



SUMMARY RECORD OF THE 46TH MEETING

Chairman: Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic)

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COMPLETION OF THE COMMITTEE'S WORK

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19.

The meeting was called to order at 3.30 p.m.

AGENDA ITEM 85: EXTERNAL DEBT CRISIS AND DEVELOPMENT: REPORT OF THE SECRETARY-GENERAL (continued) (A/C.2/42/L.9, L.20 and L.94)

Draft resolution on furthering international co-operation regarding the external debt problems (A/C.2/42/L.94)

1. Mr. SHAABAN (Egypt), Vice-Chairman, introduced draft resolution A/C.2/42/L.94, a compromise text, reflecting the agreement which had crowned the collective efforts of the Committee members. The draft resolution was an attempt to build on the recent consensus reached in all competent international forums in order to further international co-operation regarding the external debt problems and to attain, through dialogue and shared responsibility, a durable, equitable and mutually agreed solution. The text had the general agreement of all delegations which had participated in the informal consultations; those delegations had agreed that it should be submitted as a Vice-Chairman's text. He therefore commended the draft resolution to the Committee for adoption without a vote.

2. The CHAIRMAN thanked the members of the Committee for their attempts to reach a consensus. He had, however, received a request for a vote on the draft resolution, and would therefore suspend the meeting for further consultations.

The meeting was suspended at 3.40 p.m. and resumed at 5.35 p.m.

3. The CHAIRMAN said that, as a result of the consultations, all delegations which had participated in the informal consultations had accepted the draft resolution by consensus.

4. Mr. SHAABAN (Egypt), Vice-Chairman, said that it was an established practice in the Committee that a Vice-Chairman's text should not be submitted to a vote. Nevertheless, since a vote had been requested, the Committee should proceed to a vote.

5. A recorded vote was taken on draft resolution A/C.2/42/L.94.

In favour: Afghanistan, Albania, Algeria, Angola, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Cape Verde, Central African Republic, Chad, Chile, China, Colombia, Congo, Costa Rica, Côte d'Ivoire, Cuba, Cyprus, Czechoslovakia, Denmark, Djibouti, Egypt, El Salvador, Equatorial Guinea, Finland, France, Gabon, Gambia, German Democratic Republic, Germany, Federal Republic of, Ghana, Greece, Guatemala, Guinea, Guyana, Honduras, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Lao

People's Democratic Republic, Lebanon, Lesotho, Liberia, Libyan Arab Jamahiriya, Luxembourg, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mexico, Mongolia, Mozambique, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Singapore, Somalia, Spain, Sri Lanka, Sudan, Suriname, Swaziland, Sweden, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yemen, Yugoslavia, Zaire, Zambia, Zimbabwe.

Against: United States of America.

Abstaining: None.

6. The draft resolution was adopted by 123 votes to 1.

7. Mrs. de WHIST (Ecuador) and Mr. BEN MOUSSA (Morocco) said that, had they been present, they would have voted in favour of the draft resolution despite certain reservations.

8. Mr. CAHILL (United States of America), speaking in explanation of vote, said that his delegation had withdrawn from the informal discussions when it had become convinced that the atmosphere was no longer conducive to serious debate. The United States had hoped that at the current session the Committee would broaden the consensus on a co-operative approach to the debt problems of developing countries; instead, it had become a forum where confrontation overshadowed co-operation. His Government, believing that the debt problem was one of the most serious current economic issues, had carefully analysed the proposal and had been unable to support some of its elements. The draft resolution just adopted failed to recognize the primary role of debtor countries in addressing their economic problems. In addition, it requested the Secretary-General and the United Nations to undertake activities which were within the competence of international financial institutions. For that reason, his delegation had voted against the draft resolution.

9. Mr. KAGAMI (Japan) said that, while it was unreasonable to expect that external debt problems could be solved within a short time, the international community, including the developed and the developing countries, must make continuous efforts to resolve them. His delegation, while not completely satisfied with the draft resolution just adopted, believed that the text contained positive elements in line with the Final Act of the seventh session of the United Nations Conference on Trade and Development (UNCTAD) and discussions in the International Monetary Fund and other forums. His delegation regretted that the draft resolution had not been adopted by consensus, but hoped that it would be a step in the right direction.

10. Mr. BROWN (Canada) said that his delegation very much regretted that the draft resolution had not been adopted by consensus. The text had been the subject of intensive negotiations over a long period, and represented a synthesis of divergent views in a broad range of countries and regional groups. As a whole, it was a balanced and constructive analysis of the current situation, which took into account the recent developments and achievements in the international dialogue on debt, including the Final Act of the seventh session of UNCTAD. In addition, it indicated areas of concern and directions for the international community in seeking a solution to the debt problems of developing countries.

11. However, the penultimate preambular paragraph should have been strengthened by references to the responsibility of both indebted developing countries and the international community to find lasting solutions. Paragraph 3 should have acknowledged more directly the existence of a growth- and development-oriented strategy which was moving towards an agreed solution. That paragraph, however, did contain an implicit but clear reference to strengthening the strategy. Despite those reservations, his delegation believed that the draft resolution just adopted represented a landmark in the evolution of the dialogue and would serve as a basis for further constructive action.

12. Mr. JØNCK (Denmark), speaking on behalf of the States members of the European Economic Community (EEC), said that those countries had been able to vote in favour of the draft resolution, which represented a reasonable compromise in a difficult but important area. His delegation was pleased that broad agreement had been achieved on the text, although it would have preferred adoption without a vote.

13. In line with paragraph 3, he wished to stress that the main objective must be to strengthen the growth- and development-oriented strategy. The world economy was now in its fifth year of expansion, but further efforts by industrialized countries were required to ensure continued growth.

14. As stated in paragraph 5, adjustment efforts were needed by all countries. The efforts undertaken by the debtor countries and the initiatives of the international community, such as those undertaken in the context of the Paris Club, must be strengthened.

15. The draft resolution just adopted should have recognized more explicitly the crucial role of the international financial institutions in promoting growth and development. Paragraph 9, however, clearly recognized the competence of those institutions.

16. With respect to paragraph 10, the banks and Governments of the debtor and creditor countries had a common interest in promoting solutions to debt problems. The commercial banks of the developed countries should be encouraged to seek flexible solutions, which must be worked out by the banks and Governments on their own responsibility.

17. His delegation understood that a comprehensive report on the international debt situation would be submitted by the Secretary-General to the forty-third session of the General Assembly.

18. Mr. STEBELSKI (Poland) welcomed the broad agreement on the draft resolution but seriously regretted that it had not been possible to strengthen the consensus achieved in 1986 and confirmed at the seventh session of UNCTAD.

19. The external debt crisis had become a central economic and political issue in the current debate on the reactivation of the development process. For many years, the indebted countries had been warning the international community that only a co-operative approach by all parties concerned could alleviate the burdens of indebtedness. The last time his country had paid full interest on its debt was in 1980, when debt service had amounted to 90 per cent of export earnings. Currently the debt was about \$36 billion, or approximately one half of Poland's gross domestic product, and almost six times its 1986 exports in convertible currencies.

20. In an attempt to overcome its indebtedness, his country had focused on reforms to increase national economic efficiency and to bring about internal and external adjustments. That domestic policy must, however, be supplemented and supported by a favourable international economic environment and increased financial flows. Without faster growth in international trade, increased access to export markets, lower real interest rates and fresh financial resources, it was hardly credible that economic adjustments in Poland, or in other indebted countries, would bring an equitable and durable solution to the external debt problem.

21. His delegation was glad that the draft resolution just adopted addressed not only the debt problems of developing countries but also those of some other countries with serious debt-servicing problems.

22. His delegation hoped that the Polish Research Centre on International Debt and Development, established in 1986, would make a contribution to strengthening the international dialogue and co-operation on debt and development.

23. Mr. ANDRADE-DIAZ-DURAN (Guatemala), speaking on behalf of the Group of 77, requested that draft resolution A/C.2/42/L.20 and the draft resolution contained in document A/C.2/42/L.9 and entitled "External debt crisis and development" should be deferred for consideration at the forty-third session of the General Assembly. The Group of 77 also reserved the right to explain in the plenary Assembly the votes of its members on the draft resolution regarding the external debt.

24. Mr. DAWSON (United States of America) noted that it was the practice, when one draft resolution on a particular item was adopted, to withdraw all others on that item. That practice had been observed for every other item. The two draft texts on the debt issue which, unexpectedly, had been passed on from the previous session as draft resolution A/C.2/42/L.20 and as one of the texts in document A/C.2/42/L.9 had been ignored throughout the current session and had served no purpose. Indeed, the former had impeded the Committee's work and would have a very negative influence at any subsequent session. The Group of 77 seemed to be more interested in putting forward its own position than in working towards a genuine consensus. His delegation appealed to the Group not to insist on its request.

25. Mr. JØNCK (Denmark) said that he was also puzzled by the request just made by the Group of 77. Since document A/C.2/42/L.9 contained two draft resolutions submitted by two Groups, both should be forwarded. However, he shared the United States reservation regarding the usefulness of transmitting from one session to the next texts which had failed to be adopted. He too asked the Group of 77 to reconsider its request, so that the Committee could save time and money. The debt situation might be quite different the following year; the Group could put forward any draft resolution it wished on the debt issue at that time.

26. Mr. AGUILAR-HECHT (Guatemala) said that the Group of 77 had made its request after careful thought. The texts in question represented the Group's basic position. The Group had made many concessions on the debt issue at the current session and it wanted its true position to be before the Committee at the next session from the outset.

27. Mr. DAWSON (United States of America) requested a recorded vote on any decision by the Committee to refer the two texts in question to the forty-third session.

28. Mr. JØNCK (Denmark) moved the suspension of the meeting, for consultations, under rule 118 of the rules of procedure.

The meeting was suspended at 6.15 p.m. and resumed at 7.55 p.m.

29. The CHAIRMAN said that, after broad consultations, a meeting of the expanded Bureau had agreed that the following sentence should be included in the draft report of the Committee: "The Committee did not take action on draft resolution A/C.2/42/L.20, which was not withdrawn by the sponsors, in view of the fact that draft resolution A/C.2/42/L.94 under the same item was adopted by a vote."

30. The Bureau had also agreed on the following decision: "The Committee decides to make available the draft resolution entitled "External debt crisis and development" contained in document A/C.2/42/L.9 to the forty-third session of the General Assembly."

31. Mr. VALDEZ (Peru) asked what was meant by "make available".

32. The CHAIRMAN said that the draft resolution would be transmitted to the General Assembly, which would then decide what to do with it.

33. He would take it, if he heard no objection, that both proposals were acceptable to the Committee.

34. It was so decided.

35. The CHAIRMAN said that the Committee had concluded its consideration of agenda item 85.

DRAFT BIENNIAL PROGRAMME OF WORK FOR THE SECOND COMMITTEE FOR 1988-1989
(A/C.2/42/L.85/Rev.1)

36. Mr. ZVEZDIN (Union of Soviet Socialist Republics) said that his delegation was pleased to support the Committee's draft biennial programme of work for 1988-1989 as set forth in document A/C.2/42/L.85/Rev.1. It contained many useful themes and programmes whose implementation would further global economic co-operation for the benefit of all.

37. In addition, he was also pleased to inform the Committee that the Soviet Union had completed the constitutional formalities required for its accession to the Agreement establishing the Common Fund for Commodities, and would be officially informing the Secretary-General to that effect. The entry into force of that Agreement would help stabilize world commodity markets and promote the harmonious development of world trade as a whole.

38. Mr. SEVAN (Secretary of the Committee), introducing document A/C.2/42/L.85/Rev.1, drew the attention of the Committee to some corrections. In the programme for 1988, under item 2 (g), the word "Progress" should be inserted before the word "report". Under item 3, under a sub-heading "Documentation" a reference should be inserted to the "Report of the Secretary-General on the international debt crisis (A/C.2/42/L.94)". In the programme for 1989, under item 2 (g), the words "and wastes" should be inserted after "dangerous products". Under item 2 (h), the words "in Africa" should be inserted after the words "desertification and drought" in the title of the first document listed.

39. Mr. GAJENTAAN (Netherlands) suggested that the words "and regions" be inserted after "individual countries" under item 6 (b) of the programme for 1988.

40. It was so decided.

41. The draft biennial programme of work for the Second Committee for 1988-1989 (A/C.2/42/L.85/Rev.1), with the corrections read out by the Secretary of the Committee and as orally amended by the representative of the Netherlands, was adopted.

COMPLETION OF THE COMMITTEE'S WORK

42. After an exchange of courtesies, in which Mr. SALES (Mozambique), Mr. RAHMAN (Bangladesh), Mr. DIMU (Romania), Ms. BETHEL-DALY (Bahamas), Mr. FARRUGIA (Malta), Mr. ANDRADE-DÍAZ-DURAN (Guatemala), Mr. JØNCK (Denmark) and Mr. RIPERT (Director-General for Development and International Economic Co-operation) participated, the CHAIRMAN declared that the Committee had completed its work for the forty-second session.

The meeting rose at 9.15 p.m.