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PROVISIONAL SUMMARY RECORD OF THE 13th MEETING

Held at the Palais des Nations, Geneva,
on Monday, 5 July 1999, at 3 p.m.

President: Mr. SYCHOV (Belarus)
(Vice-President)

later: Mr. FULCI (Italy)
(President)

CONTENTS

GE.99-63629 (E)

The meeting was called to order at 3.15 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) (E/1999/33, 44, 50 and 53; E/1999/L.21)

Mr. HARTRIDGE (Director-in-Charge of the World Trade Organization (WTO)), replying to the questions asked at the previous meeting, said that unprecedented efforts had been made to coordinate the activities of the Bretton Woods institutions, the United Nations Conference on Trade and Development (UNCTAD) and the WTO; periodic meetings were held to review such activities. To take just one example, a recent meeting had brought out the need to strengthen the comprehensive integrated Programme of Action for the Least Developed Countries (LDCs) for the 1990s.

The representative of the European Union had brought up the question of national regulations in the context of the agreement on services. That was an important issue - in which, indeed, the WTO ought to play a stronger role - since care should be taken to ensure that such regulations were not discriminatory. More generally, she had touched upon two other topics that gave rise to concern: the risk of economic protectionism and the difficulty of dealing with the authors of such regulations, who were reluctant to accept that they might not be well-founded. Although drawn up with the best intentions, such regulations could, in fact, distort the workings of the market and thus lead to extremely costly trade imbalances.

Mr. WURIE (Sierra Leone) said that the global problems of peace, development and poverty eradication had for some years not met with a coordinated response. It was time for the international community to review its approach. The International Monetary Fund (IMF) constantly advocated devaluation as a panacea. That, however, solved nothing for countries that were net importers. It would be better to try to redress the imbalances to which countries with no control over the prices of either raw materials or end products were subject. The implementation of projects often left much to be desired because those in charge were not always familiar with the realities of life in the countries concerned and because the beneficiaries had not been consulted beforehand. It was then all too easy to blame the national authorities for the failure of such projects.

Mr. RODAS (Observer for Ecuador) asked what arrangements might be forthcoming to help heavily indebted countries which had also suffered disasters to meet the cost of their social obligations. He also drew attention to the disparity between countries that had suffered natural disasters, and could thus claim some kind of assistance, and others which could not, even though their economic situation was scarcely more enviable.

Mr. DENISOV (Russian Federation) asked whether the decision adopted at the Cologne economic summit to relieve the debt of the poorest countries could not be extended to other countries in difficulty which, in order to service their debt, were forced to cut their social expenditure. Noting that States wishing to join the WTO had to satisfy stringent requirements, increasing the social cost of their accession, he suggested that ways and means for such countries to avoid being thus penalized should be considered, so that they could participate in the forthcoming round of negotiations.

Mr. MUTABOBA (Rwanda) said that adopting good policies was not enough: if results were to be attained in the fight against poverty, adequate funding was also required. Donors, as well as decision-makers, had a determining role to play in the implementation of policies. Although poverty could not be eliminated without peace, the fact was that it persisted even in developed countries where there was no war. In Rwanda, peace had broken out within its borders, but funding - national or otherwise - was lacking and consequently development was at a standstill. There had been talk of debt relief as long ago as 1996. The participants in the latest G-8 meeting had promised action along those lines by the end of 1999. It was surely time to pass on from the stage of academic debate and the mechanical formula of peace-poverty reduction towards concrete realities and to match promises with action.

Mr. HUNTE (St. Lucia) said that the banana industry accounted for 54 per cent of his country's export earnings. He therefore asked for an assurance that the recent decision by the WTO Panel on Bananas took full account of the situation in small States which, like St. Lucia, effectively depended on a single resource but nonetheless wished to play a full part in international trade and refused to be marginalized in the name of globalization.

Mr. ZULU (International Monetary Fund (IMF)) said that peace and development did not automatically lead to the elimination of poverty. The IMF Managing Director had been extremely clear on that point: peace and development were necessary but not in themselves sufficient conditions. Political and economic stability had to go hand in hand and to be mutually reinforcing. Devaluation, meanwhile, was only one of the range of measures that the IMF proposed to countries and discussed with them. For instance, the adjustment of exchange rates in the countries of the Franc Zone (CFA franc), combined with other measures, had recently made a decisive contribution to the economic revival. Measures relating to markets for basic products were aimed not only at developing trade, and thus creating jobs in developing countries, but also involved opening up new outlets for such products in the industrial countries.

With regard to the point made by the observer for Ecuador about assistance to countries that had suffered natural disasters, it should be remembered that the IMF had already been very much involved in Central America before the latest particularly devastating hurricane had occurred. There was, moreover, a special fund to assist countries stricken by natural disasters.

The extension to other countries of the measures to help highly indebted poor countries (HIPC) was not, so far, on the international community's agenda, but could be examined when the time was deemed appropriate.

Lastly, endorsing the remarks of the representative of Rwanda, he said that poverty reduction was 70 per cent a political choice, depending on priorities relating to such issues as education or marginalization, as the World Economic and Social Survey, 1999 clearly showed. For the IMF, funding was a secondary factor. If policies were correctly defined and met the needs of their beneficiaries, it was always possible to create the right conditions for poverty reduction.

Mr. WOLFENSOHN (President of the World Bank), replying to the representative of Sierra Leone, said that project implementation was not the business solely of countries or donors. It was unthinkable for projects to be approved by the Bank's Board of Governors without there having been appropriate consultations with all the interested parties and without a follow-up in partnership with the Government of the beneficiary country. He informed the observer for Ecuador that the Bank's operating system in the case of natural disasters functioned fairly well. Ecuador had not suffered a natural disaster; the Bank and the IMF were, however, working very actively, in conjunction with the national authorities, to find remedies to the country's most immediate problems.

The question of extending debt relief measures to other countries had to be approached with the greatest caution. Such measures could not be applied across the board without the risk of compromising the whole system. Poor countries would be tempted to borrow too much in the hope of a debt cancellation, while the creditors, fearing non-repayment, would increasingly withdraw. In reply to the representative of Rwanda, he said that, by the end of 2000, 27 countries would be beneficiaries of the HIPC initiative. No other promises had been made beyond that objective. The task before the international community was to find the US$ 6 billion or so needed to fund the cost of the decision adopted at Cologne. In the case of Russia, the debt problem had certain specific features which would undoubtedly be examined at a later stage.

Returning to the key concepts that the Bank believed should govern the Economic and Social Council's ideas and activities with regard to poverty elimination, he said that the responsibility for combating poverty lay above all with the countries themselves, not with the international community. Action on poverty began with good public management and stronger national institutions and capacities: poverty reduction was achieved by combating corruption, unifying the legal system, establishing control mechanisms for financial institutions and enterprises and, of course, setting up effective social protection. It was a long-term endeavour, which could not be brought to fruition by one-off measures or injections of money. It required a comprehensive strategy, based on appropriate structures. Both in the countries in transition and in African countries, it was notable that those which had achieved conclusive results against poverty were those which had equipped themselves with adequate structures. In other words, the Bank considered that the question of funding and projects was, although important, not the main point. What mattered most was to establish an appropriate institutional framework enabling the national authorities to act in partnership with the international community and the donors, with the support of the private sector and the entire civil society.

Mr. HARTRIDGE (Director-in-Charge of the World Trade Organization (WTO)), replying to the representative of the Russian Federation, said he agreed that the commitments which countries wishing to join the WTO had to undertake were more wide-ranging than had been the case in the past. It was, however, worth pointing out that such commitments gave countries a measure of security by providing potential investors and operators with a guarantee of stability. No country - and least of all a poor country - could allow itself a protectionist regime. In reply to the representative of St. Lucia, who wished to know whether the WTO Panel on Bananas had taken into account, when making its decision, the heavy dependance of countries like St. Lucia on the banana industry, he said that the Panel's role was to clarify and apply the rules. One of the reasons why the dispute in question had been a particularly painful one was that some of the Central American countries that had challenged the European Union regime were themselves as poor as St. Lucia.

Mr. RADWAN (International Labour Organization (ILO)) said, with regard to the links between peace and development, that ILO studies revealed that, to take effective action against poverty, a country had to construct its policies within a precise economic framework. Noting that the African countries that had managed to turn their economies around over the past few years were those that had pursued job-oriented growth policies, he said that the ILO was currently setting up the Jobs for Africa programme, which gave macroeconomic policies an essential role in growth. Where countries were emerging from conflict, the ILO was endeavouring to set up a rapid response facility to avoid the usual slowness in that regard. A frequent problem, however, was the lack of a national consensus in the countries concerned. The starting point for foreign assistance had to be the mobilization of national resources.

Mr. HUNTE (St. Lucia) said that the WTO representative had not answered him on an extremely important point: did it take account of the vulnerability of small island States and did it envisage any protection for them within the globalization process? He would also like to have a clear definition of the criteria for “good governance”, as understood by the World Bank and the IMF.

Mr. HARTRIDGE (Director-in-Charge of the World Trade Organization (WTO)) said that no specific protection was officially planned by WTO for small island countries, but that there were special programmes for LDCs in general and that the situation of certain countries, such as landlocked countries, island States or net importers of food products, was taken into account in the negotiations.

Mr. WOLFENSOHN (President of the World Bank) said that the Bank took the problems of small island countries most seriously and was participating in the study being carried out on those countries by the Commonwealth Secretariat, the results of which would be known in the coming months. As for the good governance of public affairs, it was not a new concept dreamt up in Washington or elsewhere. It was a very simple and natural proposition, applying to all States, based on the premise that a country where the Government and judicial system were corrupt, where property rights and human rights were not protected and where there were no financial controls would be much less capable of tackling poverty than a country which had been able to remedy such defects, quite apart from any money that might have been injected there or any projects earmarked for it.

Mr. FORTIN (United Nations Conference on Trade and Development (UNCTAD)) said that UNCTAD participated as an observer in the work of the Commonwealth Secretariat and the World Bank on small island States. Moreover, the question of countries which did not meet the defining criteria of LDCs but presented features rendering them particularly vulnerable to external shocks was being examined by the UNCTAD Trade and Development Board, which was trying to define those features. In addition, UNCTAD was henceforth using the expression “small, vulnerable and structurally weak countries” to designate countries requiring special treatment to help them overcome their structural defects.

Mrs. NANDI-NDAITWAT (Observer for Namibia) said that, in view of the fact that poverty persisted in many countries, despite advances in democratization, she wondered whether democratization of the international economic system and a better balance of trade did not also need to be encouraged. Some regions were experiencing absolute poverty while foodstuffs were going to waste elsewhere. It would be interesting to know how the multilateral financial institutions viewed the operation of “partnerships” in practice. South-South cooperation surely needed to be more sustained. She would like to know to what extent the World Bank and the IMF promoted the empowerment of women and how they informed women of their policies in that field in view of the fact that those with whom they dealt were mainly men. She would also like to know what steps they were taking to sensitize the labour market to the need for women to have access to jobs usually occupied by men, and, on the question of peace and war, what reconversion they were proposing for enterprises living exclusively on arms production.

Mr. Fulci (Italy) took the Chair.

Mr. CALOVSKI (Observer for the former Yugoslav Republic of Macedonia) said that, while the will to intensify international action to prevent the negative effects of globalization gave grounds for optimism, the task would be no easy one. The reconstruction of Kosovo and the entire region, for which the European Union would be mainly responsible, would be a particularly difficult undertaking, and he would like to know what part the World Bank and the IMF would be able to play in the process. Their contributions would be extremely important in helping the region to move out of the crisis and resume growth. On a “more delicate” point, he asked the representatives of the IMF and the World Bank for information on the amount and use of the profits their organizations made from their activities. Lastly, he was surprised that some small vulnerable countries with economies in transition, whose problems were similar to those of the least developed countries, should be excluded from the HIPC initiative.

Ms. SJAHPERI (Indonesia), having welcomed the recommendations for the prevention of future economic crises made by the Managing Director of the IMF at the preceding meeting, inquired whether the IMF and the World Bank had fixed a date by which the stable international monetary and financial system thus recommended would be put in place. At the national level, the keywords were good governance, transparency and responsibility. It was thus necessary to define forthwith the standards and codes of conduct to be observed in that regard.

Mr. ROSENTHAL (Observer for Guatemala) said that a development-financing initiative within the framework of the round of major conferences that had begun in 1992 would provide an opportunity to strengthen the links between the United Nations and the Bretton Woods and other international financial institutions and to promote the mobilization of capital. In view of the necessity for a more precise definition of the scope of such an initiative, he welcomed the very constructive participation of the World Bank in the discussions on the topic.

Ms. KING (United States of America) said that, in view of the prominence given to the question of women and employment in the agenda, she was surprised to see that there was no woman at the Council table. It was deplorable that the replacement of several heads of secretariat of the multilateral financial and trade institutions had not made the slightest change in the division between the sexes. With regard to development financing, she wished to point out that no decision had yet been taken on the form of the contemplated initiative and, in particular, that there had been no agreement as to whether there would be a conference. Discussions on the matter were continuing, to which the World Bank was making a very constructive contribution. The discussions should culminate in a high-level intergovernmental dialogue with a view to reaching a consensus on development financing, with the participation of ministers not only of finance but also of foreign affairs and development as well as of the international financial institutions.

Mr. WOLFENSOHN (World Bank) said he agreed that no agreement had yet been reached on the holding of a conference on development finance. Whatever form the initiative might take, however, the Bank was ready to assist once the subjects dealt with related to development. Replying to the question by the observer for Namibia on the importance of multilateral action to combat poverty, he said that the Bank was supporting job-creation projects in all countries that had chosen the free-trade option. Such assistance was delivered in the framework of a partnership relationship, which the Bank never sought to dominate: the final decision always rested with the country concerned, with the Bank confining itself to providing assistance.

With regard to South-South cooperation, the Bank was extremely active in that area and, thanks to new information technology, organized some 400 videoconferences a month at which countries of the South could exchange experience. To combat the inequality of the sexes, the Bank had set up a micro-credit programme to which women's cooperatives in several countries of Asia and Africa had access. All countries interested in that programme were invited to approach the Bank. The fact remained, however, that the Bank was not a world government and was not in a position to decree the immediate elimination of sexist attitudes. All it could do was promote and support policies and projects that were more favourable to women.

Replying to the observer for the former Yugoslav Republic of Macedonia, he said that the Bank had been appointed to carry out, in conjunction with the European Commission, the recovery programme for the Balkan subregion and representatives were already in the field to prepare that undertaking. As for the Bank's profits, they were very modest: of the 1 billion dollars out on loan, they amounted to some 4.5 million dollars at most. The bulk of the Bank's profits derived from investments - of 1.1 to 1.2 billion dollars a year, some 600 to 700 million of which went to build up reserves, 120 million were allocated to major programmes and the rest went to finance the IDA and the HIPC initiative. Contrary to common belief, the Bank was sometimes short of money, and debt cancellation programmes were causing it serious problems.

Replying to the representative of Indonesia, he said that the countries of South-East Asia shared responsibility for the financial crisis that had shaken the subregion with Western banks that had been reckless in their lending policy, wrongly believing that they would be bailed out by a rescue programme in the event of difficulties.

The PRESIDENT said that the World Bank's invitation to all countries desiring to benefit from the micro-credit programme was of major interest. In the fight against poverty, micro-credit was a redoubtable weapon, and any measure taken by the Bank to extend the programme to other countries would be deeply appreciated.

Mr. FORTIN (United Nations Conference on Trade and Development (UNCTAD)) said that his organization was trying to introduce a new type of partnership involving the private sector in the execution of development projects side by side with Governments and international organizations. UNCTAD was also extremely active in South-South cooperation, for which it was one of the coordination centres in the United Nations system. In addition to trade, where the global system of trade preferences between developing countries was the main instrument, its activities were directed to investment cooperation. Realizing that more and more developing countries were in a position to make significant investments in other developing countries, UNCTAD had undertaken to facilitate that process by promoting bilateral investment agreements, both regionally and subregionally. With the cooperation of the Group of 15, a number of agreements of that type had been concluded.

UNCTAD was very well aware of the need to take account of gender-specific factors in its activities. It had produced a number of studies on the effects of various trade policies on the empowerment of women. It was also ensuring that women were adequately represented in posts of responsibility: two of the five director-level posts in the organization were currently held by women. UNCTAD was also continuing to support improvements in the international financial architecture by a wide variety of activities directed to development, foreign direct investment (FDI), and aid and investment.

Mr. ZULU (International Monetary Fund (IMF)) said that, in eastern Europe, the Fund was helping countries to strengthen their institutions for more efficient policy formulation and implementation. IMF did make some modest profits on its loan operations, but what mattered to it above all was making the most effective use of its resources to help countries to move in the right direction.

As for the standards for good governance mentioned by the representative of Indonesia, they had been established by the Fund after very extensive consultations with the central banks, ministries of finance, and comptrollers of a number of countries. Several Governments had already approved a code of conduct for budgetary policies, and another for monetary and financial policies. As to the liberalization of capital accounts, discussions were proceeding and a decision would be taken in due course. It was, however, for States to apply the decisions taken, and the sooner they acted, the sooner the new international financial architecture would be put into place. The Fund and the World Bank were well aware of the urgency of the situation and knew that the private sector was waiting for guidelines from them for its participation in efforts to reduce market instability and prevent further financial crises.

Mr. HARTRIDGE (Director-in-Charge of the World Trade Organization (WTO)) said that he agreed with the representative of Namibia that imports of cheap goods could penalize local producers but thought it dangerous to prohibit such imports on those grounds. Of course, the dumping of subsidized goods was not lawful and there were provisions to meet that case. However that might be, it was impossible to judge by price alone, and no one could guarantee fair trade in which no party was penalized. He was convinced that, when it came to regulation of trade, no bureaucracy was as efficient as the market.

Mr. CALOVSKY (Observer for the former Yugoslav Republic of Macedonia) said that neither the President of the World Bank nor the representative of the IMF had replied to his question on the role of those two institutions in the reconstruction of the Balkan subregion.

Mr. KUMANARU (Japan) said that the rapid progress of information technology was strengthening the trend to economic and financial globalization which, while it enhanced efficiency, was also open to all sorts of risks, particularly the further impoverishment of poor countries. In that connection, he wondered what its impact would be on the economies of developed and developing countries and what steps had been taken to maximize the advantages while protecting poor and vulnerable groups.

Mr. FANNIZADEH (Observer for the Islamic Republic of Iran) asked whether the various institutions had worked out a common policy to promote employment and social development, whether there was coordination between the financial institutions and ILO to promote employment and social standards, whether the financial institutions were ready to support the ILO Declaration on Fundamental Principles and Rights at Work, and whether there was any machinery to foster synergy between the employment activities of the various international institutions.

Mr. MABILANGAN (Observer for the Philippines) said he noted that the IMF representative had expressed the view that democracy was a prerequisite for all development and that the elimination of poverty was 70 per cent political. He wondered what the consequences of those remarks were for the policies of the Fund and the World Bank. There was an item of the General Assembly's agenda on support for the United Nations system for government efforts to promote and consolidate new or re-established democracies, and such fragile democracies did indeed stand in need of assistance. He would like to know whether the IMF and the World Bank had taken steps to assist such countries to establish good governance and enable the poor to make their voices heard on policies and measures affecting them.

Mr. FERNANDEZ (Spain), referring to the question by the representative of the European Union about the best practices and principles for social development initiative of the World Bank, recalled that principles had already been worked out following the World Summit on Social Development at Copenhagen, and that there was consequently no reason to establish any new ones. It was more important to continue the dialogue in an endeavour to find an appropriate solution. The ILO representative had emphasized the importance of widening the concept of poverty to cover more than purely economic factors, and he would like to know how ILO intended to go about attaining that objective.

Mr. CHOWDHURY (Observer for Bangladesh), speaking also on behalf of the least developed countries (LDCs), said it was regrettable that globalization was accompanied by the marginalization of many developing countries, particularly the LDCs. While the forthcoming round of multilateral trade negotiations was to be centred on development, it should also deal with the integration of the entities most economically challenged in the global system. The LDCs had begun to prepare a comprehensive new plan of action (CNPA) in preparation for the tenth session of the United Nations Conference on Trade and Development (UNCTAD X) and the third United Nations Conference on the Least Developed Countries. He hoped that the Bretton Woods institutions would be associated with the preparation of that plan of action, which should cover a number of different fields: debt, market access, capacity-building and the emancipation of women and of the poor by innovatory facilities, such as micro-credit, with particular reference to the ongoing experience in Bangladesh. He wondered whether the LDCs had any hope of becoming viable trading partners in the course of the forthcoming round of multilateral trade negotiations and what the most effective means of achieving that objective might be.

Mr. MONTENEGRO (Observer for Nicaragua) said that, at the Cologne Summit, the Group of Eight had decided to cancel the external debt of countries beneficiaries of the HIPC initiative, and to consider the situation of several other countries. The external debt of Nicaragua had been reduced by half over the preceding eight years by a structural adjustment programme implemented with the assistance of the IMF, the World Bank, the Inter-American Development Bank, and some friendly countries. Nevertheless, the servicing of that “eternal” debt, as it was called in Nicaragua, still represented 40 per cent of export earnings, and the economic situation of the country continued to deteriorate, as poverty increased and consumption fell. Investment was inadequate to stimulate growth, create new jobs and improve living conditions. On top of that, there was the devastation caused by hurricane Mitch, which had destroyed two thirds of the national infrastructure. Cancellation of Nicaragua's external debt was a precondition for the reconstruction and transformation of the country. He appealed once again to the solidarity and support of the international community and wished to know when the cancellation proposal would be considered and what steps should be taken to ensure that a decision was reached as quickly as possible.

Ms. FERNANDEZ DE SOLA (Observer for Argentina), referring to the active role played by the World Bank and the IMF in her country's campaign against poverty and in favour of the empowerment of women, asked how the IMF intended to integrate the status of women and social concerns into the agreements made with Governments. If all organizations were as actively concerned about the advancement of women as the ILO, cultural stereotypes could be changed in administrations, businesses, trade unions and families.

Mr. ZULU (International Monetary Fund (IMF)) said that the IMF was endeavouring to increase the beneficial effects of globalization and curtail its negative effects by strengthening institutions and liberalizing the economy. It also sought to consolidate the machinery for assessing the repercussions, particularly the social repercussions, of the adjustment process. The strengthening of institutions, particularly in small countries, aimed at creating a favourable environment for foreign investment.

Collaboration between the IMF and the ILO had increased since the World Summit on Social Development - including the carrying out of joint studies on employment in several countries - and since the South-East Asian financial crisis - where studies had been carried out on the social consequences of new economic policy measures and reforms. On the question of governance, the Fund provided only financial and economic assistance, since the administrative aspects fell within the competence of other organizations. He wished, nevertheless, to emphasize the necessity not only of strengthening existing institutions, but also of establishing them, where they were lacking, and of improving the way they were managed. It was also essential that countries having competent institutions should use them. With regard to the advancement of women, the IMF took the view that the creation of a more favourable environment, particularly with regard to education, health, social services and equity, would lead to wider participation for women. No study had, however, been carried out on the effects that the non-marginalization of women might have on production and economic progress. It was necessary in the first place to establish what the gaps were and to use existing resources to involve women in the decision-making process.

Mr. RADWAN (International Labour Organization (ILO)) said that the new concept of “decent work” was aimed at ensuring that the quantitative and qualitative aspects of employment were taken into account in policy formulation. In that context, ILO had decided to adopt four strategic targets: job creation for both men and women; promotion of workers' rights at work; social protection; and social dialogue. It was endeavouring to formulate policies to enable countries to deal with globalization and to take advantage of it, for example by enhancing employability in both the formal and informal sectors. With regard to the empowerment of women, ILO, which had gone beyond the promotion stage, would henceforth be concerned with their integration, particularly by participation in decision-making. Cooperation between the ILO and the Bretton Woods institutions was being institutionalized at the governing body level. It related particularly to child labour and the Asian crisis.

Mr. FORTIN (United Nations Conference on Trade and Development (UNCTAD)) said he had no doubt that globalization would have long-term beneficial effects through the free circulation of goods and services, of persons and ideas. He was, however, concerned about the short-term effects because, for structural reasons, it had widened existing gaps between and within countries. Liberalization of trade was a good thing but, when the parties concerned were not of equal strength, it was not enough to introduce a level playing field. In previous multilateral trade negotiations, the most significant progress had been made in areas of particular interest to the industrial countries (financial services, information technology, etc.). The sectors of interest to the developing countries (agriculture, liberalization of the textile sector, mobility of persons, etc.) had lagged behind. UNCTAD was endeavouring to help those countries to prepare a positive agenda for the forthcoming round.

Mr. HARTRIDGE (Director in Charge of the World Trade Organization) said that one of the problems of globalization was that it had not been complete or, rather, that it had been selective. If the agriculture and textile sectors had been fully liberalized, the beneficial effects of globalization would be more equitably distributed among countries. The LDCs could become viable trading partners in the course of the forthcoming round of multilateral negotiations, but that would depend more on their own policies than on external assistance. The WTO, in cooperation with the World Bank and UNCTAD, was nevertheless endeavouring to help them by consolidating the comprehensive integrated Programme of Action for the Least Developed Countries (LDCs).

Mr. YOUNIS (World Bank) stressed the importance of the structural changes that would have to be made before employment, poverty elimination and the promotion of women's rights could occupy a major place in development and assistance programmes. The World Bank had accordingly been investing at least US$ 500 million a year in education for girls since the Fourth World Conference on Women in Beijing, and was endeavouring to make good deficiencies in the financial sector by micro-credit and other mechanisms, in the functioning of the labour market, and in human rights, to protect working conditions for women, and open up to them new economic sectors to enable them to participate fully in development. In many countries, the creation of wealth depended on social capital, which meant the long-term participation of women in development, essential if globalization was not to be confined to economic activities but extended to society as a whole.

The PRESIDENT, summing up the proposals that had been made in the course of the discussion, said that, in the first place, a new North-South partnership would have to be forged to implement the pledges made at the international conferences to eradicate poverty, to achieve women's empowerment and to guarantee employment, and the results achieved would have to be monitored annually so as to adopt the necessary corrective measures. In the second place, the United Nations system should develop an integrated policy framework and a set of mutually reinforcing measures to address globalization.

Thirdly, a new approach to poverty eradication must be adopted, in partnership with Governments, multilateral institutions, civil society, including the poor, and the private sector. Fourthly, the United Nations system and the international financial institutions must establish a joint task force to ensure progress in development finance and to monitor policy coherence. Fifthly, the time had come for the international community to resume discussion of unemployment and the achievement of full employment through free trade. Sixthly, the Council should support the appeal to make the new round of multilateral trade negotiations a “development round”. Seventhly, a multilateral task force should be set up to focus on the eradication of the worst forms of child labour, with the participation of all actors, and the concept of productivity should include social productivity. Eighthly, the international community should examine, in the Council, policies to eradicate poverty.

He wished to make reference to a certain number of points. In the first place, while the financial crisis was receding, poverty had increased. If nothing was done, it would be increasingly difficult, indeed impossible, to achieve the objective of halving the number of poor by the year 2015. Secondly, it was the responsibility of countries and Governments to create an enabling environment for development. Thirdly, a more favourable international economic environment must be created, to which the industrial countries could make an important contribution. Fourthly, debt relief was indispensable and resources must be found to finance the welcome initiative taken by the Group of Eight at Cologne. Fifthly, the decline in ODA must be reversed. Sixthly, unemployment, which was a subject of worldwide concern, must be combated at all levels. Seventhly, the time had come to take specific steps to ensure the empowerment of women, education for girls, equality of opportunities in the labour market, and the advancement of women in society, particularly in rural areas. Eighthly, the greatest obstacle to the eradication of poverty was the lack of political will. Ninthly, there could be neither development nor eradication of poverty without peace.

<u>The meeting rose at 6 p.m.</u>