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PROVISIONAL SUMMARY RECORD OF THE 10th MEETING

Held at Headquarters, New York,
on Monday, 27 June 1994, at 3 p.m.

President:	Mr. BUTLER	(Australia)
later:	Mr. DANGUE REWAKA (Vice-President)	(Gabon)
later:	Mr. BUTLER (President)	(Australia)

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The meeting was called to order at 3.20 p.m.

POLICY DIALOGUE AND DISCUSSION ON IMPORTANT DEVELOPMENTS IN THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION WITH HEADS OF MULTILATERAL FINANCIAL AND TRADE INSTITUTIONS OF THE UNITED NATIONS SYSTEM (continued)

Mr. VIÑAS (European Union) said that he would welcome additional information on how the Bretton Woods institutions proposed to enhance cooperation both among themselves and with the new World Trade Organization. It would also be interesting to learn how such cooperation could improve the dialogue on the major issues facing the world economy, particularly the interrelationship between trade, financial and monetary policies.

Mr. SEADE (Deputy Director-General, General Agreement on Tariffs and Trade (GATT)) said that the need for greater coherence between trade, finance and monetary matters had long been recognized. Indeed, GATT had been requested in the Uruguay Round agreement to devise ways for the World Trade Organization to more systematically link those issues. There were three principal areas of concern. Firstly, policy-making across the spectrum of economic activities must be more coherent. International mechanisms for monitoring financial flows needed to be improved and linkages between trade policies and the instability of exchange regimes explored. Secondly, policy recommendations on structural adjustment programmes were required, particularly in the area of trade reform and market liberalization. Finally, he regretted that there was no agency with responsibility for the harmonization of policies. The Group of Seven currently played that role with only limited results. The concerns he had just raised were merely preoccupations and not specific recommendations for a programme of work.

Ms. DEGN (Denmark) said that the introductory presentations by the representatives of the international financial institutions should have been

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made available in writing. She noted that structural adjustment programmes could have harsh effects on poor countries, especially when they demanded cuts in social spending, and wished to know how the World Bank proposed to protect the poor in the developing countries from such cuts.

Mr. ADAMS (World Bank) said that measures to protect the poor were now a key concern in the Bank's lending policies for structural adjustment purposes. More attention was being paid to social expenditures, including on education, in order to reduce poverty and to promote broad economic growth. The World Bank fully expected that the level of lending for social purposes would continue to increase in the years ahead.

Mr. KHURSHID (India) asked what proposals the International Monetary Fund (IMF) had for restoring stability to the international financial system in order to sustain world economic growth. Given the steady decline in the value of the United States dollar, he wondered if steps would be taken to establish an international bank of issue. He would also welcome information on the road ahead following the conclusion of the Uruguay Round of multilateral trade negotiations. He noted the apparent contest between multilateralism and bilateralism, the pressures on the social clauses agreed upon at Marrakesh, the continuing problems of trade in services, and the need for job creation, which was essential if the current economic recovery were to be sustained.

Mr. CAMDESSUS (Managing Director, International Monetary Fund (IMF)) said that he shared the concerns of the representative of India about the need to restore stability to international financial markets. The promotion of international financial cooperation and of exchange stability was an important part of the mandate of IMF. The current turbulence in international markets was attributable in part to the fact that the economic recovery in Europe and Japan had arrived earlier than the markets had predicted. That had led to a certain amount of volatility as investors in the global marketplace reacted by changing investment decisions. Since the recovery was without inflation and since Governments were honouring their

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pledge to fight inflation and to maintain their structural adjustment programmes and thus broaden the basis of recovery, it could be said that, despite currency fluctuations, the world economy was fundamentally sounder than it had been in the past.

Much more still needed to be done, however, to stabilize the international monetary system. There must be no illusions on that score, since the experience of the European monetary system over the previous 15 years had shown that stability was the product of sound economic policies by individual countries and of overall efforts to keep inflation low. He welcomed the readiness of key players to accept the discipline needed to ensure that there was a convergence of international efforts to keep inflation at low levels.

Mr. SEADE (Deputy Directory General, General Agreement on Tariffs and Trade) said that he could not predict what would follow the establishment of the World Trade Organization. That would be for members to decide. Many of the problems in international trade were due to three sources of friction and instability: the inadequacy of the GATT rules in certain areas, such as dumping and the provision of subsidies; the omission from the agreements of agriculture and textiles, two sectors of great importance to the developing countries; and the omission of intellectual property and services from the Uruguay Round agreements.

Despite those problems, the trend towards multilateralism was likely to continue, although there would still be room for both bilateral and unilateral initiatives.

Whereas GATT had originally dealt primarily with tariff and non-tariff measures at the border it now also handled domestic issues such as subsidies. That evolution would continue as a result of the increasing globalization of the world economy. Contracting parties were focusing increasingly on policy-making in areas related to trade, particularly the environment; indeed, there was a mandate to expand dialogue on the environment which was now a major area of activity. Proposals had also been made to raise other issues

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such as restrictive business practices and competition. Other topics, such as labour rights, a broader negotiation on labour mobility and migration, all highly contentious, had also been brought up at the Marrakesh meeting.

Mr. KHERBI (Observer for Algeria) said that the social, economic and political costs of structural adjustment programmes were still very high. Indeed, the international community must simultaneously solve the problems of unemployment in the North and structural adjustment in the South. Such problems must not be tackled from the narrow standpoint of market policies alone but rather within the broader framework of macroeconomic and long-term policies. Concerning interdependence, it was important to stress that world economic interdependence was not balanced. In that connection, he wondered whether the very high rate of world economic growth would translate into a reduction - or even closing - of the gap between the haves and have-nots by the end of the century. He expressed the hope that the representatives of the Bretton Woods institutions would react to the proposals made by the Secretary-General in "An Agenda for Development" for, unless the problem of international risks was dealt with it would not be possible to have a policy which guaranteed sustainable and stable development.

Mr. CAMDESSUS (Managing Director, International Monetary Fund), referring to the problem of unemployment in the North, said that for the past seven years he had been telling the industrialized countries that the only way of overcoming their short-term economic problems was by making their job market more flexible. The structural adjustment programmes implemented by the World Bank and IMF in the South were aimed at integrating structural, social and institution-building approaches into monetary and budgetary policies. It was encouraging to note that structural adjustment was now universally accepted. While structural adjustment programmes were extremely difficult and painful to apply, the 38 countries which had implemented them had managed to narrow the wealth gap between them and the North.

While structural adjustment entailed social, economic and political costs the latter should be viewed in perspective. Structural adjustment was

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intended precisely to reduce economic costs in order to make economies grow faster. As for social costs, they were primarily found in those countries whose leaders refused to adopt and apply structural adjustment programmes. In the long term, implementation of sound structural adjustment policies would ensure vigorous economic growth and enable countries to meet their needs in such vital areas as education, health and basic infrastructure. The only way of dealing with the heightened international risk factor brought about by globalization was to implement sound policies in the most coordinated manner possible so as to ensure greater efficiency.

Mr. ADAMS (World Bank) said that one of the Bank's principal concerns was how to put together investment programmes that more effectively addressed the social needs of borrowing countries within the context of adjustment programmes. Reviewing the activities of the Bank aimed at improving the social sectors of countries of the South, he noted that, if properly designed, investments in those sectors would produce very high rates of return; indeed, effective social investment had been a feature of the countries that had done well on the economic front, such as those in South-East Asia. Efficiency was another major concern for the Bank and borrowing countries alike. As far as cooperation was concerned, there was extensive ongoing cooperation between the Bank and the United Nations community in implementing social sector programmes. The Bank had also done an extensive review on poverty and now published an annual report on poverty.

Mr. AWAAD (Egypt), referring to the statement by the Managing Director of IMF, said that it was necessary to get away from the image of developed countries as sole donors and developing countries as merely beneficiaries. While it was true that developed countries had the primary responsibility for mobilizing bilateral and multilateral financial resources, developing countries had made considerable efforts to mobilize resources, particularly for certain operational activities carried out by the United Nations Development Programme, which were based on shared responsibilities and shared burdens and in the context of the Global Environment Facility.

Referring to the statement of the representative of UNCTAD, he wondered what the consequences of the Uruguay Round would be on major net food importers and what action developing countries should take to mitigate the adverse impact of the Uruguay Round on them.

Mr. DANGUE REWAKE (Gabon), Vice-President, took the Chair.

Mr. FORTIN (United Nations Conference on Trade and Development) said that he agreed with the representative of Egypt that for some countries, particularly net food importers, the results of the Uruguay Round had had a short-term transitional negative effect. The matter had been taken into account in the Uruguay Round and in the relevant agreements and, while it was true that there had been no net losers, it was acknowledged that efforts should be made to minimize, or at least reduce, any losses.

Mr. BUTLER (Australia) resumed the Chair.

Mr. KUDRYAVTSEV (Russian Federation) said that his country appreciated the financial and technical assistance it received from international financial institutions, particularly the World Bank and the International Monetary Fund. However, the results achieved had not been commensurate with the level of investment, and cooperation between donor and recipient countries should be enhanced. Access of Member States to the resources of IMF should be increased along the lines indicated by the Managing Director of the Fund at the preceding meeting, thus paving the way for a new system of international drawing rights.

Cooperation between countries in transition and the international financial institutions should proceed at a stable pace during the coming four to five years, and support should be extended to the social sectors. Looking ahead to the post-transition period, his delegation believed that while it was encouraging that new avenues were being opened for increased world trade, additional countries should be able to join GATT more quickly and the new World Trade Organization should be as universal as possible.

MR. CAMDESSUS (Managing Director, International Monetary Fund) said that the task facing the international financial institutions in Russia

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was formidable, given the dimension of the challenges there and the difficulty in identifying those challenges properly and addressing them quickly with the appropriate means. Some of the coordination problems among donors that had occurred earlier on had been ironed out, and it was recognized that further progress was needed in that regard.

Coordination problems on the recipient side relative to the need for well-established priorities had been identified and addressed; for example, a very comprehensive agreement with the Russian authorities and other contributors was now being implemented.

All forms of international support must be increased. The IMF contribution was only a limited part of the total package. The Fund hoped that at its annual meeting in October, it would be in a position to announce decisions with respect to an increase in its access limits.

On the question of a further allocation of special drawing rights (SDRs), he said that a consensus was near on the need to restore equity, given the fact that the 36 countries which had joined the Bretton Woods institutions since 1981 had never received an allocation. Another reason to encourage a consensus in favour of an SDR allocation was the desirability of complementing existing world reserves in view of the current state of the world economy.

Mr. ADAMS (World Bank), offering an overview of the Bank's efforts to provide a framework for longer-term growth in all the countries of the former Soviet Union, said that in addition to its efforts with respect to stabilization, the Bank was focusing on its traditional lending sectors. For example, major programmes were being developed in the energy, financial, transportation and agricultural sectors. In light of the upheavals in the social systems of the countries in transition as a result of the broad economic and political changes they were undergoing, the Bank recognized the need for increased resources for the social sectors.

The Bank and other donors were addressing three pervasive problems. First, there was a lack of suitable data on the economy, infrastructure and public expenditure in the countries of the former Soviet Union; accordingly, efforts were being made to develop an appropriate data framework. Secondly, although the Governments concerned were committed to promoting dramatic changes in the economies of their countries, they had yet to develop the appropriate policies to support investments to that end. Thirdly, while the countries in transition had considerable capacity in terms of a well-educated population, they needed to build greater capacity for understanding the transition process and the system towards which the Governments wished to move. It also was essential to enhance their capacity to interact with the donor community. The input provided by experts from diverse national backgrounds must be coordinated in such a manner that the overall regulatory framework was consistent with the overall macroeconomic and sector policies of the Government concerned.

The special challenges of the countries of the former Soviet Union were an important test of the multilateral system and were receiving very high priority in all the institutions concerned.

Mr. SEADE (Deputy Director-General, General Agreement on Tariffs and Trade) said that there was general consensus among the contracting parties to GATT in favour of encouraging greater universality of membership. Such universality was desirable, first, because efforts to establish a framework for, and then regulate, the stability and free flow of world trade required that all trading partners be members of the system and, secondly, because it offered a means for non-member countries that were introducing open, market-oriented trade and economic policies to enjoy the benefits of the GATT legal system.

GATT provided technical assistance and training programmes to the countries in transition. Accession to membership in GATT must be gradual and must be pursued at a pace appropriate to each country. All in all, the process was proceeding satisfactorily. Recent proposals by the contracting parties to expedite the process would be examined carefully, bearing in mind the importance of avoiding simplistic approaches which ignored important

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differences in the degree of contact with GATT already established by the countries concerned.

Mr. AYEWAH (Nigeria) recalled that IMF had prescribed structural adjustment programmes as a means of improving the economies of the African countries. However, in almost all cases, the results had been disappointing. He knew of no significant success story relating to such programmes. Instead, in macroeconomic terms, they had resulted in social and economic dislocations, with their implied hardships; a regression in capital formation; slow, if any, growth in the domestic economy; an outflow of resources and a virtual disincentive to external investment. Perhaps even more worrisome, a volatile foreign exchange market further fuelled domestic inflation and undermined the capacity of African countries for growth and development.

He therefore wished to know why IMF continued to tout structural adjustment programmes as a panacea for economic growth and development in the developing countries, particularly in Africa, the weakest link in the chain of global development. Finally, he wished to know what Africa really was doing wrong.

Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that the description of the situation in Africa offered by the representative of Nigeria applied to situations in which structural adjustment had not begun, had been abandoned prematurely, or had been applied erratically. The purpose of structural adjustment was to re-establish a country's savings capacity in order to generate further investment. The process took time, particularly when it was launched after years of poor policies, poor governance and deteriorated terms of trade.

There were countries in Africa in which such policies had proved successful. Ghana was an outstanding example of a country that had reversed disruptive economic factors and was catching up with industrialized countries with regard to per capita income. Countries in which the initial phase of structural adjustment had brought dramatic changes included the United Republic of Tanzania, Uganda, Zambia and Ethiopia. Countries which applied structural adjustment policies had established a stable monetary framework for growth, had a budget in place, gave priority to productive expenditures and avoided excessive government intervention. Thus far, countries which did not had yet to see an increase in savings or in foreign investment.

Mr. FORTIN (United Nations Conference on Trade and Development) said that he disagreed with the representative of Nigeria that there were no countries - in Africa or elsewhere - in which structural adjustment policies had resulted in increased growth, improved macroeconomic management and resumed investment. However, he did agree that there was no unequivocal positive correlation between structural adjustment programmes and the resumption of growth and investment. Other factors must be taken into account in determining whether such programmes were successful.

Mr. SOMAVIA (Chile) said that the exchange of views about structural adjustment showed that there was a desire for dialogue but that the United Nations and the Bretton Woods institutions had very different perceptions of structural adjustments. The United Nations, the only forum for the formulation of social policy at the world level, had a particular sensitivity to social matters, although it also had a mandate to consider economic aspects. The Bretton Woods institutions had a mandate to look at other dimensions of reality such as macroeconomic balances and monetary and financial stability. Unless that was recognized, any dialogue was bound to become an exercise in futility.

Over the past 15 years, human beings had been viewed too much in economic terms; if that situation continued, the political consequences would be overwhelming. Chile was often mentioned as an example of successful structural adjustment; however the human cost of the first stage of structural adjustment had simply been too high, and that had not been necessary; when political conditions had made it possible to do things differently, social concerns had been taken into account more fully. Chile was therefore entitled to say that there was no need to continue with the first generation of structural adjustment programmes; those programmes must disappear; in the second generation of structural adjustment programmes the World Bank was giving priority to the elimination of poverty and showing greater concern for social aspects; however, he felt that it was necessary to move rapidly to a third generation and to find ways of combining structural adjustment with political sustainability.

In that situation, the only solution was dialogue, within countries and within the Bretton Woods institutions. Pluralism was essential; countries must be able to put forward different perceptions and views; such perceptions could not be totally wrong; there had to be a middle ground. There was no alternative to the need for understanding between the United Nations and the Bretton Woods institutions; and it should be borne in mind that the ultimate objective of all concerned was to improve the living conditions of the people.

He proposed that the Bretton Woods institutions and the United Nations should establish a joint task force report on structural adjustment every two years; it should also develop better social indicators and statistics so as to be able to evaluate the results of what was being done.

The technical cooperation system of the United Nations should be made available to countries which had to negotiate structural adjustment programmes; the United Nations should also assist countries in finding experts to implement such programmes. The President of the Council should meet the Chairman of the Development Committee of the Bretton Woods institutions so as to coordinate their agendas.

It was clear that the input of ministers of finance, labour and social development was needed when considering the problems of poverty and unemployment. He suggested that a seminar should be held to consider those issues with the ministers concerned, in the presence of United Nations bodies and the Bretton Woods institutions.

Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that he was sure that the first stage of structural adjustment in Chile could have been more human; however, if it had been harsh, the blame should not be laid entirely on international financial institutions; ultimately the decision in such matters was taken by the Government concerned; it had various options. Chile had shown the international community that it was possible to achieve economic adjustment with spectacular results along with a more human approach and the allocation of considerable resources for essential needs. He fully agreed that it was necessary to move into a third stage of structural adjustment, combining institutional, social, environmental and macroeconomic sustainabilities. In order to be successful, just as much financial rigour and fiscal rectitude was needed as before, but Governments needed to be able to integrate the social dimension more fully.

He fully agreed with the need for dialogue and understanding between the Bretton Woods institutions and the United Nations, and with the need to improve social indicators and to adopt a tripartite approach.

Mr. ADAMS (World Bank) said that it was clear that the World Bank and other donors must be prepared to listen to the problems faced by Governments and to work on them together. When Governments were not fully committed to undertaking the adjustments needed to make their economies reform and prosper, then the record of adjustment was much poorer.

Another dimension of the World Bank's work was South-South dialogue. A great deal of work was being done on building linkages between Governments that had implemented successful structural adjustment programmes and Governments which had been less successful. A ministry of finance of a successful country could make a much more direct and effective presentation than the World Bank or IMF.

The World Bank remained committed to joint work; it had made a major commitment to analytical work on the World Summit for Social Development and to preparations for the International Conference on Population and Development. It was true that in some economic areas there had been less interaction; if a framework could be built for better integration, it would be an asset to the World Bank's work on those programmes and to understanding some of the difficult decisions that were being faced.

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There was a very close relationship between the development agenda and the issues coming up in the context of the Development Committee; its last meeting had been devoted to population and migration issues, as a direct input into the International Conference on Population and Development.

The World Bank's analysis of adjustment programmes in 1992 seemed to suggest that there was strong evidence of broad success across middle-income countries with structural adjustment programmes, especially in Asia and Latin America, but that problems were arising in Africa. As a result, a more thorough analysis had been carried out on six specific countries which had carried out strong adjustment programmes. That analysis seemed to suggest that those countries which had consistently pursued adjustment in Africa were more successful than those which had not, and that the adjustment was being sustained over time.

Mr. CUI Tiankai (China) said that almost all the representatives of institutions had referred to the economic problems faced by developing countries over the past several years and had drawn attention to the diversity of economic growth in developing countries. However, the economies of developing countries, whether their growth was fast or slow, were strongly affected by the international economic situation. There was little they could do about the economic situation around the world because they could not effectively participate in international policy-making on the international economy since that policy-making process was controlled by a very small number of countries. That situation was not compatible with the situation mentioned by the officials from the various institutions. He asked what they would propose to do.

Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that the prevailing impression was that economic policy-making was in the hands of the industrialized countries and the rest of the world did not have a lot to add to their decisions. However, that had not been his experience. Within IMF, industrialized countries, developing countries and countries in transition made decisions by consensus. More and more was being heard from developing countries, especially those which were now in a position to give lessons to the rest of the world and invite the industrialized countries to apply to themselves the lessons in structural adjustment they had earlier applied to developing countries. The developing countries, with their growing responsibilities within the world economy, must gain even more influence in world decision-making. He was gratified to see that they were making an increasing contribution to formulation of international strategies. More needed to be done; that was part of the ongoing process of structural adjustment of institutions; countries needed to adjust, and institutions needed to adjust, and that adjustment must reflect the new distribution of economic responsibilities in the world.

Mr. KABBAJ (Observer for Morocco) said that while the IMF figures for growth in developing countries in 1993 were encouraging, he wondered whether IMF believed that that phenomenon was sustainable, especially in view of the influence of economic movements in the industrialized countries.

Developing countries which had completed the first stage of adjustment still faced significant challenges and needed assistance from the international community. The main problem was unemployment, which remained high despite structural adjustment and economic growth. Those countries would maintain valid macroeconomic policies and encourage private investment, but the international community should seek mechanisms to resolve the problem, especially in respect of training since many young people, especially young graduates, were unable to find work, and if that situation persisted, successful policies would be threatened.

In the area of international trade, Morocco supported the GATT agreements reached at Marrakesh but felt that there was a need for trade to be carried out in good faith. Some trading partners were intensifying non-tariff barriers in trade, especially in areas such as agriculture and textiles in which the developing countries had an advantage. The international community must help in overcoming that problem.

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Morocco was in favour of a strong environment policy; in recent years international assistance had not been in proportion to the needs. Net transfers to countries which had carried out adjustment were declining because donors tended to give to the countries in greatest need and it took time for private investment to take the place of official development assistance and for countries to establish their credibility in markets to which they had previously had no access. At the same time, such countries had to deal with debt-servicing and to develop infrastructure.

On the question of coordination between organizations within the United Nations system he agreed that each institution needed to use its comparative advantages. Moreover, it was better to focus on finding common ground and on solving the most urgent problems rather than on trying to establish new organizations.

Mr. AINSCOW (United Kingdom) said that his delegation would have preferred shorter presentations and more time for discussion. He noted that there was disagreement on whether enough assistance was being provided to the poorest groups. More data was needed on the country-level programmes implemented by both bilateral and multilateral donors, and coordination among concerned organizations at the operational level should be improved.

Mr. DESAI (Under-Secretary-General, Department for Policy Coordination and Sustainable Development) said that intergovernmental coordination was vital in order to ensure that the programmes of work of all United Nations bodies were consistent with each other. Programmes of work must also be consistent with national policies; the key issue was how well United Nations representatives worked under the guidance of the resident co-ordinator.

Mr. MAJID (Bangladesh) said that very few developing countries had recorded high growth rates in 1993. Official development assistance, which had been declining in recent years, must therefore be increased. With the assistance of IMF and the World Bank, Bangladesh had had some modest success with its structural adjustment programme although the process had been a

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painful one; follow-up resources, however, had been inadequate. Greater emphasis should be placed on investments in the poorer countries. For its part, the World Bank should adopt a country-specific approach to its projects. Finally, inter-agency cooperation should be pursued at the policy level rather than at the country or operational level.

Mr. ADAMS (World Bank) said that the World Bank had recently agreed to discuss national assistance strategies with member Governments and to provide comprehensive analytic statements on the sectoral and lending activities in its programme proposals. That readiness to respond to the specific concerns of Governments was a welcome development at a time of increasing diversity in the views of Bank borrowers as to possible country-level strategies.

Mr. NORIGUCHI (Japan) said that creation of the supportive national environment that was necessary for sustained growth required a mechanism whereby developing countries could review the development policies of other developing countries. He wondered whether it would be possible to introduce such a review system in UNCTAD.

Mr. FORTIN (United Nations Conference on Trade and Development) said that such a system already existed in UNCTAD, although its coverage was not all that broad and concerned particular mandates of selected intergovernmental bodies. UNCTAD had received a mandate from the Trade and Development Board to establish a mechanism for facilitating the exchange of experiences among countries.

Mr. LOEIS (Indonesia) said that, given the large number of agencies involved, it was difficult to avoid duplication of efforts in the field of poverty eradication. However, since resources were limited, it was essential to improve coordination among concerned agencies in the area of policy formulation.

As for the implications of the conclusion of the Uruguay Round for the international economy, the creation of the World Trade Organization meant that

UNCTAD must develop greater capacity in the area of analysis and research and promote greater discussion on trade and development issues.

Mr. FORTIN (United Nations Conference on Trade and Development) said that UNCTAD had been urged by other intergovernmental bodies, and particularly by the Commission on Sustainable Development, to make a greater contribution to the work of the World Trade Organization in the field of policy analysis and research in order to consider policy options before negotiations were begun or agreements concluded. In the area of consensus building, the role of UNCTAD in the concert of international institutions concerned with trade would be enhanced by the creation of the World Trade Organization.

Mr. SEADE (Deputy Director-General, General Agreement on Tariffs and Trade) said that GATT and UNCTAD had common areas of work in the field of trade and development. UNCTAD, however, was more concerned with the analytic, prospective and normative aspects while GATT was concerned with the contractual and technical sides of issues. There was thus room for increased cooperation and an expansion of activity.

Mr. SYCHOU (Belarus) said that, as a representative of a country in transition, he would welcome assurances from the representatives of the trade and financial organizations of their readiness to give support to developing countries. There was need to streamline the mechanism for channelling United Nations technical assistance to countries in transition. He would also welcome information on whether UNCTAD could provide assistance in converting the military defence industry to civilian uses.

Mr. FORTIN (United Nations Conference on Trade and Development) said that UNCTAD had recently signed an agreement with the Commonwealth of Independent States to streamline existing technical cooperation initiatives and to pursue new ones financed, where possible, by UNDP.

On the question of assistance with the conversion of the defence industry, the Trade and Development Board had decided to establish an ad hoc working group to study the matter. Unfortunately, it had proven difficult to

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agree on the terms of reference of the working group, since some States were concerned about the political aspects of its work. If no agreement was reached, a decision would be taken by the Trade and Development Board at a special session to be held in the fall of 1994.

The meeting rose at 6.45 p.m.