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New York

SUMMARY RECORD OF THE 14th MEETING

Chairman: Mr. PIRIZ-BALLON (Uruguay)

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The meeting was called to order at 3.10 p.m.

AGENDA ITEM 78: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (continued) (A/47/80, A/47/82-S/23512, A/47/83, A/47/88-S/23563, A/47/225-S/23998, A/47/267, A/47/268, A/47/279-E/1992/79 and Corr. , A/47/283-E/1992/83, A/47/290-S/24204, A/47/305-E/1992/96, A/47/308-E/1992/97, A/47/344, A/47/351-S/24357, A/47/356-S/24367, A/47/361-S/24370, A/47/375, A/47/391, A/47/404, A/47/437 and A/47/477)

1. Mr. OSSA (Director, Division of Development Policy and Analysis, Department of Economic and Social Development), said he wished to introduce the note by the Secretary-General transmitting the report of the President of the Economic and Social Council concerning the report of the Commonwealth Group of Experts on the Impact of Global Economic and Political Change on the Development Process (A/47/477). While many of the political changes signalled in the document had been unfavourable to development, they had also opened up new opportunities which called for a new approach to international cooperation.

2. The informal exchange of views had identified three areas of prime concern: the need to find an appropriate role for the State in countries undergoing late industrialization; the apparent contradiction between the need to enforce conditionality and the considerable convergence of opinions on macroeconomic management and the role of markets; and the need for measures to persuade traditional donor countries to increase official development assistance (ODA) at a time when strategies based on self-reliance necessitated increasing the role of domestic savings and reducing that of external aid.

3. Turning to the report of the Secretary-General on the net transfer of resources between developed and developing countries (A/47/404), he said that, whereas throughout the 1980s there had been a net outflow of financial resources from the developing countries, during the last two years the trend had been reversed, with a net inflow to those countries of almost $10 billion in 1990 and $32.5 billion in 1991. That shift was not altogether reassuring, since it was due, first, to a net inflow of private capital, which was of a short-term nature and could be reversed at short notice, and, secondly, to official transfers in the form of grants, largely associated with the Gulf conflict; those could be expected to decrease, as had already occurred in Africa.

4. The shift in private financial flows to many of the 15 highly indebted countries, was principally due to economic reform and debt restructuring agreements. In addition, confidence in Latin America and some other developing countries had been increased by a growing differential in interest rates, particularly vis-à-vis the United States, making financial markets in those countries less risky and more remunerative. There was no knowing whether private financial flows to those countries could be sustained once the current sluggishness in the North came to an end.

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(Mr. Ossa)

5. The sluggishness in the industrial economies had led not only to lower interest rates in countries like Japan and the United States, but also to the further deterioration of the terms of trade of developing countries. When that deterioration was taken into account, the transfer of financial resources to capital-importing developing countries was considerably reduced in real terms, particularly in the case of Africa.

6. It was still too early to establish whether the recent reversal in real transfer of resources, and net financial transfers in particular, would persist. If successful, efforts by countries to consolidate their economic reforms and increase domestic savings and investment rates should bring an increase in the share of long-term capital inflows and a relative reduction in that of short-term, speculative capital movements, thus increasing the sustainability of the net transfer. At the same time, fiscal consolidation and financial rehabilitation in the North were also essential, not only to stimulate world trade and to generate more realistic prices for raw materials, but also to facilitate official financial transfers to the South.

7. Increased net transfers were not a sufficient condition for economic development, but must be accompanied by increased domestic savings and their investment in productive activities. The vast majority of those developing countries undertaking economic reforms urgently required foreign resources to reinforce their domestic savings efforts, in order to speed up the restructuring process. While a plentiful supply of private capital in the form of commercial credits and foreign direct investment could be expected, subject to the availability of favourable conditions, official resources, including increased ODA and multilateral credits, were also essential for long-term investments in human resources and infrastructure. Currently net official credit to capital-importing development countries remained well below what it had been in 1983.

8. With regard to short-term measures for the implementation of the Declaration on International Economic Cooperation for Development, he stressed that top priority should be given to the measures identified by the Secretary-General in document E/1992/INF/8.

9. Mr. ATTIGA (Assistant Administrator and Regional Director, Regional Bureau for Arab States and Europe of the United Nations Development Programme), introducing the report of the Secretary-General on the unification of Yemen (A/47/283), drew attention to the policy measures introduced by the Government of Yemen to diversify its economy and to establish a more efficient and political economic machinery for the effective use of its national resources and international assistance. The country's need for assistance had been further increased by the challenges created by unification, the massive return of migrant workers and the consequences of natural disasters and it was essential that the international community should demonstrate its support for the historic changes that were taking place.

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(Mr. Attiga)

10. While UNDP had significantly contributed towards Yemen's development by assessing its indicative planning figure (IPF) for the 1992-1996 cycle at the level of the combined IPFs of the former Yemen Arab Republic and the People's Democratic Republic of Yemen, those resources were still far below the country's needs. Consequently, UNDP had undertaken to construct the country programme for Yemen as a general programming framework for technical assistance. In addition, the round-table conference on Yemen had proved very useful.

11. In conclusion, he stated that the Government of Yemen, with the assistance of the United Nations, had made exceptional efforts to ensure favourable conditions within Yemen for support measures from the international community and to consolidate its national unification within a democratic and market oriented framework.

12. Mr. KASSANGANA (Regional Commissions, New York Office) introduced the report on cooperation in fisheries in Africa (A/47/279) and drew attention, in particular, to the 13 specific recommendations contained in the final part of the report.

13. Mr. MASOOD (Pakistan), speaking on behalf of the Group of 77, said that, while the reversal in the flow of net resources between developed and developing countries was a welcome development, it was still very marginal. Its maintenance would depend on a favourable international economic environment and on continuing confidence in those economies which had been attracting the flow of financial resources.

14. Although inflows of foreign direct investment into developed market economies had declined, they still accounted for more than four fifths of such inflows world wide in 1990, demonstrating that the developing countries continued to lag behind in attracting investments of any significance. He also expressed concern over the inequitable distribution of the benefits from foreign direct investment to developing countries, Africa and the least developed countries had received a mere 7 per cent and 0.7 per cent of those inflows, respectively, and he called for a globalization of international economic investment to ensure that such flows reached all parts of the world.

15. Both domestic and external resources were essential to the reactivation of growth and development; if the rate of development of the developing countries was to be accelerated, their savings efforts must be supplemented with considerable external resources. In addition, the burden of debt-service payments must be reduced and financial flows for development from such major sources as official financial assistance, commercial banks, direct private investment and multilateral financial institutions significantly increased.

16. Finally, he drew attention to the concern of the Group of 77 at the adverse effect which the increased demands for resources from the countries of Eastern Europe and the former Soviet Union might have on the availability of

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(Mr. Masood, Pakistan)

resources to the developing countries and sought assurances that assistance to those countries would not be given at the expense of the developing countries.

17. Mr. SALLAM (Yemen) said that the Secretary-General's report (A/47/283) had recognized the difficult economic situation facing Yemen as a result of the merger of the economic and social infrastructures following unification, in addition to the new economic amd social burden resulting from the Gulf War. Those difficulties included increased unemployment, price rises and a budget deficit. At the same time, the flow of aid had decreased and Yemen had had to cope with refugees from the Horn of Africa and had suffered earthquakes in several regions. His Government had endeavoured to alleviate those difficulties and had drafted a law to encourage both domestic and foreign investment. The private sector had been given an important role to play and the Government had reduced military expenditure, redirecting resources to investment and service projects. A Round-table Conference had been held in Geneva to review Yemen's social and economic policy and discussed development objectives and general and sectoral policies, and the Governing Council of UNDP at its most recent session had underscored Yemen's urgent need for technical assistance in administration development, in particular with regard to restructuring, financial administration, reform of the civil service and expansion of medical and educational services.

18. The Republic of Yemen, which had been united on 22 May 1990 on the basis of democracy and political pluralism, would shortly hold its first parliamentary elections, and he called on the international community to support that development by providing the necessary technical and economic assistance.

19. Mr. AHMIA (Algeria), speaking also on behalf of Egypt, Libya and Tunisia, said that the Secretary-General's report on cooperation in fisheries in Africa (A/47/279-E/1992/79 and Corr.1) provided valuable statistical information on the fish production of the African countries bordering the Mediterranean Sea. The delegations of Egypt, Libya, Tunisia and Algeria hoped that the report that would be submitted in implementation of Economic and Social Council resolution 1992/54 would be even more complete and would not only provide statistical data but also deal with substantive issues concerning cooperation in fisheries among African countries, taking due account of all subregions.

20. Ms. DOWSETT (New Zealand) said that, in order to take maximum economic advantage of the fisheries resources within their exclusive economic zones, African States must secure international market opportunities. At the same time, however, African fishery resources were threatened by overexploitation. The Secretary-General's report placed primary emphasis on African States' improved management of resources within their respective exclusive economic zones. Effective international cooperation between coastal African States and States that fished in the high seas beyond the exclusive economic zones of African States was needed to ensure that fishing activities on the high seas did not adversely affect resources within African exclusive economic zones.

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(Ms. Dowsett, New Zealand)

21. Since 1989, the international community had made substantial progress towards ending large-scale pelagic drift-net fishing. However, problems relating to the sustainable use and conservation of living marine resources in the high seas remained. New Zealand and other South Pacific countries attached great importance to the forthcoming intergovernmental conference that would consider the problems involved in the conservation of straddling fish stocks and highly migratory fish stocks.

22. Her delegation was pleased to note the promising prospects for enhanced regional cooperation in Africa. The newly formed Ministerial Conference on Fisheries Cooperation among African States bordering the Atlantic Ocean was proving to be a most effective coordinating mechanism. Regional mechanisms could provide valuable assistance through the collection and dissemination of statistical and biological information; fisheries management and training; and technical assistance in the development of fisheries policies and in negotiations on the issue of licences, collection of fees or matters pertaining to surveillance.

23. New Zealand was one of the 16 members, and a major financial supporter, of the Forum Fisheries Agency. The Agency reflected its members' interest in deriving maximum economic benefits from their marine resources, as well as their recognition of the severe development constraints imposed on most of them owing to their small size, lack of land-based resources and distance from major markets. Shared concerns about conservation of fisheries resources were focused, in particular, on the highly migratory and main commercial species.

24. It was possible to draw parallels between fisheries cooperation in Africa and in other regions of the world. Agenda 21 provided a new basis for action on the issue of living marine resources. In that respect, the current examination of the development of African fisheries and constraining factors could not be more timely.

25. Mrs. NASHANDI (Namibia) said that her delegation fully supported the view that cooperation in fisheries must be pursued among African States and at the international level. Namibia had formulated objectives and development strategies that should result in joint fisheries surveillance and research systems in the region, in particular between Namibia and Angola. The main objective of those strategies was to secure sustainable development of fisheries.

26. Following the introduction of strict marine conservation policies, Namibia's pilchard and whitefish catches already began to increase. A new sea fisheries law had been enacted to encourage the development of a Namibian-owned industry, promote training for Namibians in all fishing sector activities and review the industry marketing structure with the aim of encouraging exports and greater domestic consumption of fish. However, Namibia's exclusive economic zone was difficult to monitor, not only because of its size but also because of the limited resources of personnel and equipment.

(Mrs. Nashandi, Namibia)

27. Attracted by the abundance of pelagic fish, crustaceans and marine life found in the fishing grounds off the west coast of southern Africa, various international fishing companies had taken to poaching in Namibian waters; that had led to the depletion of many species. Continued illegal fishing by foreign vessels belonging to private fishing companies remained a matter of serious concern, and the Namibian Government had taken measures to combat such activities.

28. Namibia's territorial integrity and national security continued to be jeopardized by South Africa's continued occupation of Walvis Bay and the offshore islands. Namibia was currently engaged in negotiations aimed at integrating those territories into the rest of Namibia. A joint transitional administration of a limited duration would be established over Walvis Bay and the offshore islands on 1 November 1992.

29. While the Secretary-General's report on cooperation in fisheries in Africa covered the whole of sub-Saharan Africa's fisheries sector, Namibia's involvement and participation at the regional level were restricted to the region of the Southern African Development Coordination Conference (SADCC). The collective maritime and fishery management policies were beginning to produce results. Given the investment already being made in shore-based processing capacity, the contribution of the fisheries sector to the economy of the region was expected to increase over the next five years.

30. Mr. WIBISONO (Indonesia) said that, between 1983 and 1989, almost US$ 1 trillion had flowed out of the capital-importing developing countries to the developed countries and international financial institutions. While there had been modest positive net flows to some developing countries in the past two years, the overall situation had not changed. The adverse external economic environment had affected the various capital importing developing countries in different ways. Some of those countries had been hard hit by depressed world-market prices of raw materials and commodities, while others had been affected by high interest rates and volatile exchange rates. Excessive indebtedness, reduced official and commercial financial flows, escalating protectionism and lack of adequate access to critical technology had combined to neutralize the effects of any positive measures that the developing countries had undertaken.

31. The developed countries must implement macroeconomic policies to confront the recession and make the international environment conducive to growth and development. A positive net transfer of resources should be ensured at the official, commercial and multilateral levels. In that respect, Member States that had not yet done so should endeavour to fulfil their commitment to allocate 0.7 per cent of their gross national product (GNP) to official development assistance (ODA).

32. At the same time, efforts should be made to reduce interest rates and stimulate non-inflationary growth in the world economy. Measures must be

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(Mr. Wibisono, Indonesia)

taken to reverse the almost insuperable problem of indebtedness, which had drained essential resources from most developing countries. A comprehensive and durable solution that would ensure a reduction in the stock and service of debt was essential. In that regard, his delegation supported the proposal to convene an international conference on the financing of development, which should address the particular needs of the developing countries for the 1990s and beyond.

33. The success of the Uruguay Round of multilateral trade negotiations would ensure freer access of developing countries' exports to major markets. Measures must also be taken to improve commodity markets, which were in a state of extreme disarray. Since commodities were a main source of export earnings for most developing countries, Indonesia fully supported the proposal to convene a world conference on commodities.

The meeting rose at 4.30 p.m.