



SUMMARY RECORD OF THE 7th MEETING

Chairman: Mr. OTOBO (Nigeria)

later: Mr. NAVAJAS-MOGRO (Bolivia)

CONTENTS

GENERAL DEBATE (continued)

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

GENERAL DEBATE (continued)

1. Mr. JOSSE (Nepal) said that his delegation shared the grave concern expressed by others about the prevailing world economic crisis, and reiterated its support for the call by the Ministers for Foreign Affairs of the Group of 77 for the convening of a special session of the General Assembly devoted to "the reactivation of economic growth and development of developing countries", to be held at the highest level in 1989 or 1990. Such a review was made more urgent by the powerful sense of frustration and stalemate pervading the world economic environment. The adoption of an international development strategy for the fourth United Nations development decade would also alleviate the inequities of the current international economic system.
2. Shrinking world demand, slackening commodity markets, increasing protectionist trends, inadequate expansion of concessional flows, high real interest rates and the virtual end of commercial bank lending to developing countries had reduced the foreign exchange earnings of the least developed countries. At the same time external debt and debt-servicing requirements had, despite reschedulings, led to high surges in capital outflows, resulting in a drastic diminution of reserve holdings and restrictions on imports, including the import of capital goods. The adverse international economic environment of the 1980s had aggravated the economic and social problems of the least developed countries, eroding the modest gains they had made in national development. In many key areas their overall position was worse than in 1981, when the Substantial New Programme of Action (SNPA) had been launched.
3. Nepal endorsed the proposal that an international development strategy for the fourth United Nations development decade and the SNPA should be viewed as instruments to be incorporated into a new common platform that should result from the proposed special session of the General Assembly to review the reactivation of economic growth and development of developing countries. While fully supporting the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, his delegation wished to emphasize once again that the situation of the least developed countries of Asia, some of which had suffered severe natural disasters, was hardly less acute than that of their African counterparts.
4. As a representative of a land-locked developing country, he drew attention to the special needs and problems of such countries, and urged that they should be taken into account in any exercise of "new economic thinking" which the international community might collectively attempt.
5. He also welcomed the addition of the new agenda item entitled "Conservation of climate as part of the common heritage of mankind", since there was an intimate connection between climate, the environment and the economic health of nations.

(Mr. Josse, Nepal)

6. The current relaxed international political climate offered an opportunity for bold, imaginative and long-overdue proposals to strengthen international economic co-operation and eliminate destabilizing elements in the world economy; the opportunity to begin serious discussions should not be missed.

7. Mr. AKSIN (Turkey) said that, judging from the main economic indicators, the global outlook was better than it had been several years earlier, and while the critical debt problem, protectionist tendencies, problems related to structural adjustments and trade imbalances still remained, countries were now better prepared to overcome such difficulties. It was to be hoped that the favourable atmosphere prevailing on the political front would prevail on the economic front as well.

8. Despite the growing debt burden, relations between debtor and creditor countries had been evolving in a promising manner. Although the traditional practice of rescheduling debts and refinancing debtors had given way to or been supplemented by debt-equity swapping, debt conversions and interest capitalization, those were only temporary measures and did not fully redress the situation. Comprehensive solutions were required.

9. Structural adjustment policies had placed the economies of a number of developing countries under severe strain, and caused social imbalances and even political problems. To pursue such outward-looking policies, the developing countries urgently required adequate external financial support and free access to international markets; they could not be asked to make structural adjustments while their exports were impeded by protectionist tendencies in industrialized countries.

10. Direct foreign investment could help to supplement domestic efforts to secure satisfactory rates of growth, and was now more welcome in many developing countries.

11. North-South relations had developed positively in the past decade. For a constructive dialogue to take place the interdependence between the two sides on such issues as trade, commodities, finance, debt and capital transfers must be taken into account.

12. Encouraging efforts had been made to strengthen genuine multilateral co-operation, but there was still much ground to cover. The developing countries had their own special features, priorities and experiences in development, and should share them in a South-South co-operation context.

13. Turkey was pleased to see a greater concentration on the concerns of African development and hoped that the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 would produce concrete results. Turkey was ready to contribute to that effort, and would strengthen and improve its economic and technical co-operation with the countries of Africa.

14. World attention had recently been focused on natural disasters in Bangladesh, Africa and the Caribbean. While relief operations had been commendable much more needed to be done, especially to help the countries of Africa cope with the threat from locusts.

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(Mr. Aksin, Turkey)

15. While the deteriorating environment had first been regarded as primarily the concern of the industrialized countries, it was now recognized as a global issue. The environmental dangers in the developing world were twofold: some, such as desertification and deforestation, had their roots in the countries themselves, while others came from outside. The dumping of industrial waste in developing countries was an alarming issue which had caused serious problems in recent months in a number of places, including the Black Sea coast of Turkey. The global convention on the control of transboundary movements of hazardous wastes, currently being negotiated, was both appropriate and timely.

16. Mr. SOMVORACHIT (Lao People's Democratic Republic) said that the economic expansion of certain developed countries had had no immediate impact on the rest of the world. The economic crisis and the heavy debt burden had sunk most of the world's peoples even deeper into poverty and many of them were worse off in real terms than they had been a decade earlier. Certain developing countries had, in addition, had to cope with natural disasters. The gap between rich and poor continued to widen while billions of dollars were being poured into the arms race and Star Wars. The situation in Africa was as alarming as ever while relatively steady growth in Asia had been achieved only with great difficulty. Structural reforms, adopted at the request of creditors, and greater diversification of exports had not made Latin America's situation any less precarious. The forced régime of adjustment had eliminated the possibility of growth in the developing countries and made it difficult for the least developed countries to satisfy their people's most basic needs, thus aggravating internal social tensions. The unfavourable international environment, characterized by protectionism, falling commodity prices, deteriorating terms of trade and a negative transfer of financial resources from the developing to the developed countries and financial institutions, including the IMF, was not making recovery any easier.

17. Creditor countries and financial institutions must rethink their strategies with a view to reducing the \$1,200 billion external debt. His delegation appreciated the measures taken by certain creditor countries to cancel the debts owed by the poorest countries. Financial flows must increase through private bank loans, direct investments, co-financing, and bilateral and multilateral aid. Trade must increase and the net transfer of resources towards developed countries must be controlled so as not to jeopardize the economic growth of developing countries. Development strategies must give priority to the integration of women in the economy, the development of all human resources and the prevention of further harm to the environment, so as to preserve the common heritage and future of mankind.

18. Cosmetic or partial solutions were no longer adequate, since the problem was essentially structural. Institutional mechanisms and relations among States must be adapted to the modern situation. In an era where nuclear disarmament agreements between the super-Powers and the settlement of regional conflicts pointed to an easing of political tensions, it was high time to take up economic issues in a renewed North-South dialogue. His delegation joined with other members of the Group of 77 in calling for a special session of the General Assembly devoted to the

(Mr. Somvirachit, Lao People's
Democratic Republic)

Revival of Economic Growth and the Development of Developing Countries at the earliest possible date. A special session would constitute the most appropriate forum for a multilateral dialogue for development.

19. Laos, one of the least developed countries, had instituted far-reaching reforms in order to expand co-operation with other countries with a view to achieving development and taking its place in the new international division of labour. To that end, a law on foreign investment - the first of its kind - had recently been adopted. Under the law, assistance was to be sought from countries and individuals through investments financed wholly in foreign capital or through co-financing arrangements.

20. Mr. STIRLING (Uruguay) said that it was time to abandon rhetoric and to consider concrete measures to deal with the international economic crisis.

21. Trends in world trade and external indebtedness were two issues of constant concern to his country. Notwithstanding the recent growth in international trade, countries such as his own continued to suffer from deteriorating terms of trade, and from protectionist measures frequently inspired by conflicts of interest between the industrialized economies. Restrictive practices, often inconsistent with international agreements, were limiting his country's access to the major world markets.

22. The new form of protectionism was selective in kind, discriminating against the developing countries, particularly with regard to products for which they had traditionally enjoyed comparative advantages, or which were the fruit of considerable efforts to diversify exports. The United States' new trade legislation with its bias towards bilateralism was a matter for concern at a time when GATT negotiations were focusing on a return to multilateralism in international trade. Furthermore, that country was legally sanctioning unilateral practices.

23. Current trade conditions ran counter to the spirit of liberalization which characterized the Geneva negotiations. Standstill and roll-back commitments had not been honoured nor progress made with regard to money and finance so that any advantages gained could easily be lost. The Uruguay Round of negotiations provided an invaluable opportunity to deal with such problems at multilateral levels.

24. A positive sign was the agreement reached at the Toronto summit conference to combat protectionism, reinforce the multilateral trading system and further the negotiations in the Uruguay Round. Also encouraging was the decision taken not to increase trade restrictions and to dismantle existing ones. His delegation was greatly concerned, however, that no agreement had been reached with regard to the trade distortions caused by agricultural export subsidies. In 1987 the European Economic Community and the United States had devoted \$US 30,000 million and \$US 27,000 million, respectively, to agricultural subsidies. Their artificial maintenance of that sector was having damaging effects on countries such as his own whose agricultural exports accounted for a high percentage of all trade.

(Mr. Stirling, Uruguay)

25. It was to be hoped that the Uruguay Round would result in a re-ordering of international trade. Particular attention should be paid to the effective implementation of the principle of special and differentiated treatment for the developing countries, a principle seriously undermined by the emphasis placed by the developed countries on reciprocity, particularly with regard to market access and the resolving of disagreements within the Uruguay Round.

26. The enormous incompatibility at the global level between the financial and trade systems was seriously affecting the economic activity of both developed and developing countries. If the developed countries agreed, however, to reduce drastically existing debts or debt servicing, the indebted countries would no longer have to transfer resources simply to meet their financial obligations. That would lead logically to the re-establishment of normal relations whereby the developed countries exported capital and the developing countries became net recipients of resources.

27. The negative transfer of resources had been exacerbated by the involvement of the international financing bodies. In 1987 the International Monetary Fund, the World Bank and the Inter-American Development Bank had accounted for a negative transfer of resources from Latin America amounting to over \$US 2 billion.

28. The situation was made worse by the conditions attached by creditors to new loans, which meant that countries such as his own had to enact a number of socially detrimental macro-economic adjustment measures in order to obtain resources. Creditors and the multilateral financing bodies should concentrate on systematic case-by-case reduction of the volume of debt, bringing debt-servicing obligations into line with the payment capacity of each country. It would thus be possible to consider the needs of the latter and to achieve the levels of investment required to sustain growth. It had been apparent at the recent joint meeting of the International Monetary Fund and the World Bank that such a change of emphasis was being considered by some of the developed countries.

29. Special attention should be paid to the call for a special session of the General Assembly devoted to the reactivation of economic growth and development of developing countries, an initiative that should be harmonized with preparation of the international development strategy for the forthcoming development decade. The latter was an exercise in medium- and long-term planning, the former intended to find solutions to more urgent development problems.

30. His delegation would support any initiative to combat the illegal use of drugs, a distorting factor in the economic and social processes of the affected countries. It was also firmly convinced that the international community should co-operate with regard to conservation of the environment, and supported the recommendations made in the report "Our Common Future" and the call to convene an international conference to increase co-operation in that field.

31. Mrs. NINH (Viet Nam) said that, while the developed market-economy countries had achieved sustained economic recovery by readjusting their economic development strategies and exploiting scientific and technological advances, the developing countries had suffered from extensive structural imbalances and depressed commodity prices, resulting in unemployment, high rates of inflation and food shortages.

32. The economic growth rate of over half the developing world was currently less than 2.5 per cent as the developing countries were suffering the effects of the developed countries' readjustment policies. Moreover, the gap between rich and poor was widening, since the developing countries were unable to adapt their economies to the rapid, far-reaching changes occurring in the international economic environment.

33. The foreign debt of developing countries amounted to approximately \$US 1,200 billion, roughly half their gross national product and twice their export earnings. The problem could not be solved by either the pursuit of austerity policies on the part of the debtor countries themselves, or by case-by-case debt rescheduling by creditors. The situation called for a comprehensive, radical solution involving the joint responsibility of debtors and creditors. The capitalist monetary and financial system should be reformed on the basis of an international conference on money and finance for development. The transfer of capital resources to debtor countries should be increased, bringing an end to the reverse flow of resources to creditor countries. The economic development of debtor countries must be encouraged and debt itself reduced.

34. Two years after the adoption of the Programme of Action for African Economic Recovery and Development 1986-1990, the growth rate of the gross domestic product of most African countries still averaged only 1 per cent. Unless the international community acted promptly to implement the programme, the plight of those countries would inevitably worsen.

35. The North-South dialogue must be resumed in the fields of money and finance and trade and development in order to achieve a new international economic order. Only through dialogue and co-operation could a common solution be found. It was time to work out concrete policies and measures to ensure that the international community honoured its commitments. Lack of good will, unconstructive attitudes and confrontation had had harmful consequences in recent years.

36. International peace and security were essential prerequisites for development. Successful negotiations between the Union of Soviet Socialist Republics and the United States should lead to genuine disarmament and the release of funds for assistance to developing countries. A global system of peace and security should involve the creation of international economic and ecological security systems, contributing to confidence-building and enhanced stability. As the largest multilateral forum, the United Nations should expand its role in all fields, seeking, in particular, solutions to the economic problems of the developing countries.

37. Mr. Navajas-Mogro (Bolivia) took the Chair.

38. Mr. MAHQUB (Sudan) said that his delegation fully associated itself with the observations made on behalf of the Group of 77. He viewed with deep concern the worsening economic difficulties experienced by the developing countries in spite of their considerable adjustment efforts. Given falling commodity prices, the debt burden and reduced financial flows, their economies remained in a state of stagnation and even recession.

39. Almost 1,000 million people in third world countries lived below the poverty line. This situation was particularly disturbing in Africa, where countries also faced natural disasters such as the severe flooding which had left 5 million people homeless in his own country and seriously damaged its infrastructure. Although tremendous efforts had been made to revive economic growth and development, it had become increasingly clear that adjustment measures could not succeed unless the international climate was right. Reactivation of the development process in Africa called for commensurate international support.

40. In connection with the Programme of Action for African Economic Recovery and Development, the African nations had recently reaffirmed their firm resolve to continue their processes of adjustment and reform and to accelerate economic recovery and development. However, the international community, in particular, the developed countries, should take more effective action and provide more assistance for African countries that were experiencing critical economic difficulties. They should help to stabilize commodity prices, increase financial assistance on the most concessional terms and reduce the external debt burden. It was to be hoped that the economic situation in Africa would thus have improved substantially by 1990, the date of the final review of the Programme of Action.

41. The underlying structural problems of the world economy must be addressed within a co-operative framework based on the principles of interdependence and equity. All countries needed to pursue convergent and mutually beneficial policies in the interrelated areas of trade, money and finance. The proposed special session of the General Assembly on the reactivation of economic growth and development of developing countries would provide a timely opportunity to adopt a consensus on specific, action-oriented measures in those areas. It was also appropriate to begin preparation of the international development strategy for the fourth development decade.

42. During the current session, the North-South dialogue should be resumed on a number of critical issues, the main emphasis being on the eradication of poverty and human deprivation. In that connection, he drew attention to the Khartoum Declaration adopted at the International Conference on the Human Dimension of Africa's Economic Recovery, which constituted a crucial watershed in the developmental history of Africa. The reactivation of dialogue between developed and developing countries was not only a moral, but also an essential, political, imperative.

43. Mr. AL-FAIHANI (Bahrain) said that the imbalances in the world economy arising out of the debt crisis, the deterioration in the terms of trade, exchange rate fluctuations, lower prices for commodities and raw materials, the sharp drop in the price of oil and the protectionist measures imposed by the industrially advanced countries had had a negative impact on the aspirations and development plans of the developing countries.

44. In his report on the work of the Organization (A/43/1), the Secretary-General had rightly said that the international community needed to act urgently in three areas: debt, trade and commodities, and human resources development. The debt crisis had entered its seventh year and had not yet been amenable to any radical solution. In the field of trade and development, the developing countries continued to suffer from a lack of financial resources at the national level, a fall off in financial flows from the industrially advanced countries and the multilateral financial institutions and the restrictive practices engaged in by the industrially developed countries. According to the UNCTAD Trade and Development Report, 1988, the increase in the volume of world trade would fall from 5.9 per cent in 1987 to 5 per cent in 1988. That meant a further decrease in the trade of the developing countries and a reduction in their revenues and foreign income.

45. The sharp fall in world oil prices had obliged many developing countries, particularly those in the region of Western Asia, to reduce development spending and thus further aggravate economic stagnation. Despite the success of the oil-producing countries in stabilizing oil prices and halting the decline that had set in at the end of 1985 and the beginning of 1986, prices had again declined over the past year and had reached their lowest level in recent months. Although many oil-exporting developing countries in Western Asia had adopted strategies focusing on the development and improved utilization of local resources and on planning for a more difficult economic future, the decline in oil prices had been so enormous that it had had a fundamental impact on their ability to adjust. The strategies adopted had also proved difficult to implement owing to the paucity of natural resources, climatological problems and problems relating to the transfer of technology and transport and communications.

46. Bahrain was an island developing country and thus suffered from considerable economic disadvantages. It had nevertheless set about diversifying its sources of income and had succeeded in the space of a few years in becoming an important commercial and financial centre in the Gulf region. It had, however, recently experienced the same setbacks as the other developing and oil-producing countries. His delegation was of the view that the optimum solution to the economic crisis of the developing countries lay in concerted international efforts for progress and stability.

47. A number of developing countries, in particular the Sudan, Bangladesh and Jamaica, had suffered serious natural disasters during 1988. The international community, and especially the industrially advanced countries, must provide those countries with assistance in order to enable them to overcome the damage caused to their economies.

(Mr. Al-Faihani, Bahrain)

48. It was of the greatest importance that the current economic crisis should be addressed at the multilateral level and that all countries, rich and poor, large and small alike, should co-operate in coping with the issues involved and devising speedy and effective solutions.

49. His delegation welcomed the initiatives taken at the 1988 Toronto summit on the forgiveness of debts owed by the poorer developing countries and the UNCTAD proposal that the debt crisis could be eased by a 30 per cent cancellation of commercial bank debt in favour of the highly-indebted countries. At the same time, it was important that financial flows to the developing countries from the multilateral institutions and the industrially advanced countries should be on concessional terms. The prices of those commodities on which the economies of the majority of the developing countries depended should be stabilized, and measures should be taken to facilitate the transfer of technology from the industrially advanced countries to the developing countries.

50. Bahrain was convinced that, given the political will, concerted efforts at the multilateral level would succeed in redressing the current imbalances in the world economy and would promote the establishment of a just international economic order that would benefit mankind as a whole.

51. Mr. PASHKEVICH (Byelorussian SSR) said that economic co-operation had acquired increased political significance at a time of deepening political dialogue and of a trend towards lower levels of military confrontation. The process of disarmament that had begun opened up prospects for implementing "disarmament for development".

52. The internationalization of economic life in the 1970s and 1980s had been a powerful stimulus for deepening the social character of world production, and it was clear that in the nuclear and space age general human values had priority and that the principle of peaceful coexistence was the highest universal principle of inter-State relations. The solution of global problems through the efforts of the entire world community required more active use of the machinery of practical multilateral co-operation, chiefly the United Nations, and new organizational forms of activity for intergovernmental organizations, and methods and means of political and legal regulation of international economic relations, maintaining respect for the sovereignty of States. It was necessary to create the infrastructure for new forms of co-operation. World economic relations had to be based on democratic principles which took account of the established interests of all partners and excluded protectionism and discrimination.

53. The development of the world economy was characterized by instability and irregularity, and the majority of the developing countries were experiencing particular difficulties, due to their huge external debts, capital outflows, fluctuating exchange rates, balance of trade and balance of payments deficits, growing protectionism and trade barriers, falling commodity prices and other factors. The situation of the developing world could not be a matter of indifference to other countries, and the assistance of the international community

(Mr. Pashkevich, Byelorussian SSR)

was vital. Exchange rate instability was aggravating the long-term trade and payments imbalances between the countries of the West and those of the developing world.

54. All those factors required a restructuring of the international exchange rate system. The cosmetic measures proposed were clearly inadequate. It was essential to convene an international conference on finance and exchange rates with the participation of all concerned. International financial and exchange rate relations had to be restructured on a democratic basis with the aim of ensuring that they were equitable, mutually advantageous, stable and predictable. More broadly, the measures taken within the framework of the United Nations for the early detection of emerging problems in the world economy, with the aim of initiating international and national action to cope with their negative consequences, were vitally important.

55. In securing international economic security and ensuring that economic growth was fair and developing in a positive direction it was necessary to take urgent collective, practical measures to ensure ecological security as well, for while the military and political threat was being dealt with on the first battle-front, a second front must be opened to combat the threat to the environment.

56. An international development strategy must be worked out for the fourth United Nations development decade; it must reflect the interests of all countries and be based on recommendations of a qualitative nature concerning the key directions of social and economic policy. The strategy should be comprehensive and directed towards development that was in the interests of the working masses.

57. Noting the achievements of economic restructuring in the Byelorussian SSR, he said that the creation of joint enterprises with foreign firms showed that his country was extending its participation in the international division of labour and developing its international economic relations on a democratic and mutually advantageous basis.

58. Mr. JAYASINGHE (Sri Lanka) said that the developing countries had not benefited from the recent upward trend in the economic performances of the industrialized countries. Certain failures which had accompanied the limited progress in the industrialized countries had affected their political will to assist developing countries, if not their capacity to do so. The economies of the developing countries therefore continued to be dominated by declining commodity prices, increasing external debt, protectionism and volatile exchange rates. Given the interdependence of all economies, the current international economic crisis would be overcome only if action was taken collectively by all parties concerned.

59. According to the World Economic Survey 1988, the current account deficit of developing countries in 1987 stood at \$US 9.3 billion, in contrast to the current account surpluses of industrialized nations such as the Federal Republic of Germany and Japan. The Survey also warned that world-wide recession would set in unless significant changes were made in economic policies. Despite past failures, the

(Mr. Jayasinghe, Sri Lanka)

North-South dialogue had become more relevant than ever and should be revived along the lines recommended by the standing Ministerial Committee of Non-Aligned Countries for Economic Co-operation. A special session of the General Assembly, proposed by the Group of 77, would provide another valuable forum.

60. The slump in commodity prices was adversely affecting developing countries, although it had saved over \$2 billion since 1982 for the industrialized countries. The situation could be remedied only by an integrated approach, such as the one envisaged by the Integrated Programme for Commodities. It was imperative to implement the Common Fund for Commodities as early as possible. In addition, a new round of consultations should be initiated on commodities not covered by existing arrangements. A durable solution to the current debt crisis of many developing countries was possible only within the framework of an integrated development and growth-oriented strategy as agreed to at UNCTAD VII. That would necessitate improving the external development environment, particularly through a reversal of the negative transfer of resources and the elimination of protectionism.

61. The Uruguay Round provided an excellent opportunity to deal with a variety of anomalies in the international trading system. The developing countries hoped that the Uruguay Round would lead to the full liberalization of trade, particularly with respect to tropical products and products based on natural resources and agriculture. At the same time, the commitments already undertaken regarding standstill and roll-back of protectionist measures had yet to be implemented. His delegation appealed to the industrialized countries to look upon the crisis faced by the developing countries with greater understanding. Sri Lanka placed great hope in the mid-term review of the Uruguay Round which was to be conducted by GATT in December 1988.

62. International financial co-operation was flagging. The annual report of the World Bank for 1988 showed a net outflow from developing countries to developed countries of well over \$30 billion. The private sector was still reluctant to lend to developing countries, as evidenced by the drop in its total disbursements since 1985. Only a few developed countries had actually fulfilled their commitment to increase official development assistance (ODA) to the target of 0.7 per cent.

63. It was on the proposal of Sri Lanka's Prime Minister that 1987 had been proclaimed the International Year of Shelter for the Homeless. The international community had observed the Year by sponsoring various housing projects at national and international levels. In the third year of the United Nations Programme of Action for Economic Recovery and Development in Africa, African States had made considerable adjustment efforts, but the hoped-for foreign resources had not materialized.

64. Mr. LOOS (World Bank), referring to the opening statement by the Under-Secretary-General for International Economic and Social Affairs, said that to call the World Bank and IMF net recipients of resources was to simplify the problem. Resource transfers were at the heart of development, but the World Bank was only one factor in the equation. Bilateral aid was the other crucial factor.

(Mr. Loos, World Bank)

65. The World Bank remained the largest single source of new funding to the third world, particularly the heavily indebted countries. The International Development Association (IDA) had recently increased its resource flows by 30 per cent, of which 50 per cent would benefit Africa. The Bank's general capital increase (GCI) had amounted to \$75 billion. Because the Bank could provide only 10 per cent of external resources, it was attempting to act more and more as a catalyst and, in the role, had raised \$6.6 billion under co-financing arrangements.

66. The -\$2 billion figure quoted by the Under-Secretary-General referred to the International Bank for Reconstruction and Development (IBRD) only. It relected \$1.2 billion in prepayments by Korea and Thailand and another \$1 billion in exchange rate differentials. It was erroneous to say that it represented negative resource flows

67. Mr. OSSA (Department of International Economic and Social Affairs) said that in referring to the figure of -\$2 billion, the Under-Secretary-General had in no way intended to minimize the World Bank's efforts to provide resources to developing countries. The fact was that the speed at which the Bank was disbursing funds had slowed down considerably in recent times. According to a table entitled Highlights of the Year, contained in the annual report of the World Bank for 1988, IDA disbursements had increased slightly in 1988 and IBRD disbursements had amounted to -\$1.9 billion. The Under-Secretary-General had mentioned the figure in order to support the Bank's efforts to accelerate its capital increase and the pace of its disbursements, as proposed by its President.

The meeting rose at 5.10 p.m.