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Held at Headquarters, New York, on Monday, 5 November 2001, at 3 p.m.

Chairman: Mr. Barnwell (Vice-Chairman) (Guyana)

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01-61928 (E)

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The meeting was called to order at 3.30 p.m.

Agenda item 96: Sectoral policy questions (*continued*)
(A/56/358 and A/C.2/56/3)

(a) Business and development (*continued*) (A/56/403
and A/56/442)

(b) Industrial development cooperation (*continued*)
(A/56/139)

1. **Mr. Holubov** (Ukraine) said that the measures taken to encourage entrepreneurship and start-ups of small and medium-sized enterprises were among the components of recent positive achievements of his country. In 2000-2001, GDP growth had been secured at the level of 6 per cent per year, industrial production had grown by more than 10 per cent, and real income of the population by 12 per cent. That success had been achieved to a large extent by establishing a reasonable regulatory framework, simplifying administrative procedures and fostering private ownership. The Government would continue its efforts to secure an entrepreneurial environment conducive to economic growth in all industrial and rural regions of the country.

2. Ukraine was confident that the United Nations system had an important role to play in encouraging entrepreneurship in the developing countries and those with economies in transition, as well as assisting those countries in their efforts to recover the assets looted from national economies and transferred abroad. The United Nations should continue to monitor and analyse the multidimensional interrelationships between the entrepreneurial process and sustainable growth, highlighting issues such as development of the economy and private ownership, democratic governance and wealth-creating potential, regulatory frameworks and enhancing the competitiveness of small and medium-sized enterprises.

3. Turning to the issue of industrial development cooperation, he emphasized that his country considered it very important to complete the reform of the United Nations Industrial Development Organization (UNIDO) in the most efficient manner possible. His delegation welcomed the recent developments in UNIDO activities, including the elaboration of integrated programmes, and believed that the ongoing transformation of that organization should increase

donors' confidence in and public acceptance of its activities.

4. The arrears in UNIDO contributions accumulated by Ukraine for reasons beyond its control were three times higher than its capacity to pay. The arrears had resulted from the outdated system of apportionment of expenditures, which for many years had not adequately taken into account the country's capacity to pay and had not reacted in timely fashion to the changed economic and financial situation. At present Ukraine was at a difficult stage in its development and needed additional financial resources in order to implement economic reforms and transformation into a new society. As a result, Ukraine was unable to pay off its arrears in full in a single payment, but expected to conclude an agreement with UNIDO to pay off its accumulated arrears in instalments over a maximum period of ten years and thus recover its voting rights.

5. **Mr. Zawam** (Libyan Arab Jamahiriya) said that his delegation endorsed the statement made on the agenda item by the Islamic Republic of Iran on behalf of the Group of 77 and China. Poverty eradication was an objective of the international community which called for greater economic growth in every sphere and the adoption of measures such as technology transfer to developing countries, elimination of restrictions imposed on trade in products of developing countries and debt- and debt-service relief for those countries.

6. To meet its development requirements, particularly in regard to industrial development, Africa needed the help of the international community. Support from the international community for local initiatives and UNIDO activities was a prerequisite for industrial development, which played a key role in reducing poverty and enabled countries to become competitive.

7. The multilateral trading system must be reformed and adapted to the needs of the southern hemisphere. Among other things, developed countries should open their markets and grant preferential conditions to products from African and other developing countries.

8. **Ms. Jackson** (Bahamas), speaking on behalf of the members of the Caribbean Community (CARICOM), said that CARICOM fully supported the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. CARICOM recognized the need for international and national measures to combat corrupt

practices in international commercial transactions and for strengthened international cooperation in support of those measures. It welcomed the initiatives which called for an inclusive approach to combating corruption and money-laundering and remained committed to cooperation with the international financial and development institutions to create a sound and transparent international framework of financial codes and standards for the good of both developed and developing countries.

9. CARICOM could not overemphasize the need to include developing countries in actions to combat corruption and money-laundering, as many Caribbean countries depended heavily on financial services. It was for that reason that CARICOM stressed the right of its members, as sovereign States, to participate fully in the rule-making processes that affected their economic interests. Inclusive participation by all countries in matters of international tax cooperation remained of critical importance to the region. Special attention should be given to the subject at the International Conference on Financing for Development.

10. The Bahamas and CARICOM acknowledged the importance of ensuring the stability and integrity of the international financial system. The Bahamas had adopted and would continue to adopt legislation aimed at strengthening its own financial structure to guard against money-laundering. The Bahamas and CARICOM noted that so far anti-money-laundering efforts had unfairly focused on offshore centres as if those centres were the most vulnerable points in the international financial system. Actually, all countries had an obligation to adopt measures against money-laundering and corruption, bearing in mind that the most advanced centres had the heaviest obligations and interests.

11. CARICOM further wished to record its concern that little consideration was being given to natural disasters and the severe threats they represented for the economies of small island developing States and other vulnerable countries. Resources for development must be diverted for reconstruction. Concessions ought to be made by the international financial system to assist States like the Bahamas, and specific provisions should be made by the international community to respond in an adequate and timely manner to natural disasters and resulting needs.

12. CARICOM was concerned about the initiative to raise the level of the United Nations Ad Hoc Group of Experts on International Cooperation in Tax Matters to that of a committee or a subsidiary body within the Economic and Social Council, but was of the view that the Group should be expanded to permit adequate representation of developing countries. With regard to the redrafting of the United Nations technical manual to provide assistance to developing countries in negotiations on bilateral tax treaties, CARICOM was concerned that the redrafted manual did not take into account the views of developing countries that had service economies. The manual unfairly attacked those countries, labelling them "tax havens". CARICOM favoured a more inclusive group of Member States to review the manual so as to eliminate offensive determinations.

13. With regard to the sub-item on industrial development cooperation, she said that in the small island developing countries of the Caribbean region a major constraint to industrial development related to the capacity limitations in critical areas such as markets, the administrative and financial structures in the public and private sectors and the countries' ability to leverage necessary resources.

14. CARICOM countries had over the past decade been trying to adjust to the changing conditions for development, but their financial capital requirements were enormous, beyond the capacity of individual national treasuries. It was for those and other reasons that small island developing States saw financing as the instrument for achieving sustainable industrial development. That involved not only access to new technologies but also new management techniques, different forms of linkages between industry and science and intensification of information flows.

15. **The Chairman** announced the conclusion of the general debate on agenda item 96.

The meeting rose at 3.55 p.m.