



# Economic and Social Council

Provisional

14 November 2002

Original: English

---

## Substantive session of 2002

General segment

### Provisional summary record of the 36th meeting

Held at Headquarters, New York, on Tuesday, 23 July 2002, at 3 p.m.

*President:* Mr. Rosenthal (Vice-President) . . . . . (Guatemala)

## Contents

Economic and environmental questions (*continued*)

- (a) Sustainable development (*continued*)
- (b) Science and technology for development (*continued*)
- (c) Statistics
- (d) Human settlements
- (e) Environment (*continued*)
- (f) Population and development
- (g) Public administration
- (h) International cooperation in tax matters
- (i) United Nations Forum on Forests (*continued*)
- (j) Assistance to third States affected by the application of sanctions

Consideration of the request for conversion of the International Civil Defence Organization, an intergovernmental organization with observer status with the Economic and Social Council, to a specialized agency of the United Nations system

Consideration of the request for conversion of the World Tourism Organization, an intergovernmental organization with observer status with the Economic and Social Council, to a specialized agency of the United Nations system

---

Corrections to this record should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent *within one week of the date of this document* to the Chief, Official Records Editing Section, room DC2-750, 2 United Nations Plaza.

02-49467 (E)

**\* 0249467 \***

*The meeting was called to order at 3.15 p.m.*

**Economic and environmental questions** (*continued*)

**(a) Sustainable development** (*continued*)

(E/2002/33)

**(b) Science and technology for development**

(*continued*) (A/56/96-E/2001/87 A/57/71-E/2002/52)

**(c) Statistics** (E/2002/24 and 80)

**(d) Human settlements** (E/2002/48)

**(e) Environment** (*continued*) (A/57/25)

**(f) Population and development** (E/2002/25)

**(g) Public administration**

**(h) International cooperation in tax matters**

(E/2002/6)

**(i) United Nations Forum on Forests** (*continued*)

(E/2002/42)

**(j) Assistance to third States affected by the application of sanctions** (A/56/303 E/2002/65)

1. **Mr. Bertucci** (Department of Economic and Social Affairs), introducing sub-item (h), said that the report of the Secretary-General on the 10th meeting of the Ad Hoc Group of Experts on International Cooperation in Tax Matters (E/2002/6) summarized deliberations on the revision and updating of the United Nations Model Double Taxation Convention between Developed and Developing Countries, published in June 2001, and of the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, to be published shortly. It also covered the discussion on transfer pricing, new financial instruments, taxation of electronic commerce, and mutual assistance in tax collection, inter alia.

2. Multinational enterprises with a head office in developed countries and branches in developing countries and countries with economies in transition were subject to multiple tax jurisdictions in countries with widely divergent tax regimes and varying tax rates. To reduce aggregate tax liabilities, multinational enterprises adopted artificial transfer pricing mechanisms in their dealings with the associated enterprises, an activity far removed from the "arm's length principle". At its 10th meeting, the Group of Experts had appointed a focus group to make

recommendations to avert the loss of revenues from corporate strategic use of transfer pricing. The Group had also identified two areas in which concrete action would be of particular benefit to developing countries: first, enhancing policy advice, technical assistance and international cooperation on transfer pricing issues and, second, avoiding and resolving transfer pricing disputes.

3. The Group had also discussed new financial instruments. Derivatives and other innovative financial products posed immense challenges to tax systems, and tax policy makers and administrators must be ever vigilant in spotting and responding to use of derivative financial instruments designed to avoid or inappropriately reduce taxes.

4. The exponential growth of electronic commerce challenged traditional approaches to direct and indirect taxation. Given the potential importance of electronic commerce to developing countries and economies in transition, the Group of Experts had appointed a Focus Group to examine the question of taxation of electronic commerce. It had also recommended that the United Nations should undertake a study of specific tax issues connected with electronic commerce that could have an impact on tax revenues.

5. The Group of Experts had also discussed mutual administrative assistance in the collection of tax debts and had decided to make an in-depth study of the subject for discussion at its eleventh meeting.

6. The Group of Experts could make a significant contribution to follow-up to the Monterrey Consensus which, inter alia, encouraged strengthening of international tax cooperation, through enhanced dialogue among national tax authorities.

7. Introducing sub-item (j), he drew attention to the note by the Secretary-General (E/2002/65) transmitting his most recent report on the implementation of the provisions of the Charter of the United Nations related to assistance to third States affected by the application of sanctions (A/56/303).

8. The issue of assistance to such States was under ongoing consideration by the General Assembly, Security Council, Economic and Social Council and various subsidiary bodies. Those deliberations concerned in particular the findings and recommendations of the ad hoc expert group meeting convened in 1998 by his Department on methodologies

for assessing and modalities for addressing the special economic problems of such States, as contained in the 1998 report of the Secretary-General (A/53/312). The views of Governments and international organizations had been summarized in two earlier reports of the Secretary-General (A/54/383 and Add.1; A/55/295 and Add.1). Pursuant to General Assembly resolution 56/87 of 12 December 2001, the Secretary-General would be submitting a new report on the matter to the Assembly at its fifty-seventh session.

9. The Council might wish to take note of these current documents and decide to continue consideration of the issue, taking into account the outcomes of further deliberations by the relevant intergovernmental bodies.

10. **Mr. Langmore** (International Labour Organization (ILO)), speaking with regard to sub-item (h) on international cooperation in tax matters, said that one of the necessary conditions for development was an increase in national income through taxation, which would allow Governments to finance necessary infrastructure and reduce their debt load and borrowing. Globalization, however, increased the risk of competition in tax policy amongst countries and encouraged individuals and entities in the developed world to attempt to minimize or evade taxation by using devices such as tax havens. Growing economic interdependence also constrained national ability to tax in relation to traditional revenue instruments and limited Government's ability to set their forms and rates of taxation. National taxation authorities must therefore cooperate to reduce tax avoidance and evasion and prevent certain States from increasing their own revenues at the expense of others.

11. The special session of the General Assembly on social development held at Geneva in June 2000 had recommended international action to mobilize new resources for social development by strengthening international cooperation in tax matters, combating tax shelters and havens, preventing tax avoidance and promoting treaties to eliminate double taxation. The Monterrey Consensus had recommended that the effectiveness of global economic support for development should be strengthened by increasing international tax cooperation through enhanced dialogue among national tax authorities and greater coordination of the work of the concerned multilateral bodies.

12. The report of the Secretary-General on the 10th meeting of the Ad Hoc Group of Experts on International Cooperation in Tax Matters (E/2002/6) highlighted the letter's valuable work. Unfortunately, it met every two years only and was supported by a relatively small secretariat. It should meet more often, every six months or every year and should be provided with additional secretariat resources. Since the Monterrey meeting, the World Bank, the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development had set up an international tax dialogue in which United Nations participation might be worthwhile. He emphasized that the World Bank had estimated the cost of implementation of the Millennium development goals at US\$ 50 billion per year. Commitments made at Monterrey having amounted to only \$12 billion, it was essential to find new means of increasing revenues, in particular through international cooperation to strengthen national taxation systems.

13. **Mr. Salazar** (Peru) said recent summits and United Nations efforts at reform had raised expectations in the area of social development and given new impetus to multilateralism, which in an era of increasing globalization, was the key instrument for reducing poverty and marginalization and ensuring development. The Millennium development goals and the upcoming World Summit on Social Development were important landmarks in the area of sustainable development.

14. In 1992 the Río Summit had highlighted the problem of environmental degradation and stressed the importance of integrating environmental concerns into development efforts. A new sense of responsibility towards the environment had been created, and was formalized in instruments such as the United Nations Framework Convention on Climate Change. Nevertheless, the patterns of production and consumption and persistent poverty and exclusion continued to affect ecosystems. The lack of specific implementation mechanisms for follow-up to the Río Summit had left many of its outcomes unfulfilled. It was therefore important that the Doha development agenda, the Monterrey Consensus and the outcomes of the World Summit on Social Development should be implemented.

15. Further reforms should allow the Council to strengthen its important role in ensuring follow-up to conference outcomes by operational agencies and

coordination with the World Trade Organization (WTO) and the Bretton Woods institutions. The Council should ensure convergence between the World Summit outcomes and the work of the respective agencies and processes, within the framework of their specific mandates. That would avoid fragmentation of the sustainable development agenda, which hindered local efforts at development and had inevitable effects at the international level.

16. **Ms. Calvo** (Mexico), speaking with regard to sub-item (b), stressed the importance of science and technology for the development of societies and their participation in the international trading system. Science and technology must be integrated into development strategies and international cooperation must allow for the transfer of sustainable knowledge and technology and promote strategic partnerships between the public sector, civil society and the private sector in increasing national scientific and research capacity.

17. Information and communication technologies were not only the best means of transferring knowledge but also a useful tool for closing the development gap between countries, and her delegation strongly supported holding of the World Summit on the Information Society. Her Government had instituted a national preparatory commission with representation from Government, civil society and the private sector in order to plan its contribution to the Summit. Her delegation would Chair the Summit's subcommittee on themes and outcomes. Its efforts would be guided by General Assembly resolution 56/183, which recognized the importance of guaranteeing all countries access to information, knowledge and technology.

18. Information and communication technologies were an essential requirement for modern life and for participating in the world economy. Public policy and government action must be reviewed in the light of national needs but within the framework of an inclusive international consensus on the appropriate tools for closing the digital divide between the developed and developing countries. The World Summit on the Information Society would provide an opportunity for the world community to identify national, regional and global actions to achieve the objectives of a modern, inclusive, communication-based, fair and prosperous society.

19. Her delegation supported the draft resolution on strengthening the work of the Commission on Science and Technology for Development and, in that regard, associated itself with the proposal made by the Group of 77 and China that the Committee should hold annual meetings, in order to play a more effective role in coordinating United Nations science and technology activities and to utilize to best advantage the experience gained from the World Summit on the Information Society.

20. **Mr. Yauvoli** (Fiji), speaking on sub-item (a), said that the assessment and proposals contained in the report of the Committee for Development Policy (E/2002/33), including methodology for the identification of least developed countries and refinement of the economic vulnerability index (EVI), warranted further close examination. The Committee had made bold recommendations to improve the criteria for the identification of least developed countries, for example, by replacing gross domestic product per capita with gross national income per capita and the augmented physical quality of life index (APQLI) with a human assets index (HAI). Those recommendations should be carefully considered by the Council in order to develop workable and effective long-term solutions.

21. Linking of the economic vulnerability index (EVI) to structural vulnerability as a more direct measure of the economic impact of natural disasters was crucial for the small island developing States, which, as a result of their structural handicaps, were especially vulnerable to external shocks. He regretted that the report attached too little weight to the environmental vulnerability factor, recommending only that additional attention should be given to that factor in the formulation of a country profile. The inclusion of exports of services in the index, however, was an excellent proposal. Country vulnerability profiles were of vital importance, and he fully supported the recommendation that such profiles should be completed by the end of 2002.

22. He welcomed the work being done by the South Pacific Applied Geoscience Commission (SOPAC) and stressed the need to provide support to it. The availability of new data was important in highlighting the relevance of the concept of vulnerability to developing countries, in particular least developed countries and small island developing States. For the latter, the environmental vulnerability component was

the best tool for assessing vulnerability as a major threat to future sustainable development. The Council should therefore fully incorporate the environmental vulnerability component in the ongoing work of the Committee for Development Policy on vulnerability issues. Early completion and operationalization of that work would play a major role in ensuring the future sustainable development of least developed countries and small island developing States.

23. **Mr. Choukov** (Russian Federation), speaking on sub-item (h) welcomed the Secretary-General's report (E/2002/6) which provided an objective analysis of persisting bottlenecks in international cooperation in tax matters. It also defined future tasks and established valuable guidelines for actions at the national level. In the Russian Federation, considerable efforts were under way to reform the tax system. The first part of the new Tax Code had already been introduced, and corrections were being made to the second part. A current economic priority was the development of small enterprises. A simplified taxation system would be introduced to that end, replacing the five existing tax payments with one single tax and thus significantly reducing the burden on small enterprises and enhancing accountability. Studies were also being undertaken of international experience in improving taxation systems and using tax incentives to promote foreign investment. His delegation supported the recommendations concerning transfer pricing and taxation of e-commerce, as well as the proposal for the United Nations to undertake a study of the tax issues involved, in particular in developing countries and countries in transition.

24. **Mr. Siv** (United States of America), speaking with regard to sub-item (d), recalled that UN-Habitat was the United Nations focal point for human settlements policy. Its goals were reflected in the Habitat Agenda and the Millennium Declaration: environmentally, economically and socially sustainable settlements and significant improvement in the lives of 100 million slum dwellers by the year 2020. Thanks to its new status as a full-fledged programme of the General Assembly, UN-Habitat would be able to coordinate system implementation of shelter and human settlements goals more effectively. Its human settlements perspective should contribute to poverty eradication, community and municipal capacity-building and improved health and shelter and also address good governance and creation of the

foundations for the rule of law at the local level, the most relevant for millions of slum dwellers.

25. He commended UN-Habitat for organizing the first session of the World Urban Forum which had involved researchers, local and national governments, non-governmental organization and slum-dwellers' associations. He looked forward to continuation of that biennial event as a useful technical forum for developing and disseminating knowledge, best practices and policy guidance.

26. He supported strengthening of the United Nations Habitat and Human Settlements Foundation. Funding for core advocacy and promotional work had been insufficient and might not be sustainable from traditional resources. Creative partnerships should be explored with other United Nations agencies, international financial institutions, foundations and the private sector. Even as core resources grew, innovative financing would continue to be necessary. One example was the slum upgrading facility to provide seed capital for investment in housing and infrastructure, in particular slum upgrading. His delegation looked forward to consultations on UN-Habitat's latest proposals and studies on financing.

27. He noted that urbanization was increasing, in particular in the developing world, and that poverty was increasingly urban. Slums and urban unemployment bred disease and unrest whereas well-functioning urban centres generated economic development and social and cultural vitality. He looked forward to UN-Habitat playing a key role in developing the promise of cities.

28. **Mr. Joseph** (World Association of Former United Nations Interns and Fellows (WAFUNIF)), speaking with regard to sub-item (h), said that globalization and economic and financial interdependence had resulted in growing recognition of the need for greater international cooperation in tax matters by both governments and civil society. The Monterrey Consensus had included a commitment to strengthen international tax cooperation, giving special attention to the needs of the developing countries and economies in transition, and he recalled in that context that the High-Level Panel on Financing for Development had gone so far as to suggest the creation of an international tax organization. That proposal had been abandoned as not being suitable for implementation in the near future. There had also been some resistance to

the creation of yet another international organization having regulatory powers, particularly in the area of taxation which touched directly on the national sovereignty of States.

29. Other proposals which had been put forward to enhance international tax cooperation through institutional reform had included merger of existing tax-related international efforts into a single forum or simply strengthening the United Nations Ad Hoc Group of Experts on International Cooperation in Tax Matters. Such initiatives constituted an implied recognition of the relevance of enhanced tax cooperation for the sustainable development of the developing countries and the economies in transition.

30. During the preparatory process for the Monterrey Conference, WAFUNIF had made a number of suggestions with respect to major international tax issues in order to formulate fair and balanced solutions which might find wide acceptance. The need for such solutions was well illustrated by recent developments concerning the taxation of e-commerce, which highlighted the relevance of globally structured research and consultation on international tax issues. The United Nations should undertake research and develop initiatives for examining and determining international principles governing the income tax aspects of e-commerce.

31. It was necessary to bring about institutional reform on a scale that went beyond the Monterrey Consensus which merely called for enhanced dialogue and greater coordination. It was time that the World Bank, the International Monetary Fund and the Organisation for Economic Cooperation and Development had established an international tax dialogue. It was clear, however, that the scope of that dialogue was far too limited, particularly with regard to strengthening the capacities of the developing countries and economies in transition by bridging the knowledge divide. There was also some question whether that dialogue offered the best guarantees of neutrality and independence to the developing countries and economies in transition.

32. Although creation of a full-fledged international tax organization would offer a better institutional framework to implement increased international tax cooperation, strengthening of the United Nations Ad Hoc Group of Experts, the most global tax forum, would be the most immediate and necessary step

towards improved cooperation. The mandate of that Group should therefore be extended, it should meet more frequently and should be allocated sufficient budgetary resources to permit increased participation of States, with due regard for the principle of equal representation for North and South.

*Action on reports of the functional commissions and other subsidiary bodies*

33. **The President** invited the Council to turn to sub-item (a) and to take note of the report of the Committee for Development Policy on its fourth session (E/2002/33).

34. *The Council took note of document E/2002/33.*

35. **The President** invited the Council to turn to sub-item (b). He recalled that draft resolution III ("Strengthening the work of the Commission on Science and Technology for Development"), contained in the report of the Commission on its fifth session (E/2000/31), had been considered by the Council at its 2000 session and further deferred at its resumed organizational session in April 2002. Since the Group of 77 and China had requested time for additional consultations, he suggested that consideration of the draft resolution should again be postponed.

36. *It was so decided.*

37. **Mr. Le Gargasson** (France), speaking on behalf of the European Union, said that the European Union maintained its earlier reservations on the text. The main effect of the resolution would be to increase the number of sessions of the Commission on Science and Technology for Development, which would not necessarily lead to enhanced efficiency. A number of seats on the Commission remained vacant, including for the Group of Western States. The weak participation of non-governmental organizations was also a cause for concern. The programme budget implications, moreover, would amount to some \$344,000 which was unreasonable in view of the financial situation of the Organization.

38. **The President** invited the Council to take note, also under sub-item (b), of a note by the Secretary-General transmitting the report of the Secretary-General of the International Telecommunication Union on the ongoing preparatory process for the World Summit on the Information Society (A/57/71-E/2002/52).

39. *The Council took note of document A/57/71-E/2002/52.*

40. **The President** invited the Council to turn to sub-item (e) and to take note of the report of the Governing Council of the United Nations Environment Programme on its seventh special session (A/57/25).

41. *The Council took note of document A/57/25.*

42. **The President** invited the Council to turn to sub-item (i) and to defer consideration of the report of the United Nations Forum on Forests on its second session (E/2002/42) and the recommendations contained therein to a later meeting.

43. *It was so decided.*

44. **The President** invited the Council to turn to sub-item (c) and said that the Group of 77 and China had requested that consideration of document E/2002/24 should be deferred to the Council's resumed session in October.

45. **Ms. Thygesen** (Observer for Denmark), speaking on behalf of the European Union, expressed the concern that the deferral might hamper the work of the Statistical Commission.

46. **The President** said that he would make the necessary enquiries and report back to the Council the following day. He suggested that the Council should defer consideration of the sub-item.

47. *It was so decided.*

48. **The President** drew attention, also under sub-item (c), to a letter dated 5 July 2002 from the Permanent Representative of Japan (E/2002/80) submitting an application to host the Sixteenth United Nations Regional Cartographic Conference for Asia and the Pacific in 2003.

49. **Mr. Iwal** (Japan) said he hoped that the Council would endorse Japan's application to host the Conference.

50. **The President** said he took it that the Council decided to accept the generous offer from the Government of Japan.

51. *It was so decided.*

52. **The President** invited the Council to turn to sub-item (d) and to take note of the report of the Secretary-General on coordinated implementation of the Habitat Agenda (E/2002/48).

53. *The Council took note of document E/2002/48.*

54. **The President**, replying to a question from **Mr. Carpio Covea** (Observer for Venezuela), said that there was still time for the Group of 77 to submit a draft resolution under sub-item (d).

55. **The President** invited the Council to turn to sub-item (f) and suggested that consideration of the report of the Commission on Population and Development on its thirty-fifth session (E/2002/25) and the recommendation contained therein should be deferred pending further consultations to be held by the Group of 77 and China.

56. *It was so decided.*

57. **The President** invited the Council to turn to sub-item (g) and suggested that, owing to the late scheduling of the first session of the Committee of Experts on Public Administration, the report of the Committee and the report of the Secretary-General should be considered by the Council at a resumed substantive session in 2002.

58. *It was so decided.*

59. **The President** invited the Council to turn to sub-item (h) and to take note of the report of the Secretary-General on the 10th meeting of the Ad Hoc Group of Experts on International Cooperation in Tax Matters (E/2002/6), including the recommendations on the provisional agenda for and scheduling of its eleventh meeting (paras. 48 and 49).

60. *The Council took note of document E/2002/6, including the recommendations in paragraphs 48 and 49.*

61. **The President** invited the Council to turn to sub-item (j) and to take note of the note by the Secretary-General (E/2002/65) transmitting his report on the implementation of the provisions of the Charter of the United Nations related to assistance to third States affected by the application of sanctions (A/56/303).

62. *The Council took note of document E/2002/65*

**Consideration of the request for conversion of the International Civil Defence Organization, an intergovernmental organization with observer status with the Economic and Social Council, to a specialized agency of the United Nations system**

(E/2002/4)

63. **Mr. Kogda** (Burkina Faso), supported by **Mr. Mbayu** (Cameroon), recalled the International Civil Defence Organization's long history of collaboration with United Nations agencies in providing assistance to populations in the face of natural and man-made disasters. It deserved to become a specialized agency of the United Nations system, which would allow it to strengthen its contribution to the efforts of the international community.

64. **Mr. Harney** (United States of America) said that his Government was not in favour of making the International Civil Defence Organization a specialized agency but would not object to establishment of a working group to review its application.

65. **Mr. Choulkov** (Russian Federation) said that, given the many new security challenges facing the world, his delegation would not object to the consideration of the International Civil Defence Organization's application, provided that established procedures were followed.

**Consideration of the request for conversion of the World Tourism Organization, an intergovernmental organization with observer status with the Economic and Social Council, to a specialized agency of the United Nations system** (E/2002/5)

66. **Mr. Frangiali** (World Tourism Organization) recalled that the Council and the General Assembly had given a favourable reception to the Global Code of Ethics for Tourism adopted in 2001 by the 139 member States of his organization and that at the beginning of 2002, his organization, in conjunction with the United Nations Environment Programme (UNEP), had helped the General Assembly to launch the International Year of Ecotourism. In a few weeks, in conjunction with the United Nations Conference on Trade and Development (UNCTAD), it would be highlighting at the World Summit on Social Development the outstanding contribution that tourism could make to the fight against poverty and to sustainable development. Clearly, the World Tourism Organization had over the past 30 years consolidated its influence as part of the

United Nations family; and the sector for which it was responsible had, in its economic, social, cultural and environmental dimensions, become one of the dominant activities of the twenty-first century. In 2001 alone, almost 700 million visitors had travelled from one country to another, spending almost 500 billion dollars, making tourism one of the top categories of international trade; and that figure, impressive as it was, did not even include air transport expenditures or the activity generated by domestic travel within countries, which was larger still.

67. His organization's role was not limited to that of an observer in the Council, for it had the status of a "related agency" of the United Nations system by virtue of a 1977 agreement with the General Assembly; and since 1976 it had been an executing agency of the United Nations Development Programme (UNDP) for most of its tourism development projects around the world. Internally, his organization's staff came under the common system, and they were members of the United Nations Joint Staff Pension Fund.

68. After extensive deliberation, the World Tourism Organization had confirmed its intention to apply for conversion to a specialized agency, considering that it met the criteria for such a transformation under Articles 57 and 63 of the Charter. Its Executive Council had already designated in advance the countries that would negotiate with representatives of the Council if it approved the conversion, in accordance with the procedure indicated by the United Nations Office of Legal Affairs.

69. The conversion from a related agency to a specialized agency would in no way be a disruptive change, since the organization already participated widely in the life of the United Nations system and since its internal rules were already in line with those of the United Nations. Moreover, with its own financing mechanism based solidly on contributions from its members and on resources generated by its activities, its joining the system would involve no cost for the United Nations.

70. On the other hand, the conversion would be a remarkable step forward for the international community, entailing the recognition that travel, leisure and tourism were a powerful part of modern society that could not be ignored in either the developed or the developing world. It would enhance effectiveness and coherence by allowing the Council to coordinate the



activities of the World Tourism Organization with those of all other agencies and organs of the United Nations system involved in the multidisciplinary facets of tourism. And lastly, the greater visibility would prompt Governments and multilateral institutions, especially the Bretton Woods institutions, to pay increased attention to an industry that was a force for development.

71. **Mr. Kogda** (Burkina Faso) said that tourism stimulated economic growth, created employment, protected the environment and promoted peace and understanding among the nations of the world, thereby contributing to economic and social development. The United Nations and the World Tourism Organization had cooperated together effectively in the past, as evidenced by General Assembly resolution 56/212, which took note of the Global Code of Ethics for Tourism developed by the World Tourism Organization. Granting of specialized agency status to the World Tourism Organization would simply confirm its already close relationship with the United Nations and increase the effectiveness of its activities.

72. **Mr. Harney** (United States of America) said that, as in the case of the previous item, the United States would not recommend making the World Tourism Organization a specialized agency but would not object to having a working group set up to review its application.

73. **Mr. Balarezo** (Peru) said that all were aware how important tourism was for the economies of many countries, especially in the developing world. The World Tourism Organization had much to bring to the United Nations in terms of sectoral expertise and the promotion of sustainable development. Its application merited the broad support of the Council, and his delegation, which was responsible for directing the informal consultations on the matter, was virtually certain that the decision could be adopted by consensus. A draft resolution had been prepared, which his delegation was ready to submit for the Council's consideration.

74. **Mr. Rivero** (El Salvador) said that the arguments just put forward by the representative of the World Tourism Organization were very valid, particularly as to its long-standing relationship with the United Nations and the absence of financial implications to the United Nations. If it became a specialized agency, it would act as a bridge to non-governmental

organizations and would be able to speak more authoritatively on the subject of the impetus that tourism gave to development. His delegation supported its application.

75. **Mr. Carpio Govea** (Venezuela), supported by **Ms. Nuñez Mordoche** (Cuba), **Mr. Acemah** (Uganda) and **Mr. Gzual** (Libyan Arab Jamahiriya), and speaking on behalf of the Group of 77 and China, supported the request by the World Tourism Organization for conversion to a specialized agency. It was obvious that for the developing countries tourism was a very important source of income and, especially in his own region, the main or even only source of direct foreign investment.

76. **Mr. Mbayu** (Cameroon) said that his delegation strongly supported the application process and would become a sponsor of the Peruvian draft resolution.

77. **Mr. Ye Xuenong** (China) said that his delegation supported the application and hoped that a decision would be reached quickly to start the process. Since its founding, the World Tourism Organization had actively promoted global tourism, increased exchanges and friendship between countries and worked to eradicate poverty. Its already close working relationship with the United Nations would make its conversion to a specialized agency beneficial to the United Nations as well.

78. **Mr. Hassan** (Pakistan) said that the tourism industry had tremendous potential for helping developing countries eradicate poverty and achieve sustainable development. It was an important source of investment in many developing countries. If the World Tourism Organization became part of the United Nations system, it would be an important focal point for the expansion of tourism.

79. **Mr. Yauvoli** (Fiji) said that his Government considered tourism to be an important source of foreign exchange, investment and employment. It supported making the organization a specialized agency and would become a sponsor of the draft resolution to that effect.

80. **Mr. Rojas** (Chile) said that his country was grateful to the World Tourism Organization for the substantial work it had done in promoting the economic, cultural, social and environmental dimensions of tourism. Tourism had had a huge economic impact on member countries, generating one

of the largest flows of investment and foreign exchange. Above all, the World Tourism Organization had developed good practices in harmony with the environment, which it would bring with it into the United Nations system. His delegation favoured starting the process that would allow it to become a specialized agency.

81. **Ms. Calvo** (Mexico) said that her delegation strongly supported the conversion of the World Tourism Organization to a specialized agency because of the benefit in the form of investment and foreign exchange that tourism brought to the world economy.

82. **Mr. Roshdy** (Egypt) said that the World Tourism Organization was a well-run body that should definitely be welcomed into the United Nations as a specialized agency.

83. **Mr. Mustafa** (Sudan) said that the World Tourism Organization had indisputably furthered the development of tourism and environmental protection, thereby contributing to the soundness of world economies. The least developed countries, especially in Africa, aspired to attract tourism as a force to combat poverty and improve economic and health conditions. He supported the organization's admission as a specialized agency.

84. **Ms. Pià Comella** (Andorra) expressed the hope that the Council would reach consensus on a draft resolution endorsing the application of the World Tourism Organization.

85. **Mr. Ntwaagae** (Observer for Botswana) said that his delegation believed the World Tourism Organization should be made a specialized agency. His own country had benefited greatly from its services, tourism being a major source of foreign exchange. The approval of the organization's application would simply formalize an existing relationship with the United Nations, and UNDP in particular, and would give it the visibility it needed to discharge its mandate.

86. **Mr. Bhattarai** (Nepal) said that the importance of tourism to the least developed countries like Nepal could not be overemphasized, and his delegation strongly favoured making the World Tourism Organization a specialized agency.

87. He wished, however, to clarify a point made by its representative with reference to the Global Code of Ethics for Tourism: the Council and the General

Assembly had done no more than "take note" of the Code — a legal term with only a neutral connotation.

88. **Mr. Mirafzal** (Islamic Republic of Iran) said that his delegation strongly supported the conversion to a specialized agency of an important organization that was already part of the United Nations family.

89. **Mr. Choulkov** (Russian Federation), observing that the World Tourism Organization had a broad membership and a working relationship with the United Nations system, said that his delegation was ready to proceed to substantive consideration of its application on the basis of a draft resolution.

90. **The President** said that, as requested by the Peruvian delegation, the draft resolution it had prepared was being circulated informally for the consideration of members. There seemed to be enormous support for the World Tourism Organization, which he hoped would officially become a specialized agency. The draft resolution to that effect would be formally submitted at the next meeting.

*The meeting rose at 5.30 p.m.*