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Held at the Palais des Nations, Geneva,
on Thursday, 3 July 1997, at 10 a.m.

President: Mr. GALUSKA (Czech Republic)

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

FOSTERING AN ENABLING ENVIRONMENT FOR DEVELOPMENT: FINANCIAL FLOWS, INCLUDING CAPITAL FLOWS; INVESTMENT; TRADE (continued) (E/1997/26, 50, 54 and 67)

Mr. ANNAN (Secretary-General of the United Nations) said the primary mission of the United Nations remained development, which was a fundamental pursuit in itself but also a foundation for peace and stability and a powerful force for preventive diplomacy and preventive action. Several positive trends now justified the long-cherished hope of building a free and open world economy in which all countries could participate and from which all countries could benefit. Better integration of many developing countries into the world economy had enabled them to accelerate their growth and play an increasing role in international finance and trade. However, many others had been excluded from the benefits of globalization and were in danger of becoming increasingly marginalized. Their attempts at reform and liberalization should therefore be given greater support by increasing official development assistance (ODA), by finding a comprehensive solution to their external debt burden, and above all by giving their exports free access to world markets.

Enhanced international cooperation was necessary in order to build an open, equitable and rule-based system of world trade, finance and technology flows, and in order to integrate all countries into the world economy, to promote sustained and sustainable economic growth, to unleash untapped creativity and initiative, and to manage the risks and volatility associated with globalization. Democracy, respect for human rights and good governance, as well as democratization of international relations, were also vital in that regard.

Governments in developing countries had a responsibility to pursue sound policies and to establish social services and solid infrastructures, while remaining aware that it was people and private initiative that were increasingly becoming the main generators of progress. It was the responsibility of developed countries to enhance coordination of their macroeconomic policies and to ensure greater coherence in their trade and aid policies so as to encourage developing countries' exports and stimulate flows of capital, investment and technologies to those countries.

The United Nations also had a crucial role to play. The reforms already undertaken in the Secretariat, notably the consolidation of the three economic and social departments at Headquarters and the establishment of the Executive Committee for Economic and Social Affairs, should lead to greater efficiency in those areas. The new reforms soon to be announced would concern the Organization as a whole and would be largely judged on how well they strengthened the ability of the United Nations to promote economic and social progress and to address, through development, the root causes of poverty and conflict. Ultimately, what counted was the impact the Organization could make on people's daily lives. While it was true that in many areas there must be consolidation, in others there were gaps that needed to be filled, and he was planning to introduce an “efficiency dividend” which would enable resources resulting from administrative savings to be redeployed to development-related activities.

If the Economic and Social Council was to be able to play fully the role envisaged for it by the Charter, it would have to be reformed, if not radically, at least in as far-reaching a way as possible. In recent years, the Council had already addressed the common policy themes emanating from global conferences, provided practical policy guidance to the organizations of the United Nations system and to its functional commissions, streamlined its sessions and refocused its agenda. It had also promoted closer interaction with the World Trade Organization (WTO) and the Bretton Woods institutions, which was a very promising development. Measures were to be proposed for increasing the influence of the Council's high-level segments on policy-making and on cooperation for development as well as for enhancing its role in policy coordination within the system and improving the coherence of its subsidiary machinery. There was also need to strengthen the links between the decision-making processes of the Council and the General Assembly on the basis of experience gained in the recent series of United Nations conferences, which had done much to raise public awareness, build consensus and secure policy commitments at the highest level.

The new reform proposals would also concern operational activities for development. In that area, they would follow up measures already taken and would be in line with the objectives of Agenda for Development. Reforms would also be proposed in regard to humanitarian assistance. They would take account of the intensive process of reflection over the past few years, as well as lessons learned from the past, and would cover activities both at Headquarters and in the field. They would address issues of governance as well as Secretariat-level arrangements, notably the increasingly important linkages between humanitarian assistance and (a) peace and security and (b) development activities.

Fostering an enabling environment for development and reform of the United Nations were closely linked, to the extent that a properly functioning United Nations system was essential for the creation of such an environment. The time was ripe for concrete and comprehensive progress, and he offered the Council his best wishes for a most successful session.

Mr. ISMAIL (President of the General Assembly) said a number of people considered that the report of the Secretary-General on fostering an enabling environment for development (E/1997/67) was too strongly tilted towards the view of the Bretton Woods institutions, to the detriment of a more nuanced, global and long-term view of the world economic situation and the special problems of developing countries. The United Nations was supposed to represent all countries and should place greater emphasis on the need to encourage growth and development, to ensure the better distribution of growth and to strengthen the role of the public sector.

The results of the recent special session of the General Assembly seemed to suggest that international cooperation was at an impasse when it came to translating the commitments made, particularly the financial ones, into concrete measures. The numerous developed countries that had been prepared to go further had been prevented from doing so by a few. Unfortunately, there was nothing new in that: the unwillingness of one country to contribute to the replenishment of the resources of the Global Environmental Facility had led to a diminution of its resources.

In those circumstances, the question arose whether the role of the United Nations in fostering an enabling environment for development should be purely normative or, at best, that of a consensus-maker without the ability to translate consensus into material terms. For example, the Second Committee had adopted by consensus two seemingly important resolutions on the transfer of resources between developed and developing countries and on global financial integration. However, the value of those resolutions, if they could not be implemented for lack of funds, was questionable. If it was not possible even to finance sustainable-development and environmental-protection programmes, what were the prospects for individual countries, especially the least developed countries, which did not yet contribute to world growth?

Rather than restricting itself to general economic and social issues, the United Nations should be able to address the hard issues of economics such as the terms of trade, market access, financial resources or debt, all of which were currently the preserve of the Bretton Woods institutions and WTO. On 16 July 1997 the Secretary-General was to present to the General Assembly proposals on comprehensive reform of the Organization. He wondered whether those proposals would result in an enhanced role for the United Nations in resource mobilization or whether the specialized agencies, programmes and funds of the Organization would continue to be dependent on arbitrary decisions by donors who were more concerned to bestow charity on a few than to consider development priorities and needs as a whole. Would care be taken to distinguish between emergency humanitarian activities and development activities and to ensure that no funds were drawn off from development activities for humanitarian needs? Lastly, would the reforms result in an enhanced role for the United Nations in macro-coordination in relation to the Bretton Woods institutions and WTO?

There were two requirements for the United Nations to play its role in the economic and development spheres. First, the developed countries must demonstrate greater willingness to discuss economic issues, particularly the hard issues, within the Organization. At present they apparently desired to shape the international economic system elsewhere, in accordance with their own needs, in order subsequently to impose it on the developing countries through financial coercion.

Secondly, more Heads of Government and relevant ministries should participate in United Nations debates on a regular basis. The Organization should “compete” with bodies such as G-7/G-8, which excluded most of mankind and which, in conjunction with global corporations and banks, laid down the “new rules of the game” through institutions under their control. Macroeconomic policy coordination should be geared not only to financial stability and fighting inflation but also to growth and accelerated development everywhere, especially in the marginalized areas. Not all the developing countries were ready for integration into the global system. Many of them were being coerced into it prematurely, when their need was first of all to strengthen their own financial and banking systems. The United Nations must assert that it was the developed countries' responsibility to open up their markets far more broadly to developing-country exports. Low-income countries needed to develop their domestic markets and industrial capacity on the basis of subregional cooperation: they should not be forced to open them up indiscriminately.

To conclude, he called for closer coordination between the General Assembly, the Economic and Social Council, and the Secretariat. None of them should be allowed to be used by certain countries to the detriment of the others. The role of the Secretariat should be strengthened: it should represent the interests of the greatest possible number of countries and peoples and resist the Washington consensus.

Mr. MWAKAWAGO (United Republic of Tanzania), speaking also on behalf of the Group of 77 and China, said that in a period characterized by economic globalization and liberalization there was an urgent need to create an enabling environment for economic growth. The report of the Secretary-General before the Council had identified the main conditions. It was the responsibility of the developing countries to adopt appropriate national macroeconomic policies in order to permit the creation of dynamic, open and free market economies and to attract foreign direct investment (FDI). There were, however, circumstances in which Governments would need to intervene in order to prevent the failure of market mechanisms and provide social services to the weakest.

The “World Economic and Social Survey 1997” (E/1997/50) painted an encouraging picture of economic growth in many parts of the world, including the developing countries. Nevertheless, international assistance was still necessary to support the efforts of that group of countries. However, far from attaining the target of 0.7 per cent of the GNP of the developed countries, ODA currently amount to barely 0.25 per cent. It was true that FDI flows had increased over the past five years, but the only countries to benefit from them were a dozen or so fast-growing countries in Asia and

Latin America, while Africa had received a negligible amount. In addition, FDI always focused on projects which yielded quick returns rather than on infrastructure projects. For that reason it could not replace ODA.

On specific obstacle to the development efforts of Africa and other least developed countries was their external debt, as the Secretary-General had emphasized. The recent debt-reduction initiatives taken by the Paris Club, the International Monetary Fund (IMF) and the World Bank should therefore be commended. In the view of the Group of 77 the transfer of technology to the developing countries, which was essential to their efforts to increase self-reliance, should be effected on concessional terms. The only way for the developing countries to be meaningfully integrated into the world economy was to produce goods and services capable of being traded on the world market on equitable terms, and there again they required the support of the international community. As the Group of 77 had asserted at its 20th Ministerial Meeting in September 1996, South-South cooperation, which was the cornerstone of its economic philosophy, required support from the international community. The quest for a new global partnership for development was real and required the support of all. For its part, the Group of 77 was deeply committed to such a partnership.

Mr. KANG (Republic of Korea) said that the world economy currently seemed to be on the threshold of a new golden age. Many countries, whether industrialized, developing or in transition, were growing dynamically. The so-called economic miracle of east Asia no longer seemed to be limited to that part of the world alone. However, for the current trend towards shared prosperity to continue and become generalized, conscious efforts were needed: an enabling environment for development should be created, requiring the promotion of capital flows to the developing countries in greatest need of them, the implementation of market-oriented economic reforms and globalization. The success of the prospering economies - such as that of his own country - was based on free global movement of capital. Countries wanting to share in that prosperity should also attract foreign capital. To do so, they should undertake the necessary reforms to liberalize trade and investment.

For countries in the early stages of their development, international assistance could make a decisive contribution in jump-starting the reform process and encouraging inflows of private capital. The decline in the amount of ODA in recent years was therefore disturbing, but development assistance could take forms other than financial resources, such as capital equipment, food, technical cooperation and various forms of guidance. The Republic of Korea, which was a former recipient of foreign assistance, was now contributing such assistance to other developing countries on a bilateral basis. It also made a modest contribution, which it hoped to increase over time, to multilateral assistance. The international financial institutions played a vital role. The World Bank, for example, had done much to help the Republic of Korea's economy to develop to its current level, but recipients should not content themselves with asking them for resources; they should also be prepared to request and follow their advice and guidance. Such was the cost of success.

Mr. KOVANDA (Czech Republic) described the experience of his own country, in support of some of the ideas expressed by the Secretary-General in the report before the Council. For several years, the Czech Republic had prided itself on its macroeconomic performance. After having undertaken significant reforms in the 1990s - privatization, price liberalization, redirection of trade flows, currency convertibility, it had achieved encouraging results: the renewal of growth, falling inflation, exchange-rate stability, low unemployment and balanced budgets. It had signed an association agreement with the European Union, had joined the Organization for Economic Cooperation and Development and had been preparing for a future of steady growth. But suddenly the outlook had grown gloomy: the currency had weakened, the trade account deficit had risen to intolerable levels, economic growth had slowed and painful cuts had been imposed in order to keep the budget balanced. His Government had recognized that the situation was attributable to its past policy errors, in particular shortcomings in the legal and administrative framework. The Czech Republic's economic transition had not been accompanied by a transformation of its legal system. Privatization had led to the leading predominance of private property - but private property had not been legally protected. As a result, the business world had been buffeted by all kinds of scandal. The legal system had possessed neither the necessary knowledge nor experience to deal with the situation. In view of the numerous evils besetting the Czech financial markets, foreign investors had turned away.

The Czech Republic had thus learned - the hard way - that Governments had a clear economic role to play: to establish favourable conditions for the business sector, in not only economic but also legal terms. The Czech Republic now seemed to have escaped from the doldrums in which it had found itself at the beginning of the year. It had drawn lessons from its experience and he hoped that the other countries whose property structures were undergoing rapid transformation, such as the countries in transition or countries embarking on large-scale reforms inspired by liberalism, would also benefit from those lessons.

Mr. MABIKA (Gabon), Minister responsible for Planning, the Environment and Tourism of the Gabonese Republic, said that the creation of an enabling environment for the eradication of the ills of underdevelopment, and which through resource complementarity would benefit both the developing and the industrialized countries, was long overdue. A number of factors, and in particular institutional liberalization, the rule of law and the establishment of proper legal and regulatory frameworks, would contribute to the achievement of sustainable development. The institutional setting should establish conditions of political stability and transparent economic management. The international community should therefore continue to support those countries that were endeavouring to implement democratic reforms and to assist those that were dragging their feet or grappling with domestic conflicts.

For its part, Gabon had begun an irreversible process of democratization, and was convinced that in so doing it would influence the economic situation just as much as by purely economic measures. Where the latter were concerned, Gabon had recharged its economy in favour of the private sector, reduced the tax burden on enterprises, amended sectoral regulations with a view to liberalizing economic activity, drawn up an investment charter and established an investment-promotion agency.

However, sustainable development also required the implementation of policies to develop natural wealth. If projects were to be sustainable and profitable, they should be conducted within a context of subregional or global complementarity and the developing countries should strive, with support from the international development institutions, to identify, prepare and promote them. Gabon intended to adopt that approach within the framework of legislation on development.

Some sectors such as education, health, social welfare and infrastructure would continue, at least in the short term, to depend on State funding. For the time being, ODA was essential to that end and steps should be taken to reverse its decline. The problems of indebtedness should also be resolved. While commending the continuation of IMF's enhanced structural adjustment facility in support of heavily indebted poor countries, he called for effective and greater participation by multilateral creditors and certain donor countries and for the conditions of eligibility to be extended to other countries, including those, such as Gabon, whose debt repayment capacity jeopardized their growth potential. He also urged institutions to endeavour to decentralize agencies involved in development and move them closer to the countries concerned in order to foster dialogue, better assessment of the funds requested and monitoring of their use. Such decentralization, in conjunction with decision-making autonomy, would benefit development. It would also provide support for those countries wishing to establish, within the regional framework, investment and guarantee funds financed by existing multilateral resources in order to permit equity participation in support of privatization programmes, to promote the funding of new industrial projects and to facilitate the identification of investment opportunities.

Mr. VILLALONGA (Spain) said that as economic globalization had political, legal and social consequences, the measures adopted pursuant to General Assembly resolution 50/227 should bear on each of those three spheres. Spain shared the views expressed by the Secretary-General regarding the need for a stable and transparent legal framework and a transparent, efficient and accountable public administration. While there were undeniable benefits to be derived from globalization, it was not without risks, especially the risk of marginalizing the poorest countries. For that reason, in order to avert the danger it was essential to ensure proper coordination between national policies and the various aspects of international cooperation. As the Director-Generals of IMF and WTO had said, globalization did not automatically mean that all countries would be integrated into the global economy or that poverty would vanish overnight.

His Government fully appreciated the need to increase ODA resources, provided the increase was associated with enhanced quality; for its part it proposed to improve its own development cooperation in both those respects. However, the relevant effort would have to be accompanied by measures relating to external debt relief and global market access for the products of the poorest countries, within the framework of WTO and through closer cooperation between the latter and UNCTAD. His Government also attached great importance to environmental protection, to which it would direct its efforts both in Spain and through international cooperation.

On the threshold of the twenty-first century it was essential to define means of fostering appropriate development for all countries, whether developed or developing. Hence the importance of reforming the economic and social sector of the United Nations, and thereby enhancing the system's effectiveness and enabling it to contribute more to international cooperation in the economic, social, cultural and humanitarian spheres. Improved coordination among the various funds, programmes and agencies was of major importance in that effort.

Mrs. MLAMBO-NGCUKA (South Africa) said the claim that globalization offered opportunities for development would not be fully borne out as long as Africa remained marginalized. The issues at stake in development having become perfectly clear, the African countries, and in particular the least developed of them, should receive adequate support and long-term investment in order to build an industrial base, failing which they would be unable to benefit from globalization. Without industrialization, there would be no point in those countries seeking access to markets.

For their part, the United Nations and its Member States should also adapt to the problems of globalization and resolutely embark on reform; for reform to be successful, it should permeate all components of the United Nations - countries and regional organizations alike. The multilateral institutions were responsible for ensuring close policy coordination, which was essential for the least developed countries and was becoming equally important within regional arrangements. Follow-up of the decisions taken was also of fundamental importance.

ODA played a more critical role than ever in development, particularly because it fostered constructive relationships between Governments and local civil society. However, the market could not be allowed to reign unfettered. Governments must ensure that growth was people-centred, that market distortions and failures were addressed, and that an overall development strategy was pursued. Her Government was committed to promoting partnership between the public and private sectors as it believed that the countries of Africa should develop and protect an active private sector.

The top priority for all was job-creating economic growth. Small and medium-sized firms could act as catalysts in job creation, but they must be supported by sound infrastructure, which would help them to gain access to technology and affordable finance. In that respect, too, the State had a role to play.

Development objectives and steps for attaining them were determined at the intergovernmental and central government levels. Government better served the people by being close to them both as beneficiaries and as participants in development. It was therefore necessary to ensure that there was a link between decisions taken at the international level and their implementation at the local level.

Growth was currently spreading to certain developing regions through South-South regional cooperation. Efforts should be made to increase competitiveness at that level, through, for example, the Southern Africa Development Community (SADC), with the support of international cooperation and with the immediate goal of increasing the volume of FDI in Africa. The principles adopted by a number of recent international conferences, which had laid the foundations for new development partnerships, should also be followed up.

Mr. ZILE (Latvia), assessing the situation almost six years after the restoration of Latvia's independence, since when it had made significant progress towards a market economy, said that from 1994 to 1996 the economic activity index had almost doubled. With the cooperation of UNDP and other international institutions, Latvia had re-established its civil service, reorganized the administration and initiated municipal reform.

Reform was currently also one of the major concerns of the United Nations system and, as a member of the Council, Latvia was involved in reform of the Council in particular. His delegation believed that priority should be given to increasing the resources available for development in response to the growing needs of the recipient countries and making the system of financing more predictable. In that connection the UNDP office in Riga was now coordinating the activities of all the specialized agencies in Latvia, a step which had been advocated by the Secretary-General for general implementation in the field. The results were very cost-effective, and contributed to the positive image of the United Nations in Latvia.

Latvia had supported the adoption of General Assembly resolution 50/227 and, in particular, the notion that resources, especially core resources, should be available for the operational activities of the United Nations system on a predictable, continuous and assured basis, taking into account the fact that voluntary contributions from official sources should remain the main source for funding of those activities. His delegation noted with particular regret that the core resources available for United Nations funds and programmes were steadily shrinking, with a concomitant risk of instability and vulnerability, while the volume of other resources was growing considerably.

Financial assistance from international institutions was not in itself a major development factor, as its essential function was to ensure economic stabilization in the countries concerned in order to attract direct investment from other sources. In that respect, the Latvian economy had performed satisfactorily for a number of years, so much so that it was in a position to secure long-term credits in foreign currencies. In a broader context, Latvia planned to join the European Union and NATO, a step which should enable it to continue sustainable economic and social development while guaranteeing its independence and security.

Mr. MERDASSI (Tunisia) said that globalization unquestionably had positive consequences, although they were far from uniform among the developing countries, many of which remained excluded from the process. The gap between the developing and developed countries was thus growing ever wider. In addition, the global economy was still beset by imbalances and uncertainty affecting the developing countries in particular. For that reason, participation by developing countries in international economic decision-making, both within the United Nations and through the Bretton Woods institutions, should be broadened and enhanced.

The developing countries' growing share of trade amounted to a structural change in North-South economic relations; it would be possible to preserve that momentum only by further liberalizing trade regimes and promoting an open and reliable multilateral trade system. Such a system should be transparent, equitable, regulated and non-discriminatory. In that respect, the agreements reached within WTO were of particular importance as the system's credibility to a large extent depended on the dispute-settlement machinery. Tunisia accordingly called for scrupulous observance of the commitments made in the Final Act of the Uruguay Round. The implementation of the agreements reached in the Uruguay Round should not lead, under the pretext of global environmental policies, to arbitrary trade discrimination or covert protectionism; in the same connection, social concerns should not be exploited for protectionist ends. Where commodities were concerned, the developed countries should respond favourably to requests for technical assistance, in order to promote the exports of the developing countries which depended on a limited number of commodities. In addition, international cooperation should be intensified in order to enhance the means of exploiting the scientific and technical capacities of the developing countries. Technology transfer should, of course, also take place on favourable terms, subject to the need also to protect intellectual property rights.

In global terms, the volume of resources flowing to the developing countries had been increasing since the early 1970s, although the trend was uneven: ODA was at a standstill, a fact which Tunisia noted with concern, while private capital was essentially directed towards the most advanced developing countries with an already high rate of growth. Efforts should be made to stabilize those flows. There was also an urgent need effectively, equitably and sustainably to solve the external debt problem of the developing countries, possibly by recycling part of the official debt to fund environmental protection projects or human resources development projects.

In order to foster an enabling environment for development, Tunisia gave priority to developing wealth-creating human resources. It had implemented a threefold series of reforms. The first was intended to liberalize the economy, the second to open the economy still further and the third focused on social advancement (consolidation of the role of women, development of associative activity, introduction of channels for cooperation and dialogue between employers and workers, and expansion of the middle class). Social advancement was thus being transformed into a pillar of political stability and a vector for economic development.

Mr. EMVULA (Namibia) said that global statistics portraying too optimistic a picture of Africa's economic situation should be viewed with caution. In reality, the progress made by the developing countries was uneven and they had polarized into high and low-income clusters. The conference of ministers responsible for economic and social development and planning, held in May 1997 at Addis Ababa, had recognized that the promotion of trade and investment in Africa depended on political and economic stability, the adoption of appropriate macroeconomic policies and awareness and initiatives at the multinational level. The ministers had also noted that Africa needed to participate effectively in multilateral trade discussions and that it was necessary in particular to strengthen its capacity to negotiate in those forums. However, in his report the Secretary-General had omitted to mention that, despite the far-reaching reforms undertaken in Africa, investors had barely responded and had not yet provided a real inflow of capital. The developing countries were often reminded that they were primarily responsible for their own development. For its part, Namibia did not abdicate its responsibility, but the international environment was not conducive to fair play.

Namibia was addressing the twin problems of unemployment and poverty through a two-pronged strategy: investment in education, training and other social services by the Government, and strengthening the private sector, as the driving force of economic growth. It had thus established institutions and systems designed to promote investment and had put in place a vast array of fiscal and monetary incentives to stimulate industrial development and broaden the manufacturing sector. Thus, in 1995 the Government had created a tax-free Export Processing Zone.

Namibia had long recognized that the path to globalization lay through regional integration, which was why it was a member of the Southern African Development Community (SADC). All the Community's members had embarked upon a common strategy to promote the region as an attractive trading and investment partner, and the region was actually beginning to achieve positive results in both areas.

Most of the Secretary-General's recommendations were valid, but they did not always correspond to the assessment that preceded them. Thus, as the countries of sub-Saharan Africa received 35 per cent of total ODA and a significant proportion of those funds were allocated to emergency relief and peacekeeping operations, should the Council not view the situation with concern? Furthermore, the recommendations made about external debt were quite cautious and their viability was yet to be tested. However, it was vital to identify as soon as possible a sustainable solution to the African countries' debt problem.

He appealed not to the providers of ODA, but to foreign investors with available capital, to invest in the developing countries, particularly in Africa. All too often, and despite the positive ratings awarded to African countries, foreign investors, be they private or institutional, continued to ignore them.

Mrs. NORDHEIM-LARSEN (Norway) said she wished to stress the need to integrate the developing countries, and in particular the least developed countries, more effectively into the global economy. The challenge facing the poorest countries was to encourage trade and investment that contributed to their own development efforts, while taking care not to sacrifice environmental protection and to respect basic labour law, in particular by avoiding the use of child labour.

The Governments of the poorest countries were responsible for creating a policy framework conducive to private-sector development. To assist them in that task, the international institutions responsible for trade and development must work together in a complementary manner. Her Government welcomed the plans to hold a high-level meeting on integrated initiatives for the trade and development of the least developed countries, which would focus, in particular, on the establishment of an integrated framework for technical assistance.

The question of coherence between trade and environmental policies had been the subject of various organizations' attention for a number of years. It was to be hoped that their deliberations would lead to a common understanding that would facilitate the development of relevant multilateral rules.

Norway was among those countries which had taken the view that the issue of the observance of core labour standards should be raised within the framework of WTO. At the Singapore Ministerial Conference it had been decided that responsibility for the issue should be assigned to ILO. Her Government would closely monitor how the issue was addressed.

The decline in ODA in recent years was all the more unacceptable in that it was occurring against a background of unprecedented global growth. It was essential for the richest countries to adhere to the target of 0.7 per cent of GNP, failing which the multilateral system as a whole would be doomed to paralysis. Her Government reasserted the importance of the 20/20 initiative as one means of securing adequate resources for basic social services for all. It also supported the HIPC Initiative established by the World Bank-IMF and considered that the opportunity should be taken to tackle the issue of unpayable debt once and for all.

If globalization was to benefit all countries, it should be better managed at the domestic and international levels. The multilateral institutions could play a more important role in monitoring and coordinating, provided the member States gave them the means. For its part, the United Nations system had a vital role to play in capacity building. All its constituent agencies should be urged to participate actively, without rivalry, in the far-reaching reforms that were required if the system was to perform its task with the required efficiency.

Mr. INTRAWITYANUNT (Thailand), emphasizing the spectacular progress made by the Thai economy over the past decade, said that it had been the result of policies adopted at the national level to create an enabling environment for growth. Recent developments in Thailand nevertheless demonstrated the risks of instability inherent in such rapid development, especially against a background of liberalization of the financial markets.

While the benefits of globalization were indisputable, it was clear that the economies of the developing or emerging countries required time to adjust. Governments must be given time to strengthen institutions and adopt coherent macroeconomic policies, and enterprises given time to improve their management practices. National financial markets and regulatory mechanisms must also be strengthened, as Thailand was currently endeavouring to do in response to the destabilizing impact of speculative capital movements. The Bank of Thailand had recently introduced a new exchange-control regime based on managed flotation of the baht, which should in the long term make it possible to restore stability and resume growth.

Thailand's example showed that the accelerating pace of globalization eroded State control over the economy, particularly when the latter was threatened by speculative attacks. As well as taking international action to improve and coordinate national regulatory frameworks for international financial transactions, IMF's oversight role should be strengthened. Only through such measures could globalization avoid the pitfall of growing instability.

Mr. KAYTAZ (Turkey) said that in response to the issues arising from globalization, the international community's goal should be to incorporate all countries, regardless of their level of development, into a transparent and regulated multilateral system. Negotiations should be continued within WTO to broaden market access for the developing countries and to set equitable rules in all areas of trade. Turkey fully supported the admission of all the countries that had applied to join WTO at the earliest possible date. It welcomed the provisions of the Singapore Declaration and Action Plan designed to broaden the possibilities of integrating the least developed countries into the international trading system.

In order to avert the risk of marginalization inherent in globalization, particularly in the case of the poorest countries, the importance of ODA as a source of support for long-term development policies should be reaffirmed and the downward trend in ODA reversed. Loans on concessional terms by the international institutions could also act as a catalyst. Despite some success stories, the growth prospects of many African countries were still limited on account of the unbearable debt burden. Turkey was gratified to note that approximately 70 countries had joined it in responding positively to the HIPC Initiative. Turkey was also providing support in the form of IDA grants and had contributed to replenishing the Asian Development Fund.

Finally, given the increasingly important role played by foreign direct investment in integrating countries into the global market, Turkey fully supported the ongoing debate within UNCTAD on the elaboration of closely regulated investment regimes which took account of the requirements of development.

Mr. ALIKER (Uganda) said that the satisfactory results achieved by Uganda were the fruit of the dual process of democratization and economic restructuring begun in 1986. Monetary reform, the adoption of judicious macro and microeconomic policies, and budgetary rationalization had created the necessary conditions for an upsurge in economic activity, reflected in an annual growth rate of some 5 per cent since 1990 and close to 10 per cent in 1995, in conjunction with very low inflation.

Action at the national level had benefited from both bilateral and multilateral assistance, together with an inflow of private funds, particularly remittances from Ugandans living abroad. The existence of sound financial institutions and reliable partners were undoubted assets in attracting potential investors. A central authority had been established to encourage investment and to channel it towards the private sector. Since 1991, that authority, which was responsible for identifying investment opportunities, offering advisory services and protecting investments under the aegis of the Multilateral Investment Guarantee Agency (MIGA), had approved a total of 2,166 investment projects whose total value as at April 1997 had been 3.6 billion dollars and which would create 200,000 jobs.

Where trade was concerned, Uganda, 90 per cent of whose foreign exchange earnings had come from coffee before 1986, had successfully diversified its exports into other agricultural produce, forestry products and mineral resources, spheres in which it possessed a comparative advantage.

Uganda was a strong supporter of regional cooperation, which it viewed as a source of security and political stability. It was a member of the Common Market of Eastern and Southern Africa (COMESA) and of other regional organizations. While it appreciated the support it had received under the HIPC Inititive, his Government noted that the delays in its implementation would have repercussions on its import and investment programme.

Mr. CANLAS (Philippines) said it was noteworthy that in several developing countries macroeconomic stability policies and liberalization measures had begun to bear fruit, enabling those countries to reap the benefits of global trade liberalization and improved market access. The development of exports had had salutary effects on real income and employment.

The introduction of more transparent legal and administrative rules had encouraged the private sector to invest in areas such as infrastructure and community equipment - hitherto a public-sector preserve.

At the same time, national economies had become more vulnerable to the extreme mobility of international capital. Moreover, even though prospects for economic growth continued to be bright in several developing countries, the benefits of growth were far from evenly shared both within and among countries.

The factors he had referred to accounted for the importance of the measures advocated in the report of the Secretary-General on fostering an enabling environment for development, most of which the Philippines supported. While not disputing the need to continue reform of fiscal and monetary policies, legal institutions and microeconomic policies, it must nonetheless be acknowledged that the least developed countries lacked both the material and human resources to carry out those reforms successfully. The decision to channel part of ODA towards human resources development projects in the least developed countries, through bilateral and multilateral institutions, was a welcome development.

The efforts made by the major industrial countries to coordinate their macroeconomic policies and their commitment to increase their support for the multilateral institutions responsible for ensuring the smooth operation of the international trade and monetary system should also be commended. Finally, his delegation welcomed the fact that those institutions increasingly took into account the human aspects of sustainable development and were endeavouring to enhance inter-institutional coordination.

The meeting rose at 12.55 p.m.