies. Those countries and the socialist countries of Eastern Europe should improve market access for exports from developing countries and increase the flow of public and private resources to them. The States members of the Community reiterated their firm commitment to those measures, including the recommendations of the Punta del Este Declaration and the achievement of the official development assistance (ODA) targets. It was expected that the Eastern European countries would also play their part. Furthermore, the Final Act of UNCTAD had stressed the primary responsibility of developing countries for their own development, calling upon them to mobilize all resources, including indigenous private capital and entrepreneurship, and to create a suitable environment for external financial resources. While UNCTAD neither could nor should attempt to solve all the problems facing the world economy, it had made a significant contribution and demonstrated a true spirit of interdependence and shared responsibility.

(Mr. Jønck, Denmark)

24. The debt problem had been the most difficult issue during UNCTAD's session, but here too a consensus had been reached, since there was no alternative to co-operative action case-by-case by the parties involved. In that context it was recognized that the problems of the poorer countries in sub-Saharan Africa needed special treatment. The Final Act was the most comprehensive and integrated text to emerge from an international forum on the debt.

25. The developed countries should make every effort to achieve as soon as possible the 0.7 per cent target for ODA and the targets for ODA to the least developed countries, which had been set in the International Development Strategy and the Substantial New Programme of Action (SNPA), respectively.

26. Since the adoption, in 1976, of the Integrated Programme for Commodities, some progress had been achieved, but the need for renewed international co-operation was more pressing than ever. UNCTAD had a leading role in that field. He was confident that the Secretary-General of UNCTAD would prepare a schedule of meetings between consumer and producer countries. Another significant measure was the vertical and horizontal diversification of the economies of developing countries and the expansion of bilateral and multilateral aid, including private investment. A similar realistic approach should be taken with regard to the Common Fund which might shortly enter into force.

27. The outcome with regard to international trade had underscored the importance of the Uruguay Round of multilateral trade negotiations, in accordance with the spirit of the Punta del Este Declaration. UNCTAD would provide technical assistance to developing countries so as to facilitate their participation in the Round. The European Community would work vigorously towards a successful conclusion of the negotiations within the agreed time frame.

28. The special problems of the least developed countries had been taken up in the Substantial New Programme of Action (SNPA) and the recommendations of the mid-term review. At its seventh session UNCTAD had also agreed that a United Nations conference at a high level on the least developed countries should be convened in 1990 to appraise and review the implementation of SNPA, for which France had offered to act as host. Many of the least developed countries had made significant progress in implementing SNPA, and it was imperative that the international community should comply with its commitments to them. The European Community had long been the principal trading partner of those countries and their main source of external assistance. Following the successful outcome of the seventh session of UNCTAD, there might be a good opportunity to review the criteria for countries to be included in the list of least developed countries.

29. The Community supported the Final Act and would contribute to the fulfilment of its undertakings. The recent meeting of the Trade and Development Board had also been marked by consensus, and the Board had endorsed the recommendations of UNCTAD concerning the United Nations conference on least developed countries, in which the countries of the Community looked forward to participating.

30. Mr. IROHA (Nigeria) said that the seventh session of UNCTAD had pointed the way towards addressing the serious problems of developing countries, including his own country. The international community had agreed that, while developing countries needed to restructure their economies, the developed countries had an obligation to increase resource flows to them. The collapse of commodity prices had added to the debt burden of developing countries and had made it essential for producers and consumers to work together. Multilateral co-operation was the key to reviving the world economy. As the Secretary-General of UNCTAD had told the Economic and Social Council at its resumed session, the Final Act had been the first response of the international community to the challenge of revitalizing development, growth and international trade. Moreover, it should be noted that the deliberations of the seventh session of UNCTAD had been devoid of confrontations; some progress had been made at a time when the North-South dialogue was virtually paralysed; and, despite the dire predictions, UNCTAD had shown that it was not gradually weakening. All Member States should display the necessary political will to implement the Final Act. With respect to the Substantial New Programme of Action (SNPA) for helping the least developed countries to achieve self-reliant development, all donor countries were strongly urged to implement their commitments. It should be recalled that General Assembly resolution 40/205 recommended the convening of a United Nations conference at a high level on the least developed countries to appraise the implementation of SNPA; France had offered to host that conference.

31. It was generally recognized that one of the cardinal aims of the Buenos Aires Plan of Action was to seek ways of bridging the gap in North-South relations in the areas of economic and technical co-operation. Another was to supplement the lacklustre approach of the developed countries to initiating a meaningful dialogue by means of measures for enhancing co-operation among the countries of the South.

32. His delegation would have welcomed, in particular, the full implementation of General Assembly resolution 40/196 which recognized the necessity for programmes of technical co-operation among developing countries to be fully integrated into the operational activities of the United Nations system.

33. Nigeria had established a Technical Assistance Corps to provide technical assistance to developing countries, mainly in the area of personnel, and he hoped that other third world countries which had the capacity to do so would set up similar assistance programmes. In that regard, he paid tribute to some developing countries, including Brazil, India, Indonesia, Peru, the Philippines and Thailand, which had assisted other developing countries, including his own, by providing technical assistance and training.

34. Mr. ZVEZDIN (Union of Soviet Socialist Republics) said that the increasing economic interdependence of States and the more pronounced international division of labour coincided with a significant aggravation of numerous world economic problems and the emergence of new obstacles to equitable and mutually beneficial co-operation and development, particularly that of the developing countries. It was therefore necessary to initiate an international dialogue to work out solutions to the economic and commercial problems which nearly all countries had to face.

(Mr. Zvezdin, USSR)

35. Clearly, the United Nations should be the forum for such a dialogue, because all its Members had undertaken to support social and economic progress, co-operation and development, aims enshrined in the Charter, but the fact of sharing common aims had not led to unanimity on the ways and means of attaining them and the effort to find a common ground for joint action had therefore become the most urgent goal. For example, the seventh session of UNCTAD had achieved positive results because its participants had realized the need for co-operation on the part of all groups of countries and for strengthening UNCTAD and the United Nations as instruments for that co-operation. Implementation of the Final Act of UNCTAD could and should promote a more equitable, predictable and stable world economy, because the decisions adopted by UNCTAD gave substantial political impetus to its action on such problems as the search for a solution to the debt crisis, improvement in world trade and overcoming the economic backwardness of the world's poorest countries.

36. The seventh session of UNCTAD had galvanized multilateral co-operation into stabilizing world commodity markets. Owing to a new and constructive approach by many countries, including the Soviet Union, which had acceded to the Agreement establishing the Common Fund for Commodities there was a real possibility that, with the Fund's entry into force, work on international commodity agreements would be stepped up. All that would contribute to the economic security of States, especially the developing States, and towards implementing the United Nations Programme of Action on the Establishment of a New International Economic Order.

37. UNCTAD had thus provided a basis for further considering the economic and trade aspects of disarmament, a particularly timely task owing to the growing adverse impact of the arms race on the world economy and to greater international recognition of the need to implement the "disarmament for development" principle as soon as possible, as demonstrated by the recent International Conference on the Relationship between Disarmament and Development.

38. Measures to eliminate protectionism and renounce the use of politically-motivated discriminatory restrictions were examples of practical action for promoting dialogue and co-operation. UNCTAD's formulation of recommendations on those measures and their subsequent implementation could help to improve international trade and economic relations. UNCTAD should also continue to work towards alleviating the social and economic situation of the least developed countries which, according to the Secretary-General's report (A/42/576), was growing worse, largely because of the adverse effect of numerous external factors. The Soviet Union considered assistance to the least developed countries to be one of the most important areas of international economic co-operation and it contributed to the implementation of the Substantial New Programme of Action for the Least Developed Countries for the 1980s. It also maintained trade relations with more than 30 of the least developed countries and had concluded development assistance agreements with 25 of them.

39. At the Paris Conference of 1981, his delegation had stated its readiness to increase economic and technical assistance to the least developed countries in 1981-1985 to the extent of more than double that of the previous five-year period;

(Mr. Zvezdin, USSR)

actually the assistance for that period had been two and one half times greater. In 1986 alone, the Soviet Union's net economic assistance to the least developed countries, calculated in accordance with United Nations methods, had amounted to 2 billion roubles. A total of 545 industrial enterprises were to be built in those countries with the USSR's assistance, of which 297 were already in operation. Soviet assistance to those countries focused on such sectors as agriculture, transport, personnel training, geology and natural resources management. Co-operation between the Soviet Union and the least developed countries also helped to stimulate their exports, and 16 compensatory projects were under way or had been completed in Guinea, Afghanistan, Laos, Democratic Yemen and Ethiopia among other countries.

40. The Soviet Union reiterated its support for economic and technical co-operation among developing countries as an important way of consolidating their economic independence and making them less vulnerable to adverse external factors and chronic crises in the world economy. Greater co-operation along those lines would also enhance the economic, scientific and technological potential of those countries, thus enabling them to participate on a more advantageous footing in the international division of labour.

41. The increasing amount of agreement on the role of UNCTAD in examining many other international trade problems was a positive factor. In the summer of 1986, the Soviet Union had formally declared its intention to participate in the Uruguay Round of multilateral trade negotiations. By moving closer to GATT, the Soviet Union had demonstrated its readiness to make a constructive contribution towards strengthening and universalizing the international trade system. Unfortunately, that constructive course was encountering obstacles, the political rationale of which was obvious. The argument that the Soviet Union's trade system was incompatible with GATT principles did not stand up to criticism. In the discussion on the Havana Charter and the subsequent harmonization of GATT rules and principles, no one had challenged the compatibility of the principle of State monopoly on foreign trade with the main provisions of the Agreement. It was all the more strange to hear such reservations at a time when the management of the Soviet Union's foreign economic ties was being reorganized and revolutionary reforms were being carried out to accelerate progress in socialist society and democratize all its aspects, one of the most important being the restructuring of the economy's machinery, including large-scale measures for improving management and external economic relations.

42. In 1987, 22 Soviet ministries and departments and 77 productive associations and industrial enterprises and associations had been authorized to carry out direct export and import operations in foreign markets. In the current year, those operations would account for 20 per cent of the Soviet Union's overall external trade. Over 65 per cent of machinery and equipment exports was being sent to foreign markets directly by their manufacturers, which was an important step towards a profound democratization of economic activities.

43. Recent decisions by his Government to streamline the decision-making process for establishing joint ventures and international associations and organizations

(Mr. Zvezdin, USSR)

was another step towards improving relations with other countries and further integrating the Soviet Union in the international division of labour on a mutually beneficial basis. Soviet ministries and departments were being granted the right to take independent decisions on setting up joint ventures, making investments abroad and using the various forms of economic interaction available world wide. Joint ventures would be exempt from taxes on profits for the first two years after receiving the declared profits.

44. Special attention was paid to improving co-operation among the socialist countries in order to develop promising new economic processes, including stock and commercial activities.

45. At the seventieth anniversary of the Great October Socialist Revolution, Mr. Gorbachev had said: "The novelty of the international economic and political trends of our time has not yet been fully grasped and assimilated. Yet this will have to be done, because the continuing processes have the force of an objective law. Either there a disaster will occur or there will be joint quest for a new economic order, with due regard for the interests of all parties on an equal basis."

46. The Soviet Union was firmly in favour of intensifying United Nations efforts with a view to carrying out those crucial tasks.

47. Mr. ITO (Japan) said that, as a result of the work of the seventh session of UNCTAD, the need to maintain and strengthen North-South co-operation through pragmatic dialogue had again been commonly acknowledged. Unfortunately, such dialogue had been infrequent in recent years because in many international fora, including UNCTAD, it had not been possible to seek pragmatic solutions to the serious problems faced by developing countries as a result of the constantly evolving structure of the international economy. A recent structural change in which that evolution could be seen was the diversification of the economies of the South. As a result, both developed and developing countries were finding it increasingly difficult to negotiate on the basis of monolithic group positions, which did not take into account such factors as the legitimate needs of individual countries.

48. Despite those difficulties, the seventh session of UNCTAD had demonstrated the political will and determination of the international community to maintain a dialogue based on an exchange of views, avoidance of political polemics, and recognition of the ever-deepening relationship of mutual dependence between North and South.

49. Three important new factors had emerged from negotiations at the seventh session of UNCTAD and had subsequently been embodied in the Final Act: first, general acknowledgement that there had been diversification in the economies of developing countries and in the structural changes in the international economy; second, the important role played by domestic policies in the development process of individual developing countries; and last, the useful function served by both the private sector and the market mechanism in the development efforts of those countries. His delegation was particularly pleased that an agreement had been

(Mr. Ito, Japan)

reached on the formulation of common strategies on external debt and resources for development.

50. With respect to the issue of commodities, he welcomed the recognition that, for most developing countries, horizontal and vertical diversification of their economies, as well as increased participation in the processing, marketing and distribution of commodities which they produced, were long-term development objectives requiring intensified international co-operation between producers and consumers. Agreement had been reached that producer-consumer consultations should be strengthened and that international commodity agreements should involve the largest possible number of producing and consuming countries.

51. The review conference of the Code of Conduct for Liner Conferences, scheduled to be convened by the Secretary-General of the United Nations in November 1988, might well have an important outcome, with implications for non-contracting parties, in particular those shipping countries which wished to become parties to the Convention on Conditions for Ships and the Code of Conduct for Liner Conferences in the future. Therefore, he expressed the hope that all States, contracting and non-contracting parties alike, would be invited to participate with the right to vote in order to achieve the widest possible applicability of the Convention.

52. In the field of trade, he expressed satisfaction with the rapid progress being made at the Uruguay Round of GATT, which had resulted in many proposals concerning tariffs, quantitative restrictions, safeguards, dispute settlement and agriculture. His delegation fully believed that progress in the Uruguay Round of negotiations would benefit from the outcome of the seventh session of UNCTAD, since it had made clearer the delicate nature of the trade problems faced by the developing countries and had strengthened the general conviction that trade liberalization would benefit the entire world, including developing countries.

53. He hoped that UNCTAD would continue to serve the international community through its useful research and studies on how developing countries could make the most of the new trade opportunities which might be expected to result from the Uruguay Round. One of the most important features of the Round was the inclusion of trade in the services sector. The research and studies by UNCTAD on the important role that services could play in the development process of developing countries might encourage the active participation of those countries in the negotiations.

54. His Government fully endorsed the commitment to adopt appropriate measures to guard against a resurgence of protectionism. It was moving forward with an unprecedented and ambitious programme to restructure its own economy, economic policies and import promotion measures in order to promote world development and bring Japan into closer harmony with the emerging new global economy. In implementing those measures, his Government had taken into account the particular needs of developing countries.

(Mr. Ito, Japan)

55. The liberalization and restructuring efforts adopted by the industrialized countries, including Japan, could certainly contribute to the economic growth of developing countries, especially in view of the significant share of their exports which went to industrialized countries. If successful, the Uruguay Round would contribute to the expansion of world trade and, consequently, of exports from developing countries, which was one of the basic conditions for their development. In addition, he wished to point out the importance of further expansion of trade among developing countries themselves and, in that area, it was expected that economic and technical co-operation between developing countries would continue to play an important role.

56. He recognized that the trade environment continued to be difficult for developing countries because of problems such as the protracted depression of primary commodity prices and serious external debt burdens - difficulties similar to those which Japan had experienced in the nineteenth century and had finally succeeded in overcoming.

57. In recent years, there had been an increasing tendency at meetings of the Second Committee of the General Assembly to introduce into discussions of trade issues extraneous factors such as those relating to politics and bilateral conflicts. His delegation hoped that in the current year discussion would be confined to the relevant items which were legitimately assigned to the Second Committee.

58. With regard to the review conference of the Substantial New Programme of Action, to be held in 1990, it was the view of his delegation that the main purpose of the review conference was to see how development issues faced by the least developed countries had been addressed by the international community, so that it might rectify any defects in the implementation of programmes, thus accelerating the development process in those countries. In that connection, the mandate of the conference should not prejudice the adoption of the Substantial New Programme of Action for the 1990s, since it depended on the outcome of the review to be conducted by the conference. On that condition, his delegation supported the recommendation to hold the conference put forward by the Trade and Development Board.

59. Mr. WORONIECKI (Poland) emphasized the importance of the Final Act of the seventh session of UNCTAD in reactivating the North-South dialogue on the interrelated issues of trade, debt and development and in strengthening multilateral co-operation. Based on the concept of shared responsibility between debtor countries and their creditors, agreement had been reached on directions for the future development of a growth-oriented strategy. The old orthodoxy of deflationary measures had been discarded in favour of more just and effective policies aimed at strengthening growth and import capacity of the indebted nations with a view to increasing their exports and bringing about a structural change. Other evidence of that trend was the progress being made regarding codes of conduct on the transfer of technology and transnational corporations.

(Mr. Woroniecki, Poland)

60. Bearing in mind the double-edged nature of interdependence - the exchange of both positive and negative stimuli - it was very important to establish a climate of confidence in international economic relationships, leading to greater international economic security. Recent progress in the area of disarmament opened up possibilities of diverting resources from armaments expenditures towards more socially productive uses, such as development assistance and implementation of a global strategy of international co-operation in science and technology.

61. Issues of trade and development could not be dissociated from those of money and finance and also debt. The debt-servicing capacity of countries with serious debt problems was closely linked with international trade and output. The present international monetary system, far from fulfilling its role, was causing instability in international economic relations and creating disincentives to structural adjustment in the developing countries. The resources of the Structural Adjustment Facility of IMF had been clearly inadequate and had been granted on terms which excluded heavily indebted middle-income countries. The lion's share of international borrowing had been taken up by developed market-economy countries, reaching a level of 86 per cent in 1986. As a result, Poland supported the conclusions of the report of the Secretary-General on the current international monetary situation and was firmly in favour of readapting monetary, financial and trade institutions so that they could tackle the debt problem and promote adjustment.

62. Poland would shortly be holding a referendum on the full implementation of the programme for radical economic reform and reform of the country's political life, the purpose of which was to restructure the economy and improve its efficiency by decentralizing the decision-making process, reorient exports and link domestic prices to real production costs and international prices, something which would in turn require realigning the exchange rate and customs tariffs. Those measures were expected to begin to yield a decrease in the debt as of 1992, although rescheduling might still be required for some time. By abandoning a centrally controlled economy and introducing market mechanisms, Poland hoped to be able to reduce subsidies, streamline and rationalize the allocation of resources, which must be governed by comparative costs and the structure of demand, and increase and improve output.

63. The World Bank had evaluated Poland's adjustment programme positively in its report entitled "Poland: Reform, Adjustment, Growth". Poland hoped that its creditors and international financial organizations would take a constructive approach and support its structural adjustment efforts. To ensure that the reform was not seriously jeopardized by a decline in the standard of living, debt servicing must be harmonized with development plans.

64. Mr. VAL-DEZ (Peru) said that the item under consideration was a key part of the Committee's work and that the Committee must therefore consider, under the general heading of development and international economic co-operation, not only the relevant sub-items but also the report of the Secretary-General on the international monetary situation (A/42/555), which was at the very heart of development problems. The recent drop in values on the world's main stockmarkets

(Mr. Valdez, Peru)

showed clearly that the bases of the international monetary system had been eroded and that its structures must be urgently adapted to the changes that had taken place in the post-war world. A system designed at a time when the United States had generated over half of the world's gross output could not remain intact 40 years later when that country's share of world output came to less than 30 per cent. It was equally unacceptable that that country, the world's biggest debtor, should also be the one that, under the protection of that system, played a decisive role in generating the greatest volume of reserve assets at international level.

65. That situation gave renewed importance to the proposals which the Group of 77 had been putting forward for a number of years, particularly the proposal to convene an international conference on money and finance. The latest meeting of the International Monetary Fund and the World Bank had been marked by the reiteration of as yet unmet demands and by the emergence of new proposals on the part of some developed countries. All of those required proper consideration. Regardless of whether efforts were made to correct the imbalances existing between the economies of the developed countries, however, the priority objective must be to speed up the growth of the world economy on an equitable basis and to promote the development of the developing countries, which was an essential prerequisite for ensuring the stable, non-inflationary functioning of the world economy.

66. Correcting those imbalances would not in fact yield adequate growth rates at world level, nor renewed confidence on the part of economic agents in the functioning of the world economy. Moreover, any attempt to tackle current problems without taking account of the need to promote rapid growth and development in the developing countries could trigger recessionary and inflationary processes which would have a devastating effect on the world economy.

67. That demonstrated the importance of establishing a medium-term framework in which developing countries could overcome their more pressing problems and achieve adequate growth and development rates. Such a framework would have to give priority to the need to create a growth-oriented international climate, within an international financial context which genuinely supported the effort being made by the developing countries to introduce more appropriate policies.

68. Be that as it may, any process which might arise from proposals relating to the international monetary situation must aim to encourage, at the least: rapid development as a decisive factor in world growth; stable exchange rates; renewal of multilateral monitoring mechanisms; reform of procedures and mechanisms for generating and assigning liquidity to ensure that they responded to global interests; and an in-depth review of existing criteria in the area of conditionality. Peru trusted that the Secretariat would bear those objectives duly in mind so that in future Member States would have access to more precise information which would enable the General Assembly and the United Nations to contribute to the establishment of a stable, just and equitable international economic system.

(Mr. Valdez, Peru)

69. Turning to the subject of South-South co-operation, efforts to strengthen and promote economic and technical co-operation among developing countries must be redoubled. The scant results achieved at the most recent session of the High-level Committee on the Review of Technical Co-operation among Developing Countries underscored the need to promote in-depth consideration of the item. Peru, for its part, reaffirmed the validity and continuing relevance of the Plan of Action and rejected any attempt to call into question the functions and status of the High-level Committee.

70. Peru acknowledged that developing countries were basically responsible for promoting TCDC. However, if such co-operation was to become an effective instrument for promoting the development of developing countries and hence the overall well-being of mankind, it must receive financial support from the developed countries and the United Nations system.

71. His Government was making every effort to promote technical co-operation among developing countries. In October 1986, it had organized the first intergovernmental programming exercise for TCDC in which 22 Latin American and Caribbean countries had participated and at which almost 250 projects had taken shape. In view of the results achieved, it had been decided to organize a second such exercise from 24-26 November 1987 at Lima, in which 10 African countries would participate.

72. Peru was grateful to UNDP for the support it had provided to those exercises. It believed that the work of UNDP and other organizations of the United Nations system should not stop at programme design but also extend to project execution.

73. Mr. BULBULIA (Barbados) welcomed the fact that the seventh session of UNCTAD had been action-oriented and had managed to agree on a range of policies and measures to address the problems of the world economy. In addition to harmonizing calls by the Group of 77 for a global approach to the debt problem with the insistence by Group B countries on a case-by-case approach, emphasis had also been placed on reactivating economic growth as a vital element of any strategy to address the debt problem. There were also indications of a more realistic approach to the issue of the debt service capacity of developing countries which did not focus only on financial variables. As Japan's efforts to increase the transfer of financial resources to developing countries showed, the concept of shared responsibility between debtors and creditors also appeared to have gained ground. His delegation looked forward to the early implementation of Japan's proposal for the establishment of a group of eminent persons to examine ways and means of encouraging the flow of resources to development, and trusted that Japan's efforts would serve as an example to other countries. It regretted, however, that the concerns of middle-income debtor countries had not received the hearing they deserved.

74. While new impetus had been given to the entry into force of the Common Fund for Commodities, it was clear that developing countries must, in the long term, diversify their production and obtain greater control over the processing, marketing and distribution of their commodities. He therefore welcomed the fact

(Mr. Bulbulia, Barbados)

that the need for adequate financial resources to promote projects of that type had at least been recognized; he also welcomed the proposals by certain Governments with regard to processing and compensatory financing. His delegation attached particular importance to the renewed commitment to reversing protectionist trends and establishing international mechanisms to evaluate protectionist measures, to support for the integration of trade in textiles and clothing in new, strengthened provisions of the General Agreement on Tariffs and Trade (GATT) and to the marking of a clear distinction between negotiations on trade and goods and other negotiations.

75. The seventh session of UNCTAD had reaffirmed the importance and relevance of the Conference's institutional mechanisms, and the mandate of UNCTAD had been renewed and broadened in the areas of trade, commodities, the least developed countries and the provision of services to developing countries, as with services related to the Uruguay Round. At that session, the trend towards unilateral action had moved backward one step and UNCTAD's global perspective, which had been praised by the Minister of Trade, Industry and Commerce of Barbados, had prevailed. Implementation of the Final Act required an adjustment of the positions and policies adopted in multilateral and bilateral forums on such issues as market access, pricing, developing country exports and debt servicing. An ongoing assessment of the effectiveness of the decisions taken was also required. The spirit of compromise reflected in the Final Act augured well for the necessary concerted action. In conclusion, his delegation supported the conference on the Substantial New Programme of Action and the holding of that conference in France.

76. Mr. HARAN (Israel) said that, as the twenty-fifth anniversary of the establishment of UNCTAD had drawn near, it had been hoped that the seventh session of that body would provide a basis for tackling various problems; however, an opportunity for self-criticism and a review of the Conference's functioning had been let go.

77. The President of the Conference himself believed that the way in which the international community tried to solve trade and development problems must be modified. Although UNCTAD had such achievements as the Generalized System of Preferences to its credit, it had disappointed the hopes placed in it because, in the first place, it had attempted to cover too much ground, thereby losing sight of its main objectives, even though an attempt had been made at the seventh session to focus attention exclusively on debt, trade, commodities and the least developed countries. Secondly no account was taken of the vast differences in levels of development which existed between developing countries, differences which were often greater than those between developing countries and certain developed countries.

78. It must be recalled that among developing countries, except for the least developed, there were some that had high income levels and made foreign investments, which meant that any global policy ought to include them at their rightful level and set tasks for them that they could fulfil. At the seventh session of UNCTAD, only one country - Jamaica - had stated, in paragraph 170 of the Final Act, that its specific concerns had not been addressed in sufficient detail.

(Mr. Haran, Israel)

79. Any serious debate on the debt problem should not take place in UNCTAD, but in the International Monetary Fund and the forums of the World Bank, since debates in UNCTAD, like the one which had taken place in August 1987, had been fruitless; that was evident from the fact that, two months later, the Second Committee had been presented with draft resolutions that would have been unnecessary had the debate in UNCTAD been successful.

80. As for trade, UNCTAD had never recognized the difference between countries that were parties to GATT and those that were not, and always overlooked the fact that States parties had already pledged not to engage in discriminatory treatment and to eliminate export and import quotas, while other countries had not done so. Now UNCTAD had taken on the task of leading developing countries towards the Uruguay Round, which was a step in the right direction. In the services sector, on the other hand, UNCTAD had always expressed reservations regarding negotiations on services, which was a serious mistake. It must be recalled that some developing countries were major exporters of services. It had always been said that GATT had been inadequate from the outset because it had been a "rich man's club" and needed to reform and improve itself. Now GATT was about to begin dealing with services, and it was essential that developing countries should participate in that process.

81. Objectives relating to commodities must be re-evaluated as a matter of urgency; the failure of the Integrated Programme for Commodities must likewise be acknowledged, and the sooner UNCTAD admitted the need for a revision of that Programme, the better.

82. He drew attention to the report on the programme of technical co-operation among developing countries submitted by UNDP and said that his country had participated in that programme since its inception. That had not been the case, however, with regard to the programme of economic co-operation among developing countries; that programme had been set up by UNCTAD in such a way as to exclude the participation of Israel, which considered itself a victim of discrimination. He urged UNCTAD to ensure that Israel might participate on an equal footing in the negotiations on the global system of trade preferences and not be discriminated against.

83. Mr. GRAUER (Canada) emphasized how important it was for the world economy that protectionism should be eliminated and markets made freer. The political commitment which had been demonstrated in the Uruguay Round of multilateral trade negotiations and in the recent meeting of Commonwealth Heads of Government, which had adopted the Vancouver Declaration on World Trade, must continue to be reinforced.

84. The situation of some traditional exporters of agricultural products, caused by falling commodity prices and the policy of domestic subsidies applied by certain Governments, was a source of particular concern. Canada was firmly convinced of the need to reform that sector of international trade as a matter of urgency and had helped to draft the Statement adopted at the Second Ministerial Meeting of the Cairns Group, contained in document A/42/625; at Geneva his country had also submitted a proposal for negotiations in which it called for the reduction and

(Mr. Grauer, Canada)

subsequent elimination of all trade-distorting subsidies and barriers. The recent agreement on trade liberalization between Canada and the United States of America was a significant accomplishment for the two countries and an example of what could be achieved on a multilateral basis.

85. The consensus embodied in the Final Act of the seventh session of UNCTAD was the encouraging result of efforts by all participants to adopt a rational, constructive and co-operative attitude. Although it was not a contractual document, the Final Act constituted a very important point of reference and a solid basis for the adoption of more specific measures in the future.

86. His delegation welcomed the recent confirmation by the United Nations Legal Counsel that the Review Conference on the Code of Conduct for Liner Conferences was open to all States eligible to become parties to the Convention.

87. Mr. CABACTULAN (Philippines) said that, at the thirty-fourth meeting, his delegation had voted in favour of paragraph 3 of draft resolution A/C.2/42/L.22; however, because of a malfunctioning of the voting machinery, his vote had not been recorded.

88. Mr. HARAN (Israel) said that, at the thirty-fourth meeting, his delegation had voted against paragraph 3 of draft resolution A/C.2/42/L.22; however, as a result of a malfunctioning of the voting machinery, his vote had erroneously been recorded as an abstention.

The meeting rose at 1.15 p.m.