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PROVISIONAL SUMMARY RECORD OF THE 34TH MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 21 July 1999, at 3 p.m.

President: Mr. WIBISONO (Indonesia)
(Vice-President)

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REGIONAL COOPERATION (continued)

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

REGIONAL COOPERATION (continued) (E/1999/14 and Add.1-3, E/1999/15-20 and A/54/97-E/1999/52)

Mr. EL-BEBLAWI (Executive Secretary, Economic and Social Commission for Western Asia (ESCWA)), introducing the Secretary-General's report on regional cooperation in the economic, social and related fields (E/1999/14 and Add.1-3), on behalf of the Executive Secretaries of the Regional Commissions, said he regretted that the document had been published at the last minute. The report as a whole, and the summaries of the economic surveys of the five regions, contained a detailed account of measures taken by the commissions to implement the guidelines given by the Council in its resolution 1998/46.

In the main part of the report, the Secretary-General reviewed the role of the regional commissions as outposts of the United Nations and referred to their involvement in the work of the Executive Committee for Economic and Social Affairs and the United Nations Development Group.

The report also dealt with activities organized by the commissions as the regional expression of the United Nations: inter alia, regional hearings in preparation for the Millennium Assembly and regional coordination meetings under the chairmanship of the Deputy Secretary-General.

The report went on to discuss the impact of the international financial crisis from a regional perspective, on the basis of analysis and research carried out by the commissions. In the last part of their report, the executive secretaries emphasized the need for closer links between the commissions and the Council and for better use to be made of the commission's expertise in discussions on global issues.

Addenda 1 to 3 dealt with cooperation with other regional bodies, follow-up activities to recent world conferences and decisions adopted by the regional commissions.

Mr. COLLINS (Observer for Guyana), speaking on behalf of the Group of 77 and China, said that the regional commissions had an important role to play in economic and social policy formulation and in the implementation of concrete programmes at both the national and the regional levels. Their role could only be strengthened by greater involvement in all United Nations activities and active participation in the preparations for the

Millennium Assembly and in the coordination meetings chaired by the Deputy Secretary-General.

The commissions also made a contribution to theory, for example, by analysing the financial crisis in each region. They had courageously distanced themselves from the neo-classical analyses that had underpinned the whole of the current process of liberalization and globalization. The summary of the Economic Survey of Europe (E/1999/15), in particular, contained keen analyses that were also relevant to other regions, including a discussion of the dangers of poorly managed financial liberalization.

There was no ready solution to the problem of underdevelopment. Reliance on market forces was no panacea. It was clear that, in the case of Africa, for example, strategies to boost growth could be effective only if they took account of the particular conditions prevailing in individual countries and regions. The approaches suggested in the report of the Economic Commission for Africa (ECA) reflected that need.

Similarly, it was important to avoid the commissions becoming mere transmission mechanisms for priorities defined at the global level. Their role was also to ensure that local realities were kept in sight.

The need for contextualization meant that it was important to avoid reductionist measures. In poverty-eradication strategies, for example, it would be wrong to give exclusive priority to the promotion of basic education, to the detriment of all the other forms of education and training necessary for national capacity building.

The regional commissions had established a wide range of collaborative mechanisms that should help to improve their performance. It was essential to provide adequate resources in support of their efforts, so that they could continue with work whose usefulness had once again been demonstrated by the documents under consideration.

Mr. HUHTANIEMI (Observer for Finland), speaking on behalf of the European Union, the countries of Central and Eastern Europe associated with the Union and Cyprus, Malta and the member countries of the European Free Trade Association (EFTA), said that the regional commissions were particularly well placed to contribute to the creation of a favourable environment in their respective regions. They should not, however, duplicate the work of other United Nations bodies, in particular with regard to operational activities.

The European Union regarded the strengthening of regional and subregional cooperation as a means of integrating developing countries into the world economy. That element was being emphasized in the negotiations on the new Lomé framework with the African, Caribbean and Pacific (ACP) countries.

The regional commissions should cooperate yet more closely and make more of their particular areas of expertise: the normative work being done by the Economic Commission for Europe (ECE) in a number of areas, for example, could be adapted to other regions' needs.

The European Union would like more detailed information about the progress of the reform measures undertaken by the commissions, in particular with regard to the reduction in the number of their subprogrammes and improvements in resource utilization.

The European Union supported the revival of the joint UNDP/regional commissions task force, which would enable the commissions to become more closely involved in preparing common country reports and framework plans for development aid.

Another good example of fruitful cooperation between the regional commissions and other parts of the United Nations system was the special programme for the economies of Central Asia (SPECA), in which ECE and ESCAP worked closely with the resident coordinators.

With regard to the review of implementation of major world conferences, the European Union noted that ECE intended to hold a regional meeting in January 2000 to review the implementation of the Beijing Platform for Action.

Lastly, he said that the European Union attached great importance to sustainable development in Africa. It warmly welcomed ECA's economic report on Africa containing the new performance indices, analytical tools that reflected Africa's desire to define its own policy priorities and maintain control of its own development. ECA had a vital role to play in that effort.

Mr. YARVIN (United States of America) said that the role of the Advisory Committee of Permanent Representatives and other representatives designated by the Commission(ACPR) and its relationship with ESCAP secretariat were not satisfactory. ACPR must become the voice of the member States of ESCAP, which were, after all, the reason ESCAP existed. Recalling that the Secretary-General had a system-wide goal of reducing non-programme costs to

25 per cent of the regular budget, he said that ESCAP, where that level was currently 41 per cent, could contribute to that effort. ESCAP needed to define its mission more clearly and act in areas where it was needed and which were not already dominated by other more specialized organizations.

With regard to ECE, he noted that the extensive discussions on Balkan reconstruction that had taken place in June and July had been useful and he was confident that ECE would coordinate closely with Stability Pact efforts in the region. He hoped that the question of holding ECE meetings on a biennial basis would be discussed intensively so that a decision could be reached in May 2000. The Economic Commission for Latin America and the Caribbean (ECLAC), which provided a model in that regard, had successfully implemented most of the reforms agreed in 1997. Meanwhile, he encouraged ECA to continue with its reform efforts and the major initiatives it had recently embarked upon.

Ms. RUIZ DE ANGULO (Observer for Costa Rica), speaking on behalf of the Latin American Group, congratulated ECLAC on the comprehensive and balanced economic report it had submitted for the region. Growth rates in all countries of Central America had been higher than the Latin American average in 1998, thanks partly to the stimulus from the United States market, with which they had close links. The strengthening of regional integration and the negotiation of new free-trade agreements within the Group and with Mexico, the Caribbean Community (CARICOM) and Chile had also made it possible for trade to diversify, while public sector investment had been redirected - in many cases in consultation with the general public - towards the education, health and housing sectors.

However, the countries of the region would need to step up efforts to reduce their vulnerability to natural disasters and avoid having to face tragedies similar to those they had suffered in 1998. Now that the region had managed to overcome its political instability, democracy had got off to a good start, its economy had opened up and growth had resumed, the region must be able to rely on foreign investment flows for reconstruction.

Mr. MIKHNEVICH (Belarus) welcomed the first coordination meeting for the region covered by ECE, to be held in February in Geneva; he encouraged the Council to continue to hold regular unofficial meetings with the executive secretaries of the commissions; and he stressed the usefulness of the regional hearings in preparation for the Millennium Assembly.

With regard to ECE, Belarus supported the organization of seminars on issues of interest to the countries in transition, as part of the annual sessions. Emphasizing the importance of ECE's role in economic integration and the broadening of cooperation in Europe, he did not believe it was desirable for it to meet only every two years. The tightening of cooperative links between ECE, OSCE and the Council of Europe should be seen in the context of the strengthening of all aspects of security, including economic security. That was the role Belarus could see for ECE in rebuilding the countries of southern and eastern Europe and in assisting the people of Yugoslavia.

Belarus supported an expansion of ECE's cooperation programme, but believed that, since the number of ECE member States had doubled, a budget increase would be necessary for 2000-2001. His country welcomed interregional cooperation, particularly the collaboration of ECA and ECE on the project for a Europe-Africa permanent link through the Strait of Gibraltar, but pointed out that ECE's regular budget was in deficit and recommended that more extrabudgetary resources should be found to finance interregional programming.

The main aims of the international technical cooperation programme (1997-1999) implemented by Belarus were largely in line with ECE's approaches and he hoped that cooperation with ECE would continue, in order to make it possible to establish a regional sustainable development centre in Minsk, implement build-operate-transfer agreements, develop transport and communication networks and complete the ECE energy efficient investment project for climate change mitigation.

Mr. DUONG CHI DUNG (Viet Nam) said that the regional commissions were increasingly proving their relevance and effectiveness in furthering regional cooperation. ESCAP had an indispensable role to play in forging a sense of regional identity and developing fruitful cooperation that would allow member States to focus on their development problems. In the wake of the serious economic and financial crisis in the region, ESCAP had undertaken a series of in-depth studies of its causes and consequences and produced recommendations for the resumption of growth in the region while minimizing the danger of future crises. Viet Nam appreciated the efforts being made by ESCAP to forge closer ties with the Bretton Woods institutions, as well as regional financial institutions such as the Asian Development Bank, and believed that joint undertakings with those institutions should be further enhanced. He

commended the steps taken by ESCAP to assist the Asian economies in transition and urged the United Nations system as a whole to pay more attention to those economies. He was also pleased to note the increasingly close cooperation between ESCAP and other United Nations bodies within the framework of the Regional Inter-agency Committee for Asia and the Pacific (RICAP) and the cooperation between ESCAP and the World Trade Organization (WTO). In that regard, he requested ESCAP's secretariat to further assist member States in removing obstacles to their membership of WTO and to that end to tighten its links with UNCTAD.

With regard to ESCAP's programme of work for the 2000-2001 biennium, Viet Nam welcomed the shift in the budget approach and urged the secretariat to focus more clearly on priorities within more closely defined areas. Lastly, he called on all donors and financing agencies to continue to make extrabudgetary contributions so that the complete programme of work could be implemented.

Ms. AQUILINA (Observer for Malta) said that the expertise of the regional commissions should be put to better use not only by the United Nations system, but also by other regional and subregional organizations. The United Nations should give responsibility for most of the activities in the economic and social spheres to the Commission and provide the necessary resources. After the reforms they had made, the regional commissions should not rest on their laurels, but should continue to ensure that their activities had an impact on the majority, if not all, of the population in their own regions. She welcomed the leading role the regional commissions were taking in preparing for the Millennium Assembly. The meeting organized by ECE in Geneva on 7 and 8 July, under the Chairmanship of the President of Malta, had provided a forum for constructive discussion on the future role of the United Nations. The commissions were actively cooperating with other regional organizations, as illustrated in particular by ECE's work with OSCE and OECD.

The regional commissions should address the needs of all the countries of a region, not only some of them, and Malta believed that ECE needed to give greater importance to the Mediterranean countries. Lastly, her delegation agreed with the European Union's position that all the relevant United Nations entities should commit themselves fully to strengthening the major principles of regional cooperation.

Mr. MANCZYK (Poland) welcomed the measures taken to enable ECE to adapt to the unprecedented changes that had taken place in the region and was pleased to note that its reform had resulted in increase in efficiency. ECE provided countries undertaking socio-economic reforms with extremely useful tangible assistance and he did not understand why the level of funding for the regional advisory programme had decreased in 1999. Poland would like the previous level of funding to be restored. As a country perhaps more advanced in economic transformations, Poland was sharing its experience with others by organizing seminars and workshops. In 1999, for example, it had held a round table on the problems and accomplishments of its 10-year transition, within the framework of ECE.

The plethora of European organizations promoting regional and subregional cooperation was an asset, but, without coordination, it could easily become a liability. The European Union's increased support to ECE was very welcome, as was the intensified dialogue with OECD and the Council of Europe. Poland encouraged closer contacts between ECE and OSCE, which, having almost identical membership, were natural partners. Little progress had been made, however, in attracting the attention of the international financial institutions, particularly the World Bank.

Poland fully supported the objectives of the Stability Pact for the Balkans. The standards and conventions developed by ECE could be instrumental in integrating the region into the European economy. Even more important, however, was the human dimension of the reconstruction process - the restoration of the rule of law and civil society, the promotion of tolerance and of respect for minorities. All regional cooperation institutions should join in the effort to achieve those objectives.

Mr. RAYTCHEV (Bulgaria) said that he fully associated himself with the statement made by the observer for Finland on behalf of the European Union. He also shared the views expressed by ECE in its summary of the Economic Survey of Europe, 1998 (E/1999/15), particularly with regard to the importance of a concerted regional effort to address the negative impact of the Kosovo crisis on the economies of the countries of south-eastern Europe. The efforts at reconstruction, economic rehabilitation, institutional development and the establishment of a managerial infrastructure should be carried out in the framework of the Stability Pact. There was certainly a need for urgent action

within the most affected areas, but it was also clear that reconstruction efforts must focus on creating the conditions for sustained economic development in the region as a whole.

Another important issue was that of financial assistance to the countries of the region, most of which took the form of loans, some on concessional terms, but most at market rates. It was questionable whether increasing the foreign debt of those countries was the best way to assist them. There was a considerable danger that their debt-servicing obligations would hamper sustained economic growth. A grant aid against specific national programmes for recovery and reconstruction would undoubtedly be a better way of solving the economic problems of the region. Lastly, he said that Bulgaria was ready to participate actively with all the other member States of the region in implementing the Stability Pact.

Ms. MIRBAHA (Observer for the Islamic Republic of Iran) said that she fully associated herself with the statement made by the observer for Guyana on behalf of the Group of 77 and China. She commended ESCAP for undertaking a programme of reforms that would enable it better to play its role, which was to enhance economic cooperation among the countries of the region. The Islamic Republic of Iran wholeheartedly supported such constructive measures as reducing the number of sub-programmes and divisions, redirecting resources to priority areas and developing strategies to meet the challenges of the next century.

With regard to regional cooperation in the economic and social fields, the Secretary-General's report (E/1999/14) had highlighted the priority placed on closer collaboration with the main intergovernmental groupings of the region. No mention was made, however, of the Economic Cooperation Organization (ECO), even though it was one of the region's main economic groupings. She asked the Secretariat to clarify the omission.

Mr. KHARE (India) said that he associated himself fully with the statement made by the observer for Guyana on behalf of the Group of 77 and China. He noted with satisfaction the active involvement of the regional commissions in the work of the Department of Economic and Social Affairs (DESA) and was in favour of them helping to explore the operational implications of the right to development. However, he did not accept the view expressed in paragraph 9 of the Secretary-General's report (E/1999/14) that the United Nations Development Assistance Framework (UNDAF) would be used as a

monitoring platform for coordinated follow-up to major world conferences. India believed that UNDAF was primarily a synergistic approach designed to help the United Nations system respond better to countries' development needs, in accordance with countries' own priorities.

The Government of India welcomed ESCAP's work on the international financial crisis and urged it to continue to work on situations of risk arising from the process of global integration. Economic globalization had weakened the State's authority in crucial socio-economic sectors, thereby calling into question its political legitimacy. The priority now must be to reinforce the Nation State, particularly as, in any crisis, whether economic or political, the final guarantee of the well-being of all was the presence of a responsible, functioning State.

With regard to regional and sub-regional cooperation, ESCAP's assistance had enabled BIMST-EC, an economic cooperation group composed of Bangladesh, India, Myanmar, Sri Lanka and Thailand, to prepare a work programme and begin operations in a range of areas. The group's members had also decided to formulate common positions in areas to be addressed in the next WTO negotiating round, focusing on areas of common interest such as investments, intellectual property rights and electronic commerce. Lastly, he commended the cooperation activities undertaken by ESCAP together with ECA and ECLAC, which demonstrated the need for and utility of effective South-South cooperation.

Mr. MENDIS (Sri Lanka) said that the recent financial crisis in Asia had shown that there was a need to expand the role of regional mechanisms and multilateral agencies. Particularly commendable were the constructive role and initiatives taken by ESCAP and other organizations, which had helped developing countries to take preventive measures enabling some of them to avert the crisis. Such assistance should continue, with the aim of ensuring sustained economic growth and dealing with the problems presented by trade liberalization and a volatile international financial and economic system. The south-east Asian crisis had been due in part to large and rapid capital outflows and his delegation was very interested to note the proposal to establish an international financial organization with a specific mandate to monitor short-term cross-border financial flows. Such a mechanism would need to be structured in such a way as to respond rapidly and effectively to crises and could serve as a framework for debt initiatives.

With regard to regional integration, the South Asian Association for Regional Cooperation (SAARC) had decided to establish the near future a South Asian free trade area, which would be one of the largest in the world in terms of population. SAARC had also stepped up its cooperation with other regional groupings such as the European Union and ASEAN, in the knowledge that effective regional cooperation would benefit investments, the acquisition of technical know-how, employment, trade and, in particular, standards of living.

Mr. SHI Weiqiang (China) said that globalization made cooperation among the regional commissions more necessary than ever. Given the risks associated with globalization, as exemplified by the South-East Asian financial crisis, the commissions should work towards mutually beneficial cooperation in the economic and social fields, taking account of regional conditions and member States' requests, in order to build up countries' capacities - particularly those of developing countries - and help establish a new international order.

Ms. SINHA (Observer for Australia) said that, in recognition of the long-term impact of the financial crisis in South East Asia, her Government had increased its assistance to the countries of the region. Australia had also doubled its funding for improvements to economic governance and financial sector reform, and for reinforcement of social protection in affected countries, such as Indonesia and Thailand, to a total of \$A 12 million in 1999-2000.

As part of its attempts to foster regional cooperation, Australia had hosted a meeting on the Asian crisis in March 1999. Donor countries had committed themselves to supporting the recovery in the affected countries and to the establishment of an Asian recovery information centre.

The reform process should make it possible for ESCAP to focus on essential activities in order to make the best use of its all too limited resources. In that regard, her delegation supported the decision taken by the Commission at its fifty-fifth session to revive the open-ended informal working group of the Advisory Committee of Permanent Representatives and other representatives designated by members of the Commission (ACPR). She hoped that the ESCAP secretariat would work closely with the group in order to identify priority areas for reform and approaches for implementing reforms. Lastly, she requested the Council to consider each of the resolutions and decisions contained in document E/1999/14/Add.3 on an individual basis.

Mr. Seok-Young CHOI (Republic of Korea) said that progress had been made in streamlining the programmes and administrative structures of the five regional commissions. He particularly welcomed ESCAP's initiative to reduce the number of its subprogrammes, restructure its secretariat and foster regional coordination. The Commission must scale down still further its non-programme costs, however. The circulation of questionnaires on the reform process had been a positive move in that direction.

His delegation commended the work done by the regional commissions in the context of the financial crises, to carry out economic and social surveys providing detailed analyses of the causes and consequences of the crises and of the recovery process in the countries affected. With regard to globalization, ESCAP was expected to strengthen regional cooperation in order to develop each country's infrastructure and capacity in terms of information and communication technologies. Lastly, his delegation emphasized the need to improve linkages between the regional economic commissions and other United Nations bodies.

Mr. PANKIN (Russian Federation) said that the regional economic commissions had an important role to play in development, conflict prevention and mitigation, and reconstruction and peace. He welcomed the work done by ESCAP and ECE to analyse the impact of the Asian crisis and the lessons to be learned for the future. He supported ESCAP resolution 55/2 on economic and financial monitoring and surveillance in the ESCAP region and endorsed the conclusions of the fifty-fourth session of ECE on the impact of the financial crisis on the countries of the region, particularly Russia. His delegation did not believe that there was any duplication in the work of the regional commissions. On the contrary, it favoured a diversity of points of view. Moreover, the commissions could not distance themselves from the major concerns of the international community, particularly financial and trade concerns.

While his delegation believed that it was necessary to press on with the reform of the various commissions, any savings should not be to the detriment of member States. Lastly, globalization required closer cooperation among the regional commissions, other regional bodies and subregional organizations.

Mr. KUMAMARU (Japan) said he hoped that ESCAP's work on the Asian financial crisis would help prevent future crises or make it possible to cope better with their impact. He was in favour of organizing a meeting in which the affected countries could share their experiences of recovery from the crisis.

His delegation considered it important for ESCAP to work with various development partners (Bretton Woods institutions, United Nations development agencies and subregional organizations) and to prioritize South-South cooperation. It welcomed the proposals made at the fifty-fifth annual session of ESCAP and hoped the Commission would give priority to "human security" projects, to which Japan was in a position to contribute US\$ 1 million. Moreover, ESCAP should make efforts to improve its image by drawing public attention to its achievements.

Mr. TRIAMJANGARUN (Observer for Thailand) welcomed ESCAP's efforts to establish closer cooperation with the Bretton Woods institutions in the form of joint seminars on the management of capital flows and the social impacts of the financial crisis. He encouraged the Commission to continue to play a coordinating role in the development of intra-regional and inter-regional transport linkages. He welcomed the establishment of the Regional Inter-agency Committee for Asia and the Pacific (RICAP) as part of the effort to promote inter-agency collaboration. Lastly, he encouraged ESCAP to consolidate its reforms and achieve greater efficiency in order to maintain its role as team leader within the region.

The meeting rose at 5.10 p.m.