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LAUNCHING OF GLOBAL NEGOTIATIONS ON INTERNATIONAL ECONOMIC  
CO-OPERATION FOR DEVELOPMENT

DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

Letter dated 26 October 1981 from the Permanent Representatives  
of Canada and Mexico to the United Nations addressed to the  
Secretary-General

We have been instructed by our Governments to request you to distribute, as an official document of the General Assembly, under agenda items 37 and 69, the text of the Summary by the Co-Chairmen of the International Meeting on Co-operation and Development, which was held at Cancún, Mexico, on 22 and 23 October 1981.

(Signed) Porfirio MUÑOZ LEDO  
Permanent Representative of  
Mexico to the United Nations

(Signed) Gerard PELLETIER  
Permanent Representative of  
Canada to the United Nations

ANNEX

SUMMARY BY THE CO-CHAIRMEN OF THE INTERNATIONAL  
MEETING ON COOPERATION AND DEVELOPMENT

1. We, the Co-Chairmen, had the great honour to preside over a meeting of Heads of State and Government designed to focus on relationships between North and South, particularly the serious economic problems confronting the international community. The United Nations Secretary-General attended as a special guest.
2. We strongly believe that the very fact that 22 leaders from some of the world's most influential yet diverse countries were prepared to come to Cancun and discuss these issues clearly demonstrated the importance and gravity that they attached to them. The North/South relationship was seen as one of the most serious challenges to be faced in the coming decade, ranking with and linked to the maintenance of world peace, as a priority for the attention of all governments.
3. The spirit which prevailed among us as we addressed these fundamental issues was extremely constructive and positive. It was clear from the outset that we were not here - indeed we could not be here - to take decisions on behalf of the rest of the world. Our task was rather to bring our voices to bear at the highest level on the fundamental issues, to identify the major problems and to try to evaluate and promote possible solutions. With this end in mind we spoke openly and frankly to one another and did not try to evade the hard issues. Nor did we indulge in recrimination or casting of blame on others. We were not bound by traditional bureaucratic entanglements nor did we allow ourselves to be shackled by posturing or rhetoric. The atmosphere throughout was receptive to new ideas and approaches and a willingness to listen and understand. We believe that together we succeeded in creating a spirit of genuine confidence and trust amongst ourselves.
4. Our task now will be to ensure that we build upon this trust and understanding, carry this momentum forward into the future and translate thought into action and progress with the aim of revitalizing the world economy and accelerating the development of developing countries. It is in this light that heads of State and Government were clearly determined to attack

the problems on an urgent basis in the international institutions existing for this purpose, and to continue to give their personal attention to this process.

5. Obviously there were differences of view expressed. Among 22 very diverse nations it could not be expected that interests would be identical or approaches necessarily the same. But what struck us most forcefully were the many areas of shared priorities and of common ground. Thus, while various roads were suggested to solve the problems facing us, in virtually every case the basic objectives were shared by all of us.

6. All participants recognized the importance of interdependence in terms of the functioning of their economies, reflected in the fact that the economic prosperity of any country or group of countries increasingly depends on the existence of conditions for growth and stability in other nations. They all appreciated that many of the economic problems which beset them individually could only be solved through joint action among states and that in this sense there was a high degree of mutual self-interest involved in promoting closer international cooperation. There was a strongly shared view that in the global community the problems of economic disparities among nations needed to be seen as the responsibility of all and therefore required concerted action. The view was expressed that in an increasingly integrated world economy, no country or group of countries can evade their responsibilities. In this respect, regret was voiced about the absence of the Soviet Union from the Meeting.

7. At the same time the importance of strengthening and increasing the effectiveness of cooperation among developing countries was seen as an element of growing significance in international relations. Many participants regretted the amount of resources devoted to armaments which could be better employed for developmental purposes.

8. It was recognized that many of the problems were deep and complex and not subject to quick or simplistic solutions. With a long and difficult period ahead, leaders committed themselves to working together to try to build an international economic order in which all states would be able to realize their potential with equal opportunities, and the developing countries in particular would be able to grow and develop according to their own values.

9. The Heads of State and Government confirmed the desirability of supporting at the United Nations, with a sense of urgency, a consensus to launch Global Negotiations on a basis to be mutually agreed and in circumstances offering the prospect of meaningful progress. Some countries insisted that the competence of the specialized agencies should not be affected.

10. With respect to substance we focussed on what we viewed as the major issues and the challenges facing the world economy under the headings of: food security and agricultural development; commodities, trade and industrialization, energy; and monetary and financial issues. Throughout the Meeting the discussion was pragmatic and direct, touching both on broad approaches and frequently on specific details. These discussions made clear the political will of all participants at Cancun to move forward and to take action.

#### Food, Security and Agricultural Development

11. Discussions on this topic indicated several general areas of understanding and shared viewpoints regarding the following principal questions:

- (a) Persistent and widespread manifestations of hunger are entirely incompatible with the level of development attained by the world economy and, in particular, with existing food production capacity. Within as brief a period as possible, hunger must be eradicated. This objective is clearly an obligation of the international community and constitutes a first priority both at the national level and in the field of international cooperation.
- (b) Sustained and long-term internal effort on the part of the developing countries to attain increasing self-sufficiency in food production is the basic element in obtaining a real answer to the problem of hunger. Nevertheless, this effort requires timely and sufficient international technical and financial support in coordination with internal policies and strategies.
- (c) First, developing countries should define and put into operation, with the aid of ample and effective international support, national food strategies covering the entire cycle of food production, productivity,

distribution and consumption, that include effective action for rural development, by means of increasing incomes of food producers, which, paradoxically, are the ones most affected by hunger.

- (d) Food aid should be seen as a temporary tool in emergency situations. Such situations could well continue to exist -- perhaps unfortunately at an even higher scale -- over the next years; but food aid should not be used as a permanent replacement for the necessary development of the required food production in developing countries themselves.
- (e) The rate of population growth in some countries leads to increases in food demand that are difficult to meet.

The experience of a certain number of countries has shown that development of a population policy aids in solving some of the most acute aspects of the food problem.

- (f) The workings of international agricultural and food organizations operating within the framework of the United Nations need to be reviewed in order to avoid duplication of work, to use available resources more effectively and to improve their general efficiency.
12. A number of other points were mentioned during the course of the debate. Among the more important were the following:

- (a) A long-term program geared to the eradication of hunger by the year 2000 should be prepared, including elements of both internal effort and international cooperation.
- (b) A number of steps could be taken to improve the effectiveness of food security mechanisms. Among these are the negotiation of a new international grains agreement; coordination of national food reserves; expansion of the International Emergency Food Reserve, increasing the predictability and continuity of contributions to it; establishment of reserves sufficient to cover the food security needs of developing countries, especially the least developed.

- (c) Task forces could be sent from developed to developing countries, in order to assist the latter in developing and implementing agricultural programs and effectively disseminating high-productivity agricultural techniques.
- (d) International trade conditions also exert a considerable influence on the agricultural and food situation of developing countries. Trade barriers raised against agricultural products hinder the growth of agricultural activity and the achievement of food security objectives.
- (e) The recent setting up of a "food facility" within the compensatory financing scheme in the International Monetary Fund constitutes an important step. In the future, however, it would be necessary for the resources allocated and the terms of access to those resources to be more compatible with the needs of food-importing developing countries.
- (f) The International Fund for Agricultural Development (IFAD) requires prompt replenishment of its resources so that it may continue its operations without interruption.

Commodities, Trade and Industrialization

- 13. Participants addressed a range of problems under this item.
- 14. Noting the slow progress in implementing the UNCTAD Integrated Program for Commodities, particularly in the negotiation of new commodity agreements, they agreed on the need to complete procedures for bringing the Common Fund into operation. Because earnings from commodity exports are of fundamental importance to the economic growth and stability of developing countries, a range of possible approaches was suggested including more intensive efforts to negotiate effective international agreements to stabilize commodity prices, and other measures aimed at stabilizing developing country earnings from commodity exports.

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15. The need to improve the Generalized System of Preferences for developing countries was also recognized, as well as the need for continued efforts on the part of governments to resist protectionist pressures.
16. Several participants noted the contribution which the proposed GATT Ministerial Meeting in 1982 could make to addressing trade problems of developing countries, including barriers to trade in agriculture and obstacles to the further processing of their raw material exports.
17. A number of participants referred to the importance of industrialization of developing countries and the contribution which increased trade could make to this objective. Restructuring of developed country industries was identified as being relevant to this objective, as was a positive result from the renegotiation of the Multifibre Arrangement.
18. The need to help developing countries improve their infrastructures, including transportation and storage facilities, was also raised and a proposal for mobilizing resources to this end was presented.

#### Energy

19. It was recognized that energy is one of the key problem areas of the 1980s that must be tackled seriously and urgently. The problem was characterized more as a global one than as purely a North-South issue.
20. In order to ensure an orderly transition from the era of hydro-carbons to the era of diversified energy sources, the proposal for a World Energy Plan as a framework providing an overall approach covering this complex process was recalled and interest expressed on it.
21. The potential contribution of regional energy cooperation schemes was also pointed out in the discussion.
22. It was also recognized that energy conservation must be pursued by major oil-consuming countries. Development of new and renewable sources of energy also required emphasis, as was agreed at the recent Nairobi Conference.

23. Emphasized in the discussion was the serious problem developing countries face in meeting their large energy import bills which for many represent a good part of their limited foreign exchange earnings.
24. The need for increased energy investment, from both private and official sources, in developing countries was stressed. Support was expressed by many participants for expanded energy lending in developing countries by the World Bank and, in this respect, the establishment of an Energy Affiliate was advocated.

#### Monetary and Financial Issues

25. Participants reviewed the financial difficulties being experienced by developing countries with regard to their balance of payments deficits, their debt service burden and their development financing needs.
  26. They discussed conditions of access by developing countries to the various sources of financing and the role of the relevant multilateral institutions, in particular the International Monetary Fund and the World Bank in the light of the current economic and financial problems facing developing countries.
  27. Points raised by some participants in the discussion included the impact of high interest rates, the creation and distribution of liquidity and role of the SDR as a main reserve asset and in financing development, IMF conditionality, the decision-making process in the international financial institutions, access to capital markets and the respective role of private and official sources of external capital in development financing.
  28. Several suggestions were noted for improved international cooperation.
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